

The Development and History of the Poverty Thresholds

*by Gordon M. Fisher**

In recent years there has been renewed interest in the United States in the definition and measurement of poverty. In early 1992, the Committee on National Statistics of the National Academy of Sciences began a 30-month study requested by Congress that includes an examination of statistical issues involved in measuring and understanding poverty. Some 2 years earlier, in January 1990, the Administration had approved an initiative on improving the quality of economic statistics. The current poverty measure was one of several dozen statistical series examined as part of that initiative. In April 1990, Urban Institute economist Patricia Ruggles published a book¹ that urged the revision of the poverty line to reflect changes in consumption patterns and changing concepts of what constitutes a minimally adequate standard of living. In July 1990, two private organizations concerned with the poor and the elderly issued a report² reviewing current poverty measurement procedures and describing a Gallup poll in which a nationally representative sample of Americans set an average dollar figure for the poverty line that was higher than the current official poverty line. In view of these and other examples,³ it may be useful to reexamine the development and subsequent history of the current official poverty thresholds.

*Office of the Secretary, Department of Health and Human Services. Because of the great interest in poverty and its measurement, the *Bulletin* asked Mr. Fisher to write an article on the origin of the poverty thresholds. For related information see, "Poverty Guidelines for 1992," by Gordon M. Fisher, *Social Security Bulletin*, Vol. 55, No. 1, Spring 1992, pp. 43-46.

The poverty thresholds are the primary version of the Federal poverty measure—the other version being the poverty guidelines. The thresholds are currently issued by the Bureau of the Census and are generally used for statistical purposes—for example, estimating the number of persons in poverty and tabulating them by type of residence, race, and other social, economic, and demographic characteristics. The poverty guidelines,⁴ on the other hand, are issued by the Department of Health and Human Services and are used for administrative purposes—for instance, for determining whether a person or family is financially eligible for assistance or services under certain Federal programs.

The Development of the Poverty Thresholds

The poverty thresholds were developed in 1963-64 by Mollie Orshansky, an economist working for the Social Security Administration. As Orshansky later indicated, her original purpose was not to introduce a new general measure of poverty,⁵ but to develop a measure to assess the relative risks of low economic status (or, more broadly, the differentials in opportunity) among different demographic groups of families with children.⁶ She actually developed two sets of poverty thresholds—one derived from the Agriculture Department's economy food plan and one derived from its somewhat less stringent low-cost food plan. She described an initial version of these thresholds—for families with children only—in the July 1963 article cited in footnote 6. She published an analysis using a refined version of the thresholds—expanded to include thresholds for unrelated individuals and families without children—in a January 1965 article.⁷

The Johnson Administration announced its War on Poverty in January 1964, not long after the publication of Orshansky's initial poverty article. The 1964 Report of the Council of Economic Advisers (CEA) contained a chapter on poverty in America.⁸ The chapter set a poverty line of \$3,000 (in 1962 dollars) for families of all sizes; for unrelated

individuals, the chapter implicitly set a poverty line of \$1,500 (a selection that was shortly made explicit). The \$3,000 figure was specified as being on the basis of before-tax annual money income. There was a brief discussion of the theoretical desirability of using estimates of "total" incomes—including nonmoney elements such as the rental value of owner-occupied dwellings and food raised and consumed on farms—but it was not possible to obtain such estimates. The CEA chapter pointed out that the total of money plus nonmoney income that would correspond to the cash-income-only poverty line of \$3,000 would be somewhat higher than \$3,000.⁹

The CEA chapter referred to Orshansky's July 1963 article and its \$3,165 "economy-plan" poverty line for a nonfarm family of four. "Other studies have used different market baskets, many of them costing more. On balance, they provide support for using as a boundary, a family whose annual money income from all sources was \$3,000. . . ."¹⁰ This passage has led some people to think that the CEA's \$3,000 poverty line was derived to a greater or lesser degree from Orshansky's \$3,165 poverty line. However, Robert Lampman (a member of the CEA staff) had been working on an analysis of poverty using the \$3,000 figure as early as the spring of 1963¹¹—several months before Orshansky's initial article was published. Instead, the \$3,000 figure was a consensus choice based on consideration of such factors as the minimum wage level, the income levels at which families began to have to pay Federal income taxes, and public assistance payment levels.¹²

Orshansky was concerned by the CEA report's failure to adjust its poverty line for family size, which resulted in understating the number of children in poverty relative to aged persons. This prompted her to begin the work that resulted in her January 1965 *Social Security Bulletin* article, extending the two sets of poverty thresholds—at the "economy level" and at the "low-cost level"—to the whole population. This article appeared just as the Office of Economic Opportunity (OEO) was being established. The OEO adopted the lower

("economy level") of Orshansky's two sets of poverty thresholds as a working or quasi-official definition of poverty in May 1965. As noted below, the thresholds were designated as the Federal Government's official statistical definition of poverty in August 1969.

Orshansky did not develop the poverty thresholds as a standard budget—that is, a list of goods and services that a family of a specified size and composition would need to live at a designated level of well-being, together with their estimated monthly or annual costs.¹³ If generally accepted standards of minimum need had been available for all or most of the major essential consumption items of living (for example, housing, medical care, clothing, and transportation), the standard budget approach could have been used by costing out the standards and adding up the costs. However, except for the area of food, no definitive and accepted standards of minimum need for major consumption items existed either then or today.

The "generally accepted" standards of adequacy for food that Orshansky used in developing the thresholds were the food plans prepared by the Department of Agriculture. At the time there were four of these food plans, at the following cost levels: liberal, moderate, low-cost, and economy. The first three plans had been introduced in 1933, and the economy food plan was developed and introduced in 1961. Data underlying the latter plan came from the Agriculture Department's 1955 Household Food Consumption Survey.¹⁴ In developing her two sets of poverty thresholds, Orshansky used the low-cost and economy food plans.¹⁵

The low-cost plan, adapted to the food patterns of families in the lowest third of the income range, has for many years been used by welfare agencies as a basis for food allotments for needy families and others who wished to keep food costs down. Often, however, the actual food allowance for families receiving public assistance was less than that in the low-cost plan. . . . spending as much as this food plan recommends by no means guarantees that diets will be adequate. . . . Recently the Department

of Agriculture began to issue an "economy" food plan, costing only 75-80 percent as much as the basic low-cost plan, for "temporary or emergency use when funds are low." . . . The food plan as such includes no additional allowance for meals eaten out or other food eaten away from home.¹⁶

To be more precise, what was used in developing the thresholds was the dollar costs of the foods in the two food plans. Although the actual foods in both plans provided a fully nutritious diet, families spending for food at the dollar cost level of the economy food plan had about 1 chance in 2 of getting a fair or better diet, but only 1 chance in 10 of getting a good diet.¹⁷

The three steps Orshansky followed in moving from the cost of food for a family to minimum costs for all family requirements were (1) to define the family size and composition prototypes for which food costs would be computed, (2) to decide on the amount of additional income to allow for items other than food, and (3) to relate the cash needs of farm families to those of comparable nonfarm families.

Because of a special interest in the economic status of families with children and because income requirements are related to the number of persons in the family, Orshansky estimated food costs separately for nonfarm families varying in size from two members to seven or more. Families were further classified by sex of head and the number of members who were related children under age 18. Among three-person families, for instance, there were separate subcategories with the following compositions: three adults; two adults, one child; and one adult, two children.

