

MEANS TEST FOR KANSAS FARM FAMILIES

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INTRODUCTION

The state of Kansas offers essential health and social services to its residents. It is imperative that the services offered be used by all who need them and that services not be denied for lack of means. Otherwise the agencies would not be fulfilling their purposes, and society as a whole would be disadvantaged. Low-income families would not be able to afford existing services unless the fees were within their means. Partial reimbursement by patients able to pay is often required and preserves self-respect of patients. Techniques for identifying ability of families to pay need to be developed if fees are to be equitably assessed.

Problem Area

The Council of Economic Advisors (1964) estimates that over 40% of all farm families in the United States are poor. Kansas, whose economy is largely based on agriculture, has slightly over 15% of its families living on farms while farm population in the nation as a whole is slightly over 7%.

One-half of the families in the nation whose heads are over 65 have incomes of less than \$3,000. Kansas is one of the states with a high proportion of people over 65 as well as a very high proportion of farm population, both generally associated with lower incomes.

Income, however, inadequately reflects the wealth of the farm family. Fee schedules are much more difficult to compute if the users of the services receive income from their farming operations rather than from salaries.

The problem of determining the ability to pay has expanded because of the increased use of social and health services by farm families representing

all income strata. The increased demand stems partly from the trend to establish outpatient clinics in rural areas closer to the people.

The ability of both low-income and moderate-income farm families to pay for available services should be examined differently from that of the salaried families if their present and future financial security is not to be jeopardized.

Admittedly, families earning less than \$3,000 annually should be given the most lenient terms of paying for necessary health and social services provided by the state. However, the moderate-income families should not be overlooked since many of them exist in an economic "gray zone." The moderate-income family may be able to raise the money for fees whereas the low-income family cannot. To raise the money, however, the middle-income family may be forced to liquidate or encumber real or personal property essential for future farm income.

In the case of prolonged need for services, and especially if the farmer himself is incapacitated, the financial burden could become so overwhelming that the farm operation would be jeopardized. If the handicapped farmer is not able to learn the new skills necessary to enter another occupation, the situation would become more serious. Even more critical than a current economic crisis of a family is loss of the next generation's earning power if the family is unable to keep the children in high school and college. In our complex and highly industrialized society, the lack of an education would deprive the young people of the tools necessary to earn a decent level of living. Thus could begin the vicious cycle of passing poverty to the next generation--a condition our society cannot afford.

In order to determine fees commensurate with the "ability to pay," social and health service centers need to determine the income of the user's family, and needs of the family in relation to its size and composition. There is an increasing need for budget standards which are applicable to farm families as their demand for state health and social services increases.

Standards which have been established for city families are not applicable to farm families since farming is a family enterprise that entails a high capital investment and yields a fluctuating income. The living patterns of farm families are also unique in that residence is determined by the location of the farm operation rather than by cost or convenience.

This thesis proposes standards, and suggests methods which could be used as tools to test the users' ability to pay, and to determine fees commensurate with incomes and needs of families. Although the focus is on problems which involve a means test for farm families, the methods could be applied to many city families as well. Effectiveness of the proposed test is evaluated by applying the method to farm financial data from 527 farm families, representative of farm families in Kansas in 1955.

Objectives

The objective was to devise a means test for measuring the ability of Kansas farm families to pay for social and health services. This was approached through three ancillary objectives: The first objective was to construct a budget for Kansas farm families. No budget was available and one was needed before the ability to pay could be determined. A family budget

specifies the cost of those necessary goods and services which would provide the family with the level of living at current prices which is considered adequate according to prevailing standards of the community.

The second objective was to construct a suggested fee computation form for use in determining the margin of income a family would have left after necessary living expenses and other obligations had been met. Income, both actual and imputed, was to be considered as available to the family. A supplement to the fee computation form specifies allowable expenses not included in the budget. Capital investments and available reserves were included to make it easier to determine the total property and assets needed to calculate the imputed income.

The third objective was to test the validity of the budget (adjusted to 1955 prices), and, to evaluate the usefulness of the proposed means test by applying it to income and wealth data as reported by 527 farm families in 1955. The criteria of the test were: (1) The effectiveness of the means test for discriminating between farm families' ability to pay, (2) The sensitivity of the means test to different assumed percentages for imputing income.

REVIEW OF RELATED WORK

Many budgets have been formulated in the United States as well as in other countries. The budgets were developed to serve as tools for public administration, as guides to public policy, and for assessing the economy of a specific group or community. Williams (1958) noted that a few studies of consumer income and expenditures were undertaken specifically for international comparison.

Brady (1948) traced interest in family budgets back as far as Aristotle who recognized that "man's nature alone is not sufficient to support his thinking; it needs bodily health, food and care of every kind."

Williams and Zimmerman (1935) analyzed Le Play's intensive case method of studying the living conditions of families in the nineteenth century. Le Play's case method was compared with the extensive method of the statistical studies that followed. The primary purpose of the statistical studies was to study levels of living as related to specific occupations, economic situations, legislation, education and other specific interests.

The United States Department of Labor's How American Buying Habits Change (1959) compared standard budgets to indicators of progress. The first statistical studies in the United States before the turn of the century measured adequacy of income by the balance between income and expenditures as reflected in the family's ability to save a portion of its income. Around the beginning of the century, researchers recognized the limitation of these studies as the data could not be used at a later date if the price level changed.

Price differences between localities also emphasized the need for data on quantities of goods purchased, rather than expenditures alone. As a result, studies began to include more data on quantities of goods purchased. Carrol D. Wright, the first Commissioner of Labor in the United States made extensive investigations of family living in the United States at the turn of the century.

The 1917 survey of the Bureau of Labor Statistics included data on quantities of foods, clothing, furnishings and some miscellaneous articles.

Since 1930 Federal agencies have continually increased information reported on the quantities of goods and services purchased by families.

Most of the studies from 1915 to 1930 were developed from data on family expenditures by using "common sense judgment." The budgets recognized nutritional needs, available housing and provision for education and recreation.

Quantity budgets were constructed in a realistic manner in that lists of goods and services have been based on an individual's experience. The Heller Committee for Research in Social Economics of the University of California (1962) developed quantity and cost budgets for two income levels in the urbanized San Francisco-Oakland area. The budgets date back to 1920 when the California State Civil Service measured the adequacy of wages and salaries paid civil service employees. Since then budgets were constructed for families of executives, white-collar workers, wage earners, and dependent families, as well as for single working women.

Although objective and scientific criteria were available for determining certain items in the budget, the Heller budgets reflected the consumption habits of families, rather than standards, or how the family could best spend its income. The Heller Committee Budgets were the last of the quantity-cost type of budgets.

After World War I many family budgets were developed or adapted from the Bureau of Labor Statistics Budgets at the request of arbitration boards and commissions. Kyrk (1953) emphasized the Bureau's search for an objective method of determining items and quantities that should be included in the budget. White (1963) discusses measuring needs in relation to current welfare programs.

Budgets Measuring Cost of Living

Since the numerous budgets constructed have all related to nonfarm families, it was necessary for the writer to base standards for a Kansas farm family's budget on city families' budgets. This was justifiable since rural and urban differences in income and consumption habits are disappearing as a national level of living is attained (Budget Standard Service, Community Council of Greater New York, 1963).

Several of the city worker's family budgets are reviewed somewhat intensively in this thesis to explain the basis on which the Kansas Farmer's Family Budget was constructed.

The City Worker's Family Budget. The United States Department of Labor, Bureau of Labor Statistics (1948) (1960) originally published the City Worker's Family Budget in 1946 at the request of Congress. Cost estimates of the budget were published for 34 large cities originally in March, 1946 and revised in June, 1947, October, 1950 and October, 1951.

The budget was not priced after 1951 on the recommendation of the Technical Advisory Committee. The 1946 budget had been determined from expenditure studies made in 1934-36 and 1941. By 1951 society had assessed the pre-World War I standards as inadequate because of changing values, the advance of scientific knowledge of human needs, and the productive power of the nation.

Factors which had tremendous impact on the type, quantity, and quality of goods and services considered necessities were expanded consumer markets, higher consumer standards and an increase by 75% in the purchasing power of nonfarm families since the late 1930's.

The City Worker's Family Budget does not show how a so-called average family actually spends its money, nor does the budget prescribe how a family should spend its money. The budget represents the goods and services which are necessary to fulfill the requirements of the prevailing standards of what society considers necessary to maintain a "modest but adequate" level of living.

"A modest but adequate" level of living is defined as one which provides for the health, efficiency and nurture of the children and participation in social and community affairs. "Modest but adequate" is not a "minimum maintenance" nor a "luxury" level. This is implied in the expectation by society that the family maintain health and participate in social and community activities which would be improbable at the minimum subsistence level.

The City Worker's Family Budget was constructed using requirements recommended by scientists and analysis of consumption surveys. Each category of items was analyzed separately to measure the minimum amount and quality of goods and services necessary. The recommendations of scientists were used as a basis for requirements. Consumers were then surveyed to ascertain what type and quantity of goods they purchased to fulfill the scientific requirements.

The budget for food is based on the average of the cost of moderate-cost food plans developed by the United States Department of Agriculture (1955). Standards for nutritional adequacy are based on dietary allowances recommended by the Food and Nutrition Board of the National Research Council (1958).

The budget for shelter is based on rents for dwellings which are suitable for various types of families, and which meet the standards of the American Public Health Association and the United States Public Housing Administration. Other goods and services, which generally represent about 45% of the total budget, are clothing, household furnishings, transportation, medical care, personal care, household operation, reading, recreation, tobacco, education, gifts, contributions and miscellaneous expenses.

The budget was constructed for a family of four whose head is a man 38, his wife is unemployed outside the home, and the children are a girl 8 and a boy 13 years of age. This particular type of family was chosen as an index because census data indicated that about half of the urban families at their peak were smaller, and half were this size or larger. The type of occupation of the husband was not considered. The characteristics of the family were those most commonly found in American families. Needs of various types and sizes of families were determined by a scale of relative values based on the index family's value of 100%.

The index family of four lives in a modern, rented, private apartment or house with four rooms, a kitchen and a bath. Community facilities, including schools, are easily accessible by public transportation or within walking distance of the home which is located in a reasonably safe neighborhood for children. The husband travels to work on public transportation. The wife cares for the home and family without any outside help but with the help of mechanical aids such as an electric iron, vacuum cleaner and a washing machine.

The goods and services included in the budget are below the average level enjoyed by American families. Families with median or average incomes

tend to spend more than the dollar cost of the City Worker's Family Budget.

The 1959 budget is referred to as an "interim revision" since previously used concepts, definitions and procedures were used. The revision was limited to a change in the list of goods and services. A more comprehensive revision has been proposed to reflect the changes in American society as soon as 1961-62 consumer expenditure data became available. It cannot be constructed before 1964.

New York City's Family Budget Standard. The Budget Standard Service of the Research Department of the Community Council of Greater New York (1963) revised the 1955 Family Budget Standard by adapting the 1960 revised budgets of the Bureau of Labor Statistics. The revision met the needs for a sound, up-to-date budget standard for a community with complex social, cultural and economic characteristics.

The 1963 revision was the result of revisions dating back forty years. Each successive revision was based on preceding versions but adapted to new information on physical requirements of changes in consumption habits of families in New York City. Since the Bureau of Labor Statistics' City Worker's Budget on which the New York City budget is based has been reviewed, only those points which are unique to New York City or which are relevant to this thesis will be reviewed here.

Eleanore T. Lurry, Chief, Budget Standard Service, stated that the Budget is intended to assess income adequacy, provide data such as living costs, retail prices and requirements, serve as a basis for establishing fee scales for social and health services, and provide budget material for staff development programs and for counseling families on financial management.

The publication is divided into three parts: (1) Concept of the Family Budget Standard, (2) The Standard for Major Categories of Expenditures, and (3) Cost Summaries.

The Family Budget Standard serves as a measure of needs and costs of a self-supporting New York City family in the low to moderate-income group according to prevailing standards and prices. The budget is not meant to advise families on how much they should spend for various goods and services. Each family is expected to proportion its money between the items of the budget according to its individual needs and desires.

The itemized budget of goods and services is a summary of existing factual information on standards and costs of living as judged by a team of experts. Physical needs were based on scientific knowledge of average requirements of good nutrition and health. Social needs were determined by studies of consumption habits of families.

In constructing the family budget standard, the team of experts recognized desires as well as needs of families. They took into account factors which shape the buying habits of Americans such as public opinion, the desire to emulate and market offerings. Income in relation to family size was considered the controlling factor over consumption habits of families, although price deviations according to area were recognized as a contributing factor. Buying habits of an individual family were recognized according to family size, occupation, ethnic group, region and size of the community.

The popular notion of a national standard of living was also recognized since regional differences in consumption habits have gradually disappeared as urban and rural populations earned more uniform incomes, and as mass-

produced goods and services were made available to all through expanded means of communication and transportation.

The Family Budget Standard is practical and usable since more than two-thirds of all families of two persons or more in New York City were estimated to have 1959 incomes that exceeded the 1962 cost of the budget standard when size and composition of families were considered.

Standards for all seven of the major categories of goods and services except food and housing were developed by the New York Budget Standard Service by evaluating Bureau of Labor Statistics' budgets for a family of four and an elderly couple, and then adjusting them to the needs of New York City families and conditions in New York City.

The Family Budget Standard concludes with cost summaries, priced as of 1962, for six types of families varying in size, composition and age of head of household. Costs of the budget for four types of women living alone are also included.

A cost schedule for planning budgets is shown in detail for use of professional staff in preparing schedules adapted for individual agency use, budget counseling with individual families, or as reference material for staff development programs.

A short form is included to provide a summary of differences of costs of living for various age, sex and activity groups. The form permits quick computation of costs of goods and services needed by many family types. A condensed form also included is a more simplified version useful in making rough estimates. Averages of age and sex groups were combined where differences in cost were considered insignificant.

Subsistence Budget Standards for Kansas. Renz (1963) offered practical recommendations for subsistence needs of families receiving financial assistance, as judged by objective observation and criteria. The subsistence budget costs relate to an index family of four whose head is unemployed but seeking employment. Budget costs for individuals and families as large as ten were determined with various scales.

The budget standards were translated into costs by pricing the necessary quantity and quality of goods and services in various locations in Kansas. This budget standard, however, is not currently used by the Division of Social Welfare in Kansas.

Total requirements for living were determined from detailed records of simplification costs for food, clothing, personal and household costs, utilities, school costs and miscellaneous expenses. The monthly requirement for each item was listed separately for each individual to show adjustments made as the family size increases to ten.

Food allowances were based on the United States Department of Agriculture low-cost but nutritionally adequate food plan. Allowances for other items were intended to provide a modest but low-cost level of living which would enable the family to participate in vital community activities such as school. The family would be modestly but adequately clothed, and the home would have facilities for sanitation and comfort.

No cost was stipulated for home rental since this varies greatly throughout the state, and is therefore allowed on an individual basis. No cost was allowed for medical care or for transportation, although in special circumstances allowances were recommended for transportation and special diets.

Further reference will be made to the recommendations of requirements for a subsistence level of living as they are considered in the construction of a family budget for Kansas farm families.

Guides Measuring Ability to Pay

Guides which measure the ability of farm families to pay for social and health services are not available at the present time. Guides for city families, however, have been developed by New York City and New Jersey. These will be reviewed in some detail for they were the basic guides used in constructing the fee computation form developed for administering the proposed means test for Kansas farm families.

New York City's Guide. The Community Council of Greater New York (1962) first published GUIDING PRINCIPLES FOR FEE CHARGING In Voluntary Outpatient Clinics in 1959. It was formulated to apply to social agencies as well as health agencies. The guide was used successfully for two years by the psychiatric clinics in New York City as a tool for fee determination. Previous to this, each clinic had formed its own fee-charging practices. The original guide followed a study by the Community Council of Greater New York (1956) on fee-charging practices in voluntary outpatient clinics in New York City which revealed patients being charged a variety of fees not equitable with their economic situation.

