

Vacation Budgeting

Planning vacation trip expenses well can mean the difference between a successful vacation and one hurriedly cut short for lack of funds.

The major items of trip expense are lodgings, food and tips, and car operation, with allowance of a few extra dollars to cover amusements and admission fees and miscellaneous roadside "muses" such as souvenirs, refreshments and so on.

For accommodations, costs here have levelled off to an average of about \$7 a night for two persons in one room, although you may spend anywhere from \$4 to \$9, depending on the type of accommodation and locality. Some hotels and motor courts will set a cot or two in your room for children at a small extra cost.

For food, play safe by overestimating the cost of meals. For breakfast figure no less than 7¢ cents a person, children and adults alike; for lunch on the road another 7¢ cents each, and for dinner a minimum of \$1.50. The daily budget for food can thus be estimated at about \$3 a person.

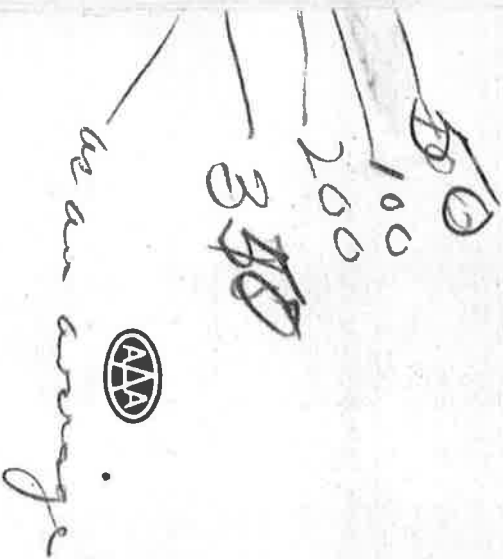
For car operation, on the basis of 300 miles a day and an allowance of roughly 3.5 cents a mile (see above) your expense here should be figured at about \$10 a day, or \$35 for each 1,000 miles.

Admissions and amusements will cost about 50 cents a day per person in visiting such places as caverns, historic shrines and scenic attractions. Allowance for roadside refreshments average out to about 25 cents a day per person.

Adding up the basic expenses, the daily budget for two persons comes to about \$35. And for extra protection, it often is wise to take along an extra 15 per cent for incidents and emergencies, such as postal cards, film, souvenirs and new tires or tubes.

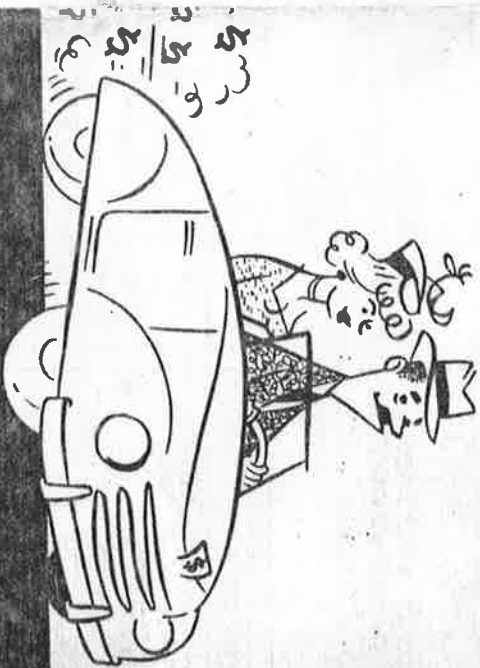
To top it off, A.A.A. offers the following tips for stretching the vacation dollar:

- 1—Drive during the early part of the day, stopping with plenty of time to find the type of accommodation you want at the price you want to pay.
- 2—Visit travel attractions that have something worthwhile to offer, avoiding "tourist traps."
- 3—If possible, plan the vacation for the Spring or Autumn, avoiding peak travel seasons when roads and overnight accommodations are crowded and prices at their highest.
- 4—Consult your local travel counselor for practical advice and guidance on getting the most from your time and money.



Your Driving Costs

1950



How to figure

- ✓ Allowances for cars used on Company Business
- ✓ Total Costs of a Vacation Trip



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Your Driving Costs

The question of cost of car operation continues to be an important one to most owners of the 40,000,000 passenger cars in this country.

Generally, people ask this question for one of two reasons: to determine a fair allowance for automobile use on company business, or to aid in setting up a vacation trip budget. In addition, many motorists want the information as an aid in filling out income tax returns. This bulletin is designed to provide ready answers to all these questions. The answers are only approximate, however, since the cost of car operation varies with the make and model of car, with geographical location, with the age of the vehicle, average speed driven and other factors.