Two-person families were further classified by age of head as those under age 65 and those aged 65 or older.¹⁸ The lower poverty thresholds that resulted for aged units of the smallest size were simply a mechanical consequence of having separate subcategories for two-person families with aged and nonaged heads, and of the fact that food plan costs calculated for the aged families were lower than those for the nonaged families. Orshansky did not claim that

necessary nonfood expenditures for the aged are or should be lower than those for the nonaged. As noted below, poverty thresholds for unrelated individuals (one-person units) were not derived from food plan costs; instead, they were calculated directly from the thresholds for two-person families.

Calculating food plan costs for the nonfarm family subcategories established by Orshansky was a complicated process. The food plans included separate food cost figures for 19 different age-sex categories of persons.¹⁹ However, to a great extent data were not available to show the distribution of persons by age and sex within each family subcategory. She used data distributions from the 1960 Decennial Census and made additional assumptions about characteristics of family members not shown in the census data distributions. For each subcategory of families with children, a combination of ages of children was chosen that yielded a food cost that was higher than the food costs of two-thirds of the (simulated) families in that subcategory. "Because food requirements for children increase rapidly with advancing age and the food plan cost is already critically low, this protection was deemed necessary to ensure adequate allowance for growing youngsters."²⁰ Food plan costs for the 58 nonfarm family subcategories were calculated using January 1964 prices for the economy and low-cost food plans.

To get from food plan costs to estimates of minimum necessary expenditures for all items, Orshansky made use of the economic principle known as Engel's Law, which states that the proportion of income allocated to "necessaries," and in particular to food, is an indicator of economic well-being.²¹ Orshansky made use of this law by assuming that equivalent levels of well-being were reached by families (of three or more persons) only when the proportion of income they required to purchase an adequate diet was the same.

To determine the proportion of total income that should be assumed to be spent for food, Orshansky used the Agriculture Department's Household Food Consumption Survey, a survey

conducted at approximately 10-year intervals. The 1955 survey—the most recent one then available—had found that for families of three or more persons, the average expenditure for all food used both inside and outside of the home during a week accounted for about one-third of their average money income after taxes. (Note that this finding relates to families at all income levels, not just those at lower income levels; one of the most common errors made about the thresholds is to claim they are based on a finding that "poor people spend a third of their income on food.")

Besides considering the Agriculture Department's 1955 Household Food Consumption Survey, Orshansky also reviewed the 1960-61 Consumer Expenditure Survey of the Bureau of Labor Statistics (BLS), which also provided an estimate of the proportion of total after-tax income going for food. To use the BLS survey to derive a poverty measure would have resulted in a "multiplier" of just over four, rather than three. However, the questions used by BLS to get data on annual food outlays had usually yielded lower average expenditures than the more detailed item-by-item checklist of foods consumed in a week used in the Agriculture Department survey.²² Orshansky finally decided to use the Agriculture Department survey, with its one-to-three ratio of food expenditures to after-tax money income, in developing the poverty thresholds.

Orshansky started her food-costs-to-total-expenditures procedure by considering a hypothetical average (middle-income) family, spending one-third of its income on food, which was faced with a need to cut back on its expenditures.²³ She made the assumption that the family would be able to cut back its food expenditures and its nonfood expenditures by the same proportion. This assumption was, of course, a simplifying assumption or first approximation. Under this assumption, one-third of the family's expenditures would be for food no matter how far it had cut back on its total expenditures.

When the hypothetical family cut back its food expenditures to the point

where they equaled the cost of the economy food plan (or the low-cost food plan) for a family of that size, the family would have reached the point at which its food expenditures were minimal but adequate, assuming that "the housewife will be a careful shopper, a skillful cook, and a good manager who will prepare all the family's meals at home."²⁴ Orshansky made the assumption that, at that point, the family's nonfood expenditures would also be minimal but adequate, and established that level of total expenditures as the poverty threshold for a family of that size. Since the family's food expenditures would still be one-third of its total expenditures, this meant that (for families of three or more persons) the poverty threshold for a family of a particular size and composition was set at three times the cost of the economy food plan (or the low-cost food plan) for such a family. The factor of three by which the food plan cost was multiplied became known as the "multiplier."

It is important to note that Orshansky's "multiplier" methodology for deriving the thresholds was normative, not empirical—that is, it was based on a normative assumption involving (1955) consumption patterns of the population as a whole, and not on the empirical consumption behavior of lower-income groups.

Different procedures were used to calculate poverty thresholds for one-person and two-person units in order to allow for the relatively larger fixed costs that small family units face. Orshansky noted that recent consumption curves indicated that one- and two-person family units, who as a group were less homogeneous in composition, seemed to be "out of line" with larger families with respect to spending patterns.²⁵ For two-person families, the 1955 Household Food Consumption Survey had found a food/total-after-tax-money-income ratio of 0.27 rather than one-third; accordingly, a multiplier of $1/0.27$, or 3.7, was used to derive poverty thresholds for two-person families.

To derive poverty thresholds for unrelated individuals (one-person units), no multiplier was used. Orshansky noted

that consumption data for unrelated individuals were hard to interpret because of the heavy representation of aged individuals not shown separately. For the poverty thresholds derived from the low-cost food plan, thresholds for unrelated individuals were set at 72 percent of the corresponding thresholds for two-person families. For poverty at the "economy level"—that is, the definition of poverty derived from the economy food plan that is still in use today—the thresholds for unrelated individuals were set at 80 percent of the corresponding thresholds for two-person families. This procedure was based on the premise that the lower the income, the more difficult it would be for one person to cut expenses such as housing and utilities below the minimum expenses for a couple. Note that the 80-percent factor was used to derive separate thresholds (at the "economy level") for male aged, male nonaged, female aged, and female nonaged unrelated individuals. However, because of the different weighting factors involved for one-person and two-person units, the weighted average poverty threshold for a one-person unit is not precisely equal to 80 percent of the weighted average poverty threshold for a two-person unit.

Having calculated poverty thresholds from each food plan for 58 categories of nonfarm families and 4 categories of nonfarm unrelated individuals, Orshansky had 62 detailed poverty thresholds (from each food plan) for nonfarm family units. According to the 1955 Household Food Consumption Survey, about 40 percent of the food items consumed by all farm families—valued at prices paid by any families who did buy them—came from their home farm or garden rather than being purchased for cash. In addition, Orshansky noted, farm families generally could count not only some of their food but most of their housing as part of the farm operation.²⁶ Because farm families purchased for cash only about 60 percent of the food they consumed, and because of the issue of classifying farm housing expenses as part of the farm business operation, Orshansky decided to set farm poverty thresholds at 60 percent of the

corresponding nonfarm thresholds.²⁷ (As noted below, this figure was changed to 70 percent in 1965 when the Office of Economic Opportunity adopted the thresholds, to 85 percent in 1969, and to 100 percent (that is, the differential was eliminated) in 1981.)

It is important to note that Orshansky's farm/nonfarm distinction was *not* the same as a rural/urban (or nonmetropolitan/metropolitan) distinction. In April 1970, for instance, the Decennial Census found that of a total rural population of 53.9 million persons, only 10.6 million (19.7 percent) lived on farms. The nonfarm poverty thresholds were applied to the rural nonfarm population as well as to the urban population. It should also be noted that the reason for the farm/nonfarm distinction was *not* a generalized "living-costs-are-cheaper-in-farm-or-rural-areas" argument.

