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Editor
Joan C. Courtless

Editorial Assistant
Jane W. Fleming

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Suggestions or comments concerning this publication should be addressed to: Joan C. Courtless, Editor, *Family Economics Review*, Family Economics Research Group, USDA/ARS, Federal Building, Room 439A, Hyattsville, MD 20782. Phone (301) 436-8461.

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Family Economics Review: 1943-93

By Joan C. Courtless
Family Economist
Family Economics Research Group

Family Economics Review originated as a monthly newsletter in 1943. Called *Wartime Family Living*, its purpose was to keep USDA's Extension Service personnel informed about wartime shortages and rationing strategies. When World War II ended, the name changed to *Rural Family Living* and the content gradually became more focused on family economics research results. As the nature of the research changed to accommodate urban families and the U.S. population became overwhelmingly nonrural, a final name change occurred in 1957—*Family Economics Review* came into being. This paper describes how the publication's content has changed over its 50-year history.

With this issue, *Family Economics Review* (*FER*) enters its 51st year of publication. In the beginning, *FER* was a monthly newsletter intended for distribution to family economics professionals in the U.S. Department of Agriculture's (USDA) Cooperative Extension Service. Its name was *Wartime Family Living* and its purpose was to keep Extension Service personnel informed about wartime shortages and rationing strategies. Extension agents and specialists then incorporated the information into their programs for rural families.

The Forties

The Great Depression ended as we mobilized our economy to win the war. Later in the decade, inflation was a major concern.

During World War II, officials in the Federal Government decided which commodities were needed by the military for the war effort. Factories converted from manufacturing items for civilian consumption to those that helped win the war. Shortages were inevitable, despite efforts by the Federal and State Governments to distribute food, clothing, fuel, and other necessities as fairly as possible. Many items were simply not available "for the duration"—a phrase oft repeated during the war years.

Many pages of *Wartime Family Living* described and explained food distribution orders, production and manufacturing quotas, and decisions made by the Office of Price Administration (OPA) as they changed throughout the war years (see box, p. 3). The newsletter reported decisions affecting rationing and price controls to prevent inflation (see box, p. 4) as they occurred. USDA decided what foods needed to be rationed and OPA determined how and when to start. By making such information widely available through the Extension network, we were performing a valuable public service.

From 1943 issues of *Wartime Family Living*.

The kinds of metals and rubber that may be used in making fountain pens, mechanical pencils, wood-cased pencils, pen nibs, and pen holders have been limited. Production of these articles has been cut drastically. The use of rubber cement and adhesives also has been restricted. February.

Glycerine, an important ingredient of explosives, is made from fats—the same fats that you use in cooking.... Fats that you cannot use for food should be strained into a clean can and taken to a collection station. The Office of War Information points out that if every household would turn in half a pound of waste fat a month, current war needs for glycerine could be supplied. February.

Robes for men and boys have been simplified to conserve materials. Cuffs and pockets, with the exception of one pocket, have been discarded for the duration. Along with this simplification, manufacturers will be limited by standardization of the length, sweep, and width of hem (1 inch) on the finished garments. March.

The need for copper in the war effort continues to grow, so the War Production Board has issued an additional list of articles containing copper in some form that may not be manufactured for civilian use. It can no longer be used in the making of electrical wiring devices. Among these are included electric range and pilot lights, sockets, lamp holders and many types of electric switches. Use of steel in place of copper in these articles has been approved as safe by the Underwriters' Laboratories. April.

Good news for coffee drinkers is that 1 pound of coffee for 1 month is the ration for the current period. Stamp number 24 in War Ration Book One may be used for a pound of coffee from May 31 through June 30. An improvement in the green coffee supply made the increased ration available to consumers. May.

Ready-mixed paints must now be made with new formulas using less linseed and fish oils. A recent War Production Board order affects flat, gloss, and semi-gloss paints, interior trim, enamels, varnishes, lacquers, and undercoats. The changes are expected to save an estimated 40 million pounds of oils. July.

War Food Administration plans for allocation show that civilians will receive nearly 70 percent of the expected supply of canned vegetables, including soups, and 53 percent of the canned fruits and juices during the next 12 months. Heavy home canning production will help supplement these supplies. July.

In order to ensure sufficient supplies of feathers for flying suits and sleeping bags for the Armed Forces, used and new goose and duck feathers and down are now reserved solely for military use... only chicken and turkey feathers may be used for civilian pillows and upholstery. September.

Early issues of *Wartime Family Living* recall many details of those years that would be difficult to recapture in any other format. Contents of the newsletters reflect day-to-day family living and describe the effect of the war on daily lives. No subsequent historical event has created the same intensity of national purpose—a common goal shared by all Americans: to win the war.

The tone of *Wartime Family Living* was patriotic and upbeat (almost cheerful) to convey a feeling of "all for one, and one for all." USDA designed food plans that achieved good diets while reflecting expected food supplies. The liberal level plan was discontinued because it was not consistent with the war economy: "Any foods that contribute to the Nation's total food supply cannot be wasted." Inflation was a serious threat; American homemakers took the Home Front Pledge: "I will pay no more than top legal prices. I will accept no rationed goods without giving up ration stamps." Citizens were urged to help prevent inflation by buying War Bonds to draw off surplus purchasing power and to fund the War effort.

Although most of the information discussed how to cope during wartime, other topical issues were:

- Excise taxes and postal rate increases, as they occurred.
- Effective January 1943, the Food Distribution Administration ordered all commercially prepared white bread to be enriched.
- Income tax withholding began July 1, 1943.
- New products developed as a byproduct of the war included penicillin (not available to civilians until after the war) and plastic dishes used aboard U.S. naval vessels and patrol bombers.
- Farm workers came from the Bahamas and Mexico.

From the May 10, 1946, issue.

In April 1943, President Roosevelt's hold-the-line order went into effect. How well the order was carried out is indicated by changes in the Bureau of Labor Statistics (BLS) consumer price index.

According to the BLS index, consumer prices in general rose only 3.4 percent in the 3 years following issuance of the hold-the-line order. Prices of many individual items increased more than that. The general level of clothing prices rose 17.2 percent, house furnishings rose 18.6 percent, and there were substantial increases in many minor items such as haircuts. These things account for about one-third of the expenditures of the average moderate-income urban family. On the other hand, food, rent, fuel, ice, electricity, and certain other items, which make up the other two-thirds of the average urban family budget, were held generally stable. Rents went up only 0.3 percent, and food prices were 2.5 percent lower in 1946 than in 1943. The actual increase in the cost of living for large city families was doubtless somewhat higher than 3.4 percent, since the index does not measure black-market prices and hidden price increases resulting from deterioration in quality that may necessitate the purchase of increased quantity.

The official figures may look low to some people because they do not measure the increase in spending. Many families have been buying more and better food, clothing, entertainment, and other things. What looks like higher living costs actually represents, to some extent, better living.

When World War II ended in August 1945, the publication's name changed to *Rural Family Living*. Shortages and fear of inflation lingered for many months—even years. Rationing status of various commodities was announced as controls were lifted.

There was a housing shortage. Returning veterans required much more housing than was available. For 4 years, Americans had postponed new construction and made repairs with substitute materials that were often inferior. President Truman appointed a housing expeditor. Congress passed housing bills that authorized financing and technical services. USDA was to provide building plans, specifications, construction supervision, and inspection for rural families who desired them. The GI Bill guaranteed mortgage loans, among other benefits.

Rural Family Living reported findings from surveys conducted in the States. Some surveys addressed civilian requirements: Which household appliances would you buy if you could find them? In April 1945, 3.5 million consumers indicated they would buy a sewing machine if any were available. One survey of farm operator families in 1945 reported expenditures for house furnishings and equipment.

New products were described. National goals, such as rural electrification, and new Federal agencies, such as the National Wage Stabilization Board, that facilitated the transition into the postwar era, were announced and the rationale set forth.

Operational details of the National School Lunch Program appeared in 1947. USDA would continue to fund this program to States that provided matching funds. Pilot programs began to expand the use of nonfat dry milk solids in school lunches.

Concern continued over what effect the removal of price and production controls would have on prices, quantities, and quality of consumer goods (see box). Homemakers could combat high prices and shortages of good clothing by reusing materials for other purposes (makeovers).

In 1949, the Consumer Price Index became a regular feature. *Rural Family Living* reported highlights from the 1948 Food Consumption Survey and a research project on house construction methods conducted by the Small Homes Council, University of Illinois. Consumer standards established by Federal agencies for food and textiles and Federal legislation affecting American families (Housing Act of 1949[1] and proposed compulsory medical care insurance) were described.

The Fifties

This was a period of strong economic growth, relative prosperity, and a rising level of living. The use of installment credit increased.

Articles increased in length over the decade from two to four paragraphs to three to five pages. Also, the kinds of information published in *Rural Family Living* changed. There was increased emphasis on home economics research carried out at USDA, in land-grant institutions, and in other universities throughout the country.

The content continued to include all facets related to "economic facts bearing on family living." Usually there were at least one or two articles on food and nutrition. Other frequent subjects were the economic and consumer aspects of clothing and textiles, household operation and equipment, health, housing, and family finance. Studies on population, expenditures, consumption, time-use management, home production of food and clothing, budgets, and credit were reported.

Articles on Federal regulations related to product standards and labeling appeared quite often. Examples include consumer food standards, trade practice rules for automobile installment sales and financing, fur products labeling, flammability standards for textiles, and a standard on body measurements for sizing of women's patterns and apparel. USDA had conducted a study that measured 15,000 women. The National Bureau of Standards converted the data into a series of tables suitable for use by the apparel industry. A 1957 issue reported these new standards.

Other research analyzed data related to how long consumers owned appliances. In 1958, an article reported household appliance replacement rates.

In 1957, we sought suggestions for a new name for *Rural Family Living* to better express the appropriateness of the material for urban as well as rural families. Thus, *Family Economics Review* (*FER*) came into being in June 1957.

From the January 10, 1947, issue.

The American Home Economics Association recently published a pamphlet entitled "Family Spending and Prosperity," which shows how family spending will affect not only the welfare of the individual family but our national economy as well. Families who rush to buy scarce goods can bring about a ruinous inflation, and families who curtail spending drastically may plunge us into another depression. Families who plan spending carefully, however, can be the pillars that support a lasting American prosperity.

[1]The Supplemental Appropriations Act (October 1949) provided funds to USDA to conduct research and technical studies. Funds assigned to Agricultural Research Administration were used to prepare basic plans and specifications for low-cost farmhouses.

In 1969, the poverty line for farm families rose from 60 percent to 70 percent of that for nonfarm families.

The Sixties

The consumer movement grew rapidly and in 1964, the President appointed a Special Assistant to the President for Consumer Affairs. The War on Poverty along with other programs addressed the economically disadvantaged.

A series of articles reported findings from studies that collected information about the household management practices of women "who have accepted work away from home." (During the fifties, working women were called "economically active.") The purpose was to discover what might be the economic implications of their employment.

Articles concerned with employed wives included "Estimating net income of working wives"—work-related expenses consumed 40 to 50 percent of wives' earnings; "Paid services used by employed wives in Georgia and Ohio"—women most likely to use paid services and spend the most for these services were mothers of preschool children; and "Clothing expenditures of employed wives"—in groups of families with husbands at about the same income level, wives with paying jobs spent about twice as much as those not employed. Also, a Cornell University study on homemakers' time in housework was partially funded by the Family Economics Research Group and later reported in *FER*.

There was widespread concern about the possibility of nuclear war and the possible need for bomb shelters. USDA and the Office of Civil and Defense Mobilization prepared a publication listing suggestions for planning a food and water stockpile, summarized in *FER*.

Consumer interests were paramount. Reports on consumer interests in the White House featured the Consumer Advisory Council, the Special Assistant for Consumer Affairs, the President's Commission on the Status of Women, and the Committee on Consumer Interests. *FER* described the "truth-in-lending" section of the Consumer Protection Act and published other articles on credit and budgeting.

Data from the 1955 Survey of Family Living Expenditures of Farm-Operator Families and the 1955 Nationwide Household Food Consumption Survey were used to develop a method of estimating economies of scale. Food costs per person for each household size group were calculated with adjustments made to account for the age/sex composition of different household sizes. Results suggested a 5-percent cost differential per person for families from two to six persons.

The "War on Poverty" and the development of the poverty guidelines began in the sixties. In 1969, the poverty line for farm families rose from 60 percent to 70 percent of that for nonfarm families. The income for determining the poverty line for farm families had been set lower because many farm families had nonmoney income in the form of food and housing from their farms in addition to money income. The 1955 Household Food Consumption Survey showed that 40 percent of food consumed by farm households was home-produced; the 1960-61 Survey of Consumer Expenditures showed this proportion had declined to about 30 percent.

The 1960–61 Survey of Consumer Expenditures provided data on patterns of families' incomes and expenditures. The Bureau of Labor Statistics, U.S. Department of Labor, collected data from urban areas, and USDA sampled about 5,000 rural farm and nonfarm families. USDA's Agricultural Research Service (ARS) and Economic Research Service (ERS) conducted the first nationwide food consumption survey of individuals in 1965. We developed estimates of the cost of raising a child from birth to age 18. Four articles published in 1966 and 1967 reported a home freezer management survey of almost 500 families.

In 1960, we conducted a survey of *FER* readers concerning subject-matter interest. The Outlook for Family Living and the outlooks for food, housing, equipment, and clothing[2] rated high with Extension personnel, who accounted for 80 percent of readers. Articles about income and expenditures of families and individuals; laws related to consumers; and standards, grades, and labeling received favorable comments, so these topics continued throughout the decade. Extension workers used *FER* primarily for their own information and in talks and lessons; professors also used it for student reference material. In 1968, *FER* commemorated its 25th anniversary with a new cover design. Contents included articles comparing families "then and now" and looking ahead to a focus on consumer issues.

The Seventies

Social Security payments were linked to the cost of living, providing elderly Americans with a better living standard. In 1973, oil embargoes caused an energy crisis. Energy prices increased dramatically, and rapid inflation occurred worldwide. Beginning in 1978, deregulation affected various industries, including the airline, banking, and telephone industries.

Americans were showing concern about the relationship between health and diet. About 40 percent of the articles published in *FER* during the 1970's were about food and nutrition—food costs, food preservation, food patterns of various population groups, nutritive value of foods, nutrition labeling, food cost plans, children's diets, or costs versus convenience comparisons.

[2]Selected speeches presented at the Annual Agricultural Outlook Conference were printed in *Wartime Family Living*, *Rural Family Living*, and *Family Economics Review* between 1943 and 1989.

Between 1974 and 1979, nine articles related to energy appeared in *FER*, reflecting the 1973 oil embargo that caused energy prices to escalate dramatically. The Consumer Price Index (CPI) for fuel oil and coal increased by 66 percent between August 1973 and August 1974; gasoline prices increased by 40 percent during the year. Energy conservation and other environmental issues became very important to most Americans. The U.S. Department of Energy was created; the Energy Policy and Conservation Act of 1975 mandated energy-cost labeling of major consumer appliances.

Although first researched in the mid-1960's, the Cost of Raising a Child evolved into a long-range project. It became one of the most widely used products associated with the Family Economics Research Group. Several articles appeared in *FER* during the 1970's on this and related child-care costs.

One issue of *FER* was devoted to "The Economic Role of Women in Family Life." Among the articles published were: "Employment and Earnings of Women," "Time and Its Dollar Value in Household Work," "Mothers in the Labor Force," " Women and Homeownership," and "Women and Credit." The Supreme Court upheld the right of mothers with young children to participate in the labor force. Also, the Federal Equal Employment Opportunity Commission issued guidelines for employees, labor unions, and courts that stated: to dismiss or to refuse to hire a woman because of pregnancy violates Title VII of the amended 1964 Civil Rights Act.

The Consumer Product Safety Act of 1972 empowered the Consumer Product Safety Commission to develop and enforce uniform safety standards and to ban hazardous products. *FER* published several articles concerning the flammability of clothing and house furnishings.

Americans were showing concern about the relationship between health and diet. About 40 percent of the articles published in *FER* during the 1970's were about food and nutrition...

Contents of *FER* continued to reflect the variety of research that was supported or conducted by our research group. We developed clothing budgets that incorporated both cost and quantity from the 1960–61 Survey of Consumer Expenditures and separate clothing budgets for farm children and adults, using data from the 1973 Farm Family Living Expenditure Survey. Consumer debt and use of credit by young husband-wife families were investigated and reported. We developed new estimates of the service life of household appliances and published them in 1975 and 1978. When compared with estimates prepared in the 1957-61 period, service-life remained about the same for most items acquired new.