Car Allowances

A wide variety of methods are employed by companies to compensate employees for use of their cars on company business. A survey by the Dartnell Corporation shows that, despite its many shortcomings, a flat mileage allowance is the one most often used. Principal disadvantage of the flat mileage allowance is that it often results in either over-allowance or under-allowance in comparison with actual costs involved. Big advantage is that it is simple, readily understood by the employee and involves a minimum of bookkeeping and office control. According to Dartnell, in 1949, 3% of the reporting companies in 1949 allowed less than 3c a mile, 12% allowed 5c; 7% allowed 5½c; 45% allowed 6c; 7% allowed 6½c; 21% allowed 7c and 5% allowed over 7c.

In view of the definite, though moderate, upward trend in car operating costs since the time this report was issued, it would appear that, generally speaking, an allowance of 6c, 6½c or 7c per mile would be within the range of acceptability to both employer and employee.

However, because of the inaccuracies inherent in the flat mileage allowance, it is recommended that companies operating substantial fleets of cars consider a more elaborate system, particularly when the cars operate in different sections of the country.

Combination Allowance: There are certain fixed costs, such as insurance, license, depreciation, etc., which are little affected by the number of miles driven, while other expenses, such as gasoline, oil and tires vary in direct ratio to the number of miles driven. To take care of this situation, Runzheimer and Company, a Chicago cost accounting firm, has developed a system which makes provisions for variations in number of miles driven as well

as variations in both fixed costs and mileage elements in different sections of the country.

Striking a rough national average on the Runzheimer cost figures, an equitable allowance figure covering the majority of situations would be:

Grant an allowance of \$1.50 per day for each day that the car is used on company business PLUS 5½c a mile for each mile driven on company business.

Details of Car Costs

The most recent breakdown of car costs available is based on a national average of cost figures issued in January this year by Runzheimer. Following are cost figures for a car in the \$2,000 price class, postwar model, driven up to 18,000 miles a year:

Variable Costs	Average Per Mile
Gasoline and Oil	2.14 cents
Maintenance68
Tires46
Total	3.28 cents

Fixed Costs	Annual
Fire & Theft Insurance	\$ 15.79
Property Damage and Liability \$15,000 and \$30,000	59.71
License Fees	15.47
Depreciation	442.05
Total	\$535.02 a year

(or \$1.46 a day)

While these averages are generally applicable to costs of operating the lighter cars—Ford, Chevrolet, Plymouth, etc.—Runzheimer points out that their allowances this year are based specifically on the Chevrolet 1950 Styleline De Luxe four-door sedan.

The costs of operating a heavier type of car, obviously, will be greater than figures listed above. It remains a matter of choice with individual companies whether to grant additional allowances for such cars and whether the larger car actually is needed for the operation in question.

An allowance for up to \$25 a year for repairs is made in the maintenance figure above. If repair costs run above that, the driver is justified in making an upward revision of cost in this department.

For annual mileages in excess of 18,000, Runzheimer recommends a special depreciation allowance averaging \$10.60 per thousand miles driven over that figure.

And, since the variable costs above were computed 07

the basis of average driving speed, it is to be remembered that as the driving speed increases so does the cost of operation per mile.

By allowing a little leeway on the average mileage allowance above 3.28c which brings it to 3.5 cents a mile, and by rounding out the fixed cost allowance to \$1.50 a day, it becomes easy to compute the cost of operating a car over any given period of time. The average car goes about 10,000 miles a year which results in the following approximate costs:

10,000 miles @ 3.5 cents	\$350.00
365 days @ \$1.50	547.50
Total	\$897.50—or 8.97c per mile

In contrast, a car driven twice as far over the same period of time would cost the following:	
20,000 miles @ 3.5 cents	\$700.00
2,000 miles @ \$10.60 per 1,000	21.20
over 18,000	547.50
365 days @ \$1.50	547.50
Total	\$1,268.70—or 6.34c per mile

And a car driven half as far throughout the year would cost:

5,000 miles @ 3.5 cents	\$175.00
365 days @ \$1.50	547.50
Total	\$722.50—or 14.45c per mile

From the examples above, it is seen that since the fixed costs decrease in proportion to the total mileage driven over a period of time, the cost of operation for the higher mileage groups is proportionately less.

Aside from the national average, actual costs of operation in various types of territory surveyed by Runzheimer range from a high of a \$1.71 per diem allowance in the New York City area, where mileage allowance is under 3 cents, to a low of \$1.33 a day and 3.1 cents a mile in Traverse City, Michigan.

Runzheimer's survey shows that it costs well over the national average per mile allowance to operate a car in areas where there are less than 40 per cent "dustless or better" surfaced roads or in exceedingly mountainous country. Examples of both types of areas would be those around Butte, Montana, or Boise, Idaho, where mileage allowances are 3.75 cents and 3.85 cents, respectively.