

in New York City and San Francisco, respectively, reflect relatively high insurance rates and other fixed costs, while their mileage allowances run somewhat below the national average. Car owners in Norfolk, Virginia and Traverse City, Michigan, on the other hand, can compute their daily allowance at a lower rate because of smaller total annual fixed costs.

Runzheimer's survey shows that it costs well over the national average per mile allowance to drive a car in areas where there are less than 40 percent "dustless or better" surfaced roads or in exceedingly mountainous territory. Driving costs in these types of areas are typified in the cost figures given for Spokane, Washington; Boise, Idaho, and Butte, Montana.

Vacation Budgeting

Advance planning goes a long way toward insuring a trouble-free vacation, and a good formula to follow in outlining an extended motor trip is: "Time plus money equals distance."

In other words, once you have figured both the number of days and the number of dollars you can afford to spend on your vacation trip, you are then ready to plan how far to try to travel.

The A.A.A. suggests allowing an over-all daily total of close to \$30 a day for two persons on a vacation trip, and planning on doing no more than 300 miles of driving in a day.

A breakdown of the daily budget for two persons shows that they will spend approximately \$8 in car operating costs, \$8 on meals, another \$8 on lodgings and about \$1 apiece on admissions, amusements and tolls along the route. An extra 15 percent allowance is recommended to cover incidentals, souvenirs and emergencies.

The allowance for driving costs is based on the average of 2.8c a mile for gasoline and oil at the recommended maximum daily driving distance of 300 miles. Thus, for a trip of 1,000 miles, you would need to allow some \$28 for your operating expenses.

The cost of meals is figured on a per-person basis of 75 cents for breakfast, \$1.25 for lunch and at least \$2 for dinner. In accommodations, rates at hotels and motor courts appear about the same, with the exception that the traveling family will save on garage charges and tips at a motor court.

For accommodations, costs here have levelled off to an average of about \$8 a night for two persons, although you may spend anywhere from \$4 to \$10 for reasonable accommodations, depending on the type and locality. If traveling with children, you may find some hotels and

motor courts will set a cot or two in your room for them at a slight extra charge.

Admissions, amusements and tolls will cost about \$1 a day for each member of the family in visiting such places as caverns, historic shrines and scenic attractions along the route. Allowance for roadside refreshments and incidentals should be covered by the 15 percent additional funds taken along.

As a final suggestion on vacation trips, the A.A.A. offers the following tips on stretching your travel dollar:

1. Drive during the early part of the day, so that you can stop in the late afternoon in plenty of time to find the type of accommodation you want at the price you can afford to pay.

2. Visit travel attractions that offer you something worthwhile for your money, avoiding "tourist traps."

3. If possible, plan your 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.

Above all, there is the reminder that trying to cover too much distance with too little time and money takes the pleasure out of the vacation trip. Add up your vacation time and money. If you don't foresee enough days or sufficient funds to make the trip you planned on, shorten your objectives to derive the most from your vacation.



Your Driving Costs

1956



How to figure

✓ Allowances for cars used on Company Business

✓ Total Costs of a Vacation Trip



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Cost of Driving

"How much does it cost me to own and drive my car?" is a question which most of the nation's 48,000,000 passenger car owners ask themselves at one time or another. The volume of queries on this subject coming in annually to the A.A.A. and its affiliated clubs indicates that most car owners ask the question for one of several reasons, including simple curiosity.

Some ask it to determine how much they should be reimbursed for use of their automobiles on company business. Others want the information to aid them in declaring expenses on income tax returns. And each year, still others use cost of car operation estimates in working up their vacation trip budgets.

Within this bulletin will be found a report on the principal methods of computing car operating costs, and an outline for establishing motor vacation trip budgets. Many factors affect gas and oil consumption, tire and repair cost and fixed items such as insurance and license fees. The cost of car operation may vary, for example, with the make and model of automobile, geographical location, age of the vehicle and the owner's individual driving practices.