With 62 detailed poverty thresholds for nonfarm family units and 62 detailed thresholds for farm family units, Orshansky had a total of 124 detailed thresholds at each of the two cost levels (economy and low-cost). Instead of doing a tabular presentation of 248 separate income cutoff figures, she decided to present a smaller set of weighted average thresholds (table 1).

Note that calendar year 1963 has always been the base year for the poverty thresholds, both before and after the 1969 revision discussed below. Claims that either 1959 or 1967 is the base year of the series stem from

misunderstandings. Before 1969, the thresholds were updated for price changes each year by the December-to-December change in the per capita cost of the economy (or low-cost) food plan.²⁸

The poverty thresholds were presented as a measure of income inadequacy—"if it is not possible to state unequivocally 'how much is enough,' it should be possible to assert with confidence how much, on an average, is too little."²⁹

Orshansky accurately described her poverty thresholds as a "relatively absolute" measure of poverty,³⁰ inasmuch as they were developed from calculations that made use of the consumption patterns (at a particular point in time) of the U.S. population as a whole. In the dichotomy between relative and absolute definitions of poverty, one of the essential characteristics of a purely "absolute" definition is that it is derived without any reference to the consumption patterns or income levels of the population as a whole.³¹ However, although the poverty thresholds were not a purely absolute measure, they were also quite clearly not a purely relative measure, such as the 50-percent-of-median-income measure proposed by Britain's Peter Townsend in 1962 and (in the United States) by Victor Fuchs in 1965.³²

When Orshansky was developing the poverty thresholds, the Census Bureau's Current Population Survey (CPS) was the only good source of nationally representative income data. Accordingly, Orshansky had to apply her

Table 1.—Weighted average nonfarm poverty thresholds at the economy level and at the low-cost level for calendar year 1963

Size of family unit	Thresholds at economy level ¹	Thresholds at low-cost level ²	Ratio
1.....	\$1,539
Under age 65.....	1,580	\$1,885	1.19
Aged 65 or older.....	1,470	1,745	1.19
2.....	1,988
Head under age 65.....	2,050	2,715	1.32
Head aged 65 or older...	1,850	2,460	1.33
3.....	2,440	3,160	1.30
4.....	3,130	4,005	1.28
5.....	3,685	4,675	1.27
6.....	4,135	5,250	1.27
7 or more.....	5,090	6,395	1.26

¹ Poverty thresholds under the current definition.

² Known until 1969 as the near-poverty or low-income thresholds.

poverty thresholds to the CPS income data, even though the CPS used a before-tax money income concept, while the thresholds had been developed on the basis of the after-tax money income concept used in the Agriculture Department survey from which the multiplier was derived. From the beginning, Orshansky was aware of the inconsistency of applying after-tax thresholds to before-tax income data, but there was no other alternative. She reasoned that the result would yield "a conservative underestimate" of poverty. At that time, and for some years thereafter, most families and individuals at the poverty level had little or no Federal income tax liability.

The 1969 Revision

As early as November 1965, Social Security Administration (SSA) policymakers and analysts began to express concern about how the thresholds should be affected by the historical fact that poverty/subsistence lines have tended to rise in real terms as the real incomes of the general population have risen.³³ By late 1967, SSA personnel were also concerned about a separate issue—that prices in general (as measured by the Consumer Price Index—CPI) had been rising more rapidly than the food prices (the per capita cost of the economy food plan) that were then being used to adjust the poverty thresholds for inflation each year. In other words, as measured by the CPI, the thresholds were actually decreasing in real terms.³⁴ In particular, the per capita cost of the economy food plan—and thus the poverty thresholds (at the economy level)—did not change at all from 1963 to 1964 and again from 1966 to 1967, even though overall consumer prices did rise during those periods.³⁵

Because of these concerns, SSA made a tentative decision early in 1968 to adjust the poverty thresholds for the higher general level of living by using data from the 1965 rather than the 1955 Household Food Consumption Survey. The recently revised version of the economy food plan—updated on the basis of consumption data from the 1965

survey—was used to recalculate the (economy-level) thresholds. The revised economy food plan cost 8 percent more than the previous plan, so the thresholds would have been raised in real terms by that percentage. The revised low-cost food plan cost 4 percent more than the previous one and would have resulted in a 4-percent rise in the near-poverty or low-income thresholds. One argument for using the revised food plans was that they (rather than the previous food plans) were being used in the family budgets that the Bureau of Labor Statistics was beginning to issue.

On April 26, 1968, SSA convened an interagency meeting of technical staff from Federal agencies with an interest in poverty. SSA personnel presented to the group their proposal to use the revised food plans to recalculate the poverty and low-income thresholds, and the group agreed to the proposal.

Other subjects were also discussed at the meeting. One was an SSA proposal to adjust "the nonfood portion" of the poverty thresholds for inflation by "the total CPI minus medical care," while presumably continuing to use the per capita cost of the economy food plan to adjust the food portion of the thresholds. This proposal is of interest because it suggests to the author the possibility that SSA assumed that (1) a family unit with a poverty-level income should not have to meet medical costs out of its cash income and (2) that such a family unit should receive charity medical care, care under the Hill-Burton Uncompensated Services Program, or care under the relatively new programs of Medicaid or Medicare. The interagency group favored a shift to CPI indexing of the thresholds but decided that it should not be implemented for processing data for the current year (1967).³⁶

Another idea discussed at the meeting was to replace the poverty threshold multiplier of 3 (derived from the 1955 Household Food Consumption Survey) with a higher multiplier derived from the 1965 survey.³⁷ This idea was not part of the formal SSA proposal for revising the thresholds. Together with the use of the revised food plan, this higher multiplier would have resulted in poverty thresholds that were 25-30

percent higher than the existing thresholds.

SSA started to implement its decision to revise the poverty thresholds on the basis of the revised food plans, and by about mid-June had poverty population figures for calendar years 1966 and 1967 on both the old and the revised basis. However, during the review of a report that was to use the revised numbers, several agencies, notably OEO and the Council of Economic Advisers, repudiated the position taken by their representatives on the advisory group, and argued against publication of the new series figures. The issue became intertwined with questions regarding the effect of a new imputation procedure used by the Census Bureau to estimate 1967 income (conceptually unrelated, but affecting all data tied to income) and with questions relating to the preferred method of adjusting the poverty index for price change. A further problem was that OEO was using the poverty index to determine eligibility in a number of its programs and a change would have affected budgets and/or rules and regulations to a serious extent.