The Community Council of Greater New York (1962) revised the guide. Tables and recommended allowances were brought up-to-date. Long-term rather than short-term treatment of patients was considered in suggesting fees. Income level of patients to be served in a clinic was not considered since each clinic was expected to decide which income-level patient to serve.

The clinics were heavily subsidized or completely supported by taxpayers. Any additional funds were to come from fees charged patients according to their ability to pay. The committee responsible for the guide noted that income alone should not determine the fee, but that the entire financial status of the patient be considered. Thus all financial resources were included so that families of patients with accumulated wealth, but without current income, would not be given preferential treatment.

The committee assumed that savings above an allowed reserve could, and should, be used for emergencies since families used reserves for nonessential purchases. Thus families with financial reserves, above those deemed necessary, were expected to make sacrifices to pay for psychiatric care. This might necessitate a change in living patterns up to the degree a family could tolerate.

The assets included in estimating a family's economic status were money, real estate, securities, and the cash or loan value of life insurance and retirement funds.

A minimum financial reserve was subtracted from the total assets. The remainder was considered as a resource, expendable at the rate of one percent a week. At this rate, the amount of assets above the allowed reserve would be exhausted in approximately two years.

Minimum financial reserves recommended varied according to size of family and age of the head of household.

The final criteria by which ability to pay is determined is the margin, defined as income the family has left after specified expenses are deducted. These expenses include the cost of living expenditures based on New York City's budget standard, and financial commitments for necessary goods and services.

Two steps are taken in computing the margin: First, determine the unadjusted margin by subtracting the established regular living expenses, appropriate to the family's size and composition. Next, determine the adjusted margin by subtracting from the unadjusted margin all other expenses and special considerations, such as variation in rents and house payments, employment expenses of a supplementary worker in the family, special employment expenses, actual ages of children rather than average ages assumed in the basic budget and any other extraordinary expenses.

Families with extraordinary expenses are expected to make an effort to adjust to a change in their living patterns in order to reduce their expenses within a reasonable period of time.

Fee determination, according to the guide should be based on the adjusted margin. The charge is a percentage of the adjusted margin, but does not exceed the clinic's actual cost of services used by the patient. No fee is to be charged if the patient's family has no margin.

They further recommended adjusted fees for family size, the rationale being that a small family does not need as high a margin as does a large family. Detailed tables were compiled for the convenience of clinic personnel to determine the unadjusted income and the suggested maximum weekly fee.

New Jersey's Guide. The New Jersey Welfare Council (1962) developed Guide Lines to the Measurement of Ability to Pay for Health and Social Services. This guide is based on the policies and practices of several agencies in New Jersey attempting to solve the problems of setting fees according to ability to pay for services. The traditional problem had been to determine who should get free services. The new problems stemmed

from increased demand for social and health services by the middle and upper-income groups, and particularly by the elderly segment of the population. A complex social system had increased individual insecurity and family disorganization which led a greater number of people who previously had not used social welfare services to seek aid from state agencies.

New Jersey's guide was designed to serve as a tool for communities that recognized a broad, practical criteria of "need for service" by expanding their services to cope with the influx of patients from the middle and upper-income groups. The heavy patient load made it necessary for many agencies to supplement their funds from taxes with fees. The outlook indicated that there would be a greater reliance on fees by the agencies.

The fee-setting practices suggested in the publication are aimed to remedy the wide diversity of policies and practices followed by clinics in the state. Fees were not equitable to the economic situation of users. A distinction is made in the publication between "waiving the fee" and "free services" assuming that involvement of the patient in the mechanics of financial assessment effects a better attitude. The fee scale, when used thoughtfully and responsibly, is meant to facilitate service for each individual.

The committee which developed New Jersey's guide used material from the Budget Standard Service Department, the Community Council of Greater New York (1962). "The Interim City Worker's Family Budget" was used as the basis for a family's ability to pay for health and social services.

The guide's comprehensive table of family budgets lists the weekly, monthly and annual amounts of money needed to purchase goods and service for a "modest but adequate level of living" by families of varying sizes

and composition. Family sizes up to six persons are included in the table. Each family size is classified according to the age of head of household, and the age of the oldest child. In all, seventy types of families and their dollar needs are listed. Needs of families larger than six are considered equivalent to those of six people.

Computation of budgets for the seventy family types was possible by using Bureau of Labor Statistics scale which measures relative income required to provide the same or an equivalent level of living for families of different sizes, ages of heads and composition. The index family, from which differences were scaled, is the same as the type of family to which the Bureau of Labor Statistics (1960) City Worker's Budget relates. Standards used by the Bureau apply to New Jersey's budget.

A fee computation sheet is suggested as a guide. Detailed instructions to compute fees are given in five steps which include the most common expenses to be considered.

Briefly the steps are:

1. Record the family members by age.
2. Determine from an applicable scale the money needed to live.
3. Record and identify any unusual expenses.
4. Record the total family net income, plus any payroll deductions for which the family has contracted.
5. Subtract the family needs from the income to get the margin, which determines how much a family can pay for services.

Other principles are involved:

1. Use a percentage of the margin as a fee.
2. Charge a token fee to those families with no margin.

3. If current income is inadequate, the family is expected to use savings (above a certain minimum) at one percent a week.

Actuarial data prepared for New York City's Budget Standard is recommended for minimum financial reserves. Similarly, New York City's suggested maximum weekly fees by graduated percentage of weekly margin are included to make fee setting easier and more uniform among the New Jersey clinics. Two examples of cases are presented and computed on suggested fee computation forms.

New Jersey's philosophy parallels New York City's in that both expect the families to sacrifice in paying for public services in like manner as they sacrifice in buying other goods and services.

THE KANSAS FARMER'S FAMILY BUDGET

The Kansas Farmer's Family Budget, like the Interim City Worker's Budget after which it was patterned, was designed to serve as a measure of cost for providing needs of farm families. The budget, stated in terms of January, 1964 prices is intended to assess the adequacy of income to fulfill the needs of farm families according to their size and composition.

The Kansas Farmer's Family Budget relates to an index family of four persons whose head is 38, engaged in full or part-time farming, with wife unemployed outside the home. The children are a boy 13 and a girl 8. The family lives on a farm which may be owned or rented. If rented, housing is provided by the owner. The dwelling is modern and equipped with work-saving devices such as an electric iron, washing machine, vacuum cleaner and refrigerator.

The budget is intended to provide a "modest but adequate" living for the family. It would not provide a luxurious level of living, nor a low-cost or subsistence level.

The budget does not attempt to show how Kansas farm families ought to spend their incomes. Each family has its own preferences and would apportion expenses among the various goods and services to achieve the most satisfaction from money spent. All families, however, would reach approximately the same general level of consumption.

The budget does not indicate the ideal way for a family to spend its money. It is simply an indicator of average needs and average costs, based partially on scientific standards, and partially on what the Kansas farm family actually desires and needs, and what it is willing and able to pay for at prices prevailing in Kansas in 1964.

Method of Construction

Two general types of budgets were recognized as construction plans were formulated for the Kansas Farmer's Family Budget. Earlier budgets were quantity-cost budgets which reflected consumption habits of families rather than standards derived from objective scientific criteria contained in later budgets. Kyrk (1953) referred to the quantity-cost budgets as "works of discretion" handicapped by subjective judgment of the people who created them.

Assessment of limited available evidence applicable to a farm family budget and limitations of time and resources necessitated construction of a farm family budget which is admittedly a "work of discretion." Costs of items from two budgets for city families and two farm expenditure studies

were selected as the bases most appropriate to the Kansas Farmer's Family Budget.

Adjustment of Costs. Two adjustments were made: Items in the Kansas Management Associations' (1962) summary of living costs were adjusted from a family of 5.3 persons to one of 4 persons, and all cost data were adjusted to January, 1964 prices.

First the costs of the 5.3 person family were adjusted to relate to a four-person family. Family size adjustment was made according to a scale prepared by the Bureau of Labor Statistics (1948). Family composition was disregarded and only size was considered since the composition of the Associations' families was unknown.

Items which vary in direct proportion with the number of people using them were adjusted in the proportion of 5.3 to 4. This included all of the items with the exception of transportation and shelter, the costs of which remain approximately the same for either a four or five-person family. The cost of children's clothing was reduced proportionately from 3.3 to 2 assuming the family of 5.3 was composed of two adults and 3.3 children. No adjustment was needed for parents' clothing costs.

The other adjustment was made by applying the Consumer Price Index to bring the two budgets and two surveys up to the January, 1964 price level. Each item was adjusted separately by use of the index for that item.

No attempt was made to adjust the price of food raised at home, since the Consumer Price Index does not have an index designated for this item. Since the cost figure was low and the span of time was slightly over a year, the difference in the cost would have been very slight.

Costs of the items were then added to obtain the adjusted total. This would differ slightly if the index for "Total of all items" or "Total of all items, less shelter" were used. This is due to the difference in relative importance assigned each of the components in the various totals. These data, shown in Columns 2, 4, 6 and 8 of Table I, are directly comparable.

Assessment of the Costs of Items. The researcher assigned cost estimates for items needed by a Kansas farm family after careful study of the following four sets of data adjusted for direct comparison:

1. Interim City Worker's Family Budget, priced for Kansas City, Missouri in 1959. (Original data are in Col. 1; adjusted, in Col. 2, Table I.)

2. Subsistence Budget recommended by Anne K. Renz, Assistance Standards Analyst, Kansas State Division of Social Welfare as of October, 1963. (Original data are in Col. 3; adjusted, in Col. 4)

3. Summary from 1962 expenditures for living of 159 farmer-members of Kansas Farm Management Associations. (Original data are in Col. 5; adjusted, in Col. 6)

4. Summary by Iowa State University of 1962 expenditures for living of farm families with net mean incomes of \$4,152. (Original data are in Col. 7; adjusted, in Col. 8)

The resulting "Cost estimate for Kansas farm family of four" is presented in Column 9, Table I. Those figures used to compile this estimate are underlined in Columns 2, 4, 6 and 8. The researcher's main objectives were: (1) to proportion the cost of items appropriate to modest but adequate farm living, and (2) to arrive at a total cost which would approximate the upper limit of the median income range of Kansas farm families which was

TABLE I

**COST OF LIVING ESTIMATES AND ACTUAL COST OF LIVING EXPENDITURES
ON WHICH THE KANSAS FARMER'S BASIC BUDGET IS BASED**

Group	Living cost estimates for family of four ¹				Costs based on expenses of two groups of farm families in midwest				Kansas farmer's family budget ⁶							
	"Modest but adequate standard of living"		"Minimum low-cost standard of living"		Living costs based on expenses of a group of Kansas farm families. ¹	Actual living expenses of a selected group of Iowa farm families. ²	Oct 1962	Jan 1964 ¹⁰	Oct 1962	Jan 1964						
	Cost of city worker's family budget in Kansas City, Mo. 2	Subsistence budget for Kansas family with unemployed head. ³	Cost estimate for Kansas farm family of four. ⁷													
			Fall 1959	Jan 1964 ⁸							Oct 1963	Jan 1964 ⁹	Oct 1962	Jan 1964 ¹⁰	Oct 1962	Jan 1964
Total of all items	5964	6297	-	2290	-	3237	3301	3908	3980	-	4056	3432 ¹²				
Total of all items less shelter	-	-	-	-	-	-	-	-	-	-	-	-				
Food	1631	1657	-	1063	-	1159	1169	1335	1348	-	1169	989				
Food raised at home	-	-	-	-	-	257	257	361	361	-	-	-				
Food purchased for home	1631	1657	-	1063	-	900	912	974	987	-	-	-				
Food away from home	168	192	-	-	-	-	-	-	-	-	-	-				
Housing	1370	1454	1414	1414	1414	716	740	776	801	740	740	626				
Rent, heat, utilities	1117	1199	-	-	-	423	440	398	414	440	440	-				
House furnishings	203	200	144	140	140	-	-	-	-	-	-	-				
Household operation	50	55	270	274	274	293	300	378	387	300	300	-				
Utilities and fuel	-	-	-	-	-	-	-	-	-	-	-	-				
Clothing and upkeep	560	581	498	491	491	370	367	394	395	491	491	446				
Husband	136	144	144	143	143	101	102	-	-	143	143	-				
Wife	160	162	180	176	176	124	121	-	-	176	176	-				
Boy 13	99	105	96	95	95	73	71	-	-	96	96	-				
Girl 8	109	111	78	76	76	72	70	-	-	76	76	-				
Materials and services	56	59	-	-	-	-	-	-	-	-	-	-				
Medical care	299	353	-	-	-	344	363	398	409	363	363	307				
Transportation	525	572	-	-	-	151	152	227	229	229	229	193				
Automobile travel	637	685	-	-	-	151	152	227	229	229	229	-				
Public travel	171	203	-	-	-	-	-	-	-	-	-	-				

TABLE I (cont.)
COST OF LIVING ESTIMATES AND ACTUAL COST OF LIVING EXPENDITURES (cont.)
ON WHICH THE KANSAS FARMER'S BASIC BUDGET IS BASED

Group	Living cost estimates for family of four ¹			Costs based on expenses of two groups of farm families in midwest			Kansas farmer's family budget ⁶
	"Modest but adequate standard of living"		"Minimum low-cost standard of living"	Living costs based on expenses of a group of Kansas farm families. ⁴		Actual living expenses of a selected group of Iowa farm families. ⁵	"Modest but adequate standard of living"
	Cost of city worker's family budget in Kansas City, Mo. 2	Subsistence budget for Kansas family with unemployed head. ³					Cost estimate for Kansas farm family of four. ⁷
	Fall 1959	Jan 1961 ⁸	Oct 1963	Jan 1961 ¹⁰	Oct 1962	Jan 1961 ¹⁰	Jan 1961 1955 ¹¹
Other goods and services							
Reading & recreation	705	774	315	315	497	510	774
Personal care	215	213	-	-	-	-	213
Tobacco	137	119	144	144	-	-	119
Public school expense	84	87	-	-	-	-	91
Communications	35	38	51	51	-	-	38
Gifts & contributions	77	83	-	-	-	-	83
Miscellaneous	118	128	-	-	270	277	128
	39	42	120	120	227	233	42
Other costs (Education, life insurance, occupational expenses, etc.)	258	290	-	-	-	-	290
Personal taxes	616	616	-	-	-	-	-
							655

TABLE I (concl.)

COST OF LIVING ESTIMATES AND ACTUAL COST OF LIVING EXPENDITURES (concl.)
ON WHICH THE KANSAS FARMER'S BASIC BUDGET IS BASED

City Worker's Family Budget relates to a family of four persons, consisting of an employed man 38, a wife not employed outside the home, a boy aged 13, and a girl aged 8. The subsistence budget relates to a family of the same type except the head is unemployed, but seeking employment.

United States Department of Labor, Bureau of Labor Statistics, "The Interim City Worker's Family Budget," Monthly Labor Review, August 1960, p. 789.

James K. Rems, Assistance Standards Analyst, Kansas State Division of Social Welfare.

Summary of records of family expenditures for living in 1962 kept by 159 farmer-members of the Kansas Farm Management Association. The average size of the families was 5.3 persons with children of grade school age. The costs were adjusted to four persons for all items except shelter, automobile transportation, and parents' clothing.

Iowa State University Farm Records, 1962. The size of the families is not available. The mean net income of the families in 1962 was \$4,152.

