

The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure

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by
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CONTENTS

Introduction.....	1
How Orshansky Developed the Poverty Thresholds.....	3
The Historical Background and the Early History of the Poverty Thresholds.....	11
The 1969 Revision of the Poverty Thresholds.....	24
The "Low-Income" Terminology Shift and the 1971-1972 Technical Committee on Poverty Statistics.....	34
The 1973 Interagency Subcommittees on Cash Income, on Non-Cash Income, and on Updating the Poverty Threshold.....	36
The Poverty Studies Task Force and Its 1976 Report, <u>The Measure of Poverty</u>	38
The Selection of a Version of the Consumer Price Index (the CPI-U rather than the CPI-W) for Indexing the Poverty Thresholds (ca. 1980).....	40
The 1979 Fendler/Orshansky Paper and the 1981 Revision of the Poverty Thresholds.....	42
Developments During the 1980's and the Early 1990's-- Debates and "Experimental" Estimates.....	45
The National Research Council's Panel on Poverty and Family Assistance.....	47
Conclusion.....	50
Notes.....	52

There has been renewed interest in the United States in recent years in issues relating to the definition and measurement of poverty.⁽¹⁾ In October 1989, the Joint Economic Committee of Congress released a staff study discussing current poverty measurement procedures and suggesting that the poverty thresholds be raised in real terms to reflect the major changes in consumption patterns and relative prices that have occurred in the United States since the mid-1950's. In January 1990, the Bush Administration approved an initiative on improving the quality of federal economic statistics; the current poverty measure was one of several dozen statistical series which was examined as part of that initiative. In April 1990, Urban Institute economist Patricia Ruggles published a book⁽²⁾ which urged an increase in 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 report⁽³⁾ 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 which was 24 percent higher than the current official poverty line. In 1992 and 1993, two pairs of authors published budgets⁽⁴⁾ developed with the purpose of replacing the current poverty thresholds. And in May 1995, a Panel on Poverty and Family Assistance appointed by the National Academy of Sciences/National Research Council (in response to a 1990 Congressional request) published a report⁽⁵⁾ proposing a new approach for developing an official poverty measure for the U.S. In view of this recent renewed interest in poverty definition and measurement, it may be useful to reexamine how the current official poverty thresholds were originally developed, and what their subsequent history has been.

The following account of the poverty thresholds is based largely on primary sources--e.g., papers and articles by Mollie Orshansky, who developed the thresholds, and unpublished records of federal interagency committees which reviewed the thresholds at various times. (A number of published descriptions of the poverty thresholds have either failed to consult published primary sources with sufficient care or have failed to consult them altogether, resulting in errors and inaccuracies.) This account concentrates on the internal or administrative history of the poverty thresholds; external debates about the poverty measure have been conducted in large part on the public record, while the primary sources for the internal administrative history tend to be either neglected or simply not available in published form.

The poverty thresholds are the primary version of the federal poverty measure--the other version being the poverty guidelines. The poverty thresholds are issued nowadays by the Census Bureau, and are generally used for statistical purposes -- for example, for estimating the number of persons in poverty nationwide each year and presenting data classifying them by type of residence, race, and other social, economic, and demographic characteristics. The poverty guidelines⁽⁶⁾ 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 poverty thresholds were originally developed in 1963 and 1964 by Mollie Orshansky, an economist working for the Social Security Administration (SSA). As indicated below, she actually developed two sets of poverty thresholds--one derived from the Agriculture Department's economy food plan and one derived from the Agriculture Department's somewhat less stringent low-cost food plan. She described an initial version of these thresholds--for families with children only--in a July 1963 article in the Social Security Bulletin.⁽⁷⁾ She published an analysis using a refined and extended version of the two sets of thresholds (including thresholds for unrelated individuals and families without children, as well as for families with children) in a January 1965 Social Security Bulletin article.⁽⁸⁾

As Orshansky later indicated, her original purpose was not to introduce a new general measure of poverty⁽⁹⁾; instead, she was trying 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.⁽¹⁰⁾ However, her work appeared at a strategic time. The Johnson Administration had announced a War on Poverty in January 1964, and in late 1964 (when preprints of Orshansky's January 1965 article were being widely circulated) the Economic Opportunity Act of 1964 was being implemented and the Office of Economic Opportunity (OEO) was being set up.⁽¹¹⁾ As noted below, OEO adopted the lower of Orshansky's two sets of poverty thresholds as a working definition of poverty for statistical, planning, and budget purposes in May 1965. Certain aspects of the poverty thresholds were revised in August 1969 based on the recommendations of a federal interagency committee; in the same month, the Bureau of the Budget designated the just-revised poverty thresholds as the federal government's official statistical definition of poverty.⁽¹²⁾ Additional minor revisions in the poverty thresholds were made in 1981 based on the recommendations of another federal interagency committee.

This paper will first describe how Orshansky developed the poverty thresholds. It will then describe some of the background and events which led up to Orshansky's 1963 development and 1964 refinement and extension of the thresholds. (The chronological sequence is partially reversed in this fashion because some of the earlier events are easier to understand when placed in the context of how the thresholds were developed.) It will then describe the history of the thresholds after the Office of Economic Opportunity and other federal agencies started using them in 1965; this last part will focus to a great extent on reviews of the thresholds by various federal interagency committees.

How Orshansky Developed the Poverty Thresholds

Orshansky did not develop the poverty thresholds as a standard budget--a more precise technical term for what is today commonly called a "market basket." (A standard budget is "a list of goods and services that a family of a particular size and composition would require in a year to live at some specified level."⁽¹³⁾) If generally accepted standards of minimum need had been available for all or most of the major essential consumption items of living--housing, medical care, clothing, transportation, and so on--Orshansky could have followed a standard budget approach by costing out all 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 at the time Orshansky developed the thresholds--and it is still true that no such standards in non-food areas exist today.⁽¹⁴⁾ It should be noted that Orshansky's decision not to use the standard budget approach in developing the poverty thresholds was based on considerably more familiarity with standard budgets⁽¹⁵⁾ than many "mainstream" economists had at the time (or have today). While her 1959 article on standard budgets⁽¹⁶⁾ was written well before she began to develop the poverty thresholds, its discussion of some of the issues and problems with such budgets (pp. 12-13, 17) can be read--strictly in hindsight--almost as a listing of reasons for not using the standard budget approach in developing the thresholds.⁽¹⁷⁾

In Orshansky's words, "...there is no generally accepted standard of adequacy for essentials of living except food."⁽¹⁸⁾ As her "generally accepted" standards of adequacy for food, she made use of the food plans prepared by the Department of Agriculture.⁽¹⁹⁾ At the time she was developing the thresholds, the Agriculture Department had food plans at the following four cost levels (listed here from the most costly to the cheapest): liberal, moderate, low-cost, and economy. The first three plans go back to the original introduction of the food plans in 1933⁽²⁰⁾, while the economy food plan was developed and introduced in 1961 using data from the Agriculture Department's 1955 Household Food Consumption Survey.⁽²¹⁾ Orshansky used the low-cost and economy⁽²²⁾ food plans in developing her two sets of poverty thresholds, describing them as follows: "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."⁽²³⁾ To be more precise, what Orshansky used in developing the poverty thresholds was the dollar costs of the foods in the two food plans; while 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 an even chance of providing a fair or better diet for the family, but really only one chance in 10 of providing a good diet."⁽²⁴⁾

"Moving from the cost of food for a family to the total income required i.e., the poverty threshold entailed three basic steps. First...it was necessary to define the family size and composition prototypes for which food costs would be computed. It was then necessary to decide how much additional income to allow for items other than food, and finally how to relate the cash needs of farm families to those of their comparable nonfarm cousins. In view of the special interest in the economic status of families with children, and because logic suggests that income requirements are related to the number in the family, estimates were made separately for nonfarm families varying in size from two members to seven or more, further classified by sex of head and number of related children under 18."⁽²⁵⁾ (The reference to number of children means that 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.) "To allow for the special interest in the aged, the majority of whom live alone or in couples, 2-person families were further classified by age of head as those under age 65 or aged 65 and older..."⁽²⁶⁾ (The fact that there are lower poverty thresholds for aged units of the smallest size is simply a mechanical consequence of the fact that there were separate subcategories for two-person families with aged and nonaged heads, and the 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 each of the 58 nonfarm family subcategories that Orshansky had established was a complicated process. The food plans that she was using included separate food cost figures for nineteen different age-sex categories of persons.⁽²⁷⁾ However, to a great extent data were not available to show the distribution of persons by age and sex within each of her family subcategories. 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."⁽²⁸⁾ Food plan costs for the 58 nonfarm family subcategories were calculated using January 1964 prices for the economy and low-cost food plans.⁽²⁹⁾

To get from food plan costs to estimates of minimum necessary expenditures for all items, "...an adaptation was made of a principle most of us learn by heart:"⁽³⁰⁾ "...for individuals as for nations...the proportion of income allocated to the 'necessaries,' and in particular to food, is an indicator of economic well-being."⁽³¹⁾ "...a low percentage of income going for food can be equated with prosperity and a high percentage with privation."⁽³²⁾ (The "principle" that Orshansky referred to is known as Engel's Law.^{(33),(34)}) Orshansky adapted Engel's Law by assuming (for families of three or more persons) that "equivalent levels of adequacy were reached only when the proportion of income required to purchase an adequate diet was identical."⁽³⁵⁾

To determine the proportion of total income that should be assumed to be spent for food, Orshansky made use of another Agriculture Department product--the Household Food Consumption Survey, a survey which the Department conducts on a recurring basis at approximately ten-year intervals. At the time she was developing

the thresholds, the most recent of these surveys which was available was the one for 1955. She made use of one major finding from this 1955 survey--that for families of three or more persons, the average dollar value of all food used during a week (both at home and away from home) accounted for about one third of their total money income after taxes.^{(36),(37)} (It should be noted that this finding relates to families at all income levels, not just families at low income levels; one of the most common errors made in describing the development of the thresholds is to assert that they are based on a finding that "poor people spend a third of their income on food." The reason for using the proportion for all families can be gleaned from the discussion on p. 6 below.)