On July 16, 1968, the director of the Office of Statistical Standards in the Bureau of the Budget (BoB) sent a letter to the director of the Census Bureau directing that there be "no change in the criteria for computing the poverty 'thresholds' for income year 1967." The letter also said that BoB would appoint a task force "immediately" to start "[i]ntensive work. . . as quickly as possible to develop concepts and technical information required to re-evaluate the poverty thresholds for future use."³⁸

The overruling of SSA's decision to revise the poverty thresholds and the appointment of a task force to reevaluate them raised the question of which Federal agency should have primary responsibility for the thresholds. The ultimate resolution of this question was that while the Census Bureau was given responsibility for publishing poverty statistics, no agency was given primary responsibility for maintaining the definition of poverty and doing research related to it.³⁹

An interagency Poverty Level Review Committee had been selected by late

September 1968. The Committee held its first meeting on October 2, 1968. There was also a separate technical group that supported the work of the Committee. Two assignments were given to the technical group: (1) to consider the matter of year-to-year price adjustment and to recommend an index, or appropriate alternatives, and (2) to explore the subject of varying poverty levels by geographic areas; whether it was feasible to do this; if so, how many areas; and the appropriate relationship between farm and nonfarm thresholds.⁴⁰

The Technical Staff presented papers on the two assigned subjects to the Committee, which discussed the issues in question. On January 6, 1969, the Committee Chairman (who was from BoB) presented a proposal for 1969 (applicable to data for 1968) under which the poverty thresholds would be indexed by applying the Consumer Price Index (rather than the per capita cost of the economy food plan) to the poverty thresholds at the economy level for the base year 1963. Under this proposal, which was accepted on March 7, no change was to be made in either the farm/nonfarm ratio or the food plans used to calculate the base-year thresholds. It was also proposed and agreed that tabulations would be presented for two additional levels, one 25 percent above and one 25 percent below the poverty level. Later, the Department of Agriculture representative asserted that there was strong evidence to support a reduction in the farm/nonfarm differential. The Committee agreed to reduce that differential by raising the farm/nonfarm ratio from 70 percent to 85 percent.

Accordingly, the final form of the changes in the poverty definition that the Committee agreed to make was:

- The annual change in the Consumer Price Index was made the basis for the annual adjustment in the poverty thresholds. This replaced the previous adjustment based on the annual change in the per capita cost of foods in the economy food plan.

- Farm poverty thresholds were set at 85 percent rather than 70 percent of corresponding nonfarm poverty thresholds.

Nonfarm poverty thresholds for the base year 1963 were retained, and the new annual-adjustment and farm/nonfarm provisions were applied to them to yield revised poverty thresholds for both earlier and later years; revised poverty population data for 1959 and subsequent years were tabulated using the revised thresholds. (Table 2 shows the unrevised weighted average poverty thresholds for a nonfarm family of four

for 1959-67 and the revised thresholds for 1959-91.) The two changes above, which comprise the 1969 revision in the poverty definition, were explained in a Census Bureau publication issued on August 12, 1969. Because of this revision, poverty statistics from documents dated before August 1969 should not be used, since they are not comparable with current poverty statistics.

On August 29, 1969, the Bureau of the Budget issued a memorandum that directed all Federal Executive Branch agencies to use the revised-definition poverty statistics and thresholds (as

Table 2.—Poverty thresholds for a nonfarm family of four (unrevised and revised definitions), 1959-91

Year	Unrevised (pre-1969) thresholds—indexed by food plan	Revised (post-1969) thresholds—indexed by CPI
1959.....	\$3,059	\$2,973
1960.....	...	3,022
1961.....	...	3,054
1962.....	...	3,089
1963 (base year).....	3,128	3,128
1964.....	3,128	3,169
1965.....	3,200	3,223
1966.....	3,335	3,317
1967 ¹	3,335	3,410
1968.....		3,553
1969.....		3,743
1970.....		3,968
1971.....		4,137
1972.....		4,275
1973.....		4,540
1974.....		5,038
1975.....		5,500
1976.....		5,815
1977.....		6,191
1978.....		6,662
1979.....		7,412
1980.....		8,414
1981.....		9,287
1982.....		9,862
1983.....		10,178
1984.....		10,609
1985.....		10,989
1986.....		11,203
1987.....		11,611
1988.....		12,092
1989.....		12,674
1990.....		13,359
1991.....		13,924

¹ The last year for which thresholds indexed by the food plans were calculated.

Source: For unrevised thresholds, see U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 28, p. 5; and Putnam, p. 278 in Technical Paper I. For revised thresholds, see U. S. Bureau of the Census, Current Population Reports, Series P-60, No. 181, Appendix A, table A-3. For a table showing nonfarm poverty thresholds for families of different sizes since 1959, see table 3.E1 in the *Annual Statistical Supplement, 1991* to the *Social Security Bulletin*.

issued by the Census Bureau) for statistical purposes. It was this action that made the Orshansky thresholds (on the revised-definition basis) the Federal Government's official statistical poverty thresholds.

SSA's low-income or near-poverty index was not included in the 1969 revision of the poverty definition. However, the 1969 revision did include a provision that figures be published on the population below 125 percent of the poverty level. That income level was recognized as being "essentially the same as the SSA low-income index."⁴¹ By 1971, the term "near-poverty" was being applied to that income level, with the term "near-poor" being applied to the population between 100 percent and 125 percent of the poverty level.⁴²

The 1970's Studies

In 1971, the Office of Management and Budget (OMB) established a Federal interagency Technical Committee on Poverty Statistics. There were two items on the agenda for the Committee's first meeting: the possible replacement of the term "poverty" by a term such as "low-income," and the definition of poverty areas to be used in future Census tabulations.⁴³ Arguments in favor of changing the term "poverty" to a more neutral term like "low-income" included the claim that "low-income" was "a less value-laden. . . and. . . more accurate description of the statistic." In opposition to the change, it was argued that the term "poverty" had been used for 8 years and was reaching the point of being a technical term and that changing the label might lead to serious public relations problems. In July 1971, Census Bureau reports began to use the term "low-income" rather than "poverty" and "poor." This terminology shift ended in 1975. Although the term "low-income" may still be used as a synonym for "poverty" or "poor," it is not the principal term for the Orshansky poverty concept.⁴⁴

In June 1972, the Technical Committee completed a report on administrative and legislative uses of the

terms "poverty" and "low-income."⁴⁵ However, the Committee did not make any changes in the poverty definition.

In April 1973, the Office of Management and Budget's Statistical Policy Division requested the Interagency Committees on Income Distribution and on Poverty Statistics to conduct a thorough review of Federal income and poverty statistics. Subcommittees were formed to study the following topics: updating the poverty threshold, improving the measurement of cash income, and measuring noncash income. This was the last interagency review of the poverty measure to make recommendations for significant changes in the poverty measure. The three subcommittees' final reports were transmitted to OMB in September 1973.⁴⁶

The Subcommittee on Measurement of Cash Income made a number of specific recommendations for improving the reporting of income on the Current Population Survey. The subcommittee also recommended "a separate income survey vehicle that would encompass many of the items not covered in the CPS. . . to collect better money (and nonmoney) income data."⁴⁷ This recommendation was one of those that ultimately led to the development of the Survey of Income and Program Participation.⁴⁸

The Subcommittee on Non-Cash Income discussed a proposed conceptual framework for measuring noncash income that was "worth further exploration," agreed on some priority areas for research; and reviewed available data and data needs in the areas of food, health, and housing. The Subcommittee agreed that noncash income was received by families throughout the income distribution and that an attempt should be made to value noncash income received for all recipients and not just those at the low end of the distribution. Members were also concerned that in many areas valuing noncash income at the cost to the provider would overstate the income value that the recipient derives from it.⁴⁹ The Subcommittee also supported the Cash Subcommittee's recommendation for a new income survey vehicle.⁵⁰

The Subcommittee on Updating the Poverty Threshold, recognizing that nutritional standards and consumption patterns change over time, recommended that the relationships contained in the poverty series—in particular, the appropriate minimum standard of nutrition and the multiplier derived from the average proportion of family income spent on food—be updated every 10 years, while retabulating poverty data for the previous 10 years using the new thresholds to make comparisons over time possible. The Subcommittee reported that the logical time for the earliest updating of the threshold would be after the 1974 revision of the economy food plan and that the food-to-total-income ratio from the Department of Agriculture's 1965 Household Food Consumption Survey would be the most appropriate of the available choices for the derivation of a new multiplier.⁵¹ The Subcommittee considered this recommendation "a workable position between having an out-of-date absolute measure and [having] an up-to-date measure which is difficult to use for making comparisons over time. . . ."⁵² Other recommendations included:

- The need for more frequent studies of household food consumption in order to permit evaluation of the need for basic adjustment in the poverty threshold at 5-year intervals rather than the Subcommittee's recommended 10-year revision cycle.
- The need for consistency between the factor by which the food budget is multiplied to obtain the poverty threshold and the income definition used for the overall income distribution. "Thus, if noncash income is included in the income distribution, it should be included in both parts of the food to nonfood factor"—more precisely, in both parts of the food-to-total-income ratio from which the multiplier is derived.