The Eighties

Inflation slowed. High interest rates benefited savers but made buying a home more difficult. Individual retirement accounts (IRA's) became available to all employees in 1982; deductibility was curtailed in 1986. Homeless families were a national priority.

Concern regarding high interest rates and high inflation had carried over from the late 1970's. *FER* published several articles on family budgets, trends in household wealth, income taxes for two-earner couples, inflation measures, family financial planning, savings, and measurements of family income.

The content of *FER* during the decade of the 1980's focused less on food and nutrition, although one in four articles still concerned this subject. Two USDA surveys, the 1977-78 Nationwide Food Consumption Survey and the 1985 Continuing Survey of Food Intakes by Individuals, provided data for several articles. Other food-related articles concerned the 1983 Thrifty food plan, food stamps, national nutrition monitoring, buying at salad bars, food costs for different household compositions (elderly members, working women), diets (American women by income, school-age children, and teenagers), and expenditures for food away from home and for prepared foods.

USDA conducted another survey in 1980: the National Farm Women Survey. Several articles were written from this data base and published in *FER*.

As women entered the labor force in record numbers, *FER* addressed concerns related to household production. A 1982 *FER* featured household production articles including: "Household and Farm Task Participation of Women," "Workload of Married Women," "Measuring Household Production for the GNP," "Of Time, Dual Careers, and Household Productivity," and "New Methods for Studying Household Production."

Housing and high housing costs were a focus of the eighties. Articles included housing alternatives for the elderly, the housing situation of American children, along with three articles on mortgages that reflected the high mortgage interest rates for the period: "Alternative Mortgage Instruments," "Creative Residential Finances," and "Adjustable Rate Mortgages."

Clothing-related research included home sewing trends, imported versus U.S.-made apparel, employed women's use of time in sewing and wardrobe maintenance, and annual updates on current trends in clothing and textiles.

The Nineties

Unemployment, failed businesses, and other indicators of a recession characterized the economy in the early nineties. The Resolution Trust Corporation was established to shut down failed savings and loans institutions, safeguarding insured deposits. Recycling became a reality in most American neighborhoods and communities.

In the nineties, the focus has been on the economic well-being of demographic groups that may be economically vulnerable. The economic status of single parents and other families with children, households with an unemployed adult, and the elderly received particular attention in the research reported in *FER*. Trend articles on major commodities such as housing, transportation, food, and education provided information on the economic environment in which American families make decisions.

FER has reported updated child cost estimates annually for the last three decades. We calculated new estimates, using current data and new methodology, which was described in a 1990 *FER*. About half of the States use these estimates in determining foster care payments, and many States also use them in determining child support guidelines.

Some efforts of the research group have endured over decades. Others have addressed the current concerns of the Nation. Our mission has always been to provide information that would assist family economics professionals in serving families. Also important has been the goal of providing families with information that could help them make sound economic decisions. *FER* has been instrumental in delivering these messages for the past 50 years.

Families With Children: Changes in Economic Status and Expenditures on Children Over Time

By Mark Lino
Economist
Family Economics Research Group

How the income and expenditures of families with children have changed over time is of considerable interest to policymakers concerned with the economic well-being of families. This study examines this issue using published data from the 1960-61 and 1990 Consumer Expenditure Surveys. It found that the real income (in 1990 dollars) of married couples with children increased, whereas that of single-parent families declined. Housing also grew as a share of total expenditures, and families spent more on their children. The decline in the real income of single-parent families, a growing segment of all families with children, signifies that such families continue to be one of the more economically disadvantaged population groups. The higher expenditures on children need to be recognized by States in setting child support guidelines and foster care payments.

Since the first publication in 1943 of what became *Family Economics Review (FER)*, U.S. families, including those with children, have changed considerably. In the 1940's, the middle-class prototype was a household where a father went to work everyday while the mother stayed home and cared for the children. Now, most families with children have two working parents or a single working parent without a spouse. Compared to the 1940's, housing today requires a larger part of the household budget, and food accounts for a smaller share. And people are spending more money on their children as new products are introduced and new standards set.

To commemorate the 50-year anniversary of *FER*, this study examines changes over the past decades in the economic status of American families with children and expenditures on children. Studies in *FER* have historically focused on income and expenditures using data from the Consumer Expenditure Surveys (CE) to portray the economic status of U.S. households. Changes in economic status reflect sociodemographic shifts, technological developments, and differing tastes and preferences. The Family Economics Research Group also publishes annual estimates of parental expenditures on children. How present expenditures on children compare with past expenses provides insight on the comparative well-being of children in the United States.

Economic Status of Families Over Time

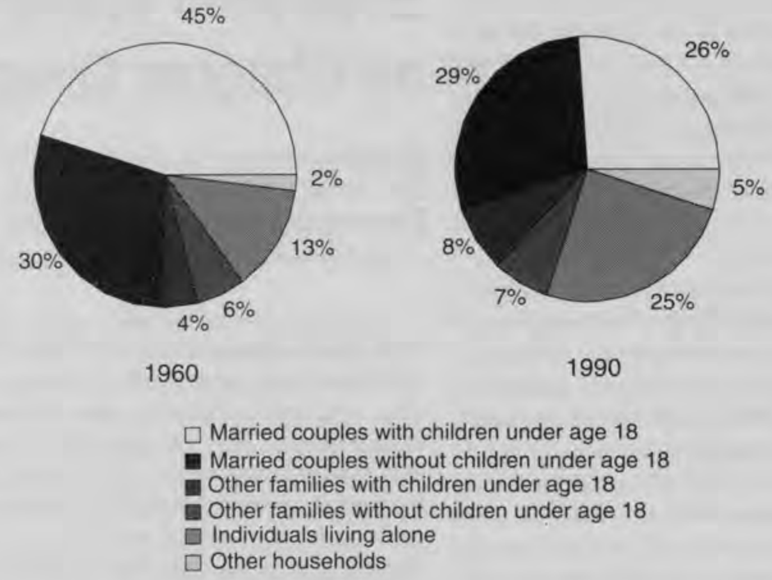
Published data from the 1960-61 and 1990 CE were used to examine the income and expenditures of families over time. The CE contains data on annual household expenditures, income, and major socioeconomic characteristics. Between 1900 and 1980, the CE was conducted about once every decade; after 1980, the CE was conducted annually. The 1990 CE was the latest CE available at the time this report was written, and the 1960-61 CE was the earliest with comparable published data on families with children; published CE data before 1960-61 did not contain detailed information on families with children.

The 1960-61 CE had information from about 13,700 families[1] and was collected at one point in time. The 1990 CE had data from a rotating sample where families provided information on a 3-month recall basis. About 20,000 quarterly interviews were conducted and annualized. All published data were weighted to reflect the U.S. noninstitutionalized population for the periods of interest. For this study, income and expenditures for 1960-61 were converted to 1990 dollars using the Consumer Price Index for all Urban Consumers.

Four groups of families with children were studied: Married couples with the oldest child under age 6, married couples with the oldest child age 6 to 17, married couples with the oldest child over age 17, and single-parent families with at least one child under age 18.

[1]Technically, the CE has data on consumer units rather than families. A consumer unit consists of either: (1) all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements; (2) two or more people living together who pool their income to make joint expenditures; or (3) a person living alone or sharing a household with others, but who is financially independent. As this study focuses on two- and one-parent households with own children only, (no other people such as grandparents in the home), a consumer unit is equivalent to a family.

Figure 1. Composition of U.S. households, 1960 and 1990



Source: Saluter, A.F., 1989, Changes in American Family Life, Current Population Reports, Special Studies, Series P-23, No. 163, U.S. Department of Commerce, Bureau of the Census; and U.S. Department of Commerce, Bureau of the Census, 1990, Household and Family Characteristics: March 1990 and 1989, Current Population Reports, Population Characteristics, Series P-20, No. 447.

These four groups of families were composed of parents living with own children only. Families living with other relatives, such as grandparents, or with unrelated persons were not included. Such living arrangements are more common among single-parent families as they typically have less financial ability to live alone. In 1990, an estimated 21 percent of single parents resided in a home belonging to someone else (*12*).

It should be noted that although this study examines the income and expenditures of families with children from 1960-61 to 1990, trends in income and expenditures differed in each decade during this period. This was especially so for the 1980's. For an examination of income and expenditures of families with children during the 1980's, see Lino (*5*).

Families with children have changed as a percentage of the total population from 1960 to 1990. Over time, married couples with at least one child under age 18 in the home have accounted for a declining share of all U.S. households (figure 1). In 1960, married couples with children under age 18 made up 45 percent of all households, whereas in 1990 they accounted for 26 percent. Other families with children under age 18 in the home, which includes single-parent families, made up 8 percent of all households in 1990 compared with 4 percent in 1960. Most single-parent families in 1990 were headed by females. A study by the Census Bureau found that in 1988 nearly 9 in 10 one-parent families were headed by a female (*7*).

Table 1. Income and total expenditures of families with children over time (in 1990 dollars) and expenditure shares

	Husband-wife families with oldest child						Single-parent families	
	Under age 6		Between ages 6 and 17		Over age 17			
	1960–61	1990	1960–61	1990	1960–61	1990	1960–61	1990
Before-tax income	$27,000	$40,700	$32,400	$44,600	$42,300	$50,000	$20,300	$17,400
Total expenditures	25,800	35,000	29,900	38,800	36,300	42,800	19,700	19,200
Component (share of total expense)								
Housing	30	36	25	31	22	26	28	36
Food	22	14	24	17	22	17	24	19
Transportation	15	18	13	18	15	21	12	14
Clothing	8	5	10	6	11	6	11	8
Health care	6	4	6	4	5	5	5	3
Pensions and insurance	5	11	6	10	6	10	4	6
Entertainment	4	5	4	6	4	5	3	5
Other	10	7	12	8	15	10	13	9
Family size	3.6	3.4	4.7	4.2	4.3	3.9	3.0	2.9
Average age of head	29	31	40	39	52	52	49	35

Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, 1991, Consumer expenditures in 1990, News, USDL No. 91-607; and U.S. Department of Labor, Bureau of Labor Statistics, 1966, Consumer Expenditures and Income: Cross-Classification of Family Characteristics, Supplement 2 to BLS Report 237-93 (USDA Report CES 30). Dollars for 1960–61 inflated using the Consumer Price Index for All Urban Consumers.

Income and Total Expenditures

Average real before-tax income (in 1990 dollars) of each of the three groups of married couples with children increased from 1960-61 to 1990 (table 1). The increase was 51 percent for husband-wife families with the oldest child under age 6, 38 percent for families with the oldest child between ages 6 and 17, and 19 percent for families with the oldest child over age 17. Per capita real income increases for each of the three groups were higher because each experienced a decline in average family size. Over the 30-year period, the U.S. birth rate fell from 23.7 (rate per 1,000 population) in 1960 to 16.7 in 1990 (*14*).

Although some of the increase in real family income was due to wage and salary gains, a study of family incomes from 1970 to 1986 by the Congressional Budget Office concluded that the rise in the number of workers per family was the principal reason for increases in real income (*9*). For married-couple families with children, the additional earners were wives. In 1960, 19 percent of married women with at least one child under age 6 and 39 percent of women with all children between the ages 6 and 17 were in the labor force. By 1989, these figures were 58 percent and 73 percent (*13*). Because many women worked part time, their labor force participation did not increase family income by as much as if they had worked full time.

Unlike married couples, single-parent families experienced a 14-percent decline in their real income from 1960-61 to 1990. Although their per capita income also dropped, the decline was moderated somewhat by a slight decrease in family size. The decline in real income coincided with an increase in the labor force participation of divorced women with children. In 1970 (figures were not available for 1960), 63 percent of divorced and 45 percent of separated women with children under age 6 were in the labor force, compared with 71 percent and 57 percent in 1989 (*13*).

...single-parent families experienced a 14-percent decline in their real income from 1960-61 to 1990.

So, what accounts for the decline in the real income of single-parent families? The answer most likely is related to changes in how single-parent families are created. Single-parenthood is the result of divorce or separation, widowhood, or out-of-wedlock birth. Although the majority of single-parent situations still result from divorce or separation, the second most frequent reason for single-parenthood has shifted from widowhood to out-of-wedlock births.

In 1960, 27 percent of children in one-parent families were with a widowed parent and 4 percent were with a never-married parent. By 1988, 6 percent of children in one-parent situations were with a widowed parent and 31 percent were with a never-married parent (*7*).[2] This is reflected in the average age of single parents in 1960-61 compared to 1990, 49 versus 35. Never-married single parents have a much lower income than other single parents because they are younger, have a lower level of education and job experience, and receive less child support (*6*), lowering the real income of single parents, as a group, over the years.

Real total expenditures (in 1990 dollars) of the three groups of married-couple families also increased from 1960-61 to 1990: 36 percent for husband-wife families with the oldest child under age 6, 30 percent for husband-wife families with the oldest child between ages 6 and 17, and 18 percent for husband-wife families with the oldest child over age 17. The percentage increase in real total expenditures for married-couple families was less than the percentage rise in their real before-tax income.

[2]Some of this reported increase in out-of-wedlock births may have resulted from improved measurement and data collection. For a more detailed discussion, see Saluter, A.F., 1989, *Singleness in America*, Current Population Reports, Special Studies, Series P-23, No. 162, U.S. Department of Commerce, Bureau of the Census.

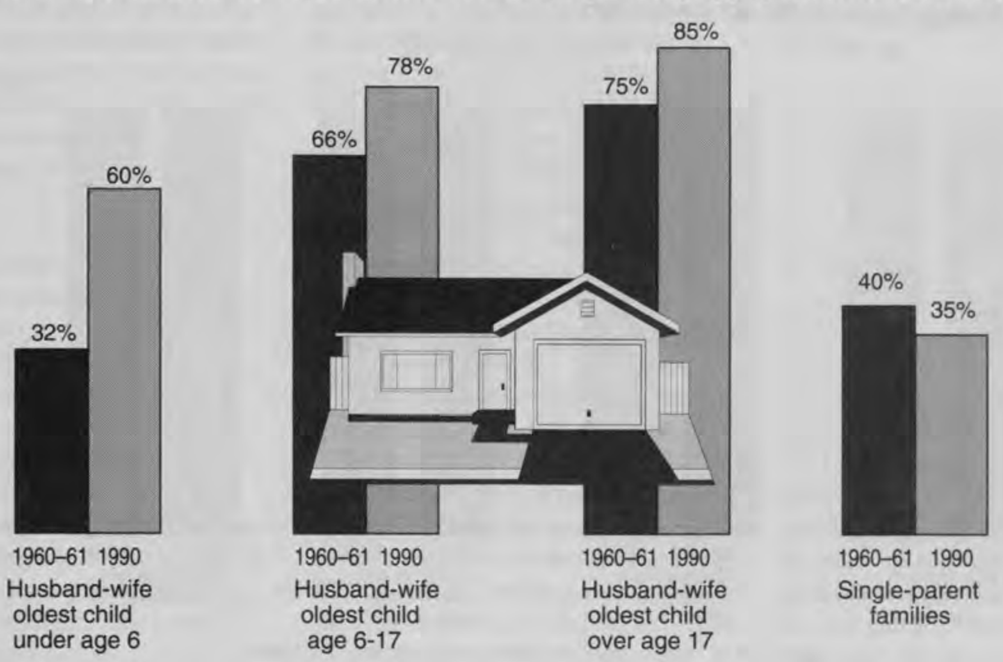
Real total expenditures of single-parent families fell 3 percent from 1960-61 to 1990. So single-parent families' total expenditures exceeded their income in 1990 ($19,200 versus $17,400). Others, such as extended family or friends, may cover some expenses of single-parent families. Some single parents, however, go into debt to meet their expenses. A Federal Reserve study found 27 percent of indebted households headed by a divorced or separated person experienced payment difficulties in 1989-90 (payment difficulties were defined as having missed or been late in debt payments in the preceding year) (*2*). This was one of the highest payment difficulty rates among various family types.

Expenditure Shares

Housing generally accounted for the largest budgetary component for the four family groups in both 1960-61 and 1990. The only exception was for married couples with the oldest child over age 17 in 1960-61; in this case, food accounted for the same proportion of total expenses as housing. Housing also increased as a share of total expenses from 1960-61 to 1990 for the four family groups. This increase can be traced to the rise in home ownership among families with children (housing costs are typically greater for homeowners with a mortgage than for renters), and related to this, an upgrade in the stock of housing being built.