Besides considering the Agriculture Department's 1955 Household Food Consumption Survey, Orshansky also looked at the Bureau of Labor Statistics' 1960-1961 Consumer Expenditure Survey, which also provided an estimate of the proportion of total after-tax income going for food. However, "questions employed by the Bureau of Labor Statistics to obtain the data on annual food outlays usually have yielded lower average expenditures than the more detailed item-by-item checklist of foods used in a week that serves as a questionnaire for the Agriculture Department."⁽³⁸⁾ She briefly discussed the possibility of using the BLS survey to derive a poverty measure; this would have resulted in a "multiplier" (see below) of just over four, rather than three. However, she finally decided to use the 1955 Agriculture Department survey, with its one-to-three ratio of food expenditures to after-tax money income, in developing the poverty thresholds.⁽³⁹⁾

In effect, 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.⁽⁴⁰⁾ 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, as she herself recognized. However, she had no data to support a specific different relationship between food and nonfood expenditure cutbacks.⁽⁴¹⁾ 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 equalled the cost of the economy food plan (or the low-cost food plan, in the case of her second set of thresholds) for a family of that size and composition, 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."⁽⁴²⁾ 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 were still (by her earlier assumption) 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."⁽⁴³⁾

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⁽⁴⁴⁾ assumption involving (1955) consumption patterns of the population as a whole, and not on the empirical consumption behavior of lower-income groups. Orshansky used somewhat different procedures to calculate poverty thresholds for one-person and two-person units⁽⁴⁵⁾, noting that "it is generally acknowledged that a straight per capita income measure does not allow for the relatively larger fixed costs that small households face. Moreover, the more recent consumption curves themselves indicate that the 1- or 2-person families, who as a group are less homogeneous in composition, seem to be 'out of line' with larger families with respect to the spending pattern."⁽⁴⁶⁾ 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 a third; accordingly, she used a multiplier of $1/0.27$, or 3.7, to derive poverty thresholds for two-person families.⁽⁴⁷⁾

To derive poverty thresholds for unrelated individuals (one- person units), Orshansky did not use a multiplier at all; she noted that "the consumption data for this group are hard to interpret because of the heavy representation of aged individuals not shown separately...."⁽⁴⁸⁾ In this case, she followed slightly different procedures for her two sets of thresholds--those based (for families) on the low-cost food plan and those based on the economy food plan. For poverty "at the low-cost level," she set thresholds for unrelated individuals at 72 percent of the corresponding thresholds for two-person families, "following BLS recent practice."⁽⁴⁹⁾ For poverty at "the economy level"--that is, the definition of poverty that is still in use today--she set the thresholds for unrelated individuals at 80 percent of the corresponding thresholds for two-person families, "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 for a couple."⁽⁵⁰⁾ Note that Orshansky used the 80 percent factor to derive separate thresholds (at the "economy level") for male aged, male non-aged, female aged, and female non-aged 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. Her next step was to develop separate detailed thresholds for the corresponding categories of farm family units.⁽⁵¹⁾ She noted that in 1955 (according to the most recent 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....Farm families generally can count not only some of their food but most of their housing as part of the farm operation."⁽⁵²⁾ 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.⁽⁵³⁾ (As noted below, this figure was changed to 70 percent in 1965 when OEO 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 (low-cost and economy). Instead of doing a tabular presentation of 248 separate income cutoff figures, she decided to present a smaller set of weighted average thresholds.⁽⁵⁴⁾ The weighted average nonfarm poverty thresholds at the economy level and at the low-cost level for calendar year 1963 are shown in the table below.⁽⁵⁵⁾

Poverty thresholds at Ratio of Poverty thresholds low-cost level low-cost Size of at economy level near-poverty/low-income thr. to family unit poverty thresholds thresholds poverty thr.

1 person \$1,539 NA NA (under age 65) 1,580 \$1,885 1.19 (aged 65 or over) 1,470 1,745 1.19

2 persons 1,988 NA NA (head under 65) 2,050 2,715 1.32 (head 65 or over) 1,850 2,460 1.33

3 persons 2,440 3,160 1.30 4 persons 3,130 4,005 1.28 5 persons 3,685 4,675 1.27 6 persons 4,135 5,250 1.27
7 or more persons 5,090 6,395 1.26

Note that calendar year 1963 has always been the base year for the poverty thresholds, both before and after the 1969 revision discussed below.⁽⁵⁶⁾

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 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. Orshansky was aware from the beginning of the inconsistency of applying after- tax thresholds to before-tax income data, but had no other alternative; she reasoned that the result would yield "a conservative underestimate" of poverty. As she noted, at that time (as well as for some years thereafter) most families and individuals at the poverty level had little or no federal income tax liability. (Some did, however, pay Social Security payroll taxes and/or state income taxes.)⁽⁵⁷⁾

The poverty thresholds were presented as a measure of income inadequacy--in Orshansky's words, "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."⁽⁵⁸⁾ In a 1965 SSA memo, it was not the poverty level but the near- poor or low-income level--the thresholds derived from the low- cost food plan--that was described as "a minimum adequate standard."⁽⁵⁹⁾

Orshansky accurately described her poverty thresholds as a "relatively absolute" measure of poverty⁽⁶⁰⁾, 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 of poverty is that it is derived without any reference to the consumption patterns or income levels of the population as a whole.⁽⁶¹⁾) However, while Orshansky's 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.⁽⁶²⁾

Poverty lines--including Orshansky's--have often been called "arbitrary." The application of the term "arbitrary" to poverty lines can be traced back at least as far as 1915, when two Englishmen--a statistician and an economist--described a pair of English standard-budget-based poverty lines as "being, to a considerable extent, abstract

and arbitrary."⁽⁶³⁾ Orshansky also applied the term to her poverty thresholds in her January 1965 article. However, the specific wording that she used was "arbitrary, but not unreasonable."⁽⁶⁴⁾ Subsequent writers have often repeated the first phrase while ignoring the second. An additional point worth noting about the word "arbitrary" is that it has several distinct connotations, including: 1) depending on judgment, choice, or discretion (used in particular of the decision of a judge as contrasted to a decision or sentence specified in a statute); and 2) random or capricious. Orshansky used the word with the first connotation, while a number of subsequent writers seem to use it with the second connotation.

Based on an extensive study of over forty poverty lines and subsistence budgets developed in the U.S. during the 1900-1965 period, the author's assessment is that the analysts who developed those poverty lines were not merely picking "arbitrary," capricious numbers at random. Instead, they were generally trying to develop figures that approximated a rough social consensus about the level of a socially acceptable minimum standard of living at a particular time.⁽⁶⁵⁾ This assessment applies to Orshansky's poverty thresholds also; and there is some specific evidence that her thresholds approximated a rough social consensus about an acceptable minimum standard of living during the early 1960's both among experts and among the general population:

When one looks at twelve expert-developed poverty or low-income lines applied to families of four during the 1959-1964 period, one finds that eight of them were between \$3,000 and \$3,500 in current dollars⁽⁶⁶⁾, showing a rough consensus among experts⁽⁶⁷⁾ during this period about the level of a socially acceptable minimum standard of living. Orshansky's poverty threshold of \$3,128 (in 1963 dollars) for a nonfarm family of four fit in well with this expert consensus. (As Orshansky herself noted in an April 1963 memo (see p. 15 below), "A variety of criteria have been used to produce poverty estimates of the same order of magnitude.")