Costs were derived from the City Worker's Family Budget, the subsistence budget suggested by Anne K. Rems, Assistance Standards Analyst of the Kansas State Division of Social Welfare, the estimated living costs based on records kept by members of the Kansas Farm Management Association, and from actual expenditures of families cooperating in the 1962 study of Iowa State University. The Kansas farm family budget was constructed by using those cost figures underlined in the January 1964 column of the four budgets cited, based on judgment of the researcher, Albie Rasmussen.

The Kansas Farmer's Family Budget relates to a family of four persons whose head is a man 38, engaged in farming, or farming and also employed off the farm part or full time.

⁸Source of the consumer price index used to adjust costs to January 1964: United States, Department of Labor, Bureau of Labor Statistics, News, USDL-6109, March 3, 1964, pp. 8-9.

⁹Source of the consumer price index used to adjust costs to January 1964, prices: Idid., USDL-6012, November 19, 1963, pp. 4-5.

¹⁰Source of the consumer price index used to adjust costs to January 1964, prices: United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for November 1962, December 21, 1962, pp. 2-3.

¹¹Source of consumer price index used to adjust January 1964 costs to the mean average of the monthly prices in 1955: United States Department of Agriculture, Consumer and Food Economics Research Division, Rural Family Living, December 1956, p. 10.

¹²Total of all items less shelter^a for 1955 was calculated by using these indexes: 100 = 1947-49; 132.1 = January 1964; 111.8 = 1955 (mean average for twelve months).

¹³Data had the combined clothing costs of the children.

\$3,000 to \$3,999, according to the Bureau of the Census (1960). Since ability to pay is determined by the amount of the margin between income and the cost estimate, the lower-income families would benefit by being charged less for social and health services by using the upper limit of the range to set the cost estimate. Furthermore, the mean Kansas farm income in 1963 was estimated to be \$3,968 by the Kansas Crop and Livestock Reporting Service (1964).

The first step taken in constructing the Kansas Farmer's Family Budget was to compare the available evidence: the two budgets and the two farm family expenditures surveys.

The 1959 Kansas City, Missouri cost estimate of the City Worker's Family Budget totaled \$5,964 (Col. 1, Table I) and \$6,297 (Col. 2) in 1964 prices. This budget was designed to provide a "modest but adequate" living for a family of four whose head is 38, the wife is not employed outside the home and the children are a boy 13, and a girl aged 8. The cost of this budget, with rent deleted, was more than most Kansas farmers could afford.

The subsistence budget (Col. 4), not currently used but suggested by Anne K. Renz, Assistance Standards Analyst, Kansas Division of Social Welfare, would provide a "minimum low-cost" living for the same type of family as that in the City Worker's Budget. The cost, excluding rent, would have been \$2,290 in October, 1963 (Col. 3) or \$2,293 in January, 1964 prices (Col. 4). This subsistence budget, however, was planned for a family whose head is unemployed, and offers a level of living below that which most Kansas farmers could afford.

In order to formulate a budget which would fall between that of the Kansas City, Missouri budget and the "minimum low-cost" budget, living expenses recorded by two groups of farm families in 1962 were examined. A summary of living expenses recorded by 159 members of the Kansas Farm Management Associations (1962) was used to estimate actual living costs. After adjustment for price changes and size of family, the total cost for January, 1964 was \$3,301 (Col. 6, Table I). This appeared to be within the means of most Kansas farmers.

The other study of actual expenditures which appeared applicable to Kansas farm families was Iowa State University's Farm Records (1962). The cooperating families were divided into five income groups: \$2,999 or less, \$3,000 to \$4,999, \$5,000 to \$6,999, \$7,000 to \$8,999 and \$9,000 and over.

The \$3,000--\$4,999 group was selected for comparison in constructing the Kansas budget since Kansas farm income for 1963 would fall within this category. The adjusted costs for items purchased by these Iowa farm families are listed in Column 8, Table I. The mean size of the families was not disclosed.

Budget Construction. The next step was to consider each item separately and to choose the costs of items from Columns 2, 4, 6 and 8 of Table I which, in the researcher's judgment, were most applicable to Kansas farm families. The costs selected were underlined in Table I. The rationale involved in the selection of each item is explained in the following text under each of the items.

Food. The three categories into which food was divided, as shown under the heading "Group" in Table I, were not considered separately in the selection of cost. Food raised at home was included in the cost of food as a

whole, since the trend is for families not to produce the food they consume. Mollie Orshansky (1956 and 1958) had noted the greater dependence of farm families on purchased food, instead of home-produced and home-preserved food, and anticipates an increasing dependence of the farm family on purchased food eaten at home and away from home.

Food eaten away from home was not included in the budget, as such, since this is not a farm-family pattern. The farmer, unlike the city worker, lives near his work and does not buy a noon meal. His children, however, might likely eat at school.

The food cost chosen was that reported by the Kansas farm families in Column 6, Table I. It was chosen because (1) The Kansas City cost appeared too high in comparison to the farm expenditure costs. (2) The subsistence food cost represented a low-cost food plan not consistent with a budget defined as modest but adequate. (3) It seemed to be defensible to choose the cost from the state for which the budget was constructed since consumption habits and prices would best be reflected in the Kansas data. (4) Since farmers are near the source of part of their food supply, they often purchase meat at wholesale prices from feeders or farmers and at livestock sales. The animals are locally butchered and processed. Meat at wholesale prices is also available in large quantities. Fruits and vegetables in season, and poultry products are quite often available at wholesale prices directly from farmers who produce these products. Dairy products are not generally available from producers because of the trend of states to enact strict health laws which tend to discourage this practice.

On the other hand the \$1,169 estimate may be minimal or possibly too low. Cost estimates of one-week's food expressed annually were: low-cost, \$1,342; moderate-cost, \$1,648 and high-cost, \$1,893, according to the U. S. Department of Agriculture (April, 1964).

Housing. No rent was allowed, for housing is generally furnished tenant-farmers, and farm-owners pay no rent. House furnishings, household operation and utilities and fuel were considered. Neither the Iowa nor the Kansas expenditure summaries specified the amount spent for household operation and were assumed included in house furnishings, utilities and fuel. Total housing costs were similar for the Kansas and Iowa families with the major difference in utilities.

Iowa's families spent \$87 a year more for utilities and fuel. This might be due to a possible difference in fuel costs and higher fuel consumption in Iowa. Consumption varies even in the state of Kansas (Renz, 1963). The amount of money spent for each of the twelve months to heat a dwelling occupied for a four-person household in 1962 in three zones in Kansas was estimated to be:

Southern zone	\$ 8.90
Central zone	10.05
Northern zone	10.40

Renz's (1963) subsistence budget for Kansas families with unemployed heads allows \$274 for utilities and fuel. This is \$26 less per year than that reported by the Kansas farm families. The subsistence budget does not allow for freezer operation, an item for many farm families.

The subsistence budget's (Renz, 1963) allowance for a four-person household for utilities and fuel based on standards derived from utility companies' records of customer usage are:

Lighting and Small Appliances Incl. Refrigerator	\$ 6.00
Fuel for Cooking and Hot Water Heating	3.65
Fuel for Heating	<u>9.80</u>
Total	19.45

The writer assumed that house repair done by home-owners was included in the housing costs of the Kansas and Iowa families.

In choosing the Kansas figure of \$740, the writer reasoned: (1) The cost was \$326 more than the Renz subsistence allowance based on scientific standards and actual usage of utilities, heat and household operation, but which allowed nothing for house furnishings and equipment. (2) The additional \$326 would give the farm family opportunity to replace or repair house furnishings and, in the case of farm owners, pay for minor repair of the dwelling. (3) In comparison to the city worker's housing allowance of \$1,454 the \$740 allowance for a Kansas farm family appears to be ample since the difference is less than enough for adequate rental.

Pennock (1958) stated that a high level of expenditure in housing seemed to be characteristic of a high level of living. Accordingly farm families were spending at a high level in the category of housing which included furnishings and equipment, household operation and dwelling upkeep.

These expenditures for farmers in the North Central states in 1955 were:

Total consumption expenditures	\$2,759
Dwelling upkeep.	64
Household operation.	335
Fuel, light, refrigeration and water.	235
Other household operation.	100
Furnishings and Equipment.	228

Clothing and Upkeep. The cost of clothing for the two Kansas and Iowa groups of farm families differed by only \$28. Both spent approximately \$100 less for clothing than was allowed for clothing in the subsistence budget (Col. 4, Table I).

The subsistence budget is not concerned with what people actually spend, but what they need to spend to be adequately clothed for comfort and for acceptance in the society in which they live. Since the subsistence budget is one which is considered low-cost, it would seem that farm families who are to live modestly but adequately need to spend at least the amount specified in the subsistence budget.

Clothing cost expenditures of the Kansas Farm Management Associations' families appears low. Farm management specialists were puzzled at the low figure which the families reported for clothing expense since the families appear well clothed. Wise buying practices and home construction of garments may account for the low expenditure.

According to the cost of the City Worker's Budget in Kansas City, Missouri the city worker's family in Kansas City would need to spend only \$90 more to be modestly but adequately dressed than would the needy Kansas family who is expected to dress at a low-cost. The subsistence budget's clothing costs are based on specifications, which in the analyst's opinion appear to be valid and reasonable. Renz specified the particular type, quality and quantity of clothing needed by a family of four, and the time

period in which it would need to be replaced. She priced the clothing apparel in stores patronized by people of modest means. The quality of the clothing she priced was not poor nor of the best grade, but of a medium grade.

Because the subsistence budget is supposedly compatible with an income group lower than the farmer, it seemed reasonable to assume that the farm family should be allowed at least the \$491 cost estimate for clothing from the subsistence budget.

Medical Care. The Public Health Service, United States Department of Health, Education, and Welfare (1964) reported medical expenses per person in a family in an income class of \$2,000 to \$3,999 to be \$116 in 1962. For a four-person family this would be \$464 in 1962 prices or \$477 in 1964 prices.

The expenditures quoted by the Public Health Service are approximately one-third higher than the cost of medical care in the City Worker's Budget priced in Kansas City, Missouri and one-third higher than the expenditures reported by the farm families in the Kansas Farm Management Associations. The figure is only one-sixth higher than the expenditures of the Iowa Farm Records group.

Since the Kansas City medical care cost and the Kansas farm families expenditures are similar, the farm-urban difference can be discounted. Pennock (1958) noted the shift toward increased expenditures by farm families for medical care, although farm families were still spending only 77% of urban families' expenditures. It would seem reasonable, however, that the trend toward increased medical care for farm families would continue.

Because of the similarity of the Kansas City, Missouri cost and the Kansas farm family expenditures, the latter was chosen since it is \$10 higher but still far below the expenditures quoted by the Public Health Service. Furthermore, annual cost of a Blue Cross-Blue Shield (1964) medical-surgical plan for a Kansas farm family of four would be approximately \$220. This provides limited medical care coverage, however.

Transportation. The 1959 Interim City Worker's Budget of the Bureau of Labor Statistics, priced in 20 large cities, shows an average cost of \$637 for transportation for automobile owners. Adjusted to 1964 prices, the Kansas City cost of transportation for automobile-owners is \$685 (Col. 2, Table I).

Families of the Kansas Farm Management Associations reported their family-use share of expenditures for automobile transportation to be \$152 when adjusted to January, 1964 prices. This expenditure accounts for one-half of automobile expenses since the other one-half is deductible for farm expenses. The total amount spent by the farmer would be \$304 which is less than 50% of the Kansas City, Missouri cost. The farm expenditure quoted seemed too low when the following necessary items were considered: depreciation costs, repairs, liability insurance, gas and lubrication.

The Iowa farm families' expenditure adjusted to January, 1964 would total \$458 if family transportation were considered as one-half and farm-operation use was one-half. This figure is equal to 69% of the Kansas City, Missouri cost. The two farm expenditure reports indicate that farm families either spend, or report spending a lesser amount for automobile transportation than do city families.

The researcher found it difficult to develop an estimate of what the farm family would need to spend for automobile transportation since consideration should be given to: the distance the family lives from town, their school, religious, civic and social activities and the number of members engaged in these activities. No study of transportation for farm families was available.

The Iowa farm families' expenditure figure of \$229 was chosen as automobile transportation costs in the Kansas Farmer's Family Budget. In its entirety the Iowa figure would be \$458, and falls between the two extremes of full-time automobile transportation costs of \$685 in Kansas City, Missouri and \$304 reportedly spent on a Kansas farm.

Automobile transportation costs averaged 13% of farm family consumption expenditures in 1941 and 1955 (Holmes, 1958). The average farm family-use cost in 1955 in the United States was \$360 which far exceeds the amount allowed in the proposed budget.

Other Goods and Services. The following items were considered in this category: reading, recreation, personal care, tobacco, public school expense, communications, gifts, contributions, and miscellaneous items. In comparing the budgets and the expenditures studies, it is significant to note that although the Iowa families (Col. 8, Table I) did not categorize the items, the cost reported is very similar to the total city worker's cost of other goods and services priced in Kansas City, Missouri and adjusted to 1964 prices.

Although the subsistence budget adjusted to January, 1964 prices specified a total cost which appears too small in comparison to the City Worker's Budget, two items considered necessary for participating in

American society, personal care and public school expenses, compare favorably. The difference between city families' total expenditure for other goods and services is insignificant.

Although the Kansas farm families' expenditure figure appears too low, it is difficult to make a comparison since only gifts and contributions and miscellaneous items were considered. The miscellaneous items could consist of all or only a part of reading and recreation, personal care, tobacco, public school expense and communications. One could conclude that the majority of farm families used these items.

Holmes (1958) pointed out that on the average the farm family spent approximately twice as much for these goods and services in 1955 than in 1941. The amount spent by farm families for these goods and services in 1941 was one-fourth of that spent in this category by urban families. By 1955 farm families had increased this type of spending to one-half of urban families' expenditures. Holmes predicted that the trend would continue. There are no available national data on expenditures by farm families on these goods and services since 1955.

Television costs comprised about one-third of what was spent for reading and recreation in 1955. The saturation point of purchasing new television sets, however, was expected to be reached before 1964. Furthermore, Holmes pointed out that farm families engaged in many other activities for enjoyment and relaxation which were not ordinarily considered recreation. These activities were estimated to cost about \$140 in 1955.

The cost of other goods and services for the Kansas Farmer's Family Budget was taken from the City Worker's Budget priced in Kansas City and adjusted to January, 1964 prices (Col. 2, Table I). This cost was

considered most appropriate for the purpose because: (1) Modern communication and transportation have influenced farm families' desires and buying habits of nonessentials to such a degree that no significant difference remains between the tastes of the families of similar means living in a city or on farms. (2) Unless farm families use the same goods and services which are part of the American way of life, they would be left out of the mainstream of society. (3) These goods and services cannot be purchased at a lower price by farm families than by city families.

Other Costs. Of the two budgets and the two expenditures surveys in Table I, only the City Worker's Budget priced at Kansas City, Missouri listed a figure for "other costs." These costs include education other than public, life insurance, occupational expenses and miscellaneous costs not included in any of the other categories of a budget.

The amount listed in the City Worker's Budget was included in the Kansas Farmer's Family Budget. It seemed reasonable to assume that farm families should be entitled to the same benefits from such protection as life insurance and the cost be included in their living expenses. It would also seem that they should be allowed an expenditure in their budget for education other than public. Furthermore, those farmers who work off the farm part-time have the same occupational expenses as if they lived in the city.

Personal Taxes. No personal taxes were included in the Kansas Farmer's Family Budget because personal taxes vary greatly with wealth and location. Thus the Kansas Farmer's Family Budget is made up only of items and services consumed by the farm family.

Total of the Costs of Items. The total cost of the Kansas Farmer's Family Budget was \$4,056. This is \$2,241 less or equivalent to two-thirds of the cost of the City Worker's Budget in Kansas City, Missouri, adjusted to 1964 prices. It is \$1,763 more or three-fourths in excess of the cost of the suggested subsistence budget suggested by Renz. The Kansas Farmer's Budget is \$755 more costly or one-fourth more than the cost expenditures reported by farmer-members of the Kansas Farm Management Association. It is only \$76 more costly or 102% of the cost expenditures reported in the Iowa Farm Records study in 1962, adjusted in 1964 prices.