Home ownership grew for all three groups of married couples with children. This increase was greatest for husband-wife families with the oldest child under age 6 where home ownership went from 32 percent in 1960-61 to 60 percent in 1990 (figure 2). Home ownership rose from 66 percent to 78 percent for husband-wife families with the oldest child age 6 to 17 and from 75 percent to 85 percent for husband-wife families with the oldest child over age 17 during the period.

Figure 2. Home ownership of families with children, by family type, 1960–61 and 1990



Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, 1991, Consumer expenditures in 1990, News, USDL No. 91-607; and U.S. Department of Labor, Bureau of Labor Statistics, 1966, Consumer Expenditures and Income: Cross-Classification of Family Characteristics, Supplement 2 to BLS Report 237-93 (USDA Report CES 30).

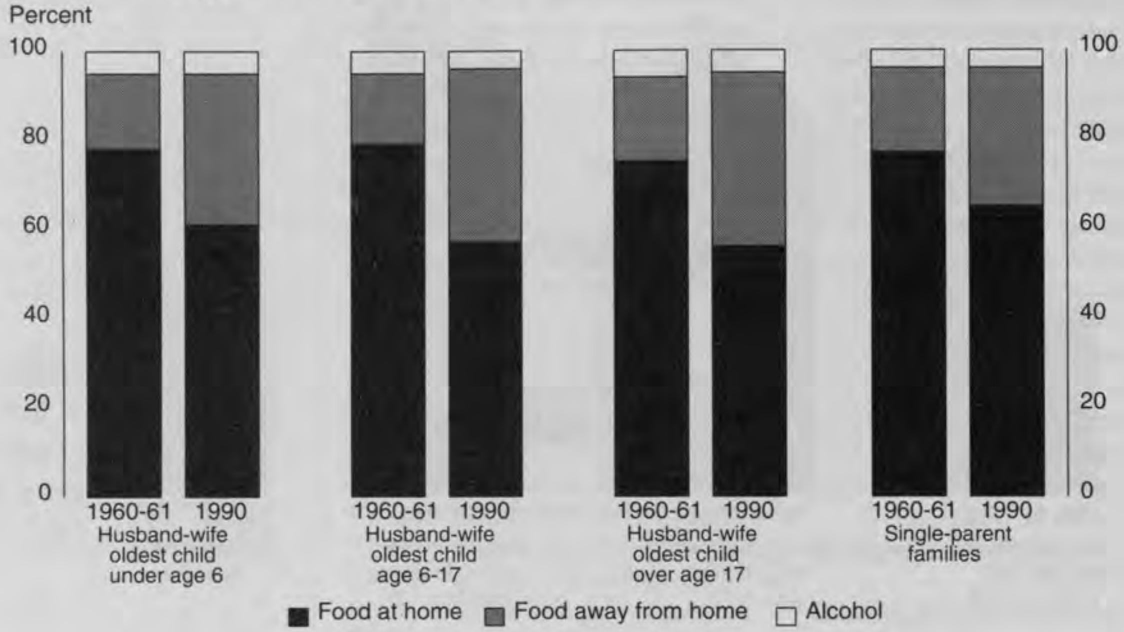
In addition, an upgrade in housing stock caused home prices to rise. The median size of a house built in 1970 was 1,385 square feet compared with 1,905 in 1990. Forty-eight percent of new homes built in 1970 had two or more bathrooms, compared to 87 percent in 1990 (*13*).

Although the share of total expenses allocated by single-parent families to housing increased from 28 percent in 1960-61 to 36 percent in 1990, home ownership among these families declined over this period. In 1960-61, 40 percent of single-parent families owned their own home compared with 35 percent in 1990. The rise in prices of new homes and the decline in real income of single-parent families meant fewer could afford to buy a home. A Census study found that in 1988, 97 percent of female householders with children under age 18 who were renters could not afford to purchase a median-priced home in the region where they lived (*3*).

In 1960-61, food (including food at home, food away from home, and alcohol expenses) accounted for the second largest share of total expenses for all four family groups, consuming 22 to 24 percent of expenditures. By 1990, food had declined to third place among total expenses for married couples with children, accounting for 14 to 17 percent of their budget. Food also declined as a budgetary share for single-parent families (from 24 percent to 19 percent); however, it remained their second largest budgetary component in 1990. Although food declined as a share of the budget for the four family groups, per capita food expenses in real terms were nearly constant or had decreased slightly for married-couple family groups over the period. For single-parent families, real per capita food expenses declined from about $1,576 in 1960-61 to $1,258 in 1990.

The composition of food expenditures also changed from 1960-61 to 1990 for the four family groups (figure 3, p. 14). As more family members worked and time became more scarce, there was a shift from food at home to food away from home. The shift was greatest among husband-wife families with the oldest child between ages 6 and 17, for whom food away from home increased from 16 percent to 39 percent of total food expenditures. The change was smallest for single-parent families, from 19 percent to 31 percent of total food expenditures. The increase in food away from home as a proportion of the food budget does not fully indicate the rise in the number of meals eaten outside the home because of the spread of fast food establishments, with relatively low-cost meals, during the past decades (*4*).

Figure 3. Shares of food expenditures allocated for food at home, food away from home, and alcohol, by family type, 1960–61 and 1990



Source: Calculated from U.S. Department of Labor, Bureau of Labor Statistics, 1991, Consumer expenditures in 1989, News, USDL No. 91-607; and U.S. Department of Labor, Bureau of Labor Statistics, 1966, Consumer Expenditures and Income: Cross-Classification of Family Characteristics, Supplement 2 to BLS Report 237-93 (USDA Report CES 30).

Transportation moved from being the third largest expenditure in 1960-61 for married-couple families, accounting for 13 to 15 percent of total expenses, to the second largest in 1990, consuming 18 to 21 percent. For single-parent families, transportation increased from 12 percent to 14 percent of their budget over this time and was the third largest expenditure in each period.

The growth in transportation expenses for married-couple families reflects a trend toward multi-vehicle ownership. The average number of vehicles (which includes vans, boats, and motorcycles) owned by married couples with the oldest child over age 17 was 3.5 in 1990 (*15*), or almost one vehicle per family member. The average number of vehicles owned by single-parent families in 1990 was 1.0. The increase in transportation expenses among single-parent families over the period reflects higher vehicle ownership in 1990—50 percent did not own a car in 1960-61 (*16*). The 1960-61 CE only reported the percentage owning vehicles; the 1990 CE only reported the average number of vehicles owned.

Clothing declined as a proportion of total expenditures for the four groups of families from 1960-61 to 1990. This is also true for households overall (*4*). Clothing expenditures also declined in real per capita dollars over this time. Although the price of clothing has risen over the years, families with children are spending less. Such families have to meet other expenses, which are deemed more essential, such as housing. Also, they likely purchase more clothing on sale and styles of clothing that are less expensive.

Health care expenditures, which include only out-of-pocket costs, also fell as a share of total expenses for the four family groups from 1960-61 to 1990. In real per capita dollars, health care expenses remained nearly constant for both married couples with the oldest child under age 6 and between age 6 and 17, increased for couples with the oldest child over age 17, and declined for single-parent families. This may seem contrary to commonly held perceptions about escalating medical care costs in past years. Much of this cost, however, has been absorbed by employer-provided health insurance. Worker benefits have been a growing part of total employee compensation, accounting for 17 percent of compensation costs in 1966 and 27 percent in 1989 (*17*). However, an estimated 37 million people in 1990 did not have health insurance coverage (*4*). Many of these people likely forgo health care because of the cost.

Pension and insurance expenditures, which include Social Security taxes (such taxes are considered an expense in the CE), retirement and pension contributions, and life and personal insurance expenses, rose as a proportion of total expenses for each of the four family groups from 1960-61 to 1990. Increases in Social Security taxes over the period contributed to much of the rise. From 1970 to 1986, Social Security tax rates increased by nearly 50 percent, and the maximum amount of earnings subject to the tax roughly doubled in real terms (*9*).

Entertainment expenditures also increased as a percentage of total expenses for the four family groups over the period. The wider availability of goods and services and the introduction of new products in this category, such as color televisions and videocassette recorders, likely account for some of the increase. Other expenses (personal care, cash contributions, and education) fell as a proportion of total expenses and in real terms for all four family groups over the decades.

Expenditures on Children

In addition to examining the economic status of households, since 1961, the Family Economics Research Group has produced annual estimates of parental expenses on children ages 0 to 17 since 1961. When first distributed, these estimates were intended primarily for educational programs to inform prospective parents on the expenses involved in rearing children. Over the years, the estimates have gained wider use. As the number of divorced families increased, the child-rearing expense estimates have been used to determine child support awards. The estimates have also been used to set foster care payments for the growing number of children residing in foster care homes. A study by the American Public Welfare Association found that in 1989, 24 States reported using the Family Economics Research Group's estimates of the cost of rearing a child in calculating foster care reimbursement rates (*1*).

The 1961 estimates of child-rearing costs produced by the Family Economics Research Group were based on the 1961 portion of the 1960-61 CE (*11*). Only husband-wife families were included in the analysis. Estimates were provided for urban and rural areas of the United States by age category of children ages 0 to 17. For each area, estimates were calculated for families whose food expenses corresponded to the economy-, low-, moderate-, and liberal-price-level food plans issued by the U.S. Department of Agriculture; these food plans acted as proxies for household income level.

The 1991 estimates of parental expenditures on children, the most recent estimates available, are based on the 1987 CE, updated to the latest year using the Consumer Price Index for all Urban Consumers (*10*). These most recent expenditure estimates are provided for two- and one-parent families by age category of children ages 0 to 17. The estimates are calculated by family income level for the overall United States, urban areas by region, and overall rural areas.

Changes in Overall and Specific Expenditures on Children

Because the 1961 estimates of the cost of raising a child were based on the U.S. Department of Agriculture's food plans and not income levels directly, only a general comparison between these estimates and the 1991 estimates is possible (table 2). The lower-third income group (before-tax income under $31,200) of the 1991 estimates roughly corresponds to some point between the economy- and low-price food plans of the 1961 estimates. The middle-third income group (income between $31,200 and $50,400) in the 1991 estimates falls between the low- and moderate-price food plans, and the 1991 higher-third income group (income over $50,400) is between the moderate- and liberal-price food plans. Although the original estimates did not contain figures for the overall United States, child-rearing expense estimates for the urban Midwest approximated an average of all regions so may be used as a proxy for overall U.S. figures.

Table 2. Expenditures on a child by husband-wife families (in 1991 dollars)

1961 Estimates	1991 Estimates
Economy Price Level $2,910 - $4,080	Before-tax income below $31,200 $4,520 - $5,700
Low Price Level $4,040 - $5,760	Before-tax income $31,200 - $50,400 $6,400 - $7,780
Moderate Price Level $5,420 - $8,040	Before-tax income about $50,400 $9,160 - $10,690
Liberal Price Level $7,040 - $10,460	

Note: Estimates represent expenses on a single child age 0 to 17 in a two-child family. Dollars for 1961 inflated using the Consumer Price Index for All Urban Consumers.

Source: Estimates were calculated from U.S. Department of Agriculture, Agricultural Research Service, Family Economics Research Group, 1992, Expenditures on a Child by Families: 1991; U.S. Department of Agriculture, Agricultural Research Service, Family Economics Research Group, 1961, Annual Cost of Raising a Child.

Figure 4. Expenditure shares on a child by husband-wife families, 1961 and 1991 estimates by Family Economics Research Group

Note: Estimates represent expenses on a single child age 0 to 17 in a two-child family.

Source: Calculated from U.S. Department of Agriculture, Agricultural Research Service, Family Economics Research Group, 1992, Expenditures on a Child by Families: 1992; U.S. Department of Agriculture, Agricultural Research Service, Family Economics Research Group, 1961, Annual Cost of Raising a Child.

In constant 1991 dollars, the range of expenditures spent on children by married couples at all income levels was narrower and higher at the bottom range in 1991 than 1960-61 (table 2). The figures represent annual expenses on a single child age 0 to 17 in a two-child family. Based on the 1961 estimates, families at the economy- and low-price levels spent between $2,910 and $5,760 (in 1991 dollars) on a child yearly, depending on the age of the child. Based on the 1991 estimates, families in the bottom third income group spent between $4,520 and $5,700 annually on a child.

The generally higher real expenditures on a child in 1991 likely represent purchases of different goods and services. For families in the middle group, a higher proportion of total expenditures on a child went to housing in 1991 than in 1961 (33 percent compared with 29 percent) and other expenses (18 percent in 1991 compared with 13 percent in 1961) (figure 4). Homes are larger and children may not share rooms with their siblings as much as they used to. In addition, items that did not exist in 1961, such as video games and home computers, are now common among children. In 1991, a lower proportion of total expenses on a child went to food (18 percent compared with 26 percent in 1961) and clothing (8 percent compared with 11 percent in 1961). There was little difference in the shares allocated to transportation and health care for a child in the two periods. The trends in child-rearing expenditure shares in the middle-income group held for the other two income groups.

Discussion

In studying the changes in economic status of families with children from 1960-61 to 1990, can we conclude that these families were better-off in 1990 than in 1960-61? The answer to this question depends on how "better-off" is defined. Typically, it has been defined as an increase in real income. Using this measure, it can be said that married-couple families with children were better-off in 1990 than in 1960-61. But because this higher real income was achieved mainly through greater participation in the labor force by wives, with both direct and indirect costs, the answer is not clear-cut.

Another interesting question is whether the growth in real income contributed to or resulted from the rise in real expenditures. Did families work more and then decide to spend more or did the cost of living force them to work more to meet expenses? The answer probably lies somewhere in between. Home ownership has been a goal for most families. Many families may have increased their work effort so they would be able to afford a home. Others have had to work more to keep up with their housing expenses.

Although married couples with children achieved some increase in their economic status, as measured by a growth in real income and rise in home ownership, the same cannot be said of single-parent families. Such families experienced a decline in real income and home ownership from 1960-61 to 1990. During this time, single-parent families accounted for an increasing proportion of all families with children. The economic status of more and more families with children, therefore, appears to be worsening.

Children are also costing more to rear. Parents generally spent more real dollars on their children in 1991 than in 1960-61. These higher expenses need to be recognized by States in setting child support guidelines and foster care payments. Child support awards that reflect the cost of rearing a child would inhibit the trend of many female-headed households with children falling into poverty after marital dissolution. It would also reduce the burden on the U.S. public welfare system, which has typically substituted welfare payments for child support awards that are either too small or nonexistent.

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Changes in the Economic Status of America's Elderly Population During the Last 50 Years

By F.N. Schwenk
Research Leader
Family Economics Research Group

The economic well-being of elderly people has long been a concern of our Nation. This paper reviews the changes in economic status of elders over the past 50 years. There have been increases in both income and wealth and a decline in poverty rates, partly as a result of public policy and programs, including Social Security and Medicare. Demographic changes, technology, economic conditions, and consumer preferences have also affected expenditure patterns of elders. Data on allocation of expenditures from consumer expenditure surveys dating back to 1950 are presented. Elders have allocated a decreasing share of their expenditures to food and apparel over the past five decades. Shares for housing, transportation, and health expenditures have increased. Review of the changes in economic status of the elderly over the past 50 years helps policymakers and educators in assessing the current status and setting a course for the future.

Tracing the economic status of the elderly over the last 50 years provides evidence of phenomenal change. *Family Economics Review* reported many of these changes including this statement from the September 1959 issue: "Older citizens today are probably living better than those of 10 years ago, if the increased number receiving regular incomes and the higher level of their incomes are indications. Much of the added income is from social insurance and related Government programs, including Old Age, Survivors, and Disability Insurance (OASDI); railroad retirement; Government employees' retirement; and veterans' compensation and pensions. Two out of 3 persons 65 years of age and over received some income from these sources in June 1958. Ten years earlier only 1 out of every 5 persons received these benefits."

In the last 50 years, America has experienced a large increase in the number of persons 65 years or older. Fifty years ago, there were 9 million elders who accounted for 7 percent of all Americans. Today, there are 32 million people 65 years or older, and they constitute 13 percent of the total population (*1,6,23*).

As Soldo and Agree report, "there is no historical precedent for the aging of our population. We are in the midst of a new social phenomenom... we cannot foresee all the repercussions, implications, or social changes stemming from the presence of so many older persons." (*18*). By examining the development of this phenomenon over recent decades, we may better understand our current and future situations.