We do not have any direct evidence about the views of the general population in 1963 about the level of a socially acceptable minimum standard of living--i.e., about where the public would have placed a poverty line at that time. However, in 1993 Denton Vaughan constructed a socially defined poverty standard for the 1947-1989 period using Gallup Poll responses to the "get-along" question for those years and a Gallup Poll response to a question specifically about the poverty line in 1989.⁽⁶⁸⁾ (He assumed that the ratio of the poverty line response and the "get-along" amount for 1989 could be applied to the earlier years.) His Gallup-Poll-based poverty standard for a family of four for 1963 was \$3,108--almost identical to Orshansky's 1963 poverty threshold of \$3,128 for a nonfarm family of four. In Vaughan's words (p. 28), this suggests that Orshansky's poverty line "was generally consistent with societal notions about the poverty level prevailing at about the time it was introduced." Orshansky's landmark work of developing her poverty thresholds is well known not only in the United States but also among poverty researchers in such countries as Canada, Great Britain, the Netherlands, and Australia.⁽⁶⁹⁾

The Historical Background and the Early History of the Poverty Thresholds

Concerning the genesis of the poverty thresholds, Orshansky wrote the following in a 1988 introduction to a reprinting of her January 1965 article:

The Social Security Administration (SSA), in carrying out its basic research mission, regularly assesses and reports on the economic well-being of selected groups. Widows under age 62 with minor children was one such group for whom an annual income series was developed to compare the economic status of these "young survivors" and of other women bringing up young children without a father present in the household. By 1962, changing health and industrial conditions resulted in too few new "orphans" each year to warrant an annual report. However, the number of children with no father in the household for reasons other than death was growing and their family groups had a less favorable income status than the young survivors. In an exploratory mode, 1961 income data for all families with children were requested from the March 1962 CPS Current Population survey. The results were striking: As a group, mother-child families averaged less than half the income of two-parent families, but many of the latter had low income also. To suggest the insufficiency of family funds for the rearing of children, "crude indexes" of poverty at two levels were constructed by relating minimal food costs to family income. The findings were published in the July 1963 Social Security Bulletin article "Children of the Poor."...Meanwhile, the Council of Economic Advisors planning for the War on Poverty to be proclaimed in 1964 was using \$3,000 as the poverty line for a family of two or more....The SSA research plan to extend the crude index of poverty to families without children was accelerated and "Counting the Poor: Another Look at the Poverty Profile" resulted, followed by a number of analyses for subsequent years.⁽⁷⁰⁾

In a 1971 interview, Orshansky had given a little additional information about the genesis of the thresholds: In 1963, I wrote a paper called..."Children of the Poor." It grew from a research project I was doing which was part of social security business. My boss, Mrs. Merriam Ida Merriam, Assistant Commissioner for Research and Statistics, had asked for a general study on poverty among different types of families, not just the aged. She saw the potential uses for the information that would be gained....I picked children for my research because personally I happen to like children better than people....Since I had to indicate which kids I was talking about, I developed a crude statistical measure of poverty to work with.⁽⁷¹⁾

A 1970 interview of Orshansky noted that her "years at the U.S. Department of Agriculture were invaluable training for her future development of the 'poverty line,' since she was involved with living standards and

spending patterns of American farm families." She also became "familiar with the sample diets food plans for upper, middle and low-income families devised by the Agriculture Department," later using one of these Agriculture Department food plans "as the basis of her poverty yardstick."⁽⁷²⁾ In a 1989 interview, Orshansky noted, "...I had worked in the Department of Agriculture, in what was at that point the Bureau of Human Nutrition and Home Economics...what happened was that I got to know some of the things that 'the ladies' were interested in. I knew what they were doing on food and nutrition."⁽⁷³⁾ "What they were doing on food and nutrition" included not only the Agriculture Department food plans but also the 1955 Household Food Consumption Survey, which Orshansky also used in developing the poverty thresholds.

Although not mentioned by Orshansky in the above article and interviews, direct antecedents of her poverty thresholds go back several years before "Children of the Poor" in 1963. On April 11, 1960, Arthur S. Flemming, Secretary of Health, Education, and Welfare, was testifying before a Senate subcommittee on the subject of health needs of the aged and aging. Senator Pat McNamara D-Mich., the subcommittee chairman, asked him, "Do you have any figures on how much it costs a retired couple to live these days? What are your recent figures?" Secretary Flemming said that he did not have any such figures with him at the time, but "We would be very glad, in cooperation with the Department of Labor, to develop some figures and submit them for the record at this point."⁽⁷⁴⁾ For some reason, the Labor Department did not provide material to respond to the senator's question, so Orshansky prepared a response, which was submitted by HEW (without attribution) and printed as "Income Needs of the Aged."⁽⁷⁵⁾ In this response, she mentioned the SSA's 1948 budget for an elderly couple, which had not been updated since 1950, as well as a similar current budget for elderly people in New York City, with October 1959 cost figures for a couple and for male and female individuals living alone. She noted that the Bureau of Labor Statistics was in the process of revising the budget for an elderly couple. (As noted in footnote 15, she wrote an article about this BLS revision of the budget later in the same year.) She went on to state that Other means of approximating income need can be devised. For example, the total can be estimated from the cost of food, which is one category for which generally accepted standards of adequacy are available. She then gave the January 1960 cost of the Agriculture Department's low-cost food plan--at that point the cheapest of three food plans-- for an elderly couple. Analyses from the most recent nationwide food consumption study carried out by the U.S. Department of Agriculture, in spring 1955, suggest that families with a homemaker age 60 or older, were spending for food in a week at a rate equivalent to only about one-fourth (27 percent) of the year's money income after taxes, compared with one-third for families of all ages. On the premise, therefore, that food should not claim more than one-fourth of the income of an aged couple, it can be said on the basis of the low-cost food plan that an income less than \$2,560 for an elderly couple is probably "uncomfortably low." This is just about the same as the income (\$2,675) exempted from Federal income tax for a couple with both members 65 and over, who take no more than a standard deduction. By the same token, an income of less than \$2,080 for the couple might be termed inadequate, because at current prices more than \$1 out of \$3 would have to be devoted to food to get an adequate diet at low cost.

In other words, Orshansky used an Agriculture Department food plan and results from the Agriculture Department's 1955 Household Food Consumption Survey to derive two measures of low or inadequate income--almost exactly as she was to do several years later in her July 1963 and January 1965 articles.

About eight months later--on December 19, 1960--the office⁽⁷⁶⁾ in which Orshansky worked issued a Research and Statistics Note, "Facts About Financial Resources of the Aged," which was specifically credited to her.⁽⁷⁷⁾ This note was "prepared...for the Chartbook for the White House Conference on Aging, January 9- 12, 1961." On p. 2 of the note, after mentioning the just-released costs of the BLS revised budget for an elderly couple, Orshansky went on to quote almost verbatim from the material on "Income Needs of the Aged" that she had prepared earlier in the year:

...on the premise--consistent with the spending patterns of older families--that food should claim no more than one-fourth of income, it might be said, based on the Low-Cost Food plan of the U.S. Department of Agriculture, that income less than \$2400-\$2,500 sic for an elderly couple is uncomfortably low.

This sentence was not carried over into the actual Chartbook for the White House Conference on Aging. These two 1960 items of Orshansky's were not Social Security Bulletin articles, and they contained no analysis of the population below the income cutoffs described. Yet they did contain the essence of the poverty threshold concept presented in her July 1963 and January 1965 articles. However, with only one exception⁽⁷⁸⁾, the writer has never seen the two 1960 items cited or referred to in print. The complete contrast between the fate of these 1960 items and the fate of Orshansky's 1963 and 1965 work is an outstanding illustration of her own comment, "Apparently the right timing is as important as the right idea."⁽⁷⁹⁾ In 1960, most middle-class Americans and most social scientists were just not giving any thought to the subject of poverty in America.⁽⁸⁰⁾

As Orshansky noted (see p. 11 above), her work on what became "Children of the Poor" came in the wake of the termination of the series of reports on the incomes of "young survivors" (widows under age 62 with minor children). The articles that she did on this group were published in September 1959, September 1960, and October 1961 (see footnote 70). If another article in that series had been published, it would probably have come

out in September or October 1962. Accordingly, the decision to discontinue the series of reports may have come as late as the summer of 1962. As will be seen below, the decision to involve Orshansky in what became "Children of the Poor" may have come in or shortly after January 1963.

Parts of the history of the project that became "Children of the Poor" can be traced in several documents found in the Ida Merriam Collection of Social Security Papers now located in the Gelman Library of George Washington University in Washington, D.C. A Fiscal Year 1963 work plan⁽⁸¹⁾ for the Division of Program Research-- apparently but not certainly prepared before the July 1962 beginning of that fiscal year--contained (p. 7) a brief description of Project DPR5, Poverty as it Affects Children: "Analyses of the financial resources of families with children, and of the general circumstances in which these families live. A monograph will be prepared including estimates of number of children living in poverty, and the impact of social security and social welfare programs on normal sic families and on families broken by death or marital discord." An estimated completion date of December 1964 was given, with the comment "(1/4 completed in fiscal 1963)"--apparently, from the context, meaning that one quarter of the project was to be completed in Fiscal Year 1963 (the year ending June 30, 1963). This project was included together with at least four others under the heading "Family Economics Studies."

An October 3, 1962, memorandum (from Ida C. Merriam, Director, Division of Program Research, to Robert M. Ball, Commissioner of Social Security--Subject: Studies of poverty among families with children) mentions "a number of special and more limited studies we could do in the course of the next year." For one of these special studies, "The priority might well be raised on Project DPR 5 in our Fiscal Year 1963 Work Plan (Poverty as it Affects Children)." The memo ends, "Will you let me know your general reaction to the idea of our markedly stepping-up our research relating to poverty among families with children as part of the SSA contribution to current understanding of the situation in AFDC Aid to Families with Dependent Children." (The reference is to a number of projects--including but not limited to Project DPR 5.) A handwritten response from "RMB" Robert M. Ball to "Ida" at the bottom of the first page of the memo says, "I am all for it. I think a concentration on problems of children in low income families with many projects over next several years is just the right emphasis."