Car Allowances

A wide variety of methods are employed by companies which compensate employees for use of their cars on company business. These include:

Flat Mileage Allowance: Before World War II, a large number of companies granted flat mileage rates, usually from 5c to 6c a mile. Sharply rising postwar driving costs, however, made necessary a re-appraisal of such allowances, with the result that today almost three-fourths of companies using the flat mileage allowance reimburse their employees at 7c a mile or more. Emphasis is on the 7c allowance, with some 45 percent of companies using this rate of compensation. Here are the latest rates of flat mileage allowance usage as reported by the Dartnell Corporation of Chicago:

5 cents per mile, 7%; 6c, 19%; 6½c, 2%; 7c, 45%; 7½c, 3%; 7½c, 2%; 8c, 16%; 9c, 3%, and 10c, 3%.

A recent survey by Dartnell indicates that, despite certain shortcomings, a flat mileage allowance is the one most often used. Its principal disadvantage is that it often results in either over-compensation or under-compensation in comparison with actual operating costs involved. Its chief selling point, by comparison, is its simplicity—it is readily understood by the car owner and involves a minimum of bookkeeping and office control.

Because of its inherent inaccuracies, though, it is recommended that companies operating large fleets of automobiles consider a more elaborate system of compensation, particularly if the cars operate in different sections of the country.

Weekly Allowances: When cars are operated constantly on company business, a weekly allowance based upon mileage driven in varying types of territory has many advantages. A weekly allowance schedule has been developed by the Dartnell Corporation.

Combination Allowance: Certain annual fixed costs, such as insurance, license fees and depreciation are little affected by the mileage driven, while other expenses—gasoline, oil and tires—vary directly with the number of miles driven. With this in mind, Runzheimer & Company, Chicago cost accounting firm, some years ago developed a formula which makes provision for these differing elements. Companies operating substantial fleets of employee-owned cars might find it advisable to contact this company for an individual allowance analysis.

For smaller operations or individual estimates, it is believed a formula based on the rough national averages in the Runzheimer cost figures will prove equitable. Such a formula would be:

Grant an allowance of \$1.65 a day for each day that the car is driven on company business PLUS 3½c a mile for each mile driven on company business.

(Obviously, if costs are being computed in a strictly personal interest, the private car owner should compute his cost at \$1.65 for every day of the year.)

This Runzheimer formula is based on operating costs of the lighter cars—Ford, Chevrolet, Plymouth, etc. The costs of operating a heavier type of car certainly will be greater, but it remains a matter of decision with individual companies whether to grant additional allowances for such cars and whether the larger car actually is needed for the operation in question.

Details of Car Costs

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

Variable Costs	Average Per Mile
Gasoline and Oil	2.29 cents
Maintenance	.74
Tires	.51
Total	3.54 cents

Fixed Costs	Annual
Fire and Theft Insurance	\$17.81
Property Damage and Liability (\$15,000 and \$30,000)	86.65
License Fees	16.83
Depreciation	477.36
Total	\$598.65 a year (or \$1.64 a day)

An allowance for up to \$25 a year for repairs is made in the maintenance figure above. If repair costs run above the maintenance figure above. If repair costs run above the cost in this department.

For annual mileages in excess of 18,000, Runzheimer recommends a special depreciation allowance averaging \$10.92 per thousand miles driven over that figure.

And, since the variable costs cited above were computed on the basis of average driving speed, it should 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 of 3.54c a mile in rounding it to 3.5c a mile, and by stretching the fixed allowance to \$1.65 a day, it becomes easy to compute the cost of operating a car over any given period of time and over any given mileage. A large number of motorists drive about 10,000 miles a year, which results in the following approximate costs:

10,000 miles @ 3.5 cents	\$350.00
365 days @ \$1.65	602.25
Total	\$952.25 —or 9.52c per mile

In contrast, a car driven twice as far over the same period of time would cost the following:

20,000 miles @ 3.5c	\$700.00
2,000 miles @ \$10.92 per 1,000 over 18,000	21.84
365 days @ \$1.65	602.25
Total	\$1,324.09 —or 6.62c per mile

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

5,000 miles @ 3.5c	\$175.00
365 days @ \$1.65	602.25
Total	\$777.25 —or 15.54c per mile

It is evident from the examples above that since the fixed costs decrease in proportion to the total mileage driven over a given period of time, the cost of operation for higher mileages is proportionately less.

Aside from the national average, a review of the Runzheimer table covering 42 cost areas in the nation will show that actual costs of car operation vary in different types of territory. High per diem allowances of \$2.04 and \$1.96