The economic status of elders is partially the result of the environment in which their decisions were made. Fifty years ago, today's elders were as young as age 15. Our Nation was in the midst of World War II. Many of the young men were away at war; many of the women were in the labor force to keep the factories running and the country's economy producing. Those events, and the ones that followed as the war ended and men returned to work or to attend college, influenced the economic status of today's elders. Many of them remember vividly the Great Depression of the 1930's and still retain financial beliefs and practices developed in those years. But, it is necessary to go much farther back in history to identify the events that shaped the lives of people who were elderly 50 years ago. Those who were age 65 years or older in 1943 had been born by 1878. They grew up in an agrarian economic environment that, during their lifetimes, became increasingly urbanized and industrialized.

Thus, the levels of living achieved by the elderly 50 years ago or the elderly of today are the product of many factors, some generational in nature and some individual and personal, reflecting choices about education, savings, health practices, and many other matters. Among the shared factors of today's elders were changes in life expectancy, living arrangements, and income. All of these affected their expenditures and level of living.

Demographic Factors

Life Expectancy Increased

Life expectancy has greatly increased since the turn of the century. Increased longevity during the first half of the century was primarily achieved through the control of infectious diseases, which particularly affected children. During the last 50 years, gains in longevity have been made among the middle-age and elderly populations (*1*).

Table 1 shows the changes in life expectancies over the years and the differences between men and women. In 1900, the life expectancy at birth was 47 years; today, it is 75 years. Life expectancy for a 65-year-old person in 1900 was 12 additional years; today, it is 17 years. The life expectancies of 65-year-old men and women were similar in 1900, but today, women this age live almost 4 years longer than men. As a result, the ratio of male to female elders has declined sharply in the last 50 years as shown in figure 1, p. 20.

Proportion of Populations Who Are Elderly Increased

Because people are living longer, the proportion of the total population that is 65 years or older has increased from 6.8 percent in 1940 to 12.6 percent in 1990 (figure 2, p. 20). The group of people 85 years or older has increased most rapidly. There are now over 3 million in this group, 9 times as many as in 1940 (*1*).

Table 1. Life expectancy at birth and age 65

Year	All races		
	Both sexes	Men	Women
At birth			
1900[1,2]	47.3	46.3	48. 3
1940	62.9	60.8	65.2
1950[2]	68.2	65.6	71.1
1960[2]	69.7	66.6	73.1
1970	70.9	67.1	74.8
1980	73.7	70.0	77.4
1990	75.4	72.0	78.8
At age 65			
1900-1902[1,2]	11.9	11.5	12.2
1940	12.8	12.1	13.6
1950[2]	13.9	12.8	15.0
1960[2]	14.3	12.8	15.8
1970	15.2	13.1	17.0
1980	16.4	14.1	18.3
1990	17.3	15.3	19.0

[1]Ten States and the District of Columbia.
[2]Includes deaths of nonresidents of the United States.

Sources: U.S. Department of Health and Human Services, (29, 30); Grove, R.D. and Hetzel, A.M., 1968, Vital Statistics Rates in the United States, 1940-1960, U.S. Department of Health, Education, and Welfare (5); U.S.Department of Commerce, Bureau of the Census (24).

More Elders Live Alone

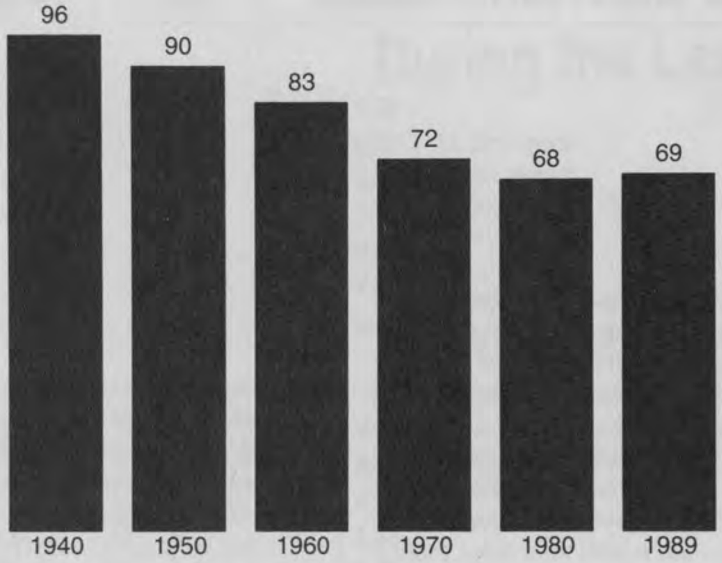
Since 1965, the earliest year reported, the percentages of men and women living alone have both increased (figure 3, p. 21). The percentages living with others (relative or nonrelative, but not spouse) have decreased. This may reflect the increased economic independence of elders. They can afford to live alone so do not live with their children. Because women outlive men, most older men (74 percent) live with spouses, whereas only 40 percent of older women live with husbands. Forty-two percent of women live alone, compared with 16 percent of men (*16,22*).

Economic Status

Poverty Has Decreased

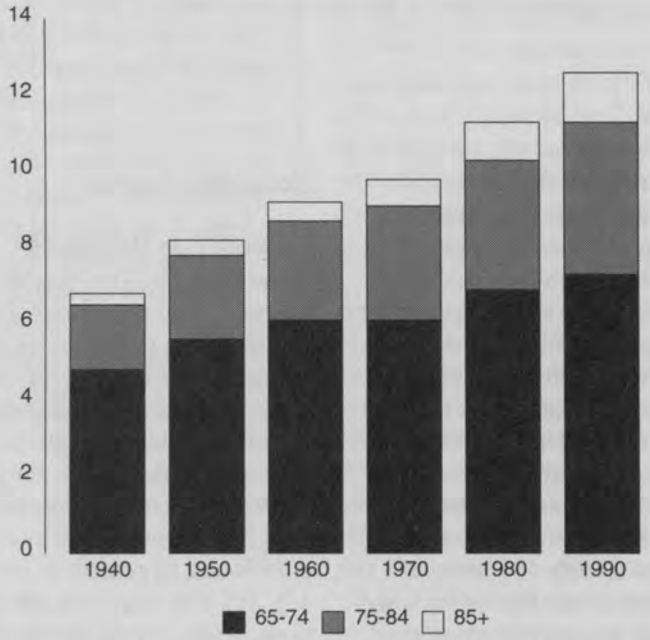
Because people are living longer, resources must stretch over longer periods. Thus, poverty rates might be expected to be higher than formerly. Yet, poverty has decreased among older Americans. Using the poverty measure developed in the 1960's, the poverty rate for people 65 years or older dropped from 29 percent in 1966 to 15 percent in 1974 and 12 percent in 1991 (figure 4, p. 21). This improvement in the economic status of older people during the 1960's and 1970's may be attributed to increased employer-sponsored pension benefits and Social Security benefits.

Figure 1. Ratio of males to females, 65 years or older, 1940–89



Source: U.S. Department of Commerce, Bureau of the Census, 1991, Statistical Abstract of the United States, 1991, [111th ed.] (22).

Figure 2. Percentage of population 65 years or older, 1940–90



Source: U.S. Department of Commerce, Bureau of the Census, 1991, Statistical Abstract of the United States, 1991, [111th ed.] (22).

For example, cost-of-living increases from 1968 to 1971 raised Social Security benefits by 43 percent (*1*).

Median Income Increased

Median income (in 1990 dollars) of elderly families in 1945 was $10,565; in 1990, it was $25,049.[1] Between 1965 and 1990, median income increased by 74 percent, compared with a 20-percent increase in median income of nonelderly families over the same period (figure 5, p. 22) (*1,25-28*). While the income of nonelderly families leveled off, the income of elders continued to increase because Social Security benefits were indexed to the Consumer Price Index beginning in 1972 (*37*).

Median income of the elderly, relative to the nonelderly, is shown in figure 6, p. 22. In 1950, the median income of elderly family units was 54 percent that of nonelderly families. This ratio dropped to 46 percent in 1970 and then increased to 67 percent in 1990. The increase in income relative to the income of the nonelderly is attributable to increased Social Security benefits (*17*).

Sources of income have shifted over the years. Earnings accounted for 29 percent of the income of the elderly in 1967. By 1986, that had dropped to 17 percent, reflecting earlier retirement. Income from financial assets increased from 15 percent to 26 percent during that same period. Social Security rose from 34 percent to 38 percent, and pensions were stable at about 16 percent during this time (*8*).

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[1]Household income was considerably less than family income because households include one-person units.

Other Aspects of Improvement in Economic Status

The above discussion on income refers to a simple measure—before-tax income, adjusted by the Consumer Price Index. Patterns of after-tax income over the years could be different since tax rates changed from time to time.

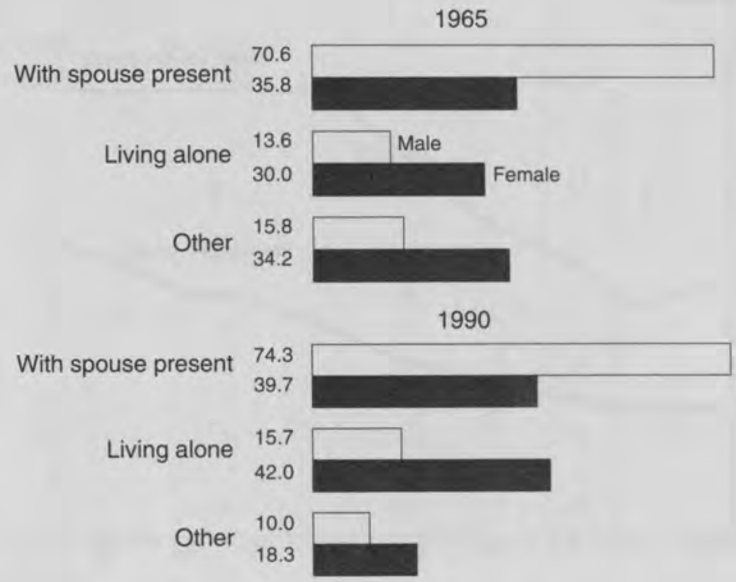
Also, the adequacy of income is related to family size, and the family size of elderly households decreased over time. When income was adjusted for household size (income per person), the increase in income of elders was even greater. From 1967 to 1984, average real family income of the elderly grew by 42 percent. When adjusted for family size, the growth was 55 percent (*8*).

Nonmoney income sources, especially housing programs and Medicare, have increased the economic well-being of elders during the last few decades. One estimate suggests that the effect of adjustments for in-kind transfers, implicit income from housing, and lower tax rates increased the income of elderly by about 12 percent (*8*).

Also, assets are important indications of economic status. In 1950, 59 percent of older people reported owning their own home. In 1990, 76 percent were homeowners (*31,36*). Farm and business property and financial assets (stocks, bonds, savings accounts, etc.) have contributed to wealth in differing proportions. The value of elders' holdings of private pensions has increased as more elders are covered by pension plans. There has also been a steady increase in public funds, primarily Social Security and Medicare that may be considered assets for the elderly.

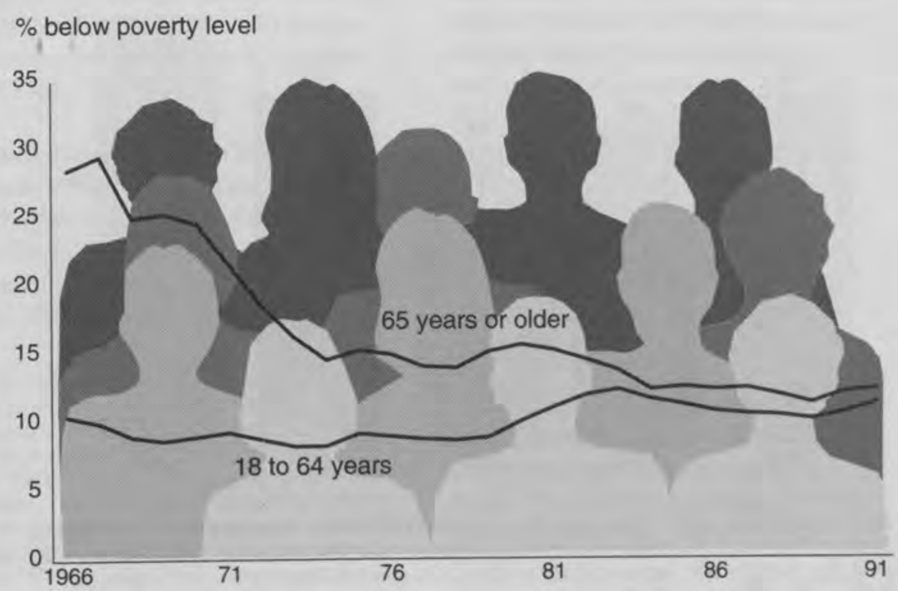
Trends in wealth over time are difficult to determine because researchers have used different definitions of assets and different sample designs and questions. Levy and Michel report on three studies

Figure 3. Living arrangements of persons 65 years or older, by sex: 1965–90



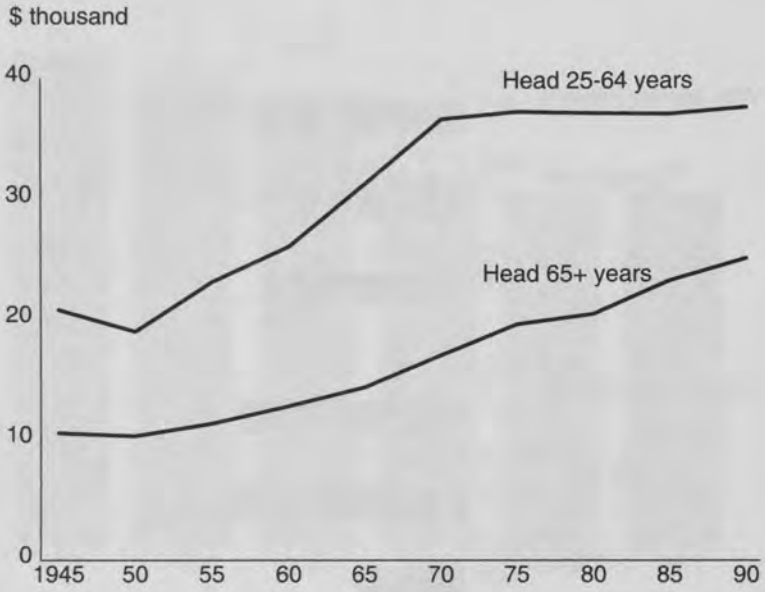
Sources: Saluter, A.F., 1991, Marital Status and Living Arrangements: March 1990, Current Population Reports, Population Characteristics, Series P-20, No. 450, U.S. Department of Commerce, Bureau of the Census (16); and U.S. Department of Commerce, Bureau of the Census, 1991, Statistical Abstract of the United States, 1991, [111th ed.] (22).

Figure 4. Poverty rates of elderly and nonelderly adults, 1966–91



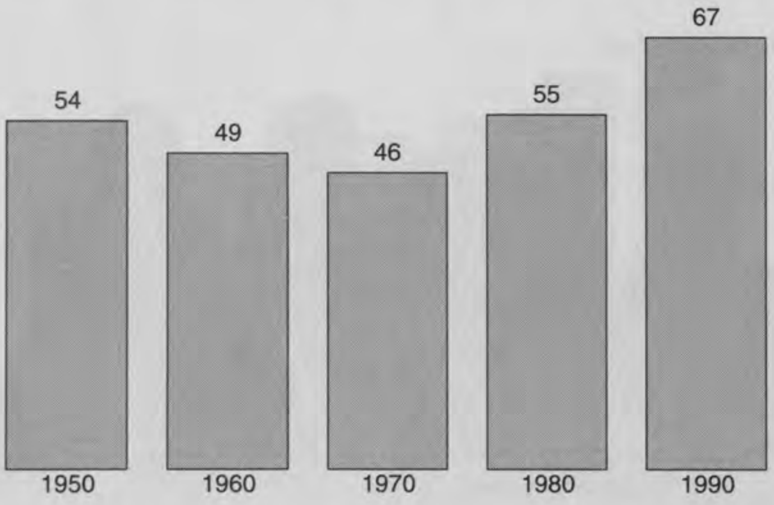
Source: U.S. Department of Commerce, Bureau of the Census, 1992, Poverty in the United States: 1991, Current Population Reports, Consumer Income, Series P-60, No. 181 (21).