A memorandum (Revised January 3, 1963, from Robert A. Dentler to Ida C. Merriam--Subject: Research Priorities in the Social Security Research Institute) does not mention Project DPR 5 as such, but does say "the Institute should attend to the urgently needed study of selected subgroups of household units defined as least adequate" (p. 7--emphasis in original). On the back of this 17-page memo, handwritten notes include the notation "selected subgroups of least adequate households--Alvin Schorr or Mollie". (Alvin Schorr was Mollie Orshansky's immediate supervisor--personal communications with Mollie Orshansky, June 14, 1988, and February 10, 1989.) The above documents show a clear interest in SSA in 1962 and 1963 in the problems of economically insecure households, especially poor families with children; they fit in well with Orshansky's statement that "'Children of the Poor'....grew from a research project I was doing which was part of social security business. My boss, Mrs. Merriam, had asked for a general study on poverty among different types of families, not just the aged" (see pp. 11-12 above).

The handwritten notation on the back of the January 1963 memo strongly suggests that Orshansky became involved in a study of certain "least adequate households" in or shortly after January 1963. By April 11, 1963, she had completed a 14-page memorandum to Ida C. Merriam called "The Children of the Poor - Some Suggestions for Research"; this memo contained much of the material that was included two months later in "Children of the Poor," as well as a number of proposals for research projects. In discussing the limitations of the "crude" poverty measures that she was putting forward, Orshansky commented, Identifying the deserving poor is presently almost a national pastime--although doing something about them has not yet achieved such popularity. A variety of criteria have been used to produce estimates of the same order of magnitude. The similarities in result are striking enough to engender a feeling either of helpless disquietude, or defensive disbelief. This is, after all, an enlightened economy and the thought of hungry children is unpleasant. She discussed her proposals for research under the headings "Assay of existing programs," "Wage mobility," "The legacy of poverty," "Beneficiary studies," "Studies of educational opportunities," "Living with poverty," "Defining poverty," and "International comparative studies." Under "The legacy of poverty," she wrote, "A special sample of families with children, oversampled for those with low income, should be designed to yield enough broken families and low-income husband-wife families of whom one might ask retrospective questions. (A prospective study with follow-up interviews at specified intervals for a period of 5 to 10 years would be more useful....)"⁽⁸²⁾ She concluded a section on "Implications for research" with the words "We must continue to look for the basic causes of poverty but we cannot wait for success before we treat the symptoms. We may find as often happens in medicine that learning what measures are successful (or unsuccessful) in bringing relief helps narrow the list of suspected etiologic agents."

In July 1963, Orshansky's article "Children of the Poor" was published in the Social Security Bulletin. Much of the analysis in the article was based on a special tabulation of data from the March 1962 Current Population Survey (covering incomes for calendar year 1961) which SSA purchased from the Census Bureau.⁽⁸³⁾ "The cost of...the tabulation, Orshansky recalls, was \$2,500 and the results showed that the median income of a mother female

family head with children was about \$2,300 a year. 'I got sick about the fact that what the government SSA paid for one tabulation was more than what half of these families had to live on for an entire year,' Miss Orshansky reported. "I determined I was going to get my \$2,500 worth.' She did just that--and then some."⁽⁸⁴⁾

The opening paragraphs of the article contained two statements reflecting the concept now known as the income elasticity of the poverty line: "Creature comforts once the hallmark of luxury have descended to the realm of the commonplace, and the marvels of modern industry find their way into the home of the American worker as well as that of his boss....As the general level of living moves upward and expands beyond necessities, the standards of what constitutes an irreducible minimum also change."⁽⁸⁵⁾ The actual discussion of Orshansky's "standards of...an irreducible minimum" in the eleven-page article was relatively brief, being confined to two pages. It began, "A crude criterion of income adequacy--that the low-cost food plan priced by the Department of Agriculture in January 1962 represents no more than one-third of total income-- consigns about 71 percent of the mother-child families to low- income status in calendar year 1961. Even the use of the Agriculture Department's economy food plan, estimated to cost about 20 percent less than the low-cost plan, leaves at 61 percent the proportion of the mother-child families who must devote to food more than \$1 out of \$3 to get a nutritious diet."⁽⁸⁶⁾ The relevant table designated families and children as being "Poor by low-cost diet" and "Poor by economy diet."⁽⁸⁷⁾

Orshansky did not present a table of poverty lines for families, but did end the discussion by stating, "By way of suggesting the level of living implied by the present approximation, the income required for a husband, wife, and two children not on a farm would be \$3,165 by the more conservative economy measure, or \$3,955 by the more liberal low-cost measure. The mother-and- two-child family, with allowance for the additional relative assumed to be living with the family, would require \$2,945 or \$3,680."⁽⁸⁸⁾

As can be seen, Orshansky presented the low-cost-food-plan- based poverty thresholds first in her July 1963 article. Besides presenting the economy-food-plan-based thresholds second, she introduced them with the dismissive adverb "Even." Similarly, in her table presenting poverty figures, the column heading "Poor by low-cost diet" came before "Poor by economy diet." These facts suggest that the thresholds based on the low-cost food plan may well have been the poverty measure that she preferred. After the original version of the present paper was completed, Orshansky confirmed this inference (personal communication, August 23, 1994), stating that the thresholds based on the low-cost food plan were indeed her preferred version of the poverty measure. (Similar sentiments can be detected "under the surface" in comments that she made in a 1969 article: "At the Social Security Administration, we decided that we would develop two measures of need....It was not the Social Security Administration that labeled one of these the poverty line. It remained for the Office of Economic Opportunity and the Council of Economic Advisers to select the lower of the two measures and decide they would use it as the working tool....It is interesting that few outside the Social Security Administration ever wanted to talk about the higher measure."⁽⁸⁹⁾ And note that in a May 1964 memorandum (see pp. 20-21 below), Orshansky described the low- cost-food-plan-based poverty measure as "probably more realistic" than the economy-food-plan-based poverty measure.)

In his January 1964 State of the Union address, President Lyndon Johnson announced a War on Poverty. At the President's express wish⁽⁹⁰⁾, the 1964 Report of the Council of Economic Advisers (CEA) contained a chapter on "The Problem of Poverty in America."⁽⁹¹⁾ 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 which was shortly made explicit). "Refined analysis would vary the income cut-off by family size, age, location, and other indicators of needs and costs. This has not been possible." 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. "Of course, the total of money plus nonmoney income that would correspond to the limit the poverty line of \$3,000 in money income used here would be somewhat higher than \$3,000."⁽⁹²⁾

After referring to the poverty lines in "Children of the Poor" (see next paragraph) and their assumption of one third of money income going for food, the chapter indicated that out of its \$3,000 poverty "budget," \$1,000 could be assumed to go for food. "...a conservative estimate for housing (rent or mortgage payments, utilities, and heat) would be another \$800."⁽⁹³⁾ The \$800 figure was presumably loosely based on the contemporary "rule of thumb" that one fourth of a family's income "ought" to go for housing; this figure will have come from the CEA staff, since the Orshansky poverty lines did not contain any assumption whatsoever about what proportion of a poverty income ought to go for housing.

The chapter began its discussion of a poverty line by stating that ...society does not have a clear and unvarying concept of an acceptable minimum income standard....But for our society today a consensus on an approximate standard can be found. One such standard is suggested by a recent study, described in a publication of the Social Security Administration, which defines a 'low-cost' budget for a nonfarm family of four...as \$3,955. The cost of what the study defined as an 'economy-plan' budget was \$3,165. 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 (before taxes and expressed in 1962 prices).⁽⁹⁴⁾

People who have read this passage generally think that it means that the CEA's \$3,000 poverty line was derived to a greater or lesser degree from Orshansky's \$3,165 (economy-food-plan-based) poverty line. However, several printed sources⁽⁹⁵⁾ note that 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 1963, providing data to CEA Chairman Walter Heller for a memorandum to President Kennedy dated May 1, 1963. Since "Children of the Poor" was not published until July 1963, it could not have determined the choice of the \$3,000 figure, despite its being referred to in the January 1964 CEA report chapter in connection with the \$3,000 figure.

Lampman (personal communications, September 10, 1987, and October 30, 1993) provided the following specific information about the development of the CEA's \$3,000 poverty line in a 1987 telephone conversation and a 1993 interview with the author. (Lampman was the primary author of the CEA report's poverty chapter.⁽⁹⁶⁾

He had been brought on to the CEA staff because of his 1959 paper on the low income population.⁽⁹⁷⁾

Orshansky's \$3,165 poverty figure from "Children of the Poor" was not used in deriving the CEA's \$3,000 poverty line.

The poverty-as-half-of-median-income concept was not a consideration in setting the \$3,000 poverty line. Lampman specifically denied later claims that the \$3,000 figure was an attempt to covertly introduce a half-of-median-income poverty line.⁽⁹⁸⁾

There was no connection between the CEA's \$3,000/\$1,500 poverty line and the AFL-CIO's 1960 poverty line⁽⁹⁹⁾ using the same figures; indeed, Lampman had not been aware of the AFL-CIO poverty line.

The CEA's \$3,000 poverty line was a "consensus" figure based on several separate considerations. It was roughly the amount that someone would earn if working year-round at the minimum wage.⁽¹⁰⁰⁾ It was at the approximate level at which a family of four started paying taxes.⁽¹⁰¹⁾ It was not too far above the highest state payment under the Aid to Families with Dependent Children program.⁽¹⁰²⁾

Gardiner Ackley a member of the Council of Economic Advisers decided that the CEA's poverty line for the 1964 Economic Report should not vary by family size. He said that a poverty line with different figures by family size would be too complicated for this sort of document--that a single number would be enough. He was, however, willing to have the refinement of an adjustment for family size introduced later.