Discussion

The Kansas Farmer's Family Budget is largely a "work of discretion." Its weakness lies in not being completely based on scientific standards. Costs of its items were taken from two budgets partially based on scientific standards and from two farm family expenditure studies which reflected actual spending habits of families.

The budget attempted to include consideration of consumption habits of families, and cost estimates of goods and services needed according to available objective criteria. Therefore, data based on objective criteria were used for five items, but data based on consumption habits, as reflected in two surveys, were used for the remaining two.

The cost for automobile transportation was based on expenditure studies which state cost, but do not indicate the quality or quantity of goods and services purchased at that certain price.

No quantity or quality standards were set in formulating the food cost estimate. The food cost from farm family expenditures in Kansas was used

with the assumption that part of the food was purchased at retail and the remainder, if not raised, could be purchased at wholesale. Quantity and quality of food purchased would approximate the low-cost food plan of the United States Department of Agriculture or the realistic low-cost standards formulated by Anne K. Renz which are appropriate to a subsistence budget in Kansas if all food is purchased through retail channels.

The disadvantage of a budget not based on quantity and quality of goods and services is that it would be impossible to price the items at another time period if prices changed drastically. Except for automobile transportation and food, however, the Kansas Farmer's Budget could be used at a future time by adjusting prices.

Another criterion of a budget is its cost in relation to incomes of families for which it is intended. Cost estimate of the Kansas Farmer's Budget as of January, 1964 was \$4,056 while the mean 1963 Kansas farm income was \$3,968.

Assuming that farm families needed to spend \$4,056 annually for a living as of January, 1964 for a basic family of four and proportionately more or less according to family size and composition, there would be many farm families with 1963 incomes less than the mean of \$3,968 who could not live as they desired to live, nor as society expected them to live. The difference of \$88 a year, however, is not significant and the majority of families could achieve a modest but adequate level of living or a slightly lower level.

Possibly the greatest value of a budget lies in assessing the needs of families according to size and composition. The base figure remains a key factor for if it were either too large or too small, families would not be differentiated as to their means. Too many would fall into the "no margin"

class if the budget cost estimate were higher and too many would show margins of income that in reality do not exist if the budget were lower than the actual cost of living.

The basic cost of the Kansas Farmer's Budget compares favorably to expected annual living costs of farm families in the Kansas Farm Management Association. Their expected figure of \$4,000 for a family of four is based on records of expenditures of families and the observation and judgment of extension specialists who counsel the families. The \$4,000 figure was not known to the writer until after the Kansas Farmer's Family Budget was constructed. However, expenditures of 159 family-members of the Association were used as a basis for selecting food and housing cost estimates for the Kansas Farmer's Budget.

Expansion of Budget for Various

Types of Families

The basic farm family budget (Table I) is limited to an index family of four persons whose head is 38, engaged in full or part-time farming, with a wife unemployed outside the home, a boy 13 and a girl 8.

Although there are many families who have been in this classification at some time during the family cycle, only a few families form this type of family unit at any one time. Therefore some mechanism for recognizing relative needs of other types of families according to size, composition and age of the head is necessary.

The Kansas Farmer's Family Budget was expanded to various types of families by use of the equivalency scale developed by the Bureau of Labor Statistics (1960) to measure real income of families.

Equivalency Scale. The equivalency scale is defined by the Bureau of Labor Statistics as the "scale of equivalent income." The scale is intended (1) to provide a basis for adjusting urban family income data for various family types (2) to estimate budget costs for city families of all types by applying the various values to the revised costs of the City Worker's Budget (1959) and (3) to "estimate the changes in income required to maintain the same level of living over the family cycle."

The scale includes values for 70 family types, using six family sizes cross-classified by five family types and four age-of-head classes. The scale is based on data obtained from the Bureau's 1950 Survey of Consumer Expenditures. The scale is meant to measure attainment of the same level of material well being by families of 70 types.

The value for each of the seventy types is expressed as a percentage of the income of the index family to which the City Worker's Budget relates. This index family which has a value of 100% on the scale is composed of four persons with employed head who is 38, with wife unemployed outside the home, with a boy 13 and a girl 8 years old. The needs of the other families of different sizes and composition can be expressed as a percentage thereof.

The data presented in Table II were derived by applying the percentage of the Bureau of Labor Statistics equivalency scale to the basic cost estimate of the index farm family of four.

Standards for Large Families. The Bureau of Statistics' equivalency scale is limited to families of six persons or less. Therefore costs for families larger than six were calculated from cost estimates recommended by Anne K. Renz, Assistance Standards Analyst, Kansas State Division of

Social Welfare. The cost estimates were based on the low-cost food plan of the United States Department of Agriculture, and on clothing, personal, household and school needs as itemized after careful observation of needs of families receiving financial aid from the state.

Table II (concluded) is a summary of the total weekly, monthly and annual cost estimates from Table III which shows the monthly costs of items needed by each individual in families of seven or larger as recommended by Renz.

Although subsistence allowances would provide minimum rather than the modest but adequate level of the Kansas Farmer's Family Budget, they were used because (1) No other cost estimates of this type were available for Kansas families. (2) Costs of clothing, household and personal care, and school needs of the suggested subsistence budget compared favorably with estimated costs of similar items in the City Worker's Budget as priced in Kansas City, Missouri. (3) Cost of food allowed in the Kansas Farmer's Family Budget was similar to the low-cost food plan of the United States Department of Agriculture.

PROPOSED MEANS TEST

The criterion for the means test or the ability to pay is the margin of income. Margin is the portion of income left after necessary expenses have been deducted. Deductible expenses would include necessary living expenses and financial commitments for essential goods and services.

Both the New York City (1962) and the New Jersey (1962) guides for fee setting used the margin as the determinant of the fee.

TABLE II

KANSAS FARMER'S BUDGET FOR 1964

WEEKLY, MONTHLY & ANNUAL AMOUNTS OF MONEY¹ NEEDED (BY FAMILY OF VARYING SIZE AND COMPOSITION) TO PURCHASE GOODS AND SERVICES FOR A "MODEST BUT ADEQUATE LEVEL OF LIVING."

Family Size	TYPE OF FAMILY	AGE OF HEAD OF HOUSEHOLD					
		SCALE I - Under 35			SCALE II - 35-54		
		BASE BUDGETS ²			BASE BUDGETS ²		
		Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³
1	One Person.....	\$32.77	\$142.00	\$1704	\$39.00	\$169.00	\$2028
2	Husband & Wife or 2 Adults...	49.13	212.92	2555	51.48	223.08	2677
	One Parent and Child.....	48.37	209.58	2515	53.04	229.83	2758
3	Husband, Wife, Child Under 6.	56.94	246.75	2961	62.40	270.42	3245
	Husband, Wife, Child (6-15)..	63.17	273.75	3285	67.87	294.08	3529
	Husband, Wife, Child (16-17).	66.31	287.33	3448	79.56	344.75	4137
	Husband, Wife, Child (18 or over).....				76.44	331.25	3975
	One Parent, Two Children.....	62.40	270.42	3245	74.87	324.42	3893
4	Husband, Wife, Two Children (Older Under 6).....	63.96	277.17	3326	68.63	297.42	3569
	Husband, Wife, Two Children (Older 6-15).....	74.10	321.08	3853	78.00	338.00	4056
	Husband, Wife, Two Children (Older 16-17).....	83.44	361.58	4339	95.94	415.75	4989
	Husband, Wife, Two Children (Older 18 or over).....				90.48	392.08	4705
	One Parent, Three Children...	79.56	344.75	4137	93.60	405.58	4867
5	Husband, Wife, Three Children (Oldest Under 6).....	73.33	317.75	3813	77.21	334.58	4015
	Husband, Wife, Three Children (Oldest 6-15).....	89.69	388.67	4664	93.60	405.58	4867
	Husband, Wife, Three Children (Oldest 16-17).....	92.83	402.25	4827	108.42	469.83	5638
	Husband, Wife, Three Children (Oldest 18 or over).....				102.17	442.75	5313
	One Parent, Four Children....	90.48	392.08	4705	95.94	415.75	4989
6	Husband, Wife, Four Children (Oldest Under 6).....	77.21	334.58	4015	85.02	368.42	4421
	Husband, Wife, Four Children (Oldest 6-15).....	102.17	442.75	5313	106.87	463.08	5557
	Husband, Wife, Four Children (Oldest 16-17).....	103.73	449.50	5394	113.88	493.50	5922
	Husband, Wife, Four Children (Oldest 18 or over)				117.00	507.00	6084
	One Parent, Five Children....	99.06	429.25	5151	102.17	442.75	5313

TABLE II (cont.)

KANSAS FARMER'S BUDGET FOR 1964 (cont.)

WEEKLY, MONTHLY & ANNUAL AMOUNTS OF MONEY¹ NEEDED (BY FAMILY OF VARYING SIZE AND COMPOSITION) TO PURCHASE GOODS AND SERVICES FOR A "MODEST BUT ADEQUATE LEVEL OF LIVING."

Family Size	TYPE OF FAMILY	AGE OF HEAD OF HOUSEHOLD					
		SCALE III - 55-64 BASE BUDGETS ²			SCALE IV - 65 or over BASE BUDGETS ²		
		Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³
1	One Person.....	\$35.88	\$155.50	\$1866	\$28.87	\$125.08	\$1501
2	Husband and Wife or 2 Adults...	52.27	226.50	2718	49.13	212.92	2555
	One Parent & One Child Under 6.	52.27	226.50	2718	49.92	216.33	2596
3	Husband, Wife, Child (6-15)....	70.98	307.58	3691	65.52	283.92	3407
	Husband, Wife, Child (16-17)...	78.77	341.33	4096	71.77	311.00	3732
	Husband, Wife, Child (18 or over).....	75.65	327.83	3934	70.98	307.58	3691
4	Husband, Wife, Two Children (Older 6-15).....	86.58	375.17	4502	78.79	341.42	4097
	Husband, Wife, Two Children (Older 16-17).....	97.50	422.50	5070	89.69	388.67	4664
	Husband, Wife, Two Children (Older 18 or over).....	92.83	402.25	4827	86.58	375.17	4502
5	Husband, Wife, Three Children (Oldest 6-15).....	102.96	446.17	5354			
	Husband, Wife, Three Children (Oldest 16-17).....	108.42	469.83	5638	99.06	429.25	5151
	Husband, Wife, Three Children (Oldest 18 or over).....	105.31	456.33	5476	96.71	419.08	5029
6	Husband, Wife, Four Children (Oldest 6-15).....	114.65	496.83	5962			
	Husband, Wife, Four Children (Oldest 16-17).....	116.21	503.58	6043	112.33	486.75	5841
	Husband, Wife, Four Children (Oldest 18 or over).....	119.35	517.17	6206	104.52	452.92	5435

TABLE II (concl.)

KANSAS FARMER'S BUDGET FOR 1964 (concl.)

WEEKLY, MONTHLY & ANNUAL AMOUNTS OF MONEY¹ NEEDED (BY FAMILY OF VARYING SIZE AND COMPOSITION) TO PURCHASE GOODS AND SERVICES FOR A "MODEST BUT ADEQUATE LEVEL OF LIVING."

Amount of money needed for each additional member ⁴ of family larger than 6									
TYPE OF MEMBER	FAMILY SIZE								
	7 Members			8 Members			9 or Larger		
	Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³
Child (Under 6) ..	\$ 6.19	\$26.84	\$322.00	\$ 6.08	\$26.34	\$316.00	\$ 6.08	\$26.34	\$316.00
Child (6-12)	8.48	36.76	441.00	8.14	35.26	423.00	7.89	34.20	410.00
Child (13-18)	10.05	43.56	523.00	10.05	43.56	523.00	9.81	42.50	510.00
Adult	7.99	34.64	416.00	7.87	34.14	410.00	7.63	33.08	397.00

¹Based on January 1964 costs.

²Does not include rent, mandatory payroll deductions for social security and withholding taxes.

³Annual amounts rounded to nearest dollars.

⁴Anne K. Renz, Assistance Standards Analyst, State Department of Social Welfare of Kansas, October 1963.

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Table III

MONTHLY COSTS OF BASIC NEEDS OF ADDITIONAL
MEMBERS OF KANSAS FAMILIES LARGER THAN SIX
JANUARY, 1964

Type of member	Food	Clothing	Household and personal	School expenses	Total
Extra adult in					
Seven-person family	\$20.14	\$10.00	\$ 4.50		\$34.64
Eight-person family	20.14	10.00	4.00		34.14
Nine or larger "	19.08	10.00	4.00		33.08
Extra child (13-18) in					
Seven-person family	27.56	10.00	4.50	\$ 1.50	43.56
Eight-person family	27.56	10.00	4.00	1.50	43.56
Nine or larger "	26.50	10.00	4.00	1.50	42.50
Extra child (6-12) in					
Seven-person family	22.26	10.00	4.50	1.50	36.76
Eight-person family	22.26	10.00	4.00	1.50	35.26
Nine or larger "	21.20	7.50	4.00	1.50	34.20
Extra child under 6 in					
Seven-person family	14.84	7.50	4.50		26.84
Eight or larger "	14.84	7.50	4.00		26.34

Source: Anne K. Renz, Assistance Standards Analyst, Kansas State Division of Social Welfare, October, 1963.

Procedure

An instrument for arriving at the margin, the criterion of the means test, was devised in the form of a fee computation form. The form would enable the agency to determine the margin of income for all families in the same systematic manner.

The method of deriving the margin in the fee computation form is somewhat different from that of New York City which divides the process into an unadjusted and adjusted margin. The method used, however, is somewhat similar to that of New Jersey.

Form Construction

The main objective in constructing the fee computation form, which leads to the fee setting process itself, was to develop a method that would result in fees consistent with the economic conditions of a majority of farm families. The "Suggested Fee Computation Form" (Table IV) consists of a main part divided into five steps, and a supplement with two schedules.

Step 1. Family Composition. Space is provided for listing family members and their characteristics. This information is needed to readily ascertain the family type.

Step 2. Needs Per Week. An estimate of the family's needs are taken from Table II for the appropriate family type and then entered on line a. Weekly rather than monthly or yearly needs are specified on the assumption that it is easier for a family and agency employee to think in these terms. Annual needs are easily calculated by multiplying weekly needs by 52.

If the family is larger than six, the additional expenses are obtained from Table III and entered on line b. Line c. provides for including

TABLE IV

SUGGESTED FEE COMPUTATION FORM

Name _____		Date _____
Address _____		(Worker's Signature) _____

1. FAMILY COMPOSITION (List)		Age
Head	_____	_____
Wife	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL FAMILY SIZE		_____

2. NEEDS -- PER WEEK		
a. Estimated Family Needs	(From Basic Budget)	\$ _____
b. Plus Adjustment for	Larger Families (Budget)	\$ _____
c. Allowable Expenses Not	Scheduled (Refer to	\$ _____
	Schedule 1 & specify)	\$ _____
	_____	\$ _____
	_____	\$ _____
d. Total Needed Per Week		\$ _____
	Total Needed Per Year	\$ _____

3. RESOURCES		
a. ACTUAL INCOME FROM CAPITAL INVESTMENTS		
3-yr-average net farm income	\$ _____	
Labor (Using own equipment)	\$ _____	
Dividends, interest & rent	\$ _____	
Other income from property	\$ _____	
a. Sub-total	\$ _____	
b. IMPUTED INCOME (Yield foregone	on capital investments)	
Value of all property (Sch. 2)	\$ _____	
Less encumbrance	\$ _____	
Investment in property	\$ _____	
Amount of money and near-money	\$ _____	
Total capital investment	\$ _____	
1% of total capital investment	\$ _____	
6% of total capital investment	\$ _____	
8% of total capital investment	\$ _____	
c. Head's	GROSS WAGES, COMMISSIONS & OTHER RECEIPTS	\$ _____
Other's	\$ _____	
Pensions, & contrib. rec'd	\$ _____	
c. Sub-total	\$ _____	
d. INCOME FAMILY COULD HAVE		
(c + a) or (c + b),	Actual	\$ _____ 6%
whichever is larger.		\$ _____
Less income tax	\$ _____	
Possible net annual income	\$ _____	
Possible net weekly income	\$ _____	

4. MARGIN		
a. Annual available income	\$ _____	
b. Less Needs (2d X 52 wks)	\$ _____	
c. ANNUAL MARGIN	\$ _____	
d. WEEKLY MARGIN (1c /52 wks)	\$ _____	

5. FEE COMPUTATION		
a. Weekly Margin	\$ _____	
b. % of Net Margin	\$ _____	
c. Agency's Cost Estimate	\$ _____	
d. FEE (Lesser of b & c)	\$ _____	

TABLE IV (concl.)