Figure 5. Median income of elderly and nonelderly families in 1990 dollars, 1945–90



Sources: Aging America: Trends and Projections, 1991 Edition, Prepared by the U.S. Senate Special Committee on Aging, the American Association of Retired Persons, the Federal Council on Aging, and the U.S. Administration on Aging (1); and U.S. Department of Commerce, Bureau of the Census (24-28).

Figure 6. Median income of elderly families as a percentage of median income of nonelderly families, 1950–90



Sources: Aging America: Trends and Projections, 1991 Edition, Prepared by the U.S. Senate Special Committee on Aging, the American Association of Retired Persons, the Federal Council on Aging, and the U.S. Administration on Aging (1); and U.S. Department of Commerce, Bureau of the Census (25,27).

that used, in general, the same components of gross wealth and debt (including home equity and other financial holdings and obligations, but excluding Social Security and defined-benefit pension wealth) (*13*). The earliest of the three studies was by Katona (*11*) who reported a change in net wealth of families headed by a person 65 years or older of 1-percent decrease for the period 1953-62. Greenwood and Wolff (*4*) reported a 24-percent increase for 1962-73, and a 1-percent decrease for 1973-83. Weicher and Wachter (*39*) calculated a 35-percent increase for 1977-83.[2] Lewin and Sullivan observe that the largest increases in older Americans' wealth came from their financial assets, but home equity remains the principal form of wealth for the majority (*14*).

Expenditures

Expenditure Surveys

Income and assets are useful measures of economic well-being, but final consumption is usually of more interest (*17*). Consumption patterns have changed over the years. Expenditure surveys conducted by the Bureau of Labor Statistics that date back to the late 19th century (*10*) (and include surveys in 1901, 1917-19, 1935-36, 1950, 1960-61, 1972-73, and continuously since 1980) demonstrate these changes (*9,12,31-36*).

The 1935-36 Consumer Purchases Study was not a national survey. It was based on "families in small cities, villages, and on farms in the Middle Atlantic and North Central regions of the United States." It excluded "foreign-born, Negroes, families on relief, and those with broken marital ties" (*3*). The 1950 survey (*36*) was the first national survey, but it was limited to urban families.

[2]These findings suggest that the period 1977-83 differed from that of 1973-77 or that comparisons of net wealth over time are difficult.

Table 2. Budget shares for urban consumer units age 65 or older, 1950-90

Expenditure	1950	1960	1972-73	1980-81	1990
Mean total expenditures (current $)	$ 2,690	$ 3,653	$ 5,671	$10,754	$17,341
Mean total expenditures (1990 $)	14,649	16,130	17,197	16,221	17,341
			Percent		
Food	30	23	21	21	19
Housing					
Shelter	12	15	17	16	19
Utilities	6	6	8	10	10
Furnishings, operations	10	9	5	6	5
Transportation	10	10	14	16	16
Apparel	8	7	6	4	4
Health care	6	9	8	10	12
Entertainment and reading	4	3	3	4	5
Miscellaneous[1]	14	18	18	13	10

[1]Miscellaneous includes alcohol, personal insurance, gifts, contributions.

The 1960-61 and 1972-73 (*33*) surveys included rural households. Published tables of the 1980-81 survey did not include the rural sample (*32*). Thus, to provide consistent comparisons across surveys, this report includes only urban families and begins with the 1950 survey.[3]

Table 2 shows average expenditures for urban consumer units[4] with a head 65 years or older for five surveys during the last five decades. Total expenditures are shown in current dollars and in 1990 dollars as adjusted using the Consumer Price Index. The budget shares for categories[5] were calculated using current dollars.

Expenditure Trends

In 1990 dollars, mean total expenditures by urban elders increased from $14,649 in 1950 to $17,341 in 1990. The per capita increase was greater because the average family size in 1950 was two persons; in 1990, it was 1.7 persons (*31,36*).

Budget shares changed considerably from 1950 to 1990 (figure 7, p. 24). The percentage of expenditures allocated to food dropped sharply in the 1950's, from 30 percent in 1950 to 23 percent in 1960. Food share declined further to 19 percent in 1990. Apparel also declined. In 1950, clothing accounted for 8 percent of expenses, compared with 4 percent in 1990.

Increasing shares of the budget have been allocated to housing, transportation, and health expenditures. Housing expenditures consist of shelter, utilities, and other costs such as home furnishings and operations. Shelter (interest on mortgage, rent, property tax, and insurance) increased from 12 percent to 19 percent; utilities grew from 6 percent to 10 percent. Transportation expenses were 10 percent of the budget in 1950; by 1990, they had increased to 16 percent. The portion spent on health care doubled from 6 percent to 12 percent during the same period.

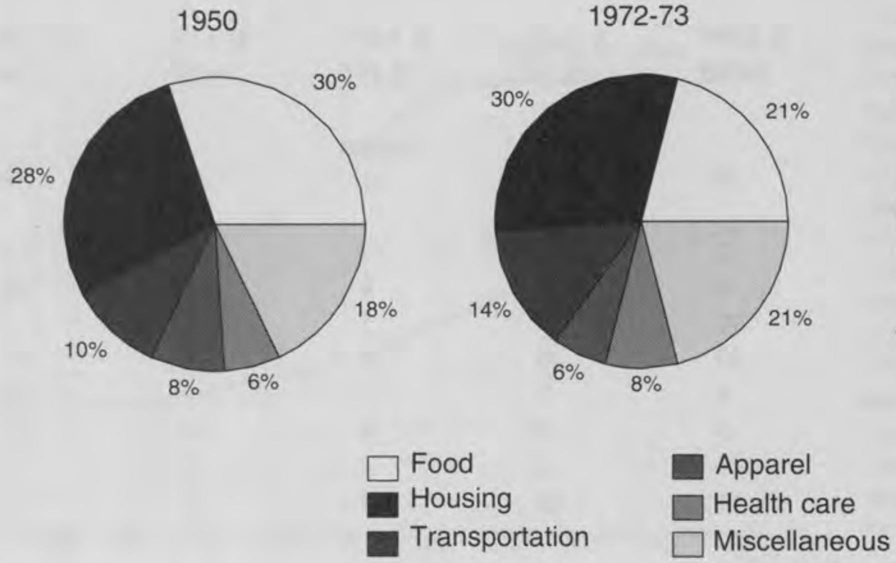
With the exception of health expenditures, these trends are similar to those of the nonelderly population during these years. (See Jacobs and Shipp (*9,10,20*) for expenditure patterns of the U.S. population.)

[3]Over the years, there were changes in the age categories used for elders. Some surveys reported expenditures for consumer units headed by a person 65 years or older; others reported separately for ages 65-74 and 75 or more years. To provide consistency, the mean expenditures of the two age categories (65-74; 75+ years) were weighted by population proportion, and the mean expenditures for units with heads 65 years or older were calculated.

[4]A consumer unit consists of either: (1) all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements; (2) two or more people living together who pool their income to make joint expenditures; or (3) a person living alone or sharing a household with others, but who is financially independent.

[5]Expenditure categories were defined differently from survey to survey before 1980. So that expenditures could be compared over the years, categories have been adjusted, whenever possible, to match 1980 data. For instance, the 1950 and 1960-61 surveys—unlike later surveys—reported gifts and personal insurance separately from total expenditures. Table 2 shows total expenditures for 1950 and 1960-61 that have gifts and personal insurance added in. Data for 1972-73 have been taken from published tables prepared by BLS using 1980 definitions (*32*).

Figure 7. Budget shares for urban consumer units age 65 or older, 1950–90



Sources: U.S. Department of Labor, Bureau of Labor Statistics (31,32,36).

The share spent for food steadily declined for elderly and nonelderly Americans reflecting lower food costs, higher incomes, and smaller households. Other data support this finding and also show that Americans spend a smaller share on food than other nations (*19*).

The percentage of expenditures allocated by all Americans for shelter and utilities in 1990 was nearly double that in 1950 (*10*). Shelter and utility costs increased because home ownership increased, the size of homes increased, and new features such as air conditioning that were not as available in 1950 have become commonplace in 1990. Elder's housing share increased considerably but not quite as much. Perhaps the budget share of elders has been moderated by housing programs for the elderly. Since 1959 (see box), Section 202 of the Housing Act has provided rental housing units for 6 of every 1,000 elderly persons. (For descriptions of housing programs and energy assistance programs for the elderly, see Senate Hearings (*37*).)

Transportation costs increased for elders partly because the average number of owned vehicles increased. In 1960, less than half of urban elders owned an automobile. In 1990, 77 percent had at least one vehicle; 35 percent had two or more (*31,34*).

Health care expenditures, as a percentage of the elderly's total expenditures, doubled despite Medicare and Medicaid programs begun in 1965. (For description of health care programs for the elderly, see Senate report (*37*).) Not only has the cost of health care increased, the quality of health care reflects technological advances. Also, people are living longer so may require more health care.

Thus, there have been major shifts in the way elders allocate their dollars. Housing makes up 34 percent of total expenditures now, compared to 28 percent in 1950, making it the largest expense. Currently, housing is followed by food, transportation, and health care. In 1950, food represented the largest share and clothing was a greater share than health care. Factors contributing to these variations were demographic changes such as declining family size, technological advancements in such areas as food production and distribution and medical care, public policies and programs such as Medicare, economic conditions such as the housing market, and consumer preferences of elders such as vehicle ownership.

Major Historical Developments of Aging Policy

1935	Social Security Act
1950	Amendments to assist States with health care costs
1959	Section 202 Direct Loan Program of the Housing Act
1960	Extension of Social Security benefits
	Advisory Commissions on Aging
1961	Senate Special Committee on Aging
	First White House Conference on Aging
1965	Medicare and Medicaid
	Older Americans Act
	Establishment of Administration on Aging
1971	Second White House Conference on Aging
1972, 1977	Social Security Amendments
1974	Supplemental Security Income
	Title XX
	House Select Committee on Aging
	Change in mandatory retirement age
	Establishment of the National Institute on Aging
1980	Federal measures to control health care expenditures
1981	Third White House Conference on Aging
1986	Elimination of mandatory retirement
1987	Nursing Home Reform Act
1989-90	Medicare Catastrophic Health Care Legislation passed, then repealed

Source: Hooyman, N.R. and Kiyak, H.A. 1991. Social Gerontology: A Multidisciplinary Perspective (2nd ed.). Allyn and Bacon, Boston (7).

Summary

Over the past 50 years, major changes in life expectancy, age and gender composition of the elderly population, living arrangements, proportion living in poverty, home and vehicle ownership, and expenditure patterns have affected the economic well-being of elders. The expansion and indexing of Social Security, and the introduction of Medicare and Medicaid, as well as other policies (see box) and programs (*38*), have substantially increased the economic security of elders.

Although elders as a group have made gains in economic status, there are individual elders who are not economically secure. Crystal and Shea (*2*) state that their analysis "indicates that resources among the elderly are distributed even more unequally than among the rest of the population." Moon states that "As a society, we have made great strides in improving the economic status of many of our older citizens... but progress does not come evenly. Aging differently affects the economic status of older Americans." Unmarried women, minorities, and the oldest-old are identified as most vulnerable (*15*).

Thus, looking back 50 years provides a panorama of many changes in the economic status of elders, most of which were positive. Looking ahead 50 years presents the challenge of addressing the economic needs of older adults who do not share in the economic security experienced by most elders. Also in the future are challenges associated with the major increases in the elderly population as the baby boomers become elders. In 2040, the projected number of people in the United States 65 or older is 68 million, 23 percent of the population (*1*). Their economic status will be determined by a wide range of factors, including the economic decisions they are making during these earlier years, as well as environmental, economic, political, social, and technological events ahead.

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Residents of Farms and Rural Areas: 1990

Data from the 1990 Current Population Survey (CPS) were used to present a statistical portrait of U.S. farm resident and rural area populations. Included are the size, historical change, geographic setting, and economic and social characteristics of individuals and households living on farms and in rural areas.

The farm-resident population consists of people who reside on farms;[1] residents of rural areas include those who live outside urban settlements, including wilderness areas, sparsely settled areas, farmland, and small places with fewer than 2,500 residents.

The nonfarm-resident population includes (1) people living in rural areas but not on a farm (rural nonfarm population) and (2) people living in urban areas (urban population).

Population Size

The 4.6 million people residing on farms in 1990 accounted for almost 2 percent of the Nation's total population. During the 1980's, the farm-resident population declined by 24 percent—comparable to the 25-percent decline during the 1970's.

In 1990, almost 67 million people lived in rural areas, 27 percent of the U.S. population. Farm residents accounted for about 7 percent of the Nation's rural area residents (see table).

In contrast to the decline in the farm-resident population during the decade, the overall number of people residing in rural areas increased by 13 percent since 1980, while the urban population rose by 7 percent. This increase reflects, in part, the suburban expansion of urban settlement into territory that was rural in 1980. Nevertheless, farm residents continue to live outside metropolitan settlements. In 1990, a total of 74 percent of the country's farm residents and 54 percent of all rural residents lived in nonmetropolitan areas.

Region

The farm-resident population was more concentrated in the Midwest than was the general population in 1990. One-half of U.S. farm residents (2.3 million) lived in the Midwest but made up only 4 percent of that region's total population. Almost 30 percent of farm residents lived in the South (1.4 million).

Only 40 years ago, the proportions of the Nation's farm residents living in the South and the Midwest were interchanged. At that time, the South was home to 52 percent of all farm residents and the Midwest was home to 32 percent. This reversal can be attributed to the exceptionally large decline in the number of southern farm residents.

Labor Force Participation

Farm residents were somewhat more likely to be in the labor force than their nonfarm counterparts. They were also less likely to be unemployed than people who lived elsewhere because the CPS defines farm employment as either working on own farm or on a farm operated by a family member, including working without pay if for 15 hours or more.

The number of people employed in farming reached a peak of 11.5 million in 1910. This number has now declined to an estimated 3.3 million or 3 percent of the Nation's workers. Contrary to the generally held image that associates farm work directly with farm residence,

[1] A farm is a place that sold agricultural products valued at $1,000 or more during the year preceding the survey. Farms in this study are restricted to those located in rural areas.

Total, farm resident, and rural area populations,[1] 1986-90

Year	Total	Farm resident		Rural area	
		Total	Percent	Total	Percent
1990	246,081	4,591	1.9	66,964	27.2
1989	243,518	4,801	2.0	66,211	27.2
1988	240,887	4,951	2.1	64,798	26.9
1987	238,540	4,986	2.1	63,889	26.8
1986	236,333	5,226	2.2	63,133	26.7

[1]Numbers in thousands.

Source: Dahmann, D.C. and Dacquel, L.T., 1992, Residents of Farms and Rural Areas: 1990, Current Population Reports, Population Characteristics, Series P-20, No. 457, U.S. Department of Agriculture, Economic Research Service, and U.S. Department of Commerce, Bureau of the Census.

only 34 percent of all people who engaged in farming as an occupation lived on farms in 1990. Not only do most people with farm occupations not live on farms, but most employed farm residents (55 percent) work primarily in nonfarm occupations.

Most people working in farm-related occupations work in agricultural industries, which include both farming and a variety of farm-related activities.[2] Nationally, 3 percent of the population were employed solely or principally in agricultural industries in 1990.

Farm-resident workers were more likely to be self-employed than workers living elsewhere. Among employed farm residents in 1990, a total of 38 percent were self-employed, 4 percent were unpaid family workers, and 58 percent were wage and salary workers.

[2]People are considered to be engaged in agricultural industries if they are farm operators, managers, or laborers, employed in nonagricultural occupations like truck driver and mechanic when such work is actually located on a farm, or engaged in activities that are not strictly farm operations—such as tree service, kennels, greenhouses, and veterinary and breeding services—but are classified as agricultural industries.

Income

The median income of farm-resident households ($28,824) did not differ significantly from that of nonfarm-resident households ($28,908) in 1989. This median income represents a significant gain for farm-resident households relative to nonfarm households since 1987.

Poverty rates in 1989 for farm (11 percent) and nonfarm (13 percent) residents were not significantly different. Similarly, farm-resident *families* were in poverty no more often than their nonfarm counterparts.

Demographic Characteristics

Farm residents tend to be older than other Americans, and male farm residents outnumber females. In 1990, the farm-resident population was overwhelmingly white (98 percent, compared with 84 percent of nonfarm residents).