- A long-term statistical research effort to provide a basis for the development and evaluation of improvements in the measurement of poverty.
- Deletion of the differentiation between farm and nonfarm poverty thresholds.

However, no changes were made in the poverty definition as a result of the 1973 review of poverty and income statistics.

Section 823 of the Education Amendments of 1974 (P.L. 93-380) required the Assistant Secretary of Education in the Department of Health, Education, and Welfare (HEW) to supervise a "thorough study of the manner in which the relative measure of poverty for use in the financial assistance program authorized by Title I of the Elementary and Secondary Education Act of 1965 may be more accurately and currently developed." At the end of 1974, an interagency Poverty Studies Task Force was established under the leadership of HEW to undertake an intensive review of the current measure of poverty and of the implications of various alternative measurement schemes. A final report, *The Measure of Poverty: A Report to Congress as Mandated by The Education Amendments of 1974*, was submitted to Congress in April 1976. This report thoroughly explored all the issues involved in developing and revising poverty measures, gathering extensive supporting information that was presented in the report itself and in 17 Technical Papers. (Technical Paper XI, "Update of the Orshansky Index," was never published.) The report did not recommend specific changes in the current poverty measure.

A Shift in Indexing

In January 1978, the Bureau of Labor Statistics introduced a second version of its Consumer Price Index—the Consumer Price Index for All Urban Consumers (CPI-U)—in addition to the existing version, the Consumer Price

Index for Urban Wage Earners and Clerical Workers (CPI-W). This presented Census Bureau personnel with the question of which version of the index they should use to update the poverty thresholds annually for inflation. In 1979, Bureau personnel used the CPI-W to calculate poverty thresholds for 1978. However, it appears that at some point between November 1979 and October 1980, a decision was made in the Census Bureau to use the CPI-U rather than the CPI-W to update the poverty thresholds for inflation each year. No record of discussions or deliberations about this decision has been found. The decision may simply have mirrored the decision made at roughly the same time to adjust Census median family income data for inflation using the CPI-U rather than the CPI-W. This decision was the only change in the current official poverty definition that was not made by a Federal interagency committee.

The 1981 Revision

At a November 1979 meeting of the Interagency Committee on Income and Wealth Distribution Statistics, it was reported that the Justice Department's Task Force on Sex Discrimination had found that Statistical Policy Directive No. 14 (the current version of the 1969 BoB directive that Executive Branch agencies use the Census Bureau poverty thresholds for statistical purposes) discriminated against women; the reason for this finding was that the (detailed) poverty thresholds for male-headed families were higher than those for female-headed families of the same size and composition. (Even though the male-headed/female-headed distinction had never been carried through to the poverty guidelines used for program eligibility purposes, "the use of separate male and female thresholds may have a significant impact on program evaluation uses.") It was stated that "the Committee should examine whether the poverty measure appeared to discriminate against women and . . . determine whether agreement could be reached on ways apparently

discriminatory features of the poverty definition could be eliminated within the framework of the current measure. . . the Committee might wish to make recommendations for other changes which would not be perceived as having a significant impact on the number of persons counted as poor, and which would not significantly modify the structure of the current measure." In addition to the elimination of the male-headed/female-headed distinction, the Committee also agreed on the elimination of the farm/nonfarm distinction and the "[e]xtension of the poverty matrix to families of up to 11 or more persons."⁵³ (In May 1980, the last recommendation was slightly modified for technical reasons to refer to families of nine or more persons.⁵⁴)

After the 1981 change of presidential administrations, an earlier (June 1980) approval of the changes was reviewed and approved in November 1981 by the new administration's Working Group on Economic Statistics of the Cabinet Council on Economic Affairs.⁵⁵ The Census Bureau published an announcement of the changes in the poverty definition on page 62674 of the December 28, 1981, issue of the *Federal Register*. The three changes, as described below, comprise the 1981 revision in the poverty definition:⁵⁶

- The farm/nonfarm differential in poverty thresholds was eliminated by applying nonfarm thresholds to all families. (This was mathematically equivalent to setting farm thresholds at 100 percent of nonfarm thresholds.)
- The detailed matrix of poverty thresholds had previously included separate sets of thresholds for "Families with a female householder, no husband present" and "All other families" (the current Census Bureau terms for what used to be called "female-headed" and "male-headed" families). This distinction was eliminated, with the two sets of thresholds being merged by averaging into a single set.

- The detailed matrix of poverty thresholds was extended to make the largest family size category “nine persons or more” rather than “seven or more persons.” (This change was made possible by the expanded sample size of the CPS.)

These three changes are explicitly described (p. 9) in the Census Bureau publication cited in footnote 55 as “[s]ome of the changes explored in the [1979 Fendler/Orshansky] paper” (the one cited in footnote 32).

Subsequent Developments

During the 1980’s, there were extensive discussions and debates about poverty measurement—particularly about proposals to count government noncash benefits as income for measuring poverty without making corresponding changes in the poverty thresholds. However, there was no official committee review of the poverty thresholds, and no changes were made in the official poverty definition.

In January 1990, the Administration approved an initiative on improving the quality of Federal economic statistics. One of several dozen statistical series that was examined as part of this initiative was the Federal poverty measure.⁵⁷ In June-July 1990, an interagency working subgroup on poverty, composed of employees from a number of Executive Branch agencies, prepared a draft agenda for possible research on poverty measurement and submitted it to the Council of Economic Advisers. No further actions have been taken by Federal Executive Branch agencies regarding poverty in the context of this initiative.

In June 1992, the Committee on National Statistics of the National Academy of Sciences convened a panel of academic experts to conduct a 30-month, two-part congressionally requested study. One part is an examination of statistical issues involved in measuring and understanding poverty. (The other part is a consideration of statistical issues that would be involved

if a national minimum welfare [public assistance] benefit for low-income families with children were to be established.) The panel will not set a new poverty threshold, nor will it evaluate any specific proposed program of public assistance benefits. Instead, it will focus on concepts, information needs, and measurement methods for such purposes. The panel will issue a report of its findings and recommendations by Summer 1994.⁵⁸

After so many pages about the definition and measurement of poverty, perhaps the most appropriate way to close is with a quotation from Mollie Orshansky: “Unlike some other calculations, those relating to poverty have no intrinsic value of their own. They exist only in order to help us make them disappear from the scene. . . . With imagination, faith and hope, we might succeed in wiping out the scourge of poverty even if we don’t agree on how to measure it.”⁵⁹

Notes

¹Patricia Ruggles, *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy*, Washington, DC: Urban Institute Press, 1990.