SUGGESTED FEE COMPUTATION FORM -- SUPPLEMENT

Schedule 1. Allowable expenses not scheduled under 2 a. and 2 b. on fee computation form.

House rent if not included in farm rent (weekly)	\$ _____
Employment expenses for each supplementary*earner	
Cost of lunches at work	\$ _____
Extra carfare or car expenses	\$ _____
Higher clothing costs	\$ _____
Child care if mother works	\$ _____
Required FICA and insurance	\$ _____
Sub-Total	\$ _____
Special employment expenses of all earners	
Extra mileage for commuting	\$ _____
Special tools or equipment	\$ _____
Other	\$ _____
Sub-Total	\$ _____
Extraordinary expenses for essential needs	
Medical expenses above \$7. a week	\$ _____
Special services for child care	\$ _____
Compulsory payments for retirement	\$ _____
Educational expenses (Above school expenses allowed in basic budget)	\$ _____
Support payments to relatives	\$ _____
Debts incurred for necessities	\$ _____
Sub-Total	\$ _____
Total allowable expenses not scheduled in 2 a. and 2 b.	\$ _____

*Employment expenses of the head of household are included in the basic budget.

* * * * *

Schedule 2. Capital investments and available reserves.

Value of capital investments (Specify)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
Money in savings account	\$ _____
Money in checking account	\$ _____
Bonds, corporate stocks, securities (market value)	\$ _____
Retirement funds (loan value)	\$ _____
Life insurance (face value)	\$ _____
Less exemption \$10,000 (face value)	\$ _____
Face value of "excess" insurance	\$ _____
Loan or cash value of "excess" insurance	\$ _____
____ % of loan or cash value of "excess" insurance	\$ _____
Total value of all property	\$ _____

allowable expenses not scheduled in lines a. or b. but listed in Schedule 1 of the supplement on the second page of Table IV. The total needed is recorded on line d. per week and per year.

Step 3. Resources. Income of farm families inadequately reflects their wealth. Farming is usually a family enterprise which entails a high capital investment and yields a fluctuating income. Data released by the Kansas State Board of Agriculture (1961-62) (1964) show realized net income per Kansas farm to have ranged from \$722 to \$4,447 in the five-year period 1957-61. Data for the eleven-year period beginning in 1953 are shown:

1953	\$3,042
1954	2,804
1955	1,930
1956	2,471
1957	722
1958	3,059
1959	3,421
1960	3,351
1961	4,447
1962	4,442
1963	3,968

The income of an individual farmer would tend to fluctuate to a greater extent than would the average farm income of all the farmers in the state as shown above. This is due to crop failures in certain areas caused by adverse weather conditions, decrease in prices of commodities in which some farmers specialize, and high costs of some farmers in certain years because of other factors or disasters affecting individual farmers.

The fluctuating farm family income creates a problem for the agency attempting to set a fee according to the margin of income. In some years a farm operation may show no profit or even a loss. This might not be due to disaster or crop failure, but rather to holding a nonperishable crop for a better price. The agency, nevertheless needs to determine farm family

income before a margin can be computed. If no defensible income figure is available, resources of the family can be substituted.

Standards and methods of assessing available resources as a step toward determining ability to pay established for city families are not applicable to farm families. Both the New York City (1962) and New Jersey (1962) fee setting guides took into consideration the accumulated wealth of the family being measured, as well as the current income earned. Both of these guides used the same schedule for determining financial reserves allowed a family and for depleting those reserves above the minimum for the purpose of paying for necessary health and social services.

The amount of the allowed minimum reserve is dependent on the size of family and the age of the head of household. Once the minimum financial reserve of a family is determined, it is subtracted from the assets of the family. The remainder is considered available for social and health services up to one percent a week. If the full one percent were needed to pay for fees for services, the family's reserves above the minimum allowed would be exhausted in approximately two years.

Most city families do not have their assets invested in a business on which their livelihood depends; most depend on employment for which their employers supply the capital. Almost without exception, exhaustion of farmers' capital even above a minimum, such as is allowable under the New York City schedule, would mean liquidation of property on which the farmers' incomes are dependent.

Thus the writer suggested an alternate form of determining farmers' total incomes. The aim was to consider the family's wealth as a criterion

for fee computation without depleting it, thus allowing the family to retain assets for use as capital to earn a living.

Assets could not be differentiated into classes of those needed for farm operation and those not needed for farm operation, for if the nonfarm operation assets were treated as exhaustible, the farm families who held investments other than farming would be penalized. This opinion was formed after treating farm and nonfarm assets differently. A trial test, using financial data from 159 of the 527 farm family records, revealed that families with nonfarm assets, considered exhaustible, had substantial margins of incomes while equally wealthy families holding farm assets, not considered exhaustible, had no margins.

The procedure proposed, therefore, is to consider as available income the larger of the two: (1) current net cash income from farming and all other sources, or (2) imputed income, which is the amount that could be earned from the assets on hand if they were invested at currently available or assumed rates.

Four possible sources of income (including farming) from capital investments are suggested to determine "Actual Income from Capital Investments." Imputed income is calculated by completing the lines under step b.

Schedule 2 of the supplement (Table IV, concluded) provides a reminder of the types of "Capital investments and available reserves" which should be included. The available reserve from life insurance held is the loan value of that portion of the face value of life insurance in excess of \$10,000. Low income families would generally not be affected by including life insurance over this amount. The percentage of the loan or cash value

considered available as a reserve will depend on the policy of the agency setting the fees. However, once the percentage is set, the same rate should be applied to all clients.

Credit is given the property owner for any encumbrances he may have on his property before adding the value of his property to obtain total capital investment. This total is multiplied by a rate of interest acceptable to the agency. Once the agency sets the rate, it would need to apply the same rate to all clients.

Three rates of interest are proposed, but only for the purpose of this thesis. The objective is to measure how farm families' ability to pay, according to the larger of actual or imputed income, differentiates at the three interest rates. In actual usage, only one rate would be used.

Since many farm families have one or more members who receive income from sources other than the farm, line c. was included to determine the amount of income derived in this manner.

Actual income from capital investments, gross wages, commissions and other receipts, found by adding the sub-total under a. and c., is recorded under "Actual" of line d., "Income Family Could Have." The imputed income from b. is recorded under the interest rate if it is larger than the actual income ($a + c$). Otherwise the actual income is used before income taxes are subtracted to find net annual income and net weekly income.

If imputed income is larger than the actual income, income taxes which would be paid on the amount of imputed income are subtracted from the imputed income. The result is the possible net annual income. Just as in the case of actual income, the possible net annual income is calculated and transferred to line a. under step 4.

Step 4. The Margin. The margin, which is the criterion for the means test is calculated in two simple steps. The annual amount needed from line 2 d. is subtracted from the annual available income--imputed or actual--to give the annual margin, then divided by 52 to find the weekly margin.

Step 5. Fee Computation. The weekly margin is entered on line a. from line d. of step 4. Line b. under step 5 must be established by the agency.

No attempt was made in this thesis to suggest fee setting. The writer feels this is outside the scope of this paper. The agency or agencies would need to charge the same percentage of the net margin to all clients within certain limits. The agency might, for example, decide to charge 10% of weekly margins of \$5.00 to \$10.00 and 15% of weekly margins from \$11.00 to \$20.00. In order to keep the fees equitable to the client's economic situation, however, all clients with similar margins would need to be charged the same percentage of the margin.

Recommendations for Use

The suggestion manifested in the fee computation form is that the agency estimate its cost of services used by the client (line b.), and then charge either this cost (line c.) or the amount derived from the set percentage of the net margin (line b.), whichever is less. The agency would be reimbursed for its cost by the user to the "best of his ability" to pay and at no higher rate than others of equal ability to pay.

This satisfies a principle of equitable assessment of patients. It leaves to the agency determination of such policy questions as whether the

service should be rendered at profit or loss, and what proportion of total cost should be covered by fees.

EXPERIMENTAL EVALUATION OF THE PROPOSED MEANS TEST
AND THE KANSAS FARMER'S FAMILY BUDGET

Data were available in the Department of Family Economics giving sufficient detail concerning the financial condition of 527 families to (1) test the ability of the means test to distinguish families by their ability to pay, (2) test the effect of different assumed rates for valuing imputed income, (3) estimate the margins and their distribution, and (4) provide information helpful in anticipating revenue the fee computation form might produce.

Adjustment of Kansas Farmer's Budget
to 1955 Prices

The data were for the year 1955. The Kansas Farmer's Budget needed to be adjusted to 1955 prices. The total cost of the Farmer's Budget for 1964 (Col. 9, Table 1) was adjusted to the total 1955 cost (Col. 10) by use of the Consumer Price Index as referred to in footnotes 11 and 12 on the third page of Table I.

The cost of each item in the 1964 budget was not adjusted separately to 1955 prices, as were the price adjustments for the two budgets and the two farm family expenditure surveys used in constructing the Farmer's Budget (Cols. 2, 4, 6 & 8). Instead, the index for "Total of all items less shelter" was used for adjusting the total cost. Cost estimates for the major categories listed in Column 10 were derived by assigning to each a value proportionate to the 1955 total that each bears in the 1964 total.

The \$4,056 a year needed for the index family of four in 1964 was equal to \$3,432 in 1955. This is shown in Table V as are amounts needed for the seventy different family types of one to six-person families. Monthly and weekly amounts are also shown for each family type. Additional amounts needed for individuals in families larger than six were also adjusted to 1955 prices and are listed on the third page of Table V.

1955 Farm Family Financial Security Data

Source of Data. The data used in this test were applicable to 1955 but were collected from a sample of Kansas farm-operator families in 1956. The state-wide survey was a part of the Kansas Agricultural Experiment Station Project, Organized Research Project No. 427, "Economic Status and Plans for Future Security of Rural Families" (Morse, 1958). This was a contributing project to the North Central Regional Research Project NC-32, "Family Financial Security." (1964).

Selection of the Sample. The sample was drawn at random from all farm families listed by assessors in randomly selected counties for the 1954 annual Kansas Agricultural Census. The random sample was drawn after those counties which were predominantly urban had been eliminated. Three counties were drawn from each of the ten economic areas in the state as delineated by the 1954 Census, and three rural townships were selected at random from each of the thirty counties. From each of the ninety townships, approximately nine names were selected at random from the county assessors records. The survey yielded 527 usable schedules from 850 names drawn. No appreciable bias in selection was observed. Families excluded were those broken by death or divorce and those not engaged in operating a farm.

TABLE V

KANSAS FARMER'S BUDGET FOR 1955

WEEKLY, MONTHLY & ANNUAL AMOUNTS OF MONEY¹ NEEDED (BY FAMILY OF VARIOUS SIZE AND COMPOSITION) TO PURCHASE GOODS AND SERVICES FOR A "MODEST BUT ADEQUATE LEVEL OF LIVING."

Family Size	TYPE OF FAMILY	AGE OF HEAD OF HOUSEHOLD					
		SCALE I - Under 35			SCALE II - 35-54		
		BASE BUDGETS ²			BASE BUDGETS ²		
		Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³
1	One Person.....	\$27.72	\$120.08	\$1441	\$33.00	\$143.00	\$1716
2	Husband and Wife or 2 Adults.	41.58	180.17	2162	43.56	188.75	2265
	One Parent and Child.....	40.92	177.33	2128	44.88	194.50	2334
3	Husband, Wife, Child Under 6.	48.17	208.75	2505	52.80	228.83	2746
	Husband, Wife, Child (6-15) ..	53.46	231.67	2780	57.42	248.83	2986
	Husband, Wife, Child (16-17) ..	56.10	243.08	2917	67.32	291.75	3501
	Husband, Wife, Child (18 or over) ..				64.67	280.25	3363
	One Parent, Two Children.....	52.80	228.83	2746	63.37	274.58	3295
4	Husband, Wife, Two Children (Oldest Under 6) ..	54.11	234.50	2814	58.08	251.67	3020
	Husband, Wife, Two Children (Oldest 6-15) ..	62.69	271.67	3260	66.00	286.00	3432
	Husband, Wife, Two Children (Oldest 16-17) ..	70.62	306.00	3672	81.17	350.92	4221
	Husband, Wife, Two Children (Oldest 18 or over) ..				76.56	331.75	3981
	One Parent, Three Children...	67.33	291.75	3501	79.19	343.16	4118
5	Husband, Wife, Three Children (Oldest Under 6) ..	62.03	268.83	3226	64.35	283.17	3398
	Husband, Wife, Three Children (Oldest 6-15) ..	75.90	328.92	3947	79.19	343.17	4118
	Husband, Wife, Three Children (Oldest 16-17) ..	78.54	340.33	4084	91.73	397.50	4770
	Husband, Wife, Three Children (Oldest 18 or over) ..				86.46	374.67	4496
	One Parent, Four Children....	76.56	331.75	3981	81.17	350.92	4221
6	Husband, Wife, Four Children (Oldest Under 6) ..	64.35	283.17	3398	71.94	311.75	3741
	Husband, Wife, Four Children (Oldest 6-15) ..	86.46	374.67	4496	90.42	392.67	4702
	Husband, Wife, Four Children (Oldest 16-17) ..	87.79	380.42	4565	96.37	417.58	5011
	Husband, Wife, Four Children (Oldest 18 or over) ..				99.00	429.00	5148
	One Parent, Five Children....	83.83	363.25	4359	86.46	374.67	4496

TABLE V (cont.)

KANSAS FARMER'S BUDGET FOR 1955 (cont.)

WEEKLY, MONTHLY & ANNUAL AMOUNTS OF MONEY¹ NEEDED (BY FAMILY OF VARYING SIZE AND COMPOSITION) TO PURCHASE GOODS AND SERVICES FOR A "MODEST BUT ADEQUATE LEVEL OF LIVING."