The 1.6 million **households** that lived on farms in March 1990 accounted for almost 2 percent of the Nation's households. As recently as 1940, at least 20 percent of all households resided on farms.

Farm-resident **families** represented more than 2 percent of all American families. The proportion of husband-wife families was far larger among farm families (92 percent) than among nonfarm families (79 percent). The average size of farm and nonfarm families in 1990 was similar (3.09 vs. 3.17 persons per family), although historically, families residing on farms have been larger. About 60 percent of farm families had no own children under 18 years old living at home, compared with 51 percent of nonfarm families.

People 15 years old and over who reside on farms were much more likely to be married, with their spouse present in the same household (70 percent), than those not living on farms (55 percent). As a result, farm residents were less likely to be never married, married but without their spouse being present, widowed, or divorced. The fertility of women of child-bearing age (15-44 years old) was higher among those residing on farms than among those not living on farms, especially among 35- to 44-year-old women—2,478 children born per 1,000 farm women versus 1,964 children per 1,000 nonfarm women.

Source: Dahmann, D.C. and Dacquel, L.T., 1992, *Residents of Farms and Rural Areas: 1990*, Current Population Reports, Population Characteristics, Series P-20, No. 457, U.S. Department of Agriculture, Economic Research Service and U.S. Department of Commerce, Bureau of the Census.

Consumer Spending in the 1980's

The 1980's have been described as a decade of "economic confidence and robust consumer spending." Spending during the period was clearly affected by women's increased labor force participation and baby boomers' entrance into their peak earning years. Timesaving and entertainment-related goods and services became extremely popular. This article examines the spending pattern of U.S. consumers on selected durables and services from 1980 through 1990. Data are from the Interview component of the Consumer Expenditure Survey, an ongoing survey conducted for the Bureau of Labor Statistics by the Bureau of the Census.

In terms of expenditures, the product life cycle for **durable goods** follows a pattern that depends on price and demand. Average expenditures are low and prices are high when a product is first introduced. As the price of the product declines, purchases increase for a time and finally peak. Thereafter, a period of level demand reflects replacement purchases and those made by newly formed households. Data indicate that electronic goods such as sound components and component systems, videocassette recorders (VCR's) and video disc players, and microwave ovens followed the expected pattern for expenditures and percent of households reporting a purchase (see table).

The average annual expenditure for sound components and component systems and the percentage of households reporting the purchase of such systems peaked in 1985. The compact disc player was first introduced in 1983. Demand expanded considerably in 1985, as the price declined.

The introduction of the videocassette recorder allowed television viewers the convenience of taping programs for later viewing. The annual expenditure for VCR's and video disc players peaked in 1985. The percentage of households reporting purchases of these items increased through 1987. In turn, a new market for the sale and rental of tapes and discs developed, particularly among husband-wife families with children.

The introduction of video games and VCR's boosted sales of television sets in the eighties. New features, such as the wireless remote control and new screen sizes and shapes, also helped increase sales of TV sets. Although prices of televisions, as measured by the Consumer Price Index, declined 29 percent from 1980 to 1990, the average expenditure on televisions rose 23 percent.

In 1983, the average annual expenditure for telephones and accessories, excluding telephone services, increased because of the deregulation of the telephone industry in late 1982. Average annual expenditures for telephone-answering devices, and the percentage of households purchasing them, have also been increasing since 1982. New features and use of telephone lines by home computer modems are other reasons for the rise in demand for telephones in the late 1980's.

When personal computers were first introduced to U.S. consumers in 1975, they were bought by households mostly for their game-playing and graphics capabilities. Since 1986, expenditures have increased steadily because manufacturers have focused on the more mature computer market and introduced models for more practical applications. Many schools require computer classes for graduation, and many parents are buying personal computers for their educational value.

The microwave oven reduced the cooking time of many foods, which is helpful to households that view time as a limited commodity. Average annual expenditure on these ovens peaked in 1984; the percentage of consumer units reporting microwave oven expenditures started to decline in 1986.

U.S. consumers allocated a larger share of their spending dollars to **services** in the 1980's. The increased availability of cable television gave consumers the opportunity to receive as many as 78 channels. From 1984 to 1990, average annual expenditures for cable TV and community antenna rose 95 percent, and the percentage of households purchasing them increased from 35 percent to 51 percent.

As the number of mothers working outside the home increased, the need for child-care services also increased. These services may occur in the child's home or in a day-care center. Among husband-wife families with an oldest child under 6 years, the percentage who reported day-care expenses rose from 21 percent to 33 percent in the past decade.

Also related to the increased numbers of employed women is the percentage of consumer units reporting expenditures for meals away from home and for housekeeping services. The percentage of households that purchased meals in restaurants increased from 74 percent in 1980 to 79 percent in 1990. The average expenditure and the percentage of households reporting expenditures for housekeeping services also increased during the decade. A 42-percent rise in the prices of housekeeping services contributed to the increase in consumer spending.

Source: Gray, M.B., 1992, Consumer spending on durables and services in the 1980's, *Monthly Labor Review* 115(5):18-26.

Average annual expenditures[1] and percentage of consumer units[2] reporting expenditures for selected durable items and services, Consumer Expenditure Survey, Interview Survey, selected years, 1980-90

Item	1980	1982	1984	1986	1988	1990
Durable goods						
Sound components and component systems						
Expenditures	$25	$21	$20	$29	$28	$30
Percentage reporting	7.2	5.7	5.4	7.2	6.4	7.2
Videocassette recorders and video disc players						
Expenditures	6	22	42	50	47	44
Percentage reporting	.7	2.4	7.1	11.5	9.8	8.8
Televisions						
Expenditures	60	66	69	72	68	74
Percentage reporting	17.1	16.9	16.9	18.6	16.4	15.4
Telephones and accessories						
Expenditures	NA	4	9	8	11	14
Percentage reporting	NA	17.4	14.8	15.0	18.1	19.6
Telephone-answering devices						
Expenditures	NA	1	2	4	4	5
Percentage reporting	NA	.6	1.6	3.3	4.5	5.8
Computers and computer hardware						
Expenditures	NA	9	26	36	43	46
Percentage reporting	NA	.8	3.7	4.9	4.2	4.4
Microwave ovens						
Expenditures	14	20	24	20	14	9
Percentage reporting	2.9	4.4	6.6	8.0	6.7	4.4
Services						
Rental of videocassettes, tapes, and discs						
Expenditures	NA	.2	3	12	23	25
Percentage reporting	NA	.1	1.8	9.1	17.7	18.9
Community antenna and cable TV						
Expenditures	29	59	84	107	137	164
Percentage reporting	19.2	29.6	34.6	41.7	47.4	51.0
Day care						
Expenditures	30	38	55	71	87	106
Percentage reporting	3.4	3.7	4.3	4.9	5.1	5.3
Baby-sitting						
Expenditures	44	53	62	76	72	88
Percentage reporting	6.8	7.4	7.3	6.8	5.9	6.5
Meals at restaurants, carryouts, and other establishments						
Expenditures	503	595	642	687	742	757
Percentage reporting	74.4	76.7	77.3	78.9	79.3	78.6
Housekeeping services						
Expenditures	46	45	62	60	77	75
Percentage reporting	5.1	5.2	6.2	6.1	6.4	6.6

NA = Not available.

[1]Average annual expenditure calculated for **all** consumer units inlcuding those who reported zero expenditures for the item.

[2]Data for urban consumer units only.

Source: Gray, M.B., 1992, Consumer spending on durables and services in the 1980's, Monthly Labor Review 115(5):18-26.

Food Spending by Female-Headed Households

Review of Previous Research

Previous research indicates that female-headed households have lower food expenditures than married-couple households. Female-headed households constitute a growing proportion of the total U.S. population, particularly of the population receiving food assistance. Female-headed households made up 3.4 million or 12 percent of all family groups with children under age 18 in 1970. By 1988, the number had grown to 8.1 million or 24 percent. Other facts about female-headed households of concern to policymakers are:

- Nearly 50 percent of all households in poverty in 1986 were female-headed households.
- An estimated 60 percent of all children born today will spend some of their childhood in a single-parent household, most likely a female-headed household.
- Whereas Blacks represented 15 percent of all family groups with children in 1988, they accounted for 35 percent of all female-headed households. In 1988, single women headed 56 percent of all Black family groups with children under age 18, 18 percent of White family groups, and 29 percent among Hispanics.
- About 50 percent of all households receiving food stamps in 1988 were headed by women, and about 33 percent of participants in the Women, Infants, and Children Program (WIC) lived in households with no adult male present.

So Federal food program administrators and policymakers need to understand the patterns and determinants of food expenditures of female-headed households.

Large increases in numbers of never-married and divorced mothers between 1970 and 1988 caused much of the rise in the number of female-headed households. In 1970, 7 percent of all female-headed family groups were headed by never-married women; 32 percent were headed by divorced women. In 1988, never-married mothers made up 33 percent of all family groups headed by single women, and divorced mothers accounted for 38 percent. Women with an absent spouse and widows made up the rest.

Women who are heads of households tend to be younger and less educated than women in two-parent households. The age at which a woman becomes a single parent, her educational level, and the way in which she becomes a single parent greatly affect the stability of her living arrangements and the economic welfare of her household.

The incidence of poverty among female-headed households is greater than that among other types of households, with about one-third of female-headed households being poor. The share of families in poverty headed by women increased from 23 percent in 1959 to 51 percent in 1986. Whereas studies suggest that poverty is rarely a permanent state for a family, the persistently poor tend to be concentrated in two overlapping groups: Blacks and female-headed households.

In 1988, 88 percent of children living in two-parent households had at least one working parent, compared with 52 percent of children in female-headed households. Only 42 percent of children in female-headed households had a parent who worked full time. Among children in female-headed households, the proportions of children with a working mother were: White, 59 percent; Black, 42 percent; and Hispanic, 38 percent.

A 1989 study, using data from the Bureau of Labor Statistics' Continuing Consumer Expenditure Survey for 1984–86, found that two-parent households had more than twice the income of single-parent households, and that sources of income differed between the two types of households. Ninety-four percent of married parents reported income from wages and salaries, compared with 71 percent of single parents. Income from other sources, such as public assistance, alimony, child support, or food stamps, was reported by 24 percent of married parents and 66 percent of single parents. Little is known about the effects of different sources of income on food spending and marginal propensities to spend for food.

Study Results

This study compared food expenditures in female-headed ($\underline{n}$=204) and two-parent ($\underline{n}$=936) households. The data were derived from the diary portion of the Bureau of Labor Statistics' 1988 Continuing Consumer Expenditure Survey. Total food expenditures were broken down into food at home and food away from home. Expenditures for food at home were categorized into 14 groups: Bakery and cereal products, beef, beverages, dairy products, eggs, fats and oils, fish and seafood, fruits, other meats, miscellaneous prepared food, pork, poultry, sugars and sweets, and vegetables. Nine percent of the sample households (36 percent of the female-headed households and 3 percent of the two-parent households) participated in the Food Stamp Program, and the value of food stamps was included in the income variable.

In this sample, female-headed households had a household size of 3.03 members, a monthly income of $1,405,

Average monthly per capita expenditures for food and proportion of households reporting expenditures

Item	Food expenditures: Female-headed households	Food expenditures: Two-parent households	Proportion purchasing: Female-headed households	Proportion purchasing: Two-parent households
	Dollars		Percent	
Monthly per capita expenditures for food	89.37	105.31	100.0	100.0
Bakery and cereal products	8.72	10.08	96.1	98.4
Beef	5.34	5.83	65.2	79.1
Beverages	5.52	6.46	83.8	92.7
Dairy products	8.12	9.07	95.1	97.3
Eggs	.79	.79	60.3	71.7
Fats and oils	1.44	1.68	55.9	74.6
Fish and seafood	1.47	1.81	39.2	51.3
Food away from home	29.95	38.03	82.4	94.2
Fruits	5.36	6.13	80.4	91.3
Miscellaneous prepared foods	7.68	9.43	84.3	92.6
Other meats	2.12	2.65	63.7	75.5
Pork	3.30	3.14	57.4	67.0
Poultry	2.30	2.61	49.5	62.4
Sugars and sweets	2.39	2.70	68.6	81.7
Vegetables	4.87	4.89	79.9	92.5

Source: Frazao, E., 1992, Food Spending by Female-Headed Households, Economic Research Service, U.S. Department of Agriculture, Technical Bulletin No. 1806.

and a monthly food expenditure of $253. Per capita monthly food spending was $89.40 for total food—34 percent was spent for food away from home. Of these households, 25 percent were Black, 79 percent had completed high school, 10 percent had completed college, and 74 percent were employed.

The two-parent households in this study had a household size of 4.05 members, a monthly income of $3,415, and a monthly food expenditure of $412. Per capita monthly food spending was $105.30 for total food—36 percent was spent for food away from home. Of the female heads in two-parent households, 7 percent were Black, 88 percent had completed high school, 21 percent had completed college, and 76 percent were employed.

Several household sociodemographic characteristics were found to influence household food expenditures, including the size and age composition of the household, time available for food shopping, the household's racial/ethnic background, the region of the country in which the household was located, and season of the year.

For all households in this study, per person monthly food expenditures were highest in the summer, in the Northeast, among non-Blacks, and among nonpoor households. Food expenditures were lowest in the fall and in the Midwest. Black households spent less than 70 percent of what non-Black households spent for food, and poor households (defined as having income less than the 1988 Federal Poverty Income Guidelines) spent about 56 percent of what nonpoor households spent for food.

The relative importance of the 15 food categories was similar for female-headed and two-parent households. Food away from home represented the largest food expenditure item for both types of households, followed by bakery and cereal products, miscellaneous prepared products, and dairy products. But purchasing patterns differed somewhat between the two types of households. Although nearly all households purchased bakery and cereal products and dairy products, a smaller proportion of female-headed households purchased the 13 remaining food categories compared with two-parent households (see table).

Full-time employment did not significantly influence total food expenditures. Households in which the female head works full time tend to spend more for food away from home and less for food at home.

After controlling for factors such as differences in income, household size and composition, race, location, season, and age of household head, the study found that female-headed households spend about $6 less for food per person than two-parent households spend. The difference is reflected almost entirely in lower expenditures for food at home. There was little difference between the two household types in expenditures for food away from home.

On average, for every $10 increase in per-person monthly income, food expenditures would be expected to increase by $0.27. Eleven cents of that increase would be allocated to food at home and the rest to food away from home. Female-headed households responded the same as two-parent households about how they allocate increases in income to food expenditures.

Per-person income, participation in the Food Stamp Program, race, age, and education of the female head, time constraints of the female head, household size and composition, region, and time of year were found to be important determinants for at least some of a household's decisions to purchase a particular food category. Per-person income, for example, significantly affected the purchase decision for dairy products, fish and seafood, food away from home, fruits, miscellaneous prepared foods, and poultry, but had no significant effect on the decision to purchase bakery products and cereals, beef, beverages, eggs, fats and oils, other meats, pork, sugars and sweets, or vegetables. Female-headed households were less likely to purchase fats and oils, fruits, and other meats, and to spend less for other meats, compared with similar two-parent households.

The results of this study suggest further research to:

- Determine the marginal propensity to spend for food out of cash income and out of food stamps.
- Analyze the relationship between food expenditures, food quality, and food consumption.
- Investigate how differences in food expenditures translate into actual intake of food and nutrients for female-headed and two-parent households.

Source: Frazao, E., 1992, *Food Spending by Female-Headed Households*, Economic Research Service, U.S. Department of Agriculture, Technical Bulletin No. 1806.

Developments in the Pricing of Credit Card Services

Compared with most other types of credit, interest rates on credit card accounts are typically higher and fluctuate within a narrower range. Surveys done by the Federal Reserve since 1972 show that the average interest rate on credit card receivables has remained between 17 and 19 percent, whereas rates on most other types of loans (such as auto and home mortgage) have fluctuated over a range of 8 percentage points or more. One reason that credit card rates have not varied greatly over time is that few cardholders are thought likely to switch cards to save on interest payments. So issuers have little economic incentive to reduce rates.

In November 1991, Congress made an unsuccessful attempt to set a national ceiling on credit card rates. Since then, competition among credit card issuers has begun to focus on rates. Almost all the Nation's largest issuers have reduced rates for at least some of their customers since the beginning of 1992.