²William O’Hare, Taynia Mann, Kathryn Porter, and Robert Greenstein, *Real Life Poverty in America: Where the American Public Would Set the Poverty Line* (A Center on Budget and Policy Priorities and Families USA Foundation Report), July 1990.

³See, for instance, Spencer Rich, “Drawing the Line on Poverty: Census Bureau Measurement Sparks Criticism From Many Quarters,” *Washington Post*, October 30, 1989, p. A13; Julie Kosterlitz, “Measuring Misery,” *National Journal*, Vol. 22, No. 31, August 4, 1990, pp. 1892-1896; and Jason DeParle, “In Rising Debate on Poverty, The Question: Who Is Poor?,” *New York Times*, September 3, 1990, pp. 1 and 10.

⁴For a brief description of the poverty guidelines, see Gordon M. Fisher, “Poverty Guidelines for 1992,” *Social Security Bulletin*, Vol. 55, No. 1, Spring 1992, pp. 43-46.

⁵Personal communication with Mollie Orshansky, June 14, 1988; Orshansky et al., “Measuring Poverty: A Debate,” *Public Welfare*, Vol. 36, No. 2, Spring 1978, p. 54;

and Orshansky, “Statement. . .,” in *Redrawing the Poverty Line: Implications for Fighting Hunger and Poverty in America—Hearing Before the Select Committee on Hunger*. . . , U.S. House of Representatives, Serial No. 101-24, Washington, DC: U.S. Government Printing Office, October 4, 1990 (printed in 1991), p. 5.

⁶Orshansky, “Children of the Poor,” *Social Security Bulletin*, Vol. 26, No. 7, July 1963, pp. 3-5; Orshansky, “Recounting the Poor—A Five-Year Review,” *Social Security Bulletin*, Vol. 29, No. 4, April 1966, p. 20.

⁷Orshansky, “Counting the Poor: Another Look at the Poverty Profile,” *Social Security Bulletin*, Vol. 28, No. 1, January 1965, pp. 3-29.

⁸“The Problem of Poverty in America,” in *Economic Report of the President Transmitted to the Congress January 1964 Together With the Annual Report of the Council of Economic Advisers*, Chapter 2, Washington, DC: U.S. Government Printing Office, 1964, pp. 55-84.

⁹“The Problem of Poverty. . .,” pp. 58-59. The last sentence is further explicated in the following comment about poverty measurement: “It should be noted that the [possible] shift from money income to either consumption expenditures or personal income [defined in the previous sentence as “includ[ing] such nonmoney income as home-produced food and imputed rent”] is tantamount to a lowering of the poverty line just as surely as is adopting a lower money-income line”—Robert J. Lampman, “Population Change and Poverty Reduction, 1947-75,” in *Poverty amid Affluence*, Leo Fishman (editor), New Haven: Yale University Press, 1966, p. 19.

¹⁰“The Problem of Poverty. . .,” pp. 57-58.

¹¹Arthur M. Schlesinger, Jr., *A Thousand Days: John F. Kennedy in the White House*, Boston: Houghton Mifflin Company, 1965, p. 1011; James L. Sundquist, *Politics and Policy: The Eisenhower, Kennedy, and Johnson Years*, Washington, DC: Brookings Institution, 1968, pp. 135-136; and Sar A. Levitan, *The Great Society’s Poor Law: A New Approach to Poverty*, Baltimore: Johns Hopkins Press, 1969, pp. 13-14.

¹²Personal communication with Robert Lampman, September 10, 1987.

¹³Judith Innes de Neufville, *Social Indicators and Public Policy: Interactive Processes of Design and Application*, New York: Elsevier Scientific Publishing Company, 1975, p. 86; Orshansky, “Family

Budgets and Fee Schedules of Voluntary Agencies," *Social Security Bulletin*, Vol. 22, No. 4, April 1959, p. 10.

¹⁴*Federal Register*, December 1, 1975, p. 55650; U.S. Department of Health, Education, and Welfare, *The Measure of Poverty: A Report to Congress as Mandated by The Education Amendments of 1974*, Washington, DC: U.S. Government Printing Office, April 1976, pp. 8 and 39. (This report is cited in later footnotes as *The Measure of Poverty*.)

¹⁵The Agriculture Department replaced the economy food plan with the thrifty food plan in 1975 at the same cost level. The thrifty plan is used to determine the amount of the maximum food stamp allotment. However, it should be noted that the thrifty food plan was not used at any time in either the development or the updating of the present official poverty thresholds.

¹⁶"Counting the Poor: Another Look. . .," p. 6. The bibliographic source for the "temporary or emergency use" quotation is Betty Peterkin, "Family Food Plans, Revised 1964," *Family Economics Review*, October 1964, p. 12. The words in question were used about the plan not because it was not nutritious (the foods in the plan would provide a nutritious diet), but because the selection of foods in the plan could become monotonous over an extended period of time (personal communications with Betty Peterkin, February 20, 1990, and April 22, 1992). The source which contained the food plans in the form in which Orshansky used them had stated that "The economy food plan. . . is essentially for emergency use" (Eloise Cofer, Evelyn Grossman, and Faith Clark, *Family Food Plans and Food Costs For nutritionists and other leaders who develop or use food plans* (Home Economics Research Report No. 20), Washington, DC: Consumer and Food Economics Research Division, Agricultural Research Service, U.S. Department of Agriculture, November 1962, p. 25).

¹⁷Betty Peterkin and Faith Clark, "Money Value and Adequacy of Diets Compared with the USDA Food Plans," *Family Economics Review*, September 1969, pp. 6-8.

¹⁸"Counting the Poor: Another Look. . .," p. 6.

¹⁹*Ibid.*, p. 6.

²⁰*Ibid.*, p. 7.

²¹This law was developed by Ernst Engel (1821-96), a German statistician who was director successively of the statistical bureaus of Saxony and Prussia. (He should not be

confused with Friedrich Engels, the collaborator of Karl Marx.) A more precise statement of the law (in English translation) is as follows: "The poorer is a family, the greater is the proportion of the total outgo [family expenditures] which must be used for food. . . . The proportion of the outgo used for food, other things being equal, is the best measure of the material standard of living of a population" (Carle C. Zimmerman, "Ernst Engel's Law of Expenditures for Food," *Quarterly Journal of Economics*, Vol. 47, No. 1, November 1932, p. 80).

²²For further discussion of this point, see Alan Haber, "Poverty Budgets: How Much Is Enough?" *Poverty and Human Resources Abstracts*, Vol. 1, No. 3, May-June 1966, p. 6, and *The Measure of Poverty*, p. 75.

²³The understanding of Orshansky's procedure described in this and the following paragraph was not made explicit in her July 1963 and January 1965 articles. See, however, Orshansky, "Who Are the Poor?" p. 94 in *Sixth Biennial Workshop on Public Welfare Research and Statistics: Proceedings—July 18-22, 1966*, Orshansky et al., "Measuring Poverty: A Debate," p. 46; Orshansky, "Who's Who Among the Poor: A Demographic View of Poverty," *Social Security Bulletin*, Vol. 28, No. 7, July 1965, p. 9; and Orshansky, "How poverty is measured," *Monthly Labor Review*, Vol. 92, No. 2, February 1969, p. 39.