Family Size	TYPE OF FAMILY	AGE OF HEAD OF HOUSEHOLD					
		SCALE III - 55-64 BASE BUDGETS ²			SCALE IV - 65 or over BASE BUDGETS ²		
		Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³
1	One Person.....	\$30.37	\$131.58	\$1579	\$24.42	\$105.83	\$1270
2	Husband and Wife or 2 Adults...	44.21	191.58	2299	41.58	180.17	2160
	One Parent & One Child Under 6.	44.21	191.58	2299	42.23	183.00	2196
3	Husband, Wife, Child (6-15)....	60.05	260.25	3123	55.44	240.25	2883
	Husband, Wife, Child (16-17)...	66.55	288.83	3466	60.71	263.08	3157
	Husband, Wife, Child (18 or over).....	64.01	277.42	3329	60.06	260.25	3123
4	Husband, Wife, Two Children (Older 6-15).....	73.27	317.50	3810	66.55	288.83	3466
	Husband, Wife, Two Children (Older 16-17).....	82.50	357.50	4290	75.90	328.92	3947
	Husband, Wife, Two Children (Older 18 or over).....	78.53	340.54	4084	73.27	317.50	3810
5	Husband, Wife, Three Children (Oldest 6-15).....	87.16	377.50	4530			
	Husband, Wife, Three Children (Oldest 16-17).....	91.73	397.50	4770	83.82	363.25	4359
	Husband, Wife, Three Children (Oldest 18 or over).....	89.10	368.08	4633	81.85	354.67	4256
6	Husband, Wife, Four Children (Oldest 6-15).....	97.01	420.42				
	Husband, Wife, Four Children (Oldest 16-17).....	98.73	427.83		95.04	411.83	4942
	Husband, Wife, Four Children (Oldest 18 or over).....	100.98	437.58		88.44	383.25	4599

TABLE V (concl.)

KANSAS FARMER'S BUDGET FOR 1955 (concl.)

WEEKLY, MONTHLY & ANNUAL AMOUNTS OF MONEY¹ NEEDED (BY FAMILY OF VARYING SIZE AND COMPOSITION) TO PURCHASE GOODS AND SERVICES FOR A "MODEST BUT ADEQUATE LEVEL OF LIVING."

Amount of money needed for each additional member⁴ of family larger than 6

TYPE OF MEMBER	FAMILY SIZE								
	7 Members			8 Members			9 or Larger		
	Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³	Weekly	Monthly	Annual ³
Child (Under 6)...	\$ 5.23	\$22.67	\$272.48	\$ 5.14	\$22.25	\$267.41	\$ 5.14	\$22.25	\$267.41
Child (6-12).....	7.17	31.08	373.19	6.88	29.83	357.96	6.67	28.92	347.20
Child (13-18)....	8.50	36.83	442.22	8.50	36.83	442.22	8.29	35.92	431.46
Adult.....	6.77	29.33	351.67	6.65	34.17	405.74	6.46	28.00	335.83

¹Based on the mean average of the monthly index of prices for 1955.

²Does not include rent, mandatory payroll deductions for social security and withholding taxes.

³Annual amounts rounded to nearest dollar.

⁴Anne K. Renz, Assistance Standards Analyst, State Department of Social Welfare of Kansas, October 1963. (Adjusted to 1955).

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Selection of Relevant Data. An eleven-page schedule (see Appendix A) was used for the interviews. Information requested included the family's size and composition, its farm operation, assets, liabilities, income and provisions made for financial security.

Data used for evaluating the Kansas Farmer's Budget and the means test proposed in this thesis were:

Part II, Question 11, p. 3 - Life Insurance in Force

Part IV, Questions 14-15, p. 5 - Information About the Family

Part VI, Questions 31-33, p. 7 - Income

Part VII, Questions 36-45, p. 8 - Financial Status

The writer does not assume net income for each of the 527 families to be accurate, but accepted these data as the best available.

Method of Tabulation

Relevant information from each of the 527 schedules was transferred to individual fee computation forms. The family type was determined from each schedule. The cost estimate of need was determined from the Kansas Farmer's Budget adjusted to 1955 prices (Table V). No attempt was made to credit families with extraordinary expenses allowable in line c. Some of the wives were employed and their families may have been eligible for additional occupational expenses. Data on the schedules, however, were insufficient to warrant use of line c.

The average net farm income used under "Resources--Actual income from capital investments" was the average 1950-1955 income as reported on page 7, question 30 of the interview schedule, although the fee computation form provides for a three-year average. Net farm income was estimated in \$1,000

intervals up to \$10,500 after which it was estimated in \$5,000 intervals on the schedules, so the midpoint of the income bracket was used in step a. Income received by husband, wife or children, as reported on page 7, question 32 of the interview schedule, was used for determining the "gross wages, commission and other receipts" in step c.

In totaling the investments in property from which imputed income was calculated, the value of household goods (p. 8, question 43) was not considered a capital investment for the purpose of imputing income. However, encumbrances on capital goods as listed on the computation form included the entire debt of the family. Thus, debts on household goods as well as personal debts (p. 8, question 37) would be included.

Schedule 2 of the fee computation form supplement was used to facilitate the computation of total capital investments. The writer chose 10% of the reported face value of life insurance in excess of \$10,000 as the value to be included. Rather than use loan or cash value of "excess" insurance, as suggested on the fee computation form, face value was used since it was the only value available. A very small percentage of the families had life insurance in excess of \$10,000.

The income figure tabulated in step d. is the larger, as indicated on the computation form. Four possible final incomes were computed for each family: actual income and income imputed at 4%, 6% and 8%.

The Federal income tax was estimated by use of the short form for incomes under \$5,000. The standard deduction was applied for families with incomes over \$5,000. All income was treated as current income and not as capital gain. No attempt was made to deduct state income tax.

The annual margin in part 4, line c. was found by subtracting total annual needs of the family from total possible annual "Income Family Could Have." Four margins were calculated for each family. The annual margin was divided by 52 for the weekly margin. Since income imputed at 0% cannot be larger than actual income, tables showing margins have been simplified by using where applicable the four incomes as imputed at 0%, 4%, 6% and 8%.

The weekly margins were tabulated and classified according to each of the ten economic areas in the state. Margins were classified into 22 classes ranging from no margin to over \$100 weekly. The intervening intervals were of \$5 each, beginning with the \$1-\$5 class, and ending with the \$96-\$100 class.

Results and Discussion

The weekly margins at the four assumed rates or actual income, whichever was larger, were classified into six classes: no weekly income, a weekly margin over \$100 and four intervening classes of \$25 intervals. Table VI summarizes these results for each of the ten economic areas and for the state as a whole. Distribution of families by weekly margins for the state as a whole is shown in Figure I. Detailed supporting data for Table VI and Figure 1 are shown in Table VII, VIII, IX, X in Appendix B.

Distribution of Families. Margins of income indicated that the means test administered by use of the suggested fee computation form was effective in differentiating families as to ability to pay.

Three-fourths of the families in the state in 1955 had weekly margins of \$25 and less or no weekly margins at all if margins were based on the

TABLE VI

WEEKLY MARGINS OF KANSAS FARM FAMILIES CALCULATED FROM 1955 INCOMES - ACTUAL AND IMPUTED*
PERCENT OF FAMILIES

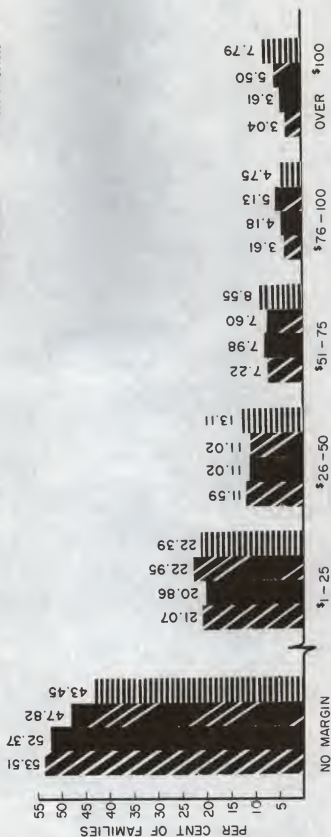
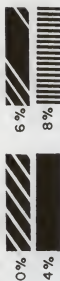
Weekly Margin	Rate assumed	Areas									State
		0	1	2	3	4	5	6	7	8	9
No Margin	0%	16.67	31.82	10.74	59.68	60.78	69.49	47.17	70.18	60.42	40.75
	4	40.00	31.82	38.89	58.06	60.78	69.49	45.28	70.18	60.42	40.75
	6	35.56	27.26	37.04	53.23	58.82	61.02	37.74	63.16	58.33	38.89
	8	33.33	22.72	27.78	53.23	47.06	61.02	32.08	59.65	54.17	35.19
1 - \$25	0	15.54	18.18	20.37	19.37	23.52	10.16	30.19	12.27	25.01	37.04
	4	17.76	18.17	22.21	19.37	21.56	10.16	26.42	12.27	25.01	37.04
	6	17.76	15.90	24.07	17.76	23.52	16.94	33.95	17.54	25.01	37.04
	8	13.34	15.90	29.64	14.52	29.40	11.85	26.41	17.54	27.08	38.89
26 - 50	0	13.33	15.90	11.11	12.91	7.84	10.16	5.66	14.03	8.33	16.67
	4	8.88	9.08	11.11	12.88	9.80	10.16	9.45	12.27	8.33	16.67
	6	13.32	15.90	3.70	14.52	7.84	10.16	3.78	12.27	10.41	18.53
	8	11.11	13.64	7.40	11.28	13.72	13.54	16.98	14.03	10.40	18.53
\$51 - 75	0	15.54	11.35	12.96	6.45	3.92	5.08	9.44	3.51	4.16	1.85
	4	19.98	13.66	12.96	6.45	3.92	5.07	11.34	3.51	4.16	1.85
	6	8.88	9.08	16.67	9.68	5.88	6.76	9.44	5.25	4.16	0
	8	15.57	15.90	16.67	8.06	3.92	8.45	5.67	7.02	4.16	1.85
76 - 100	0	2.22	11.35	9.25	1.61	1.96	1.69	3.78	0	2.08	3.70
	4	2.22	13.66	9.25	3.23	1.96	1.69	3.77	1.75	2.08	3.70
	6	8.88	12.96	12.96	3.23	1.96	1.69	7.56	1.75	2.08	3.70
	8	2.22	9.08	11.11	8.06	1.96	1.69	5.67	1.75	2.08	3.70
Over \$100	0	6.66	11.36	5.56	0	1.96	3.39	3.77	0	0	0
	4	11.11	13.66	5.56	0	1.96	3.39	3.77	0	0	0
	6	15.56	22.73	5.56	1.61	1.96	3.39	7.56	0	0	1.85
	8	24.44	22.73	7.41	4.84	3.92	3.39	13.21	0	2.08	1.85

*Imputed yield on capital investment used when larger than actual income.

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* Imputed yield on capital investment
was used when larger than actual
income.

Rates assumed:



WEEKLY MARGIN OF KANSAS FARM FAMILIES
1955 incomes — actual and imputed*

Fig. 1

larger of actual income or income imputed at 0%. With margins based on actual income or income imputed at 8%, two-thirds of the families fell into this class.

Over one-half of the families had no weekly margins if based on the larger of actual income or income imputed at 0%. Approximately two-fifths had no margins if 8% were used.

One-fifth of the families had margins of \$1 to \$25, based on the larger of actual income or income imputed at 0%. No significant change was noticed at the 8% rate.

The percentage of families decreased as the dollar amount of the weekly margin increased by class intervals of \$25 each, beginning with no weekly margin and progressing to over \$100 a week.

The percentage of families falling within each of the six class intervals ranging from no margin to over \$100 a week varied between the ten economic areas of the state. The greatest variation between areas was in the "no margin" class interval.

For example, in Area 7, if the larger of actual or imputed income at an assumed rate of 0% were used, seventy percent of the families had no weekly margin, whereas sixty percent had no weekly margin at 8%. In contrast to Area 7, thirty-two percent of the families in the more prosperous Area I had no weekly margins if the larger of actual income or income imputed at 0% were used, while only twenty-three percent had no weekly margin if the larger of actual income or income imputed at 8% were used.

In Area 7 no families had margins over \$100 a week at either actual or imputed rates, while in Area 1 eleven percent had margins over \$100 a week if the larger of actual income or income imputed at 0% were used. One-fourth of the families in Area 1 had margins of \$100 or more if the 8% rate were used.

Great variations occurred within economic area as well as between areas. In area 0 almost one-half the families had no weekly margin when the larger of actual income or income imputed at 0% were used. This was reduced to one-third at the 8% rate. In the same area one out of fourteen families had a margin over \$100 a week at the larger of actual income imputed at 0%, while one out of four families had margins over \$100 at 8%.

Extremes of poverty and wealth were evident between counties and between townships. Extremes were also noticed between families as 1955 income and wealth data were transferred to the fee computation forms. Interview schedules which yielded no margins had sequential numbers to those which yielded weekly margins of over \$100. The writer assumed that the families who were interviewed in the same township from schedules numbered in sequence were approximate neighbors.

Effectiveness of Instruments Employed. Although the proposed means test distributed families according to margin of income which indicated ability to pay, the results could be attributed to effectiveness of two instruments employed to administer the means test by use of the fee computation form: the use of imputed income, if larger than actual income, and the Kansas Farmer's family Budget.

Imputed Income. Intended as a substitute for nonexistent current income in certain years, imputed income necessitates assessment of the family's wealth. Herein lies its weakness, for families may be reluctant to disclose adequate information about their wealth except as available from county assessment records.

New York City (1962) advises its agencies not to attempt to verify family income, assets or liabilities as regular routine procedure. However, pay-roll statements and income tax returns are suggested as sources to verify income when necessary. Sources listed on the "Financial Resources" data

sheet were also suggested for verification of assets although assessors' records would yield useful information.

Imputed income might be used in cases where there is doubt by agency personnel that current income has been reported accurately. However, families who would need income verified, would probably need to have assets verified as well. Unless long-term services were being used, the verification procedure probably would not yield enough revenue to cover expense of investigation.

Weighed against these disadvantages are the minor changes in the number of families being shifted from one income class to another as a result of imputing income at four assumed rates. Figure 1 depicts the weekly margins of the state as a whole, as tabulated in Column 11, Table VI. In the "no weekly margin" class there is a difference of 10% in the number of families depending on whether margin is based on income imputed at 0% or 8%. This might indicate that income imputed at various rates would have an appreciable effect on the amount of weekly margin.

However, further inspection of the graph indicates minor variations in the margins by use of the four assumed rates except at the highest and lowest margins. The uniqueness of extremes in margin classes is shown below:

Difference in percentage of families with margins at 0% and 8%	Amount of weekly margin or no margin
1.3	\$51 - 75
1.5	76 - 100
1.9	1 - 25
2.1	26 - 50
4.8	Over \$100
10.6	No margin

In the "no margin" class interval the percentage of families decreased as imputed income rates rise. There is either no appreciable difference or an increase in percentage of families as assumed rates increase. The higher imputed rates appreciably discriminate among families of the "no margin" and high margin classes.

Kansas Farmer's Family Budget. Criteria used to judge the effectiveness of the budget as a valid tool for assessing income of families according to size and composition were: (1) cost estimate of the budget in 1955 and 1964 as compared to the two corresponding three-year averages of farm income in Kansas, (2) cost estimate of the budget compared to records of actual farm-family expenditures for living, (3) structure of the budget in relation to its basis and its flexibility in adjusting to prices over time, and (4) performance as one of the instruments employed to administer the means test in the experimental evaluation with data of 527 farm families.

The annual cost of the Kansas Farmer's Budget was \$4,056 for January, 1964, which appears appropriate to the average farm income. The three-year average income per Kansas farm for the years 1961-63 was \$4,286.

However, the three-year average farm income for 1953-55 of \$2,613 was well below the \$3,432 cost estimate of the Kansas Farmer's Family Budget adjusted to 1955 prices.

Since families were differentiated by the means test, and since income imputed as compared to actual income appeared to be only partially effective in differentiating families, it seems reasonable to conclude that the major contributor to the effectiveness of the means test was the budget. Effectiveness of the fee computation form, evaluated by the power of the means test to differentiate families according to their margins of income, indicates its usefulness.

SUMMARY AND CONCLUSIONS

Kansas farm families represented by a sample of 527 farm families surveyed for 1955 income and wealth data were differentiated in terms of weekly margin of income in an experimental evaluation of the proposed means test. The margin, which is the difference between income and needs, was estimated by use of a suggested fee computation form. The margin reflects "ability to pay" and is the criterion of the means test.