Historical Development of the Credit Card Market

Credit cards for individuals were first made widely available by major department store chains in the early 1950's.[1] The cards, furnished as a convenience to the stores' regular charge account customers, also provided an efficient means of processing transactions and managing accounts. Card holders were expected to pay for charged items in full upon receipt of their monthly bill, and no interest fee was imposed. Most stores levied a late fee of 1 or 1-1/2 percent per month if full payment was not received within the billing period. Later, stores were more likely to allow customers the option of paying either in full or by installments, subject to interest or finance charges rather than late fees.

The general-purpose credit card for individual consumers came into broad use in the mid to late 1960's. By then, commercial banks recognized the profit potential from providing open-end financing to consumers who were willing to pay high interest rates to obtain unsecured credit conveniently. Initially, bank credit card operations were only marginally profitable. Start-up costs and operating costs per dollar of receivables were relatively high, and a large percentage of cardholders were convenience users who paid balances in full each month to avoid finance charges. Statutory limits on interest rates (typically 1-1/2 percent per month or 18 percent per year) were in effect in most States until the early 1980's.

Eventually, the profitability of bank credit card operations improved as operating efficiencies were developed and use of credit cards became more widespread. Profits came under intense pressure in the late 1970's and early 1980's from inflation-related increases in funding costs, causing banks to impose annual fees on credit cards to supplement income from interest. About this time, State legislatures moved to raise or remove the ceilings on credit card interest rates. Currently, 16 States do not specify ceilings, and 14 States specify ceilings above 18 percent per year.

Many banks relaxed credit standards and offered more card enhancements, such as travel accident insurance and auxiliary rental car insurance. Nonbank firms, such as AT&T, Sears, and

[1] Some department stores and gasoline companies were issuing cards before 1920—on a limited basis and only to the most highly valued customers.

American Express, have gained significant market share by forgoing annual fees, offering rebates on purchases, or giving discounts on selected services.

Current Situation

Today, about 6,000 commercial banks and other depository institutions market general-purpose credit cards (predominantly under the VISA or MasterCard labels), and another 12,000 depository institutions act as agents for issuers and distribute credit cards to consumers. Major retailers continue to offer store-specific credit cards. About 70 percent of all U.S. families have at least one credit card, up from about 50 percent in 1970. The average number of credit card accounts held by all card-holding families is between five and six. By 1989, 54 percent of all U.S. families had a bank credit card, up from 16 percent in 1970 (table 1). In contrast, the holding of credit cards issued by retail stores has expanded very little in recent years.

Functions of Credit Cards

In 1990, credit cards were used by consumers to purchase $445 billion worth of goods and services. Credit card charges accounted for about 13 percent of all consumer expenditures, up from almost 11 percent in 1980. The advantages of using credit cards to conduct transactions include convenience, safety, automatic recordkeeping, and an interest-free grace period for settling accounts. A consumer who uses a credit card as a payment device would likely choose a card based on the level of any annual fee, the length of the grace period, the availability of enhancements, and the credit limit. The interest rate is not likely to be important to this consumer.

Table 1. Consumer holding of selected types of credit card accounts, by family characteristics, 1970 and 1989[1]

Family characteristic	Any credit card		Bank card		Store card[2]	
	1970	1989	1970	1989	1970	1989
			Percent			
Family income (1989 dollars)						
Less than $10,000	20	30	2	16	12	25
$10,000 - $19,999	28	56	5	37	15	48
$20,000 - $29,999	50	79	14	63	31	65
$30,000 - $49,999	69	87	22	74	52	77
$50,000 or more	79	95	35	87	60	85
Age of family head (years)						
Less than 25	42	38	12	29	25	28
25 - 34	61	63	20	48	41	55
35 - 44	57	73	23	62	42	65
45 - 54	59	77	19	63	43	67
55 - 64	46	69	12	57	33	59
65 or more	31	67	5	49	21	56
Education of family head						
0–8 grades	25	39	5	23	15	32
9–11 grades	40	45	10	32	28	38
High school diploma	54	67	17	49	36	58
Some college	61	79	20	65	44	66
College degree	82	93	34	85	63	83
All families	51	68	16	54	35	58
Mean number of accounts	NA	5.6	NA	1.9	NA	3.5

[1]Figures for 1970 are based on card use; therefore, card holding in that year is somewhat understated.
[2]Includes local store cards as well as national chain retail cards, such as Sears, J.C. Penney, and Montgomery Ward.

Source: Katona, G., Mandell, L. and Schmiedeskamp, J., 1970 Survey of Consumer Finances; and Board of Governors of the Federal Reserve System, 1989 Survey of Consumer Finances.

In contrast, a consumer who views a credit card as a debt instrument and regularly rolls over part of his/her balance to future billing periods, incurring interest charges to do so, will regard the interest rate as very important. Credit cards account for a substantial and growing share of consumer installment debt. By the end of 1991, revolving credit (mainly outstanding balances on credit cards) stood at over $240 billion and accounted for about 33 percent of all consumer installment debt outstanding. According to the 1989 Survey of Consumer Finances, 60 percent of surveyed credit card holders had carried over balances from the previous month (table 2, p. 36). Industry statistics show that about two-thirds of accounts are revolving at any point.

Table 2. Distribution of credit card holders by amount of outstanding credit card debt, 1989

Amount outstanding[1] (dollars)	Percentage distribution
1–100	15
200–499	17
500–999	18
1,000–1,999	18
2,000 or more	32
Total	100
Mean[2]	2,090
Median[2]	1,252
Proportion with debt (percent)	60

[1]Amount outstanding on hand and store credit cards after most recent payment was made.
[2]Excludes credit card holders who have zero balances.

Source: 1989 Survey of Consumer Finances.

Costs of Credit Card Operations

The cost structure of credit card operations differs from the cost structures of other types of bank lending. Credit card activities involve higher operating costs and greater risks of default per dollar of receivables than do other types of bank lending. Unlike most other forms of bank credit, credit extended through credit cards is unsecured. Losses on credit card plans, including losses due to fraud, have been higher than losses on other types of credit. Credit card issuers, therefore, must generate relatively higher levels of revenue per dollar of receivables to cover costs than is necessary for other types of lending. Although card issuers obtain noninterest revenue from merchant discounts and from a variety of fees, the amount is usually not enough to eliminate the need for substantial interest income from credit cards. Interest received on credit card balances is less than the stated rate because convenience users (by paying in full within the interest-free grace period) pay no finance charges.

Recent Competitive Developments

Historically, special conditions, such as high start-up costs and State-mandated rate ceilings, have repressed movement in credit card rates. During the first half of 1992, however, a growing number of issuers reduced rates 2 to 4 percentage points to selected groups. The increased difficulty of acquiring new customers in a mature market may also apply downward pressure on credit card rates. The market is near saturation, making it more costly to attract new customers without offering substantial enhancements, waiving annual fees, or accepting greater credit risks. Reducing credit card rates is one way to keep current customers.

In general, card issuers have lowered rates selectively, often targeting individuals with certain desirable characteristics. Some of the largest national issuers have offered lower rates to a select group of existing customers who have good payment records, while still charging higher rates to higher-risk, late-paying customers.

The gap between credit card rates and rates on deposits or other interest-bearing assets is wider than it has been for two decades. Also, since nonmortgage interest payments are no longer tax-deductible, a given rate of interest is effectively higher than in the past for taxpayers who itemize deductions. In addition, the recession of the past 2 years has produced a more cautious consumer, more likely to be concerned about the size of interest payments. Perhaps cardholders today are more likely to respond to lower-rate offers than in the past.

In the future there may be more segmented rate structures, as lenders try to categorize accounts by their profitability and price them accordingly. More issuers will convert to variable-rate plans or offer a choice of fixed- or variable-rate plans. "Quantity discounts," with lower rates for higher balances, may become more common. Credit card rates should remain comparatively high, however, because revenues need to be large enough to cover high operating and default costs.

Source: Canner, G.B. and Luckett, C.A., 1992, Developments in the pricing of credit card services, *Federal Reserve Bulletin* 78(9):652-666.

Extended Measures of Well-Being

Various traditional and alternative indicators of hardship and well-being, intended to complement each other, were used to predict quality of life. The study was undertaken to determine whether alternative indicators provide added insight into what it means to be disadvantaged. The relative well-being of various segments of the U.S. population was also assessed.

The study uses data from the 1984 Survey of Income and Program Participation (SIPP), which follows all household members for 32 months and provides monthly information on income, employment, program participation, household composition, assets, liabilities, support for nonhousehold members, child-care arrangements, employment-tied fringe benefits, health status, disability status, health care utilization, housing conditions, consumer durables, and motor vehicles. The results are based on a sample of individuals who were representative of the U.S. noninstitutional population in 1984. While other researchers have attempted similar studies using a variety of data sources, this study is the first to draw indicators of a variety of domains of well-being from a single data source.

Traditional measures of well-being include household income and poverty and some extensions of these measures, such as the relationships between current and permanent income. Other forms of household resources include fringe benefits, other nonmoney income that people receive from their jobs, and the distribution of noncash benefits provided by the government. Some indicators of living conditions were also used. The results suggested by alternative indicators were compared with those based on more traditional measures.

Household resources are only part of overall well-being. What people do with their resources determines their material well-being: the goods and services they actually consume and the extent to which their choices are constrained by the economic resources at their disposal. Households with the same levels of current income can have widely divergent needs and values and therefore face different constraints when making decisions about what to consume.

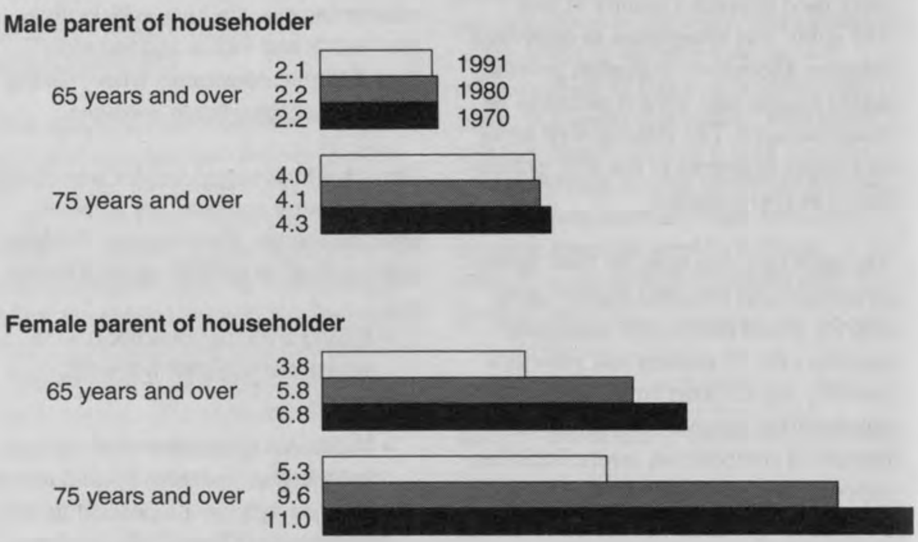
Groups who reported similar household incomes were compared in terms of other indicators of well-being. Findings indicate that, **at similar income levels**:

- Whites lived in households with substantially higher net worth than blacks.
- Those age 65 and over had substantially higher household liquid assets than younger people, except in the first decile of household income.
- People living with female householders were slightly less likely than people living with male householders to have a household member with fringe benefits from employment (medical and life insurance, use of company vehicle, or use of an expense account).
- People living with female householders tended to use noncash public programs to a greater extent than did people living with male householders (Food Stamps, Medicaid, WIC, rent subsidies, and public housing).
- Blacks were more likely to use noncash public programs than whites.
- People in households with male householders were more likely than those in households with female householders to live in owner-occupied housing, to have a food freezer, a clothes washer, a clothes dryer, and a dishwasher.
- Those in households with a white householder were more likely to have such amenities than those living with black householders.
- There were few differences in percentages of blacks and whites who reported being in poor health, and who reported seeing a doctor at least once during the year.

Source: Radbill, L.M. and Short, K., 1992, *Extended Measures of Well-Being: Selected Data from the 1984 Survey of Income and Program Participation*, Current Population Reports, Household Economic Studies, Series P-70, No. 26.

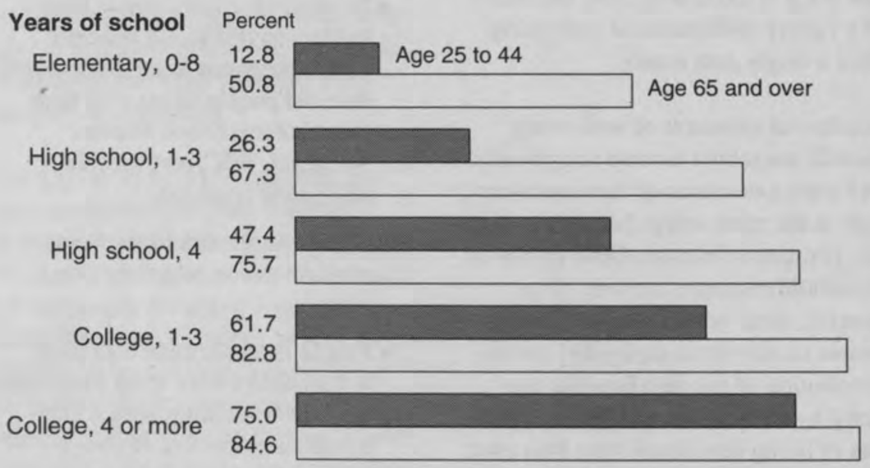
Charts From Federal Data Sources

Elderly men and women who live in the home of their son or daughter



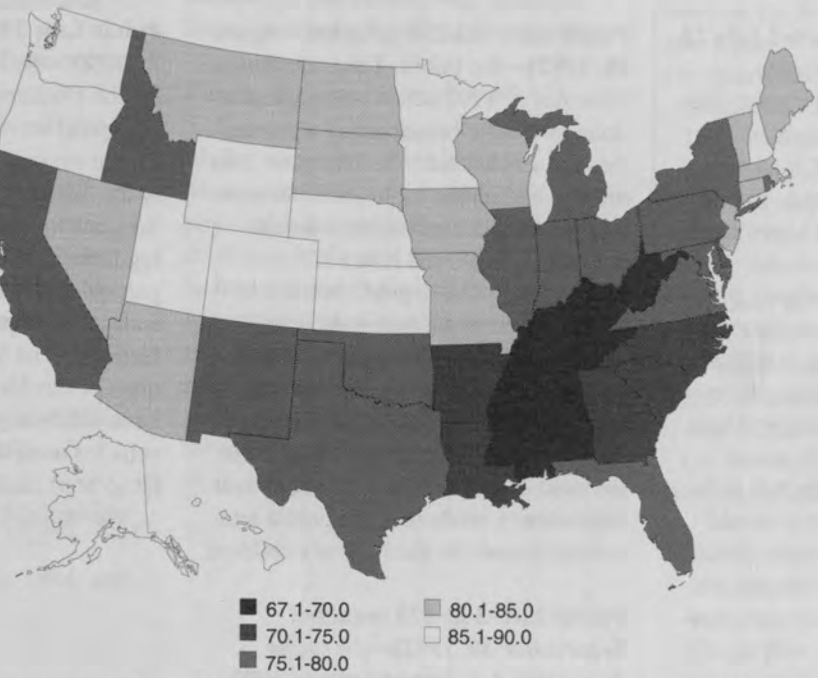
Source: Saluter, A.F., 1991, Marital Status and Living Arrangements: March 1991, Current Population Reports, Population Characteristics, Series P-20, No. 461, U.S. Department of Commerce, Bureau of the Census.