²⁴"Children of the Poor," p. 8.

²⁵"Counting the Poor: Another Look. . .," p. 9.

²⁶If farm housing is counted as part of the farm operation—that is, if farm housing expenses are classified as part of farm (business) operating expenses—the result is to reduce the amount of net farm self-employment income, and thus the amount of total money income, as defined by the Census Bureau.

²⁷"Counting the Poor: Another Look. . .," pp. 9-10.

²⁸Orshansky, "Recounting the Poor. . .," p. 22; *The Measure of Poverty*, p. 7.

²⁹"Counting the Poor: Another Look. . .," p. 3; see also Orshansky, "Living in Retirement: A Moderate Standard for an Elderly City Couple," *Social Security Bulletin*, Vol. 31, No. 10, October 1968, p. 4. For an example of intelligent, socially concerned minds running (independently) "in the same track," compare the following statement from an obscure article published years before Orshansky was born: "We can define a limit below which it is wrong to go,

without committing ourselves to the view that the limit itself is sufficiently high"—Rev. John A. Ryan, "What Wage is a Living Wage?" *Catholic World*, Vol. 75, No. 445, April 1902, p. 4.

³⁰Orshansky, "Some Thoughts on CETA Requirements for Price Statistics and Poverty Measures" (unpublished), a paper presented at the Bureau of Labor Statistics' North American Conference on Labor Statistics, Hyannis, Massachusetts, June 25, 1974, p. 9; Orshansky et al., "Measuring Poverty: A Debate," p. 54; and Orshansky, "Commentary: The Poverty Measure," *Social Security Bulletin*, Vol. 51, No. 10, October 1988, p. 23.

³¹"An absolute standard [of poverty] means one defined by reference to the actual needs of the poor and not by reference to the expenditure of those who are not poor"—Sir Keith Joseph [Secretary of State for Education in the Cabinet of Prime Minister Margaret Thatcher] and J. Sumption, *Equality*, London: John Murray, 1979, pp. 27-28, quoted in Joanna Mack and Stewart Lansley, *Poor Britain*, London: George Allen & Unwin Ltd., 1985, p. 16.

³²Peter Townsend, "The Meaning of Poverty," *British Journal of Sociology*, Vol. 13, No. 3, September 1962, pp. 221 and 223. (Specifically, Townsend proposed that a poverty line be set at half or two-thirds of average household or family income.) Victor R. Fuchs, "Toward a Theory of Poverty," in *The Concept of Poverty*, Task Force on Economic Growth and Opportunity, Washington, DC: Chamber of Commerce of the United States, 1965, p. 74. For comments by Orshansky on the 50-percent-of-median-income standard, see Orshansky et al., "Measuring Poverty: A Debate," p. 54; cf. Carol Fendler and Orshansky, "Improving the Poverty Definition," *American Statistical Association: 1979 Proceedings of the Social Statistics Section*, p. 643.

³³See, for instance, Orshansky, "Recounting the Poor. . .," pp. 21 and 22; and Ida C. Merriam, "Concepts and Measures of Welfare," in *American Statistical Association: Proceedings of the Social Statistics Section, 1967*, p. 182. For articles on this historical phenomenon, see Robert W. Kilpatrick, "The Income Elasticity of the Poverty Line," *Review of Economics and Statistics*, Vol. 55, No. 3, August 1973, pp. 327-332; and David Hamilton, "Drawing the Poverty Line at a Cultural Subsistence Level," *Southwestern Social Science Quarterly*, Vol. 42, No. 4, March

1962, pp. 337-345. Even without the benefit of quantitative studies, many U.S. analysts and scholars writing about poverty and consumption patterns between 1917 and about 1970 were quite aware—indeed, accepted as almost a truism—that poverty/subsistence lines generally rose in real terms as the real incomes of the general population rose.

³⁴Orshansky, “Memorandum for Dr. Daniel P. Moynihan—Subject: History of the Poverty Line,” July 1, 1970, reprinted in Mollie Orshansky [compiler], “Documentation of Background Information and Rationale for Current Poverty Matrix,” Technical Paper I of *The Measure of Poverty*, Washington, DC: U.S. Department of Health, Education, and Welfare, 1976, p. 235 (this paper is cited in later footnotes as Technical Paper I); Israel Putnam, “Poverty Thresholds: Their History and Future Development” [November 1970], in Technical Paper I, p. 276; and *The Measure of Poverty*, pp. 6 and 9.

³⁵Orshansky, “Who’s Who Among the Poor. . .,” p. 4; Orshansky, “Progressing Against Poverty,” Research and Statistics Note No. 24 (1968 series), U.S. Department of Health, Education, and Welfare, Social Security Administration, Office of Research and Statistics, December 10, 1968, p. 2, footnote 1; and *The Measure of Poverty*, p. 12, Figure 1. Orshansky has indicated (personal communication, May 29, 1990) that the fact that the cost of the economy food plan did not increase for one year [presumably the 1966-to-1967 non-increase] was a motivating factor behind SSA’s 1968 efforts to revise the poverty thresholds.

³⁶May 3, 1968, memorandum from Ida C. Merriam, Assistant Commissioner, Office of Research and Statistics [SSA]—Subject: The SSA poverty and low-income cut-off points for 1967 incomes; and May 7, 1968, memorandum from Robert L. Stein, [Bureau of the Census] to Professional Staff, Poverty Statistics Section [Bureau of the Census]—Subject: Possible changes in poverty definitions. Only the Merriam memo provides the specifics of SSA’s proposal about the indexing of the thresholds.

³⁷For later discussions of revised, higher poverty thresholds based on a multiplier derived from the 1965 survey, see *The Measure of Poverty*, pp. 75-77; Orshansky et al., “Measuring Poverty: A Debate,” pp. 47 and 48; and Fendler and Orshansky (cited in footnote 32), pp. 642-643 and 645.

³⁸July 16, 1968, letter from Raymond T. Bowman, Assistant Director for Statistical

Standards, [Bureau of the Budget] to A. Ross Eckler, Director, Bureau of the Census. Copies of the letter were sent to CEA, OEO, and SSA “in order that the major agencies concerned in this problem will be informed.”

³⁹Orshansky, “Statement. . .,” in U.S. House of Representatives, *Census and Designation of Poverty and Income: Joint Hearing Before the Subcommittee on Census and Population of the Committee on Post Office and Civil Service and the Subcommittee on Oversight of the Committee on Ways and Means. . .*, Post Office and Civil Service Committee Serial No. 98-28, Ways and Means Committee Serial No. 98-87, Washington, DC: U.S. Government Printing Office, May 15, 1984, p. 12; and Orshansky, “Statement. . .” (January 30, 1986), in U.S. House of Representatives, *Census Bureau Measurement of Noncash Benefits: Hearings Before the Subcommittee on Census and Population of the Committee on Post Office and Civil Service. . .*, Serial No. 99-51, Washington, DC: U.S. Government Printing Office, 1986, p. 129.

⁴⁰October 3, 1968, memorandum for the files, from Ida C. Merriam—Re: First meeting of the Budget Bureau Poverty Level Review Committee, October 2, 1968; October 9, 1968, memorandum from Lawrence N. Bloomberg, Secretary, to Members, Poverty Level Review Committee—Subject: Minutes, Meeting of October 2, 1968.