Extremes of wealth and poverty were evidenced by results of the experimental evaluation of the means test. Wide variations in margins of families were found not only within the ten economic areas, but within counties and townships.

Two instruments employed to administer the means test were: (1) imputed income, if larger than actual income, and (2) the Kansas Farmer's Family Budget. The budget was constructed to assess adequacy of income necessary for determining fees equitable to each family's ability to pay.

The results of the means test in which imputed income was used at the assumed rates of 0%, 4%, 6% and 8%, if larger than actual income, indicated that as higher rates were used, some families were shifted from the "no margin" into higher weekly margin classes. Imputed income was successful in identifying those of greater "ability to pay."

It is debatable how useful imputed income would be in practical application of the means test, however. Accurate, adequate financial data is necessary to determine a valid income figure when imputed income is used. Families are often reluctant to disclose such information. The value of using imputed income cannot be discounted if it discloses those cases where

families have accumulated wealth to pay for services, but whose current incomes are such that no margin is evident.

There was a distinct differentiation of families according to margins with only minor variations resulting between the number of families being shifted from one margin class to another when income was imputed at four assumed rates. It is reasonable to conclude, therefore, that the major factor for distinguishing families according to ability to pay was the Kansas Farmer's Family Budget. The budget appears to have fulfilled its intended purpose of assessing adequacy of income according to size and composition of family.

No attempt was made to determine how much a farm family could pay for services although suggestions for fee determination were made in which the weekly margin would serve as the basis of the fee charged. Examination of margins of families by the suggested fee computation form would provide information useful to the welfare agency for estimating the amount of revenue under alternate policies regarding rate construction.

It is concluded that although the proposed means test is consistent with other fee setting guides, after which it was patterned, alterations to fit unique needs of farm families add to its usefulness. The proposed means test for Kansas farm families shows promise as a useful tool for social and health-agency use. But for it to be fully implemented, agencies need to accompany the means test with policy in regard to fees in relation to the sources of operating income.

ACKNOWLEDGMENTS

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APPENDIX A

CONFIDENTIAL

Family Schedule Number _____
Date _____
Area _____
County _____
Township _____

KANSAS STATE COLLEGE
AGRICULTURAL EXPERIMENT STATION

(CONFIDENTIAL)

Schedule for Farm Operators
SURVEY OF FAMILY FINANCIAL STATUS
Project 427

PROVISIONS MADE FOR UNUSUAL EXPENSES:

1. Have you had experience which you consider a major financial crisis since your marriage? a. _____ Yes; b. _____ No.
2. If NO, do you have a relative or close friend who has experienced a major crisis? a. _____ yes; b. _____ No; c. _____ Do not know.
3. There are many risks which families are faced with which, if they occur can involve considerable expenditures. Some families carry insurance.

Do you carry insurance to cover:	Yes or No	If No, why?	Code	Ever experienced? Yes or No
a. Auto accident involving: Damage to property or another car _____ Injury to other (bodily injury) _____ Damage to your car (collision) _____	xxx		xx	xxxx
b. Personal accidents (not auto): In the home _____ In working on farm _____	xxx		xx	xxxx
c. Liability to law suit from: Injury on your property _____ Injury to farm hand _____	xxx		xx	xxxx
d. Theft of: Your car or truck _____ Your household possessions _____ Your farm equipment _____ Your crops _____	xxx		xx	xxxx
e. Fire damage to: Your home _____ Your farm buildings _____ Your household goods _____ Your crops _____	xxx		xx	xxxx
f. Tornado or wind damage to: Your home and buildings _____ Injury to you and your family _____ Crops _____	xxx		xx	xxxx
g. Hail damage to: Home and buildings _____ Crops _____	xxx		xx	xxxx
h. Crop damage from: Drought _____ Insects _____ Flood _____	xxx		xx	xxxx
i. Medical and hospital care for: Major surgery _____ Cancer, Heart, diabetes _____ Polio _____	xxx		xx	xxxx
j. Loss of livestock, caused by: Disease _____ Other _____	xxx		xx	xxxx

4. Has your family since marriage experienced any of the above? (place Yes or No in last column above).

5. In the lives of many families there are times when the family is faced with unusually heavy expenditures.
Has your family, since marriage, been faced with such expenditures?
And if you have, how did you meet the expenses?

	Yes No	How?	Editor's Code
a. College or special education			
b. Large improvements on home			
c. Purchase of home appliances			
d. Purchase of farm			
e. Purchase of farm equipment			
f. Care of relatives			
g. Funeral expenses			
h. Major medical care			
i. Cost of child birth			
j. Purchase of automobile			
k. Other			

6. Is it likely that in the next 5 or 10 years that your family will need to meet any such large expenditures? If so, how do you plan to meet them?

	Yes or No 5 yrs. 10 yrs.		How?	Code
a. College or special education				
* b. Large improvements on home				
* c. Purchase of home appliances				
d. Purchase of farm				
e. Purchase of farm equipment				
f. Care of relatives				
g. Funeral expenses				
h. Major medical care				
* i. Cost of child birth				
j. Purchase of automobile				
k. Other				

ATTITUDE TOWARD PLANNING:

7. Has there been discussion in your family as to what it would do for financial support in event of the death of the husband?
a. Little or none? b. Considered the matter, but have not reached a definite decision? c. Have developed fairly definite plans?
8. Has there been discussion in your family as to what it would do for financial support in event of husband's disability?
a. Little or none? b. Considered the matter, but have not reached a definite decision? c. Have developed fairly definite plans?
9. Has there been discussion in your family as to what it would do for financial support in event of the death of the wife?
a. Little or none? b. Considered the matter, but have not reached a definite decision? c. Have developed fairly definite plans?
10. Has there been discussion in your family as to what it would do for financial support in event of the wife's permanent disability?
a. Little or none? b. Considered the matter, but have not reached a definite decision? c. Have developed fairly definite plans?
11. If you carry life insurance, what kinds of policies do you have and how much protection do they provide?

Life Insurance

	Husband			Wife			Children		
	Year Purch.	Face Value	Annual Prem.	Year Purch.	Face Value	Annual Prem.	Year Purch.	Face Value	Annual Prem.
a. Term									
b. Whole Life									
c. Limited Payment									
d. Endowment									
e. Other									
f. Total									

Do you plan to purchase any furniture or farm equipment before June, 1957?

	Yes	No	Uncertain	Anticipated Cost
a. Furniture				
b. Refrigerator				
c. Washing machine				
d. Television set				
e. Automobile				
f. Farm equipment				
g. Home freezer				
h. Air conditioner				
i. Other				

CREDIT:

12. If you have used credit in the purchase of consumer goods and services and in business transactions, what kind of credit did you use?

	Method of Payment			Borrowed Money From			
	Cash	Chg. Acct.	Install-ment	Bank Savings & Loan	Finance Co.	Relatives & Friends	Other
a. Groceries							
b. Clothing							
c. Home furnishing and equipment							
d. Family car							
e. Farm equipment							
f. Seeds, feed, fertilizer, others							
g. Truck gas and oil							
h. Farm livestock							
i. Building materials							
j. Real estate							
k. Medical & Hospital expenses							
l. Other							

13. What is your attitude in regard to using credit? (CHECK)

- | | | | |
|-----------------------------------|-------|--|-------|
| a. Always pay cash | _____ | g. O.K. for house repair | _____ |
| b. Prefer to pay cash | _____ | h. O.K. for house remodeling | _____ |
| c. O.K. for monthly charge accts. | _____ | i. O.K. for buying hsd. equip. | _____ |
| d. O.K. for buying real estate | _____ | j. O.K. to use for anything | _____ |
| e. O.K. for buying farm equip. | _____ | k. Needed to establish & maintain good credit rating | _____ |
| f. O.K. for expanding farm bus. | _____ | l. Other | _____ |

INFORMATION ABOUT THE FAMILY:

14. We would like information about your family and its composition.*

Code: a. §	Sex M of F	Age last birth- day	Highest grade of school completed	Marital status or relation- ship	Living at home 6 mo. or more f.	Family support $\frac{1}{2}$ or more g.	War Vet- eran h.	What was each person doing in most of last year? i.
Husband								
Wife								
Children:								
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
Other:								
1.								
2.								
3.								

15. Are there persons other than those listed above for whom you feel responsible for partial or full support? a. ____ Yes; b. ____ No; c. Remarks: _____

16. How many years have you and your husband been married? _____ Number.

17. How many years have you been farming in Kansas _____ Years.

(SUMMARY) No. in household _____; No. in family _____; No. of consumer units _____.

*See codes given on instruction sheet.

a. § Child away from home.

FARM AND HOME BUSINESS:

18. Does your family keep household accounts? a. _____ Yes; b. _____ No.
19. If YES, who keeps these accounts?
a. _____ Husband; b. _____ Wife; c. _____ Children.
20. Does your family keep farm accounts? a. _____ Yes; b. _____ No.
21. If YES, who keeps these accounts?
a. _____ Husband; b. _____ Wife; c. _____ Children.
22. Do you have a business desk and filing case in your home?
a. _____ Yes; b. _____ No.
23. Which members of your family have a checking account?
a. _____ Husband; b. _____ Wife; c. _____ Husband and wife;
d. _____ Husband and child; e. _____ Wife and child; f. _____ Others.
24. How many acres did you own last year? _____ Acres.
25. How many acres did you rent from others last year? _____ Acres.
26. How many acres did you rent to others last year? _____ Acres.
27. Last year how many acres did you have in:
a. _____ Crops? b. _____ Pasture? c. _____ Other including waste land?
28. Last year how many acres were in the crops listed here?
29. How many head of livestock and poultry did you have last year?

Item	No. of Acres
a. Corn	
b. Wheat	
c. Grain sorghum	
d. Other grain	
e. Forage crops	
f. Truck crops	
g. All other	

Kind	Number
a. Cows and heifers milked	
b. Reef cows and heifers	
c. Steers and bulls	
d. Hogs and pigs	
e. Sheep and lambs	
f. Horses and mules	
g. Poultry	
h. Others	

INCOME:

30. What is your best estimate of your net income from farming?

Net Losses:	av.		Net Income:	av.	
	1955	1950-55		1955	1950-55
a. \$5,501 or more	_____	_____	h. Less than \$ 500	_____	_____
b. 4,501 - 5,500	_____	_____	i. \$ 501 - 1,500	_____	_____
c. 3,501 - 4,500	_____	_____	j. 1,501 - 2,500	_____	_____
d. 2,501 - 3,500	_____	_____	k. 2,501 - 3,500	_____	_____
e. 1,501 - 2,500	_____	_____	l. 3,501 - 4,500	_____	_____
f. 501 - 1,500	_____	_____	m. 4,501 - 5,500	_____	_____
g. Less than 500	_____	_____	n. 5,501 - 6,500	_____	_____
			o. 6,501 - 7,500	_____	_____
			p. 7,501 - 8,500	_____	_____
			q. 8,501 - 9,500	_____	_____
			r. 9,501 - 10,500	_____	_____
			s. 10,501 - 15,500	_____	_____
			t. 15,501 - 20,500	_____	_____
			u. 20,501 and more	_____	_____

31. Did your family have income from some other sources than your farm last year?

a. _____ Yes; b. _____ No.

32. If YES, complete the following:

	1955			Av. 1950- 1955	Remarks
	Income received by				
	Husband	Wife	Children		
a. Labor on other farms					
b. Custom work on other farms (net)					
c. Non-farm work					
d. Oil & gas leases or royalties					
e. Annuity					
f. Interest and dividends					
g. Rent (net)					
h. Boarders and roomers (net)					
i. Old age assistance					
j. Pensions					
k. Veterans allowances					
l. Social Security (OASI)					
m. Unemployment compensation					
n. Disaster relief					
o. Teaching, nursing, office work					
p. Agricultural program payments, <u> C.C.S.; S.C.S.; A.C.S.</u>					
q. Other					
TOTALS					

33. Have you worked off the farm on jobs covered by Social Security? a. _____ Yes;
b. _____ NO; c. Are you now making Social Security payments? (1) _____ Yes; b. _____ No.

34. Has anyone in your immediate family received a gift or inheritance?

a. _____ Yes; b. _____ No.

35. If YES, what was the nature of it? a. _____ Real Estate; b. _____ Money;

c. _____ Business; d. Estimated value; \$ _____ or between

\$ 0 - \$1,000 _____

\$ 5,001 - \$25,000 _____

1,001 - 5,000 _____

25,001 or more _____

FINANCIAL STATUS:

36. From year to year you likely have been putting some money into different kinds of investments. What kinds of investments are you making?

	Estimated Resale or Cash Value	Amount Still Owed	Remarks
a. Farm land & improvements	\$,	\$,	
b. Non-farm real estate	,	,	
c. Livestock	,	,	
d. Farm machinery	,	,	
e. Automobile	,	,	
f. Retirement annuity	,	XXX	
g. U.S. Government Bonds	,	XXX	
h. Other bonds and stocks	,	XXX	
i. Savings in bank	,	XXX	
j. Building and loan	,	XXX	
k. Co-op shares	,	XXX	
l. Credit Union shares	,	XXX	
m. Other	,	,	
TOTALS			

37. Do you owe for things other than those listed above (e.g. life insurance, medical and hospital expenses, household equipment)? a. _____ Yes; b. _____ No.

38. If Yes, how much? \$ _____ (TOTAL DEBTS)

39. How much do you usually carry in a checking account? \$ _____ (TOTAL ASSETS)

40. Your equity in investments and your bank balance amount to (36 n. + 39) _____ \$ _____

41. Your TOTAL DEBTS amount to 37 n. + 38) _____ \$ _____

42. The difference in what you own and what you owe is (40 - 41) _____ \$ _____

BUT THIS IS NOT ALL, FOR YOU LIKELY HAVE QUITE AN INVESTMENT IN OTHER THINGS:

43. What value do you place on your household goods? \$ _____

44. What was the inventory value of livestock, crops and products at the close of 1955? (Do not include livestock listed under investments.) \$ _____

45. These values added to your savings and investments show you have a NET WORTH of (42 + 43 + 44) _____ \$ _____
(This does not include the cash value of your life insurance program which you gave me earlier.)

46. Which of your investments listed above are you counting on for financial support in your later years, or at retirement? (SEE QUESTION 36)
Circle: a. b. c. d. e. f. g. h. i. j. k. l. m. n.

RETIREMENT AND ESTATE PLANS:

47. How much consideration has your family given to retirement or to cutting down on your farming operations because of age or for some other reason?
- a. Little or none
 - b. Considered the matter, but have not reached a definite decision
 - c. Have developed fairly definite plans
 - d. REMARKS:

48. (FOR OPERATORS 50 YEARS OF AGE AND OVER) Have you curtailed your farm operations over the last few years? a. Yes; b. No.

49. (IF YES, CHECK ONE OR MORE)
- a. Changed type of farming (e.g. less wheat, more beef cattle, etc.)
 - b. Reduced acreage operated
 - c. More hired labor
 - d. More family labor
 - e. Transferred some management to others
 - f. Transferred all the management to others
 - g. Completely retired from farming.

(TO BE ASKED OF ALL WHO HAVE NOT REPORTED FAIRLY DEFINITE PLANS (47 c. or 48 a.)).

50. Do you expect to cut down on your farming operations as you get older?
a. Yes; b. No; c. Uncertain.
51. Do you expect eventually to retire and give up all work as the operator of your farm? a. Yes; b. No; c. Uncertain.

(IF YES OR UNCERTAIN IN QUESTION 51, ASK QUESTIONS 52 and 53.)