People who reported voting in 1988, by years of school completed



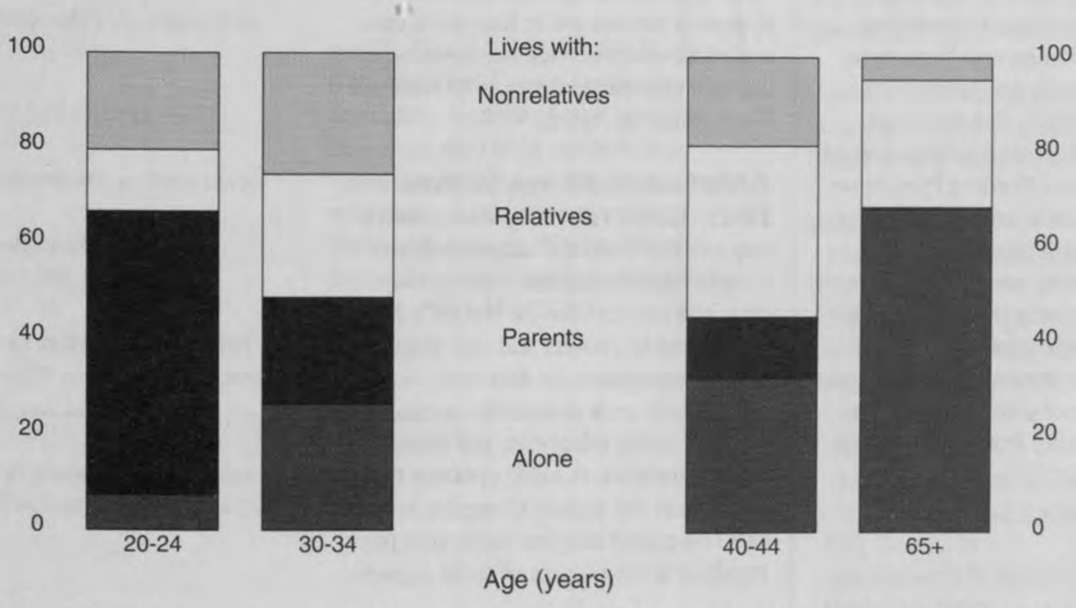
Source: Taeuber, C.M., 1992, Sixty-Five Plus in America, Current Population Reports, Speical Studies, Series P-23, No. 178, U.S. Department of Commerce, Bureau of the Census.

Percentage of persons 25 years old and over who completed 4 years of high school or more, for States, 1991



Source: Kominski, R. and Adams, A., 1992, Educational Attainment in the United States: March 1991 and 1990, Current Population Reports, Population Characteristics, Series P-20, No. 462, U.S. Department of Commerce, Bureau of the Census.

Living arrangements of unmarried adults



Source: Saluter, A.F., 1991, Marital Status and Living Arrangements: March 1991, Current Population Reports, Population Characteristics, Series P-20, No. 461, U.S. Department of Commerce, Bureau of the Census.

Recent Legislation Affecting Families

Public Law 102-325 (enacted July 23, 1992)—reauthorizes the Higher Education Act of 1965, which provides grants and loans to postsecondary students. It increases Pell Grants to a maximum of $3,700 during academic year 1993-94 and Stafford Loans from $2,625 to $3,500 for second-year college students. The bill allows any student, regardless of means, to obtain federally guaranteed loans. In addition, a family's home or farm equity is no longer included in calculations of how much aid a student needs to attend school. Other features of the bill include a demonstration program that would allow the Government to make direct loans to students at large colleges and universities; loss of program participation eligibility for schools with significant default rates on student loans; and a new Teacher Corps Program to provide college aid to prospective teachers.

Public Law 102-342 (enacted August 14, 1992)—the Child Nutrition Amendments of 1992 amends the National School Lunch Act and the Child Nutrition Act of 1966. It improves the availability of food to homeless children by including reimbursement payments for meals and supplements served on Saturdays, Sundays, and holidays. It authorizes establishment of a voluntary Breast-Feeding Promotion Program to promote breast-feeding as the best method of infant nutrition, foster wider public acceptance of breast-feeding, and assist in the distribution of breast-feeding equipment. The bill also extends the demonstration program that allows school districts to receive cash or commodity letters of credit for lunch programs.

Public Law 102-356 (enacted August 26, 1992)—the Public Telecommunications Act of 1992 authorizes appropriations for public broadcasting activities through 1996. Under the bill, most commercial and public radio and television stations may not broadcast indecent material between the hours of 6 a.m. and midnight. Also, public television stations must make every effort to close caption their programs for deaf and hard-of-hearing people. The bill requires the Corporation for Public Broadcasting to report to Congress on the most effective way to establish and implement a ready-to-learn public television channel for the Nation's children.

Public Law 102-375 (enacted September 30, 1992)—the Older Americans Act Amendments of 1992 amends the Older Americans Act of 1965 to authorize appropriations for fiscal years 1992 through 1995. Funded programs for senior citizens include congregate meals and meals on wheels, senior transportation, elder abuse prevention, homemaking assistance, referral services, ombudsman activities to protect seniors under long-term care, and community service employment. The bill also authorizes a 1993 National Conference on Aging.

Public Law 102-385 (enacted October 5, 1992)—Cable Television Reregulation requires the Federal Communications Commission to regulate basic cable rates and services for the Nation's 56 million cable viewers and also requires cable programmers to deal fairly with competitors such as satellite operators, wireless cable, telephone, and other cable franchises. A cable operator that retransmits the signals of regular broadcast companies may be required to pay royalties to the owners of those signals.

Public Law 102-401 (enacted October 7, 1992)—the Head Start Improvement Act of 1992 amends the Head Start Act to expand services provided by Head Start programs; to expand the authority of the Secretary of Health and Human Services to reduce the amount of matching funds required to be provided by particular Head Start agencies; and to authorize the purchase of Head Start facilities. The bill requires the Department of Health and Human Services to issue safety regulations with regard to vehicles used for the transportation of Head Start children.

Data Sources

National Long-Term Care Survey

Sponsoring agency: U.S. Department of Health and Human Services (administered by Duke University)

Population covered: People in the United States 65 years or older with limitations in activities of daily living who were either living in the community (1982, 1984) or institutionalized (1984, 1989).

Sample size: Variable—6,400 (1982); 25,400 (1984); 17,600 (1989).

Geographic distribution: Nationwide

Years data collected: 1982, 1984, and 1989

Method of data collection: Personal interviews and administrative records

Future surveys planned: 1992

Major variables: Prevalence and patterns of functional limitations (both physical and cognitive), medical conditions and recent medical problems, health care services used, the kind and amount of formal and informal services received by impaired individuals, demographic characteristics, out-of-pocket expenditures for health care services, housing, and neighborhood characteristics.

Sources for further information and data:
For information contact:
Center for Demographic Studies
Duke University
2117 Campus Drive
Durham, NC 27708
(919) 684-6758

Tapes may be ordered from:
Inter-University Consortium for Political and Social Research
P.O. Box 1248
Ann Arbor, MI 48106
(313) 763-5010

Longitudinal Study on Aging (LSOA)

Sponsoring agency: U.S. Department of Health and Human Services

Population covered: U.S. population age 70 and over in 1984

Sample size: 7,541 in 1984

Geographic distribution: Nationwide

Years data collected: 1984, re-interviewed 1986, 1988, 1990

Method of data collection: Personal interviews in 1984; telephone interviews in 1986, 1988, and 1990

Future surveys planned: New cohort planned for 1994 (pending approval)

Major variables: Functional status; economic status; living arrangements, including institutionalization, augmented by linkage to medicare records; national death index; and cause-of-death records.

Publications: Advance Data Reports from National Center for Health Statistics. Analyses based on LSOA data have also been published in various research journals. For other publications of interest, contact National Center for Health Statistics, Scientific and Technical Information Branch, (301) 436-8500.

Sources for further information:
Data from the 1990 study were released for public use late 1991. This included information from all interviews, National Death Index Match data through 1989, and Medicare Match data through 1990.

Updated information on Medicare Match and National Death Index Match will be released annually.

Data files released by:
Division of Health Interview Statistics
National Center for Health Statistics
6525 Belcrest Road, Room 850
Hyattsville, MD 20782
(301) 436-7104
and
The Inter-University Consortium for Political and Social Research
P.O. Box 1248
Ann Arbor, MI 48106
(313) 763-5010

Journal Abstracts and Book Summary

The following abstracts are reprinted verbatim as they appear in the cited source.

Garman, E.T., Miescier, M.C., and Jones, P.B. 1992. Older Americans' knowledge of consumer rights and legal protection. *Journal of Consumer Studies and Home Economics* 16:283-291.

Consumer knowledge and legal protection were measured in a telephone survey of a stratified random national sample of 1,305 older adults in the United States. The sample was divided into five age groups: 25-49, 50-64, 65-74, 75-84 and 85 and older. Respondents were asked eight questions dealing with knowledge of consumer rights and protection. Consumer knowledge was poor and was not gender specific. As the age of the respondents increased, their knowledge score decreased. Those who were married or who were previously married scored higher than other groups.

Goldberg, W.A., Greenberger, E., Hamill, S., and O'Neil, R. 1992. Role demands in the lives of employed single mothers with preschoolers. *Journal of Family Issues* 13(*3*):312-333.

This study examined a range of factors associated with variations in single mothers' well-being (i.e., depression and role strain) and perceptions of their child's behavior. Seventy-six single, employed women with a preschool-age child completed a mailed survey. Multiple regression analyses indicated that variables reflecting the interface between work and family roles (e.g., beliefs about the consequences of maternal employment for children, perceived quality of child care) were important for both women's well-being and perceptions of children's behavior. Depression appeared to be more closely allied with the stability and resources in single mothers' lives; role strain, with the time and energy demands of work and the level of support available in the neighborhood. Interestingly, single women's perceptions of their children were associated with variables that reflect the larger ecology of their lives, including recency of single parenthood, the quality of their work life, and, as already noted, points of intersection between work and family roles.

Jensen, G.A. and Morrisey, M.A. 1992. Employer-sponsored post-retirement health benefits: Not your mother's medigap plan. *The Gerontologist* 32(*5*):693-703.

Using nationally representative data, we report the prevalence of retiree health insurance as a fringe benefit in private and public settings, and take an in-depth look at its content. We examine how it coordinates with Medicare to characterize the "total insurance" of beneficiaries who hold these supplements. Retiree health coverage is now widespread and typical benefits are far more generous than those found in medigap policies, the other major type of Medicare supplement. When a typical retiree plan is overlaid on Medicare, the resulting total insurance benefits are more generous than those held by either the working nonelderly or beneficiaries with a medigap supplement.

Morse, R.L.D. 1992. *Truth in Savings With Centsible Interest™ and Morse Rate Tables*. Family Economics Trust Press, Manhattan, KS.

This book was written for depositors who want to know all the facts about how their money is handled, and for financial institutions that offer consumer-friendly banking products and services. There are over 7.8 million different ways interest could be calculated. The Truth in Savings Act, passed in 1991, simplifies this situation for depositors by requiring depository institutions to disclose a uniform, standardized rate of interest so that depositors can compare savings options. Three basic rates are compared using definitions and examples—the annual percentage yield (APY), the annual percentage rate or annual rate of simple interest (APR), and the periodic percentage rate (PPR), which is the rate actually paid. Included are tables that give the PPR and the APR for any given APY, and the amount of interest for selected days. A section is included on the history of the Truth in Savings Act (Public Law 102-242). The act is reprinted with summaries and comments for each section. The book concludes with a summary of what truth in savings means for banks, S&L's, and credit unions; for consumer-savers; and for the Board of Governors of the Federal Reserve Board.

Richard L.D. Morse is professsor emeritus at Kansas State University, where he was head of the Department of Family Economics from 1955 to 1982.

Cost of Food at Home

Cost of food at home estimated for food plans at four cost levels, December 1992, U.S. average[1]

Sex–age group	Cost for 1 week: Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Cost for 1 month: Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[2]								
20 - 50 years	$49.60	$62.80	$77.20	$96.00	$214.80	$272.10	$334.60	$416.10
51 years and over	46.90	60.40	74.20	88.80	203.30	261.20	321.50	384.30
Family of 4:								
Couple, 20 - 50 years and children—								
1 - 2 and 3 - 5 years	72.30	90.50	110.40	135.60	313.10	392.10	478.20	587.60
6 - 8 and 9 - 11 years	82.80	106.30	132.60	159.70	358.50	460.70	574.70	692.00
INDIVIDUALS[3]								
Child:								
1 - 2 years	13.10	16.00	18.70	22.60	56.80	69.30	81.00	98.00
3 - 5 years	14.10	17.40	21.50	25.70	61.00	75.40	93.00	111.30
6 - 8 years	17.20	23.00	28.80	33.60	74.50	99.80	124.80	145.40
9 - 11 years	20.50	26.20	33.60	38.80	88.70	113.50	145.70	168.30
Male:								
12 - 14 years	21.30	29.70	37.00	43.40	92.20	128.60	160.10	188.00
15 - 19 years	22.00	30.60	38.10	44.10	95.50	132.80	164.90	190.90
20 - 50 years	23.70	30.40	37.80	45.80	102.50	131.80	163.90	198.50
51 years and over	21.40	28.90	35.50	42.50	92.90	125.00	153.60	184.10
Female:								
12 - 19 years	21.40	25.70	31.20	37.60	92.90	111.30	135.00	163.00
20 - 50 years	21.40	26.70	32.40	41.50	92.80	115.60	140.30	179.80
51 years and over	21.20	26.00	32.00	38.20	91.90	112.50	138.70	165.30

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in *Family Economics Review* 1984(*1*). Estimates for the other plans were computed from quantities of foods published in *Family Economics Review* 1983(*2*). The costs of the food plans are estimated by updating prices paid by households surveyed in 1977–78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics, *CPI Detailed Report*, table 4, to estimate the costs for the food plans.

[2]Ten percent added for family size adjustment. See footnote 3.

[3]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person—add 20 percent; 2-person—add 10 percent; 3-person—add 5 percent; 5- or 6-person—subtract 5 percent; 7- or more-person—subtract 10 percent.

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Consumer Prices

Consumer Price Index for all urban consumers [1982-84 = 100]

Group	Unadjusted indexes December 1992	October 1992	November 1992	December 1991
All items	141.9	141.8	142.0	137.9
Food	138.7	138.3	138.3	136.7
Food at home	137.5	137.2	137.0	135.5
Food away from home	141.6	141.3	141.5	139.6
Housing	138.5	138.5	138.5	135.0
Shelter	152.5	152.5	152.4	148.2
Renters' costs[1]	160.2	161.7	160.6	155.8
Homeowners' costs[1]	157.5	156.8	157.2	153.0
Household insurance[1]	144.3	143.3	143.5	140.0
Maintenance and repairs	129.3	129.4	129.5	128.1
Maintenance and repair services	135.2	134.7	134.8	131.4
Maintenance and repair commodities	121.3	122.2	122.2	123.7
Fuel and other utilities	118.7	118.5	118.3	116.0
Fuel oil and other household fuel commodities	91.8	91.4	92.1	94.7
Gas (piped) and electricity	115.6	115.4	114.8	112.4
Household furnishings and operation	118.2	118.4	118.5	116.3
Housefurnishings	108.7	109.0	109.1	107.1
Housekeeping supplies	129.5	129.9	130.2	129.8
Housekeeping services	134.3	133.9	134.0	129.4
Apparel and upkeep	131.4	135.0	134.5	129.6
Apparel commodities	128.7	132.7	132.1	127.2
Men's and boys' apparel	127.1	128.8	128.8	125.9
Women's and girls' apparel	129.1	135.1	134.3	128.4
Infants' and toddlers' apparel	130.7	130.6	131.9	129.2
Footwear	125.1	127.1	126.0	121.8
Apparel services	149.7	149.3	149.7	144.9
Transportation	129.0	128.0	129.2	125.3
Private transportation	126.7	126.1	127.0	123.4
New vehicles	131.3	129.1	130.6	128.3
Used cars	129.0	129.1	129.9	120.1
Motor fuel	100.2	101.6	102.2	98.4
Automobile maintenance and repair	143.2	142.5	142.8	138.4
Other private transportation	155.5	154.4	155.3	152.0
Other private transportation commodities	104.7	104.5	104.7	105.3
Other private transportation services	167.1	165.8	166.8	162.5
Public transportation	158.2	152.9	157.4	149.8
Medical care	194.7	193.3	194.3	182.6
Medical care commodities	191.1	189.8	190.4	181.7
Medical care services	195.6	194.2	195.2	182.8
Professional medical services	179.4	178.4	179.1	169.8
Entertainment	143.8	143.5	143.7	139.9
Entertainment commodities	131.9	131.6	132.2	129.6
Entertainment services	158.3	158.0	157.8	152.7
Other goods and services	189.1	187.9	188.0	177.6
Personal care	139.6	138.7	139.0	135.7
Toilet goods and personal care appliances	137.8	136.8	136.9	133.4
Personal care services	141.3	140.5	141.1	138.0
Personal and educational expenses	204.2	203.6	203.9	191.1
School books and supplies	193.8	193.8	193.9	184.7
Personal and educational services	205.3	204.6	204.9	191.8

[1]Indexes on a December 1982 = 100 base.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Highlights

FER: 1943–93

Changes in Economic Status:

Families With Children

America's Elderly