⁴¹Cf. Orshansky, “Statement. . .” [November 15, 1973], in U.S. House of Representatives, *Student Financial Assistance (Theory and Practice of Need Analysis): Hearings Before the Special Subcommittee on Education of the Committee on Education and Labor. . . Part 1: Theory and Practice of Need Analysis. . .*, Washington, DC: U.S. Government Printing Office, 1974, p. 66.

⁴²Bureau of the Census, Current Population Reports, Series P-60, No. 77, *Poverty Increases by 1.2 Million in 1970 (Advance data from March 1971 Current Population Survey)*, Washington, DC: U.S. Government Printing Office, May 7, 1971, p. 8, table 9, “Persons Below the Near-Poverty Level. . .,” and Bureau of the Census, Current Population Reports, Series P-60, No. 81, *Characteristics of the Low-Income Population, 1970*, Washington, DC: U.S. Government Printing Office, November 1971, p. 14 (section titled “Persons between 100 and 125 percent of the low-income level”).

⁴³Bette Mahoney, “Technical Committee on

Poverty Statistics,” *Statistical Reporter*, Office of Management and Budget, October 1971, p. 67; July 1, 1971, memorandum from Bette Mahoney (for Margaret Martin, Chairman of the Committee), PRE/R [the Research Division of the Office of Planning, Research, and Evaluation of the Office of Economic Opportunity], to Members of the Interagency Poverty Review Committee—Subject: Meeting on Tuesday, July 13th.

⁴⁴The following exception should be noted: In the context of the Department of Housing and Urban Development’s housing assistance programs and Community Development Block Grant program, as well as housing assistance programs of the Agriculture Department’s Farmers Home Administration, the terms “low-income,” “very-low-income,” and “lower-income” are defined in terms of percentages of a metropolitan or nonmetropolitan area’s median family income, adjusted for family size; in these contexts, these terms do not refer to the Orshansky poverty concept.

⁴⁵June 21, 1972, memorandum from Bette Mahoney, Consultant, Statistical Policy Division, [Office of Management and Budget] to Members of the Technical Committee on Poverty Statistics—Subject: Working Paper on Administrative and Legislative Use of the Terms “Poverty” and “Low Income;” *The Measure of Poverty*, p. 7.

⁴⁶September 4, 1973, memorandum from Robert W. Raynsford, Statistical Policy Division, [Office of Management and Budget] to Paul F. Krueger—Subject: Consolidated Report of Subcommittee Chairmen: Review of Poverty Statistics; and Bette S. Mahoney, “Review Of Poverty And Income Distribution Statistics,” *Statistical Reporter*, No. 74-7, Statistical Policy Division, U.S. Office of Management and Budget, January 1974, p. 117.

⁴⁷June 28, 1973, memorandum from Murray S. Weitzman [Census Bureau], Chairman, Subcommittee on Measurement of Cash Income, to Julius Shiskin, Chief Statistician, Office of Management and Budget—Subject: Final Report of the Subcommittee on Measurement of Cash Income; see also pp. 118-120 of the January 1974 *Statistical Reporter* article cited in footnote 46.

⁴⁸Martynas A. Ycas, Income Survey Development Program Staff, “An Introduction to the Income Survey Development Program,” unpublished report (revised October 1979), p. 2; and personal communication with Bette Mahoney, ca. June 10, 1987.

⁴⁹Cf. Janice Peskin, “In-Kind Income and

the Measurement of Poverty,” Technical Paper VII of *The Measure of Poverty*, Washington, DC: U.S. Department of Health, Education, and Welfare, October 1976, pp. 2-3.

⁵⁰The source for all items in this paragraph was: September 24, 1973, memorandum from Bette Mahoney, Chairman of the Subcommittee, Statistical Policy Division, [Office of Management and Budget], to Paul Krueger—Subject: Final Report of the Subcommittee on Non-Cash Income. See also pp. 120-121 of the January 1974 *Statistical Reporter* article cited in footnote 46.

⁵¹Cf. the following comment by Orshansky during the April 30, 1973, joint committee meeting before the division into three subcommittees: “. . . not only should the food budget [food plan] be allowed to change over time, so should the income food ratio”—May 14, 1973, memorandum from Bette Mahoney, Secretary to the Committees, Statistical Policy Division, [Office of Management and Budget], to Members of the Interagency Committee [sic] on Income Distribution and Poverty Statistics—Subject: Minutes of the Meeting of April 30, 1973.

⁵²The source for all items in this paragraph (including the four recommendations at the end) was: August 2, 1973, memorandum from Milo B. Sunderhauf, Statistical Policy Division, OMB, to Robert Raynsford, OMB—Subject: Recommendations of the Subcommittee on Updating the Poverty Threshold. Some but not all of the recommendations of this Subcommittee were also described on p. 118 of the January 1974 *Statistical Reporter* article cited in footnote 46.

⁵³The source for all preceding items in this paragraph was: February 26, 1980, memorandum from Milo B. Sunderhauf, [Department of Commerce, Office of Federal Statistical Policy and Standards], Chair, to Members, Interagency Committee on Income and Wealth Distribution Statistics—Subject: Recommendations for Changes in Poverty Definition. (An attachment summarized the November 7, 1979, meeting of the Committee.) For the changes recommended by the Committee, see also “Recent Proposed Changes to the Official Definition of Poverty,”

Clearinghouse Review, Vol. 14, No. 8, November 1980, pp. 736-738.

⁵⁴May 22, 1980, memorandum from Milo B. Sunderhauf, [Department of Commerce, Office of Federal Statistical Policy and Standards], Chair, to Members, Interagency Committee on Income and Wealth Distribution Statistics—Subject: Technical Revision in the Statistical Definition of Poverty.

⁵⁵Bureau of the Census, Current Population Reports, Series P-60, No. 133, *Characteristics of the Population Below the Poverty Level: 1980*, Washington, DC: U.S. Government Printing Office, July 1982, p. 3. Cf. also W[illiam] P. O’Hare, “Measuring Poverty,” *Clearinghouse Review*, Vol. 15, No. 8, December 1981, pp. 648-649.

⁵⁶For additional details, see Bureau of the Census, Current Population Reports, Series P-60, No. 133, *Characteristics of the Population Below the Poverty Level: 1980*, Washington, DC: U.S. Government Printing Office, July 1982, pp. 2-5, 9, and 186. The three changes reduced the number of cells in the detailed matrix of poverty thresholds from 124 to 48.

⁵⁷Council of Economic Advisers, “Improving the Quality of Economic Statistics,” press release—4 pages, January 25, 1990; Appendix B, “Improving the Quality of Economic Statistics,” in *Economic Report of the President Transmitted to the Congress February 1990 Together With the Annual Report of the Council of Economic Advisers*, Washington, DC: U.S. Government Printing Office, pp. 281-285; and the DeParle *New York Times* story cited in footnote 3.

⁵⁸National Research Council, Commission on Behavioral and Social Sciences Education, Committee on National Statistics, “Panel on Poverty and Family Assistance: Concepts, Information Needs, and Measurement Methods,” May 1992.

⁵⁹Orshansky, “Demography and Ecology of Poverty,” in *Proceedings of a Conference on Research on Poverty* (submitted to The Center for the Study of Social Problems, National Institute of Mental Health, under provisions of a grant from NIMH), Washington, DC: Bureau of Social Science Research, Inc., June 1968, p. 28.