It appears that Orshansky was aware that her \$3,165 figure had not actually been used in deriving the CEA \$3,000 figure.⁽¹⁰³⁾

When Orshansky saw the January 1964 CEA report, with its reference to her July 1963 work, she was disturbed by the CEA's failure to vary its \$3,000 family poverty line by family size.⁽¹⁰⁴⁾ The CEA "standard led to the odd result that an elderly couple with \$2,900 income...would be considered poor, but a family with a husband, wife, and four little children with \$3,100 income would not be."⁽¹⁰⁵⁾ "Inevitably this led to an understatement of the number of children in poverty relative to aged persons. And it was...this inequity"⁽¹⁰⁶⁾ that concerned Orshansky. Someone raised the possibility of her finishing the work on poverty thresholds that she had started in "Children of the Poor." She was called in one Saturday and asked if she could extend her families-with-children poverty lines to the whole population. She said that she could--but that she couldn't complete that assignment in only three or four weeks, no matter how much funding they gave her to do it. It was decided that she and the Division of Research and Statistics would proceed to extend her poverty lines to the rest of the population.⁽¹⁰⁷⁾

As an early step in this process, Lenore Epstein issued a Research and Statistics Note⁽¹⁰⁸⁾ in late February 1964 which included poverty lines for an elderly couple derived from the low-cost and economy food plans by applying the multiplier procedure that Orshansky had described in her April 1960 "Income Needs of the Aged" (see footnote 75). Perhaps at the same time-- and definitely by March 19--a poverty line for an unrelated individual based on the economy food plan had also been calculated.⁽¹⁰⁹⁾ In early April, Ida Merriam wrote, For a more exact measure of poverty than the CEA's \$3,000 figure for families what is needed is a series of income cut-off points that represent equivalent levels of living for families of different size and type. Just as there is no one standard of minimum adequacy, so there is no definitive scale of equivalence....The Division of Research and Statistics is planning to buy from the Bureau of Labor Statistics special tabulations from the 1960-61 consumer expenditure survey that we think will give us a better basis for developing income-consumption equivalence scales than anything now available. This work will be time consuming. It may well be the fall of 1965 before a new scale can be developed. In the meantime, we are calculating a rough scale based on the Department of Agriculture economy-cost food budgets for families of different types and the average relationship of food to income shown by earlier consumption studies for several types of families....We are now discussing with the Census Bureau the possibility of getting runs of Census Current Population Survey data for 1963 showing the number of persons in families with incomes below the poverty level, as calculated on this economy cost food standard, for about 35 different family types. Neither the cost nor the time required is definite as yet.

In late May, Orshansky wrote a memorandum to the Census Bureau enclosing an experimental set of poverty-line criteria for farm and nonfarm families....derived from the Agriculture Department's economy and low-cost food budgets....Following our earlier discussions, it is my understanding that these income tests are to be applied to the data obtained in the March 1963 Current Population Survey.⁽¹¹¹⁾ The poverty lines enclosed were differentiated by family size, number of family members who were children, and age (for one- and two-person units only), but not by sex of family head. While this memo discussed applying the figures to March 1963 CPS data, March 1964 CPS data (covering incomes for calendar year 1963) were used for the final version of Orshansky's January 1965 article. The enclosure to the memo described the economy-food- plan-based poverty measure as "a most conservative measure," and the low-cost-food-plan-based poverty measure as "a more generous but still conservative measure. It is probably more realistic."

Orshansky had completed the work for "Counting the Poor: Another Look at the Poverty Profile" by late 1964⁽¹¹²⁾, and the article was published in January 1965. The subtitle of the article may imply a contrast with the CEA's January 1964 chapter as a first look at the poverty profile. Much of the substance of the article has been discussed above in connection with the development of the thresholds.

In the opening pages of the article, Orshansky first mentioned her poverty lines based on the economy food plan, and then mentioned the "somewhat less conservative but by no means generous standard" based on the low-cost food plan.⁽¹¹³⁾ (This reversed the order of presentation in "Children of the Poor.") She generally distinguished the two sets of poverty lines by means of the phrases "the economy level" and "the low-cost level." When she used the term "poor" without further qualification, she was generally referring to poverty at the economy level.

As noted, preprints of Orshansky's January 1965 article "were circulated fairly widely before their formal publication..." (see footnote 112). The CEA's 1965 report, also published in January, contained two paragraphs on "Differences in family composition" noting that SSA had developed poverty lines varying by family size and other factors, and that these poverty lines at the economy level, while not changing the poverty population total very much from that under the CEA's January 1964 definition, did result in fewer aged persons and many more children in the poverty count.⁽¹¹⁴⁾ Preprints of Orshansky's article "landed in enthusiastic laps just at the time Sargent Shriver was beginning to implement the Economic Opportunity Act of 1964 by setting up the Office of Economic Opportunity. Hyman Bookbinder brought a copy of the article from the Council of Economic Advisers to Shriver the Director of OEO. The latter referred it to Leon Gilgoff, Acting Director of the Office of Research, Plans, Programs, and Evaluation, with marginal notes recommending serious consideration for official adoption by OEO."⁽¹¹⁵⁾ On March 7, 1965, Gilgoff sent a briefing memorandum on the Orshansky poverty lines to Shriver, describing them as a "second generation definition of poverty"⁽¹¹⁶⁾--meaning that they represented a significant step beyond the CEA's initial \$3,000/\$1,500 poverty line. On March 12, Joseph Kershaw of OEO's Office of Research, Plans, Programs, and Evaluation gave a presentation before the Economic Opportunity Council a council whose official members included a number of Cabinet members which included material on the "Second Generation Definition of Poverty." One chart in this briefing, titled "Economy Level vs. Low-Cost Level," compared the poverty population, the poverty rate, and the poverty gap under the two definitions of poverty, but the other four poverty charts all used the economy level poverty definition.⁽¹¹⁷⁾ The new poverty measure (particularly the one at the economy level) seems to have met a favorable reception, although it was not officially adopted by OEO at this time.⁽¹¹⁸⁾

On April 5, 1965, SSA convened a meeting of an ad hoc interdepartmental advisory group "to advise regarding several technical questions immediately at issue in preparing final specifications for SSA's special tabulations on income from the March 1965 Supplement to the Current Population Survey."

There was general agreement that conceptually the poverty cut-off points must be adjusted for price change, even when the change is small....Faith Clark Director, Consumer and Food Economics Research Division, Agricultural Research Service, Department of Agriculture suggested that a better measure than the Consumer Price Index of price changes for this purpose would be the change in the per capita cost of the economy food budget (which involves a different weighting of foods than the overall price index). It was agreed that this was a technically better procedure and it was adopted.⁽¹¹⁹⁾

(Specifically, it was the December-to-December change⁽¹²⁰⁾ in the per capita cost of the economy food plan that was used to update the thresholds for annual price changes.)

At the same meeting,

The group gave particular attention to the farm-nonfarm relationship in the index. After considering such points as the relative presence or absence of public services, the relative cost of housing for farm and nonfarm families, and the generally recognized understatement of income of farm families in the Census Current Population Survey data, the group agreed that the basic methodology used by SSA to establish a relationship was the only method consistent with the underlying approach. It was also agreed, however, that the data on the proportion of home produced food from the new 1965 Department of Agriculture Household Food Consumption survey should be substituted for the 60 percent derived from the 1955 survey. (At the time of the meeting, the final figures were

not available. They have since been provided by the Department of Agriculture and as a result we have moved the ratio up to 70 percent.)⁽¹²¹⁾

(The specific decision to use a 70 percent farm/nonfarm differential in the SSA poverty tabulations appears to have been made at a meeting in May⁽¹²²⁾; presumably this is when the relevant data from the new Agriculture Department survey became available.)

OEO adopted the lower (economy level) of Orshansky's two sets of poverty thresholds as a working definition of poverty for statistical, planning, and budget purposes in May 1965⁽¹²³⁾; this adoption was announced by Sargent Shriver, Director of OEO, on May 2.⁽¹²⁴⁾ From this point until 1969 (see below), the Orshansky poverty thresholds were the quasi-official federal definition of poverty.⁽¹²⁵⁾ A May 10 internal OEO briefing memorandum on the new poverty definition noted that while the poverty thresholds at the low-cost level "cannot be characterized as excessive," the thresholds at the economy level had been selected as OEO's poverty definition "on the premise that the first order task of the War Against Poverty is to get at the hard-core poor."⁽¹²⁶⁾

In her January 1965 article, Orshansky had avoided repetition of a single term by using a number of synonyms--"poverty cutoff points," "poverty line," "income cutoffs," "standards," and "poverty income criteria." She did not, however, use the term "poverty thresholds" in this article. Her first use of the term "poverty threshold" which the writer has found was in a paper presented on May 24, 1965, at the annual meeting of the National Conference on Social Welfare.⁽¹²⁷⁾ In her later articles, she added the new term to the other synonyms that she used for the same concept.

In late 1965, the CEA asked SSA to provide trend data on poverty in years before 1963 for the CEA's 1966 report.⁽¹²⁸⁾ SSA provided prior-year data for 1959-1962, as well as the already available data for 1963 and 1964.