52. Where would you and your wife expect to live after you retire? (CHECK)
- a. On this farm
 - b. On another farm as non-operator
 - c. In small town
 - d. In city
 - e. Uncertain or do not know
53. With whom would you and your wife like to live after retirement? (CHECK)
- a. With children
 - b. Children with you
 - c. With other relatives
 - d. Alone
 - e. Home for the aged
 - f. Uncertain
 - g. Other (SPECIFY) _____
54. If prices stay the same as they are now, about how much cash do you think you and your wife will need to live fairly comfortable after retirement?
a. \$ Per month; b. \$ Per year.
55. Do you think you will have that much?
a. Yes; b. No; c. Uncertain.

56. (TO BE ASKED IN CASES WHERE THE OLDEST CHILD IS 16 OR OLDER) Have you ever talked with your children about their taking part in some plan to provide for you an income after you retire? a. _____ Yes; b. _____ No.
57. If YES, are you still talking with them or have you decided on any of the following:

	Still Talking	Decided	
a.			Transfer of farm to children with a legal guarantee of support for both parents.
b.			Transfer of farm to child with informal understanding that both parents will receive support for rest of life.
c.			Sale of farm to child.
d.			Child or children to contribute regularly to parents' partial or total support.
e.			Rent land to children.
f.			Any other arrangements with children. (SPECIFY)

58. Are you making gifts to reduce your estate?
a. _____ Yes; b. _____ No.
59. If you own or are buying real estate, is the title in the name of:
a. _____ Husband; b. _____ Wife; c. _____ Husband and wife;
d. _____ Husband and child; e. _____ Wife and child; f. _____ Joint tenancy with rights of survivorship; g. _____ Other.
60. Which members of your family have made a will?
a. _____ Husband; b. _____ Wife; c. _____ Husband and wife; d. _____ None;
e. _____ Did not know.
61. What assistance did you have in making wills?
a. _____ Friend; b. _____ Attorney; c. _____ Bank Officer;
d. _____ Insurance Agent; e. _____ Other.

(IF HUSBAND IS RETIRED, SKIP 62)

62. Besides your financial investments what do you think will be the sources of your support in your later years? (CHECK)
- a. _____ Assistance from children or relatives
b. _____ Old age assistance
c. _____ Social Security (OASI)
d. _____ Continue to operate farm
e. _____ Part or full time job other than farming for yourself
(SPECIFY TYPE OF JOB) _____
f. _____ Oil and gas leases or royalty
g. _____ Other (SPECIFY) _____

63. (IF RETIRED) What are the major sources of your support?

THE FAMILY'S HOUSE AND EQUIPMENT:

64. What is the type of house construction?
a. _____ Painted frame; b. _____ Brick; c. _____ Stone; d. _____ Asbestos;
e. _____ Shingle; f. _____ Concrete block; g. _____ Asphalt siding;
h. _____ Unpainted frame; i. _____ Log; j. _____ Other.
65. If you own your home what is the estimated value of the house? \$ _____.
66. How many rooms in your house (Not counting bathrooms, halls, closets)? _____.
67. How many rooms do you live in? _____ Number.
68. Do you have water piped into the house?
69. Do you have a power washing machine?
70. Do you have a home freezer?
71. Do you have a radio in the house?
72. Do you have a TV set?
73. Do you have a car (other than truck)? If YES, the number,
74. Do you have a telephone?
75. Do you take a daily newspaper?
76. Do you have electricity?
77. Do you have an airplane?
78. (IF NO ELECTRICITY) What kind of lamps do you use?
a. _____ Oil; b. _____ Pressure.
79. What kind of fuel do you use for heating?
a. _____ Wood; b. _____ Coal; c. _____ Bottled gas; d. _____ Liquid;
e. _____ Oil; f. _____ Gas
80. What kind of refrigerator do you have?
a. _____ None; b. _____ Ice; c. _____ Gas; d. _____ Electric;
e. _____ Kerosene; f. _____ Mechanical.
81. What kind of heating system do you have for your home?
a. _____ Central; b. _____ Non-central.

APPENDIX B

TABLE VII
WEEKLY MARGINS OF KANSAS FARM FAMILIES CALCULATED FROM ACTUAL 1955 INCOMES
(EQUIVALENT TO INCOMES INPUTED AT 0%)

Weekly Margin	Percent of families by areas										
	0	1	2	3	4	5	6	7	8	9	State
No Margin	46.67	31.82	40.74	59.68	60.78	69.49	47.17	70.18	60.42	40.75	53.51
1-5	2.22	0	1.85	3.23	3.92	1.69	9.44	1.75	6.25	7.41	3.80
6-10	6.66	6.82	7.41	3.23	1.96	6.78	11.32	7.02	6.25	11.11	6.83
11-15	0	6.82	0	3.23	7.84	0	3.77	1.75	4.17	9.26	3.61
16-20	1.44	2.27	3.70	4.84	5.88	0	3.77	0	4.17	3.22	3.61
21-25	2.22	2.27	7.41	4.84	3.92	1.69	1.89	1.75	4.17	5.56	3.61
26-30	8.89	0	1.85	3.23	3.92	1.69	0	0	0	1.85	2.09
31-35	0	6.82	0	0	3.92	3.39	3.77	3.51	2.08	5.56	2.47
36-40	2.22	4.54	5.56	3.23	3.92	3.39	0	1.75	6.25	3.70	3.42
41-45	2.22	4.54	1.85	4.84	0	0	1.89	3.51	0	5.56	2.47
46-50	0	0	1.85	1.61	0	1.69	0	5.26	0	0	1.14
51-55	0	0	7.41	1.61	0	0	1.89	0	0	0	1.14
56-60	2.22	2.27	1.85	3.23	3.92	3.39	1.89	1.75	2.08	0	1.90
61-65	2.22	2.27	0	1.61	0	0	1.89	0	0	0	1.14
66-70	4.44	2.27	1.85	0	0	1.69	0	0	0	0	0.95
71-75	6.66	4.54	1.85	0	0	0	3.77	1.75	2.08	1.85	2.09
76-80	0	2.27	3.70	0	0	1.69	0	0	2.08	1.85	0.95
81-85	0	2.27	1.85	0	0	0	0	0	2.08	1.85	0.76
86-90	2.22	2.27	0	0	0	0	1.89	0	0	0	0.57
91-95	0	2.27	1.85	1.61	0	0	1.89	0	0	0	0.76
96-100	0	2.27	1.85	0	1.96	0	0	0	0	0	0.57
Over \$100	6.66	11.36	5.56	0	1.96	3.39	3.77	0	0	0	3.04

TABLE VIII
WEEKLY MARGINS OF KANSAS FARM FAMILIES CALCULATED FROM
THE LARGER OF ACTUAL 1955 INCOMES AND IMPUTED AT 4%

Weekly Margin	Percent of families by areas										State
	0	1	2	3	4	5	6	7	8	9	
No Margin	40.00	31.82	38.89	58.06	60.78	69.49	45.28	70.18	60.42	40.74	52.37
\$ 1-5	2.22	2.27	1.85	3.23	3.92	1.69	7.55	3.51	6.25	9.26	4.17
6-10	4.44	4.54	5.56	0	1.96	6.78	11.32	5.26	6.25	9.26	5.50
11-15	4.44	6.82	1.85	4.84	7.84	0	3.77	1.75	4.16	9.26	4.36
16-20	4.44	2.27	3.70	4.84	3.92	0	1.89	0	4.16	3.70	2.85
21-25	2.22	2.27	9.25	6.46	3.92	1.69	1.89	1.75	4.16	5.56	3.98
26-30	4.44	0	0	4.84	3.92	1.69	1.89	0	0	1.85	1.90
31-35	0	4.54	0	0	1.96	3.39	1.89	3.51	2.08	3.70	2.09
36-40	2.22	2.27	3.70	3.23	3.92	1.69	3.77	0	6.25	5.56	3.04
41-45	2.22	0	5.56	3.23	0	1.69	3.77	3.51	0	5.56	2.85
46-50	0	0	1.85	1.61	0	1.69	1.89	3.51	0	0	1.14
51-55	2.22	0	5.56	1.61	0	0	1.89	0	0	0	1.14
56-60	2.22	0	1.85	3.23	3.92	3.39	1.89	0	0	0	1.71
61-65	4.44	4.54	0	1.61	0	0	1.89	1.75	2.08	0	1.52
66-70	4.44	4.54	3.70	0	0	1.69	0	0	0	1.33	0
71-75	6.66	4.54	1.85	0	0	0	5.66	1.75	2.08	1.85	2.28
76-80	0	2.27	3.70	0	0	1.69	0	1.75	0	1.85	1.14
81-85	0	4.54	1.85	0	0	0	0	0	2.08	0	0.76
86-90	2.22	2.27	0	0	0	0	1.89	0	0	1.85	0.76
91-95	0	2.27	1.85	3.23	0	0	1.89	0	0	0	0.95
96-100	0	2.27	1.85	0	1.96	0	1.89	0	0	0	0.57
Over \$100	11.11	13.66	5.56	0	1.96	3.39	3.77	0	0	0	3.61

TABLE IX
WEEKLY MARGINS OF KANSAS FARM FAMILIES CALCULATED FROM
THE LARGER OF ACTUAL 1955 INCOMES AND IMPUTED AT 6%

Weekly Margin	Percent of families by areas										State
	0	1	2	3	4	5	6	7	8	9	
No Margin	35.56	27.27	37.04	53.23	58.82	61.02	37.74	63.16	58.33	38.89	47.82
\$ 1-5	2.22	2.27	1.85	3.23	3.92	6.78	11.32	5.26	8.33	9.26	5.50
6-10	6.66	6.82	5.56	0	1.96	3.39	11.32	5.26	6.25	11.11	5.69
11-15	2.22	4.54	0	3.23	7.84	1.69	3.77	5.26	4.16	9.26	4.17
16-20	4.44	2.27	3.70	6.46	5.88	3.39	3.77	0	4.16	1.85	3.61
21-25	2.22	0	12.96	4.84	3.92	1.69	3.77	1.75	2.08	5.56	3.98
26-30	0	2.27	0	1.61	1.96	3.39	0	0	0	1.85	1.14
31-35	2.22	6.82	0	1.61	1.96	3.39	1.89	3.51	2.08	5.56	2.85
36-40	6.66	2.27	1.85	4.84	3.92	1.69	0	0	6.25	5.56	3.22
41-45	4.44	4.54	1.85	3.23	0	0	1.89	5.26	2.08	5.56	2.85
46-50	0	0	0	3.23	0	1.69	0	3.51	0	0	0.95
51-55	0	0	3.70	3.23	0	0	1.89	1.75	0	0	1.14
56-60	2.22	0	5.56	4.84	3.92	3.39	1.89	0	0	0	2.28
61-65	0	2.27	0	1.61	0	0	5.66	1.75	2.08	0	1.33
66-70	2.22	2.27	1.85	0	1.96	1.69	0	1.75	0	0	0.95
71-75	4.44	4.54	5.56	0	0	1.69	1.89	0	2.08	0	1.90
76-80	0	0	1.85	0	0	1.69	1.89	0	0	0	0.57
81-85	2.22	2.27	1.85	1.61	0	0	1.89	1.75	2.08	0	0.57
86-90	6.66	2.27	1.85	0	0	0	1.89	0	0	3.70	1.52
91-95	0	2.27	5.56	1.61	0	0	1.89	0	0	0	1.14
96-100	0	2.27	1.85	0	1.96	0	0	0	0	0	0.57
Over \$100	15.56	22.73	5.56	1.61	1.96	3.39	7.55	0	0	1.85	5.50

TABLE X
WEEKLY MARGINS OF KANSAS FARM FAMILIES CALCULATED FROM
THE LARGER OF ACTUAL 1955 INCOMES AND IMPUTED AT 8%

Weekly Margin	Percent of families by areas										State
	0	1	2	3	4	5	6	7	8	9	
No Margin	33.33	22.72	27.78	53.23	47.06	61.02	32.08	59.65	54.17	35.19	43.45
\$ 1-5	4.45	6.82	5.56	3.23	7.84	1.69	9.43	0	6.25	5.56	4.93
6-10	2.22	4.55	7.41	0	3.92	5.08	15.09	8.77	10.42	11.11	6.83
11-15	0	2.27	1.85	3.23	5.88	0	0	1.75	2.08	9.26	2.66
16-20	2.22	2.27	5.56	4.83	5.88	3.39	0	3.51	6.25	3.70	3.80
21-25	4.45	0	9.26	3.23	5.88	1.69	1.89	3.51	2.08	9.26	4.17
26-30	2.22	4.55	1.85	1.61	3.92	1.69	9.43	3.51	0	1.85	3.04
31-35	0	4.55	0	0	3.92	5.08	5.66	3.51	4.16	5.56	3.23
36-40	6.67	2.27	1.85	4.83	3.92	5.08	0	0	4.16	5.56	3.42
41-45	2.22	2.27	3.70	1.61	1.96	0	1.89	3.51	2.08	5.56	2.47
46-50	0	0	0	3.23	0	1.69	0	3.51	0	0	0.95
51-55	0	0	3.70	1.61	0	0	1.89	0	0	1.85	0.95
56-60	6.67	2.27	3.70	3.23	3.92	3.39	0	1.75	0	0	2.47
61-65	0	4.55	0	1.61	0	1.69	1.89	1.75	2.08	0	1.33
66-70	4.45	2.27	3.70	0	0	1.69	0	1.33	2.08	0	1.33
71-75	4.45	6.82	5.56	1.61	0	1.69	1.89	3.51	0	0	2.47
76-80	0	0	1.85	1.61	0	1.69	0	0	0	0	0.57
81-85	0	2.27	1.85	1.61	0	0	1.89	1.75	2.08	0	1.14
86-90	2.22	2.27	1.85	3.23	0	0	1.89	0	0	1.85	1.33
91-95	0	2.27	3.70	1.61	0	0	1.89	0	0	1.85	1.14
96-100	0	2.27	1.85	0	1.96	0	0	0	0	0	0.57
Over \$100	24.44	22.72	1.85	4.83	3.92	3.39	13.21	0	2.08	1.85	7.79

MEANS TEST FOR KANSAS FARM FAMILIES

by

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If the philosophy of social and health centers is that service will be available to all, and not only those in poverty, users should be charged according to ability to pay. Agencies find it difficult to set specific fees that are equitable since individuals differ in their ability to pay.

Guides have been developed for salaried workers, but these are not applicable to farmers. Fee setting for farm families presents special problems since farm income fluctuates and inadequately reflects wealth.

A means test is proposed for agency use in measuring the ability of farm families to pay for social and health services. The test's criterion of ability to pay is the margin or difference between income and needs.

Development of a means test was approached through three ancillary objectives: (1) Construct a budget. (2) Construct a fee computation form to determine the margin. (3) Test the validity of the budget and evaluate the usefulness of the means test by applying it to financial data of 527 farm families for the year 1955.

The Kansas Farmer's Family Budget was designed to provide a modest but adequate level of living in 1964 for farm families according to size and composition. In constructing the budget four sets of data were compared: two budgets and two farm family expenditure surveys. Costs for items were chosen arbitrarily from the data, giving careful consideration to average farm income and appropriateness of items to farm living.

The fee computation form was devised to use the larger of imputed or actual income. Use of the family's wealth as a criterion in fee computation allows the family to retain assets in order to earn a living.

Data used in the experimental evaluation of the means test and budget were available from a 1955 survey of farm family security. Cost of the budget was adjusted to 1955 prices.

The test differentiated farm families by ability to pay. Extremes of wealth and poverty were in evidence even within the same economic area. Variations in the margins when four assumed rates for imputing income were used were minor, but successful in isolating the wealthy.

Since there was a distinct differentiation of families by the means test, and since imputed income was not a major index except to identify the few wealthy, it is reasonable to conclude that the major factor for differentiating families according to ability to pay was the Kansas Farmer's Family Budget.

The proposed means test for Kansas farm families shows promise as a useful tool for social and health-agency use. But before it can be fully implemented, agencies need to accompany the means test with policy in regard to fees for operating income.