These data were published in the CEA's 1966 report⁽¹²⁹⁾ and in an April 1966 Social Security Bulletin article.⁽¹³⁰⁾

Combining information from written sources and conversations with Orshansky, it appears that Current Population Survey tapes were available as far back as income year 1958, but the tabulations were begun with income year 1959 because of a change in the definition of "farm" which became effective at that point.⁽¹³¹⁾

All of Orshansky's articles and analyses of poverty used tabulations of Census Bureau (Current Population Survey) data. The first appearance of statistics using her poverty concept in a Census Bureau publication was in March 1966, in an advance report of results of an OEO-financed survey of Watts and adjoining areas of Los Angeles in the wake of the riots there during the summer of 1965.⁽¹³²⁾ The first appearance of national-level poverty population data in a Census publication was in a table in an August 1967 advance report on 1966 family income⁽¹³³⁾, while the first full Census Bureau report on the subject of poverty was issued in May 1968.⁽¹³⁴⁾

In "Recounting the Poor...", her April 1966 Social Security Bulletin article, Orshansky indicated (p. 20) that her lower poverty measure--the one at the economy level--had "now generally been adopted as the poverty level...", while her "somewhat less stringent measure at the low-cost level has now been designated as the 'near poor' level. Persons rated poor or near poor by these measures can be said to be in the 'low-income' category." On the same page, she also referred to the near poor level as "the low-income threshold."

The 1969 Revision of the Poverty Thresholds

Beginning less than twelve months after Orshansky's poverty thresholds at the economy level had been adopted by OEO as the federal government's quasi-official definition of poverty, SSA personnel began to express concern about how the thresholds should be affected by the historical fact that poverty/subsistence measures have tended to rise in real terms as the real incomes of the general population have risen.⁽¹³⁵⁾ (Orshansky had in effect set the scene for this concern by her comment in her July 1963 article (p. 3), "As the general level of living moves upward and expands beyond necessities, the standards of what constitutes an irreducible minimum also change.")

In the November 1965 memo cited in footnote 128, Robert M. Ball (the head of SSA) wrote (p. 3), "Measures of income adequacy (or of poverty) change over time with the rise in general levels of living....one of the most difficult methodological questions we will have to face in the next few years is when and how to adjust the definition of poverty."

In the April 1966 Social Security Bulletin, Orshansky wrote, "...no upward adjustment was made over the 1959-1964 period in either of the poverty measures to take account of the higher standard of living that a rising real income makes possible for the majority....The difficulties in setting the poverty line are increased when the definition is to be used to measure progress over a span of time. Statistical nicety will be better served if the criterion selected remains invariant. The realities of everyday living suggest it cannot be--at least not for very long. Though the change in consumption patterns from any one year to the next might be minuscule, over the long run the upgrading that goes with the developing United States economy will be too great to be ignored. Research in consumer economics is not yet at a stage precise enough to specify just how long the long run is."⁽¹³⁶⁾ (The context indicates that "upward adjustment" refers to a raising of the real level of the poverty line--not just adjustment for price changes.)

In a January 1967 draft, Ida Merriam wrote, "It is easy to observe that poverty in the U.S. today cannot meaningfully be defined in the same way as in the U.S. of 1900 or in India today. It is more difficult to project forward when and by what amounts the measure of poverty will need to be changed in the future. Yet obviously today's measure, even if corrected year by year for changes in the price level-- the purchasing power of money-- should not be acceptable twenty, ten or perhaps even five years hence."⁽¹³⁷⁾

In March 1967, responding to a comment on a paper of hers, Lenore Epstein said, "There would seem to be real merit in concurrent use of two measures of poverty, one that changes with productivity and, for periods of five or at the very most ten years, one that changes only with price level....I would question using any budget-type measure-- whether constructed in great detail or more roughly as the SSA index--that is adjusted only for price change for a period as long as that from 1947 to 1965...."⁽¹³⁸⁾

In November 1967, Orshansky wrote, "There must be a framework for adjusting a poverty line...for changes over time in the level of economic activity and the resultant rise in wages and general standard of living."⁽¹³⁹⁾

In a December 1967 professional paper, Ida Merriam wrote, "An acceptable social minimum is obviously related to the general level of affluence of a society. In a dynamic economy it must therefore change over time. It is easy to reach agreement that what was an appropriate poverty measure in 1900 or 1933 is no longer relevant. It is also possible to get agreement that an acceptable social minimum in 1985 will be higher than today. It is difficult to find a satisfactory method of gradually moving the level up from its present to a hypothetical future position....Thus far the poverty index has been adjusted only for price changes. The need for a more substantial upward adjustment of the index level has been noted by many commentators. One solution that has much to recommend it would be two concurrent indexes. The SSA poverty and low-income indexes could be continued--adjusted only for changes in purchasing power--through say 1969. A second set of indexes could be adjusted to reflect productivity as well as price changes. The second set could start from the 1959 level...or the divergence could start in 1963 or later."⁽¹⁴⁰⁾

In the March 1968 Social Security Bulletin, Orshansky wrote, "...as time goes on, a continuing rise in economic activity will make it difficult to avoid raising the poverty line."⁽¹⁴¹⁾

In addition to this concern, SSA personnel were also concerned about the fact that prices in general (as measured by the Consumer Price Index) had been rising more rapidly than the food prices (the per capita cost of the economy food plan) which 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.⁽¹⁴²⁾ 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.⁽¹⁴³⁾

Because of its concerns about the poverty-line/standard-of- living issue and the price index issue, SSA seems to have made a tentative decision early in 1968 to adjust the poverty thresholds to bring them more in line with the higher general standard of living by using data from the 1965 rather than the 1955 Household Food Consumption Survey. The specific step proposed to do this was to use the recently revised version of the economy food plan--updated on the basis of consumption data from the 1965 survey--to recalculate the (economy-level) thresholds; the revised economy food plan cost 8 percent more than the unrevised (1955-survey-based) 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 unrevised low-cost food plan, which would have resulted in a 4 percent rise in the near- poverty or low-income thresholds.) One argument advanced for using the revised food plans was that they rather than the unrevised food plans were being used in the family budgets which the Bureau of Labor Statistics had just begun to release.⁽¹⁴⁴⁾

On April 26, 1968, SSA convened an interagency meeting of technical staff from the federal agencies with an interest in poverty. (SSA personnel present included Merriam, Lenore Epstein Bixby, and Orshansky.) In a May 3 memo, Merriam described this as an "informal group called together to advise ORS-SSA on changes to be made" in the poverty and low-income thresholds for 1967. SSA presented to the group its proposal to use the revised food plans to recalculate the poverty and low-income thresholds, and the group agreed with the proposal. (In June 21 and July 23 memos, Merriam described the "decision" presumably meaning the final decision to revise the thresholds as having been made after consulting with the agency representatives at the meeting.)⁽¹⁴⁵⁾

Other subjects were also discussed at the April 26 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. 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).⁽¹⁴⁶⁾

The specifics of the SSA proposal to adjust the thresholds for inflation are of interest because they imply that SSA viewed the poverty thresholds as not including any implicit allowance for medical expenditures--in other words, that SSA assumed that a family unit with a poverty-level income should not have to meet medical costs

out of that amount of cash income. (Presumably SSA assumed that such a family unit would receive charity medical care, care under the Hill-Burton Uncompensated Services Program, or care under the relatively new programs of Medicaid or Medicare.) After the original version of the present paper was completed, Orshansky confirmed this inference (personal communication, April 15, 1993).

Also discussed at the April 26 meeting was an idea 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⁽¹⁴⁷⁾, although 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 25 to 30 percent higher than the existing thresholds. "...it was agreed that it would be unwise to change this factor at this time....it was thought that additional data and analysis should underlie any new decision on this aspect of the index" (Merriam memo, p. 2).⁽¹⁴⁸⁾ "There was also some sentiment for moving over to a 'relative' rather than an 'absolute' definition of poverty, or as a possible compromise, for raising the standard periodically (perhaps every 4 or 5 years) to reflect general increases in the standard of living enjoyed by the average U.S. family" (Stein memo, p. 5).⁽¹⁴⁹⁾

According to the Stein memo about the April 26 meeting (pp. 4-5), "Representatives of USDA the Department of Agriculture expressed dissatisfaction with the present ratio which indicates that farm families require only 70 percent of the money income required by nonfarm families to attain a presumably equivalent level of living. The studies by USDA imply that the ratio should be raised to 85 percent. This proposal was thought to need more study and was not suggested for adoption this year." According to the Merriam memo (p. 2), "The representatives of the Department of Agriculture confirmed the fact that the 1965 Household Food Consumption survey data provide no reason to change the 30 percent home produced food ratio used for farm families."⁽¹⁵⁰⁾ 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, SSA's informal agreement with the technical representatives of other agencies began to come unraveled about mid-June. (The approximate timing can be inferred from a June 21 memo of Merriam's.) "The first use of the new poverty series was to have been in the White House Report on the Negro. The Census Bureau proposed to issue a press release giving the 1967 poverty estimates on the old and the new series basis a day or two in advance of the release of the White House report. In the process of review and clearance of this release, the whole question of whether there should be a new series was raised. (For 1967, the new series count of the poor is about 2.8 million higher than the old series count.) Several agencies, notably OEO and the Council of Economic Advisers, repudiated the position taken by their representatives on our 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 Census 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" (July 23 Merriam memo, p. 1). "A difficulty at the time was that the Office of Economic Opportunity had used the poverty index for operating purposes in a number of its programs and a change would have affected budgets and/or rules and regulations to a serious extent. This kind of difficulty will be faced by any Administration and any Government agency that uses this or any similar poverty index for operating purposes. There is no easy resolution" (February 5, 1969, attachment, p. 4).⁽¹⁵¹⁾

On July 16, 1968, the head of the Office of Statistical Standards in the Bureau of the Budget (BoB) sent a letter to the head of the Census Bureau directing that there be "no change in the criteria for computing the poverty 'thresholds' for income year 1967"--in other words, that the 1967 thresholds be based on the unrevised (1955-survey-derived) food plans. The letter spoke of "a number of unresolved conceptual issues as well as technical problems and limitations of data. Tabulations of the 1965 food budget information are not yet available for the full year. More important, a revision in the recommended nutritional standards, which are basic to the whole system, is likely in the near future." The letter also said that BoB would appoint a task force "immediately" to start "intensive work...as quickly as possible to develop concepts and technical information required to re-evaluate the poverty thresholds for future use."⁽¹⁵²⁾

Merriam noted that the July 16 BoB letter, overruling SSA's decision to revise the poverty thresholds and announcing the appointment of a task force to reevaluate the thresholds, raised the question of which federal agency should be assigned primary responsibility for the thresholds. "From 1963 until this year, the SSA has produced the poverty (and low-income) cut-off points. These have been published in the Social Security Bulletin and have been made available to others in more detail on request. The arrangements, however, have been informal--SSA wanted the data for its own research, bought tabulations from the Census Bureau year after year, developed special tabulations for the Council of Economic Advisers and others on request, and published analytic articles" (February 5, 1969, attachment, p. 5). "From time to time the Budget Bureau seems to expect SSA to continue in that role....The method of announcing the Task Force, however, would suggest a different interpretation" (July 23 Merriam memo, p. 2). Reviewing other agencies that might be considered candidates for being assigned responsibility for the thresholds, Merriam wrote, "OEO should not take over the function since it

uses the poverty cut-off points for administrative purposes; the Census Bureau does not do the kind of analytic research that is required; BLS the Bureau of Labor Statistics has its own budget approach; the Council of Economic Advisers cannot carry on a continuing function of this kind" (July 23 Merriam memo, p. 2).⁽¹⁵³⁾ (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.⁽¹⁵⁴⁾)

Members (including Ida Merriam) of an interagency Poverty Level Review Committee had been selected by late September 1968. A September 17 BoB letter (which the present writer has not found) spoke of setting up a technical support group for the Committee.⁽¹⁵⁵⁾ The Committee held its first meeting on October 2, 1968. All members of the Committee were federal agency employees except for Harold Watts of the University of Wisconsin's Institute for Research on Poverty, who had been hired by BoB's Office of Statistical Standards to serve as a consultant to the group. Merriam discussed how the poverty and low-income indexes had been developed. She noted that the thresholds were adjusted for price changes "on the basis of food prices, although we now think use of a somewhat broader price index would be better, but this is a very minor question. The real issue is how often adjustments should be made to reflect changes in the level of living. I stated our reason for recommending that the 1967 levels thresholds reflect the new food expenditure patterns shown in the Department of Agriculture's '65 Household Food Consumption survey, but stressed that there was no scientific basis either for establishing a poverty index in the first place or for decisions as to how it should be changed." Additional issues were discussed--the Agriculture Department food plans, the appropriate income concept to use, and whether it was desirable to set relative poverty levels. A CEA representative commented that "from the political point of view one simply could not increase the poverty level in a year when employment was good." Later in the meeting "it was emphasized that with respect to overall government policy it was essential that means be found for 'score-keeping' without sudden shifts in the level poverty threshold. A consistent measure, adjusted basically for price movement, is necessary in order to measure the effect of government policies and changes in the economy upon the number of families and persons below a 'poverty' income level." Near the end of the meeting, Committee members were asked to nominate persons from their agencies to serve on the technical group "to support the work of the Committee." (Names for this group were supplied later; one of them was Orshansky.) "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 is feasible to do this; if so, how many areas; consideration of the farm non-farm problem."⁽¹⁵⁶⁾

The Technical Staff prepared papers on the two assigned subjects and presented them to the Committee, which discussed the issues in question.⁽¹⁵⁷⁾ On January 6, 1969, the Committee Chairman 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, no change was to be made in either the farm/nonfarm ratio or the food plans used to calculate the base-year thresholds.⁽¹⁵⁸⁾ At a meeting on March 7, the Committee accepted this proposal. 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. "It was recognized that the 25 percent above figures would be essentially the same as the SSA low-income index." It was also agreed that Harold Watts would be asked to prepare an exploratory paper on additional or alternative measures of poverty for review by the Committee.⁽¹⁵⁹⁾

"Subsequently, the Department of Agriculture representative, Mr. Lynn Daft, who was not present at the March 7 meeting, urged a reconsideration of the decision not to change the farm- nonfarm differential. He did not question Miss Faith Clark's statement that no precise determination could be made (Miss Clark represented Mr. Daft at the meeting) but asserted that there was strong evidence to support a reduction, to 15% or lower. I Lawrence N. Bloomberg, the Committee's Secretary discussed the matter with Mr. Bowman the Chairman, who is out of the city, by phone and he instructed me to poll the Committee and if there was agreement, or no objection to a reduction to 15% to inform the Census Bureau so that the tabulation plan outlined in the minutes of the March 7 meeting would be modified accordingly.... There was a clear consensus for a change. This was a combination of advocacy and an expression of no objection. Accordingly, the Census Bureau has been instructed to reduce the...farm-nonfarm differential from 30% to 15%."⁽¹⁶⁰⁾ Accordingly, the final form of the changes in the poverty definition that the Committee agreed to make was as follows:

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

Farm poverty thresholds were set at 85% rather than 70% 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.⁽¹⁶¹⁾ (The table on the next page shows weighted average poverty thresholds for a nonfarm family of four for 1959-1967 on the unrevised basis and for 1959-1990 on the revised basis.)

Poverty thresholds for a nonfarm family of four, 1959-1990-- unrevised and revised definitions

Unrevised (pre-1969) Revised (post-1969) basis--indexed basis--indexed Year by food plan by CPI

1959 \$3,059 \$ 2,973 1960 NA 3,022 1961 NA 3,054 1962 NA 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* 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

*the last year for which thresholds indexed by the food plan were calculated

Sources: Unrevised thresholds--U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 28 (cited in footnote 162); Putnam, p. 278 in Technical Paper I (with 1964 threshold on unrounded basis to match 1963 threshold--cf. "Who's Who Among the Poor...", p. 4)

Revised thresholds--U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 175, Poverty in the United States: 1990, Washington, D.C., U.S. Government Printing Office, August 1991, p. 194, Table A-1 (For a table showing nonfarm poverty thresholds for families of different sizes since 1959, see Table 3.E1 in the Social Security Bulletin, Annual Statistical Supplement for 1991 and more recent years.)

These two changes--the new annual-adjustment and farm/nonfarm provisions--comprise the 1969 revision in the poverty definition. The changes were described and explained in a Census Bureau publication issued on August 12, 1969.⁽¹⁶²⁾ On August 29, 1969, the Bureau of the Budget issued an amendment to a BoB circular⁽¹⁶³⁾ which directed all federal Executive-Branch agencies to use the revised-definition poverty statistics and thresholds (as 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.

As can be seen in the description above, 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. As noted on p. 30, that income level was recognized as being "essentially the same as the SSA low-income index."⁽¹⁶⁴⁾ 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.⁽¹⁶⁵⁾

As early as 1967, activist scholars S.M. Miller, Martin Rein, Pamela Roby, and Bertram Gross had anticipated an outcome such as occurred in 1968-1969, writing, "We believe that poverty lines based upon budget-oriented approaches will continue to be inadequate because of the deep political implications which each upward adjustment involves. Although a budget-based poverty line may be rapidly falling farther behind the rising standard of living enjoyed by the rest of the population, it will not be adjusted upward until that change appears politically feasible."⁽¹⁶⁶⁾ After the decision not to raise the poverty line had been made, Miller and Roby wrote, "In the 1960's, unlike earlier periods, the budget-oriented estimates of the poverty line have not changed to keep up with changes in average styles of life. This break with previous practice is because of political, not conceptual, constraints."⁽¹⁶⁷⁾ Expressing similar insights, Canadian economist Lars Osberg wrote in 1984 (in a book on economic inequality in the U.S.), "Unfortunately, once three times the subsistence food budget became enshrined in 1963 as the poverty line, it has become very difficult to make the periodic revisions to the subsistence budget which were normal before 1963. As a result, 'subsistence' as officially defined has fallen further and further below the average American's standard of living."⁽¹⁶⁸⁾

In a 1970 newspaper interview, Orshansky commented that the 1969 decision "tends to freeze the poverty line despite changes in buying habits and changes in acceptable living standards."⁽¹⁶⁹⁾

The "Low-Income" Terminology Shift and the 1971-1972 Technical Committee on Poverty Statistics

The 1971 attempt during the Nixon Administration to replace the terms "poverty" and "poor" with the term "low-income" (see below) had two possible precursors, one inside and one outside the federal statistical system, although no direct connection has been traced between either possible precursor and the 1971 attempt.

Specifications for publishing poverty data from the 1970 Decennial Census were prepared about mid-1968, and were reviewed by advisory committees and government agencies interested in such data. Some reviewers criticized the use of the word "poverty" in Decennial Census publications. Some held that "poverty" data should not be published in the regular Decennial Census publications, asserting that the Census Bureau had never before published data based on value judgments. To respond to these and other criticisms, the Census Bureau

completely revised its publication specifications; one of the changes which was made was to replace the word "poverty" with the term "low income," with the hope that the latter would be "less objectionable." (This change had been made by June 1969, when it was described in an unpublished paper.)⁽¹⁷⁰⁾

In early February 1970, Carol Khosrovi, the Office of Economic Opportunity's Congressional relations chief, circulated a memorandum to her staff which stated that the poor should be called "low income individuals." Two weeks later, on February 23, Donald Rumsfeld, the Director of OEO, issued a memo stating that the use of the term "poor" was "accurate and entirely appropriate, reports to the contrary notwithstanding."⁽¹⁷¹⁾

Beginning at the end of June 1971, there was an Executive Branch attempt to replace the terms "poverty" and "poor" with the term "low-income." A July 1 memo concerning a meeting of the interagency Technical Committee on Poverty Statistics (see below) mentions "A discussion of replacement terminology for the term 'poverty,'" and says that "Miss Martin has discussed this item individually with most of you"⁽¹⁷²⁾ (implying discussions that occurred before July 1). A July 16 New York Times story said that "a Federal interagency committee is considering eliminating the word 'poverty' from official reports....at least one agency, the Census Bureau, already plans to use 'low-income level' on the ground that it is technically more precise than the word 'poverty'....The new redefinition effort is one of several actions that have come following a census report May 7 showing an increase in poverty in calendar year 1970, which some Administration officials regarded as politically embarrassing."⁽¹⁷³⁾
⁽¹⁷⁴⁾

A Census Bureau report⁽¹⁷⁵⁾ issued on June 24, 1971, was still using the word "poverty," but the next Census report⁽¹⁷⁶⁾ in that series, issued in July 1971, had begun using the term "low income." In Census Bureau publications issued during this period, although a footnote would generally state that "In the text of this report, the terms 'poverty' and 'low-income' are used interchangeably,"⁽¹⁷⁷⁾ only the term "low-income" was used in publication titles and table headings. This went on for about four years. A Census Bureau report⁽¹⁷⁸⁾ issued in January 1975 was still using the term "low-income" in the title, but the next Census report⁽¹⁷⁹⁾ in that series, issued in July 1975, had resumed using the term "poverty" in the title. A Census report⁽¹⁸⁰⁾ issued in September 1975 had resumed using the word "poverty" in table headings, but one Census poverty report⁽¹⁸¹⁾ (while using the word "poverty" in the title) was still using the term "low-income" in table headings as late as January 1976. 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.⁽¹⁸²⁾

In 1971--apparently in July--the Office of Management and Budget established a federal interagency Technical Committee on Poverty Statistics. (Orshansky was one of the members of the Committee.) This Committee held its first (known) meeting on July 13. There were two items on the agenda for the 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.⁽¹⁸³⁾ The minutes of the meeting note that "'Low income' or 'low income level' are the only alternative nomenclature which have been offered to this point. Arguments in favor of changing the term 'poverty' to a more neutral term like 'low income' include both the facts that low-income is a less value-laden term and that it is a more accurate description of the statistic. The term 'poverty' in common usage suggests low assets and future vulnerability to low income as well as existing low income. The statistic measures only those below an income index level determined by family size, the sex of the family head, the age of family members and place of residence. In opposition to the change, it was argued both that the term has been used for 8 years and is now reaching the point of being a technical term and that changing the label at this time might lead to serious public relations problems."⁽¹⁸⁴⁾ A discussion of the effects of a possible terminology shift on legislative and administrative requirements led to a request that agency representatives provide lists of the uses of the terms "poverty" and "low income" in their agencies. "Discussion of poverty area definitions was incomplete due to the length of the meeting."⁽¹⁸⁵⁾

By October, consideration was being given to establishing a policy committee to which the Technical Committee would serve as staff and which might initiate changes in the poverty definition.⁽¹⁸⁶⁾ (No such policy committee was actually appointed.) When the possibility of a policy committee was raised in the Technical Committee's October 5 meeting, "it was pointed out that there should be recorded in a statement to the policy committee not only the pros and cons of changing the poverty nomenclature but also that a majority of the technicians were opposed to a change in nomenclature." In this meeting the Committee also discussed poverty area definitions and also briefly discussed possible alternative measures of poverty.⁽¹⁸⁷⁾ The last meeting of the Committee of which the present writer has found any record was on May 25, 1972.⁽¹⁸⁸⁾

The Technical Committee agreed to a new definition of poverty areas.⁽¹⁸⁹⁾ In June 1972, the Committee completed a report on administrative and legislative uses of the terms "poverty" and "low-income."⁽¹⁹⁰⁾ The Committee did not make any changes in the poverty definition.

The 1973 Interagency Subcommittees on Cash Income, on Non-Cash Income, and on Updating the Poverty Threshold

In April 1973, the Office of Management and Budget's Statistical Policy Division requested the Interagency Committee on Income Distribution and the Interagency Committee on Poverty Statistics to conduct a thorough review of the federal statistics in those areas. Subcommittees were formed to study the following topics: updating the poverty threshold; improving the measurement of cash income; and measuring noncash income.⁽¹⁹¹⁾ This was the most recent federal interagency review of the poverty measure which made recommendations for significant changes in the poverty measure. This review is also significant because many of the professionals who conducted it had been working with poverty and income concepts for years; they were familiar not only with these concepts themselves but also with the contexts in which they had been developed and (in a number of cases) with what had been done before the existing concepts were put in place. (By the end of the decade, a number of these professionals were no longer with the federal government due to retirement and other reasons.) The three subcommittees made final reports during the summer of 1973; along with a consolidated report of the three subcommittee chairpersons, the subcommittee reports were transmitted to OMB in September 1973.⁽¹⁹²⁾ 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."⁽¹⁹³⁾ This last recommendation was one of the sources that ultimately led to the development of the Survey of Income and Program Participation.⁽¹⁹⁴⁾ The Subcommittee on Non-Cash Income discussed a draft conceptual framework for measuring non-money 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 income in-kind was received by families throughout the income distribution."⁽¹⁹⁵⁾ They felt that an attempt should be made to value the income received in-kind for all recipients and not just those...at the low end of the distribution....They were also concerned that in many areas valuing income in-kind at the cost to the distributor would overstate the income-value that the recipient derives from the income component."⁽¹⁹⁶⁾ The Subcommittee supported the Cash Subcommittee's recommendation for a new income survey vehicle.⁽¹⁹⁷⁾ 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--e.g., the appropriate minimum standard of nutrition and the multiplier derived from the average proportion of family income spent on food--be updated every ten years, while retabulating poverty data for the previous ten years using the new thresholds to make comparisons over time possible. "...the logical time for the earliest updating of the threshold would be after the 1974 revision of the economy food plan....the ratio of income/food expenditures from the Department of Agriculture's 1965 food expenditure survey would be the most appropriate of the available choices for the derivation of a new multiplier."⁽¹⁹⁸⁾ 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...." "The Subcommittee recognizes the need for more frequent studies of household food consumption surveys in order to permit evaluation of the need for basic adjustment in the poverty threshold at five year intervals, as opposed to the Subcommittee's recommended ten year revision cycle." The Subcommittee also noted that "The factor by which the food budget is multiplied to obtain the poverty threshold should be consistent with the income definition used for the full 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.⁽¹⁹⁹⁾ The Subcommittee also recommended "a long-term statistical research effort which will provide the basis for the development and evaluation of improvements in the measurement of poverty." The Subcommittee noted that even if data were at some point to become available "suitable for making place-to-place comparisons of costs of living....the desirability of introducing such variation in the poverty threshold by region and/or metropolitan/nonmetropolitan residence is open to question. Moreover, the Subcommittee recommends deletion of the current differentiation between farm and nonfarm poverty thresholds."⁽²⁰⁰⁾ However, no changes were made in the poverty definition as the result of the 1973 review of poverty and income statistics.⁽²⁰¹⁾

The Poverty Studies Task Force and Its 1976 Report, *The Measure of Poverty...*

The Education Amendments of 1974 (P.L. 93-380) included provisions which revised the formula under which funds were distributed to states and school districts for the Elementary and Secondary Education Act (ESEA) Title I program for educationally deprived children. Instead of using the number of children from families with incomes below \$2,000 a year, the revised formula used the number of children from families with incomes below the Orshansky poverty index.⁽²⁰²⁾ Presumably because of the introduction of the Orshansky poverty index into the fund distribution formula, section 823 of the Education Amendments of 1974 included a requirement that the Assistant Secretary of Education in the Department of Health, Education, and Welfare (HEW) supervise "a thorough study of the manner in which the relative measure of poverty for use in the ESEA Title I program may be more accurately and currently developed."⁽²⁰³⁾

At the end of 1974 an interagency Poverty Studies Task Force was established under the leadership of HEW to respond to the section 823 requirement. (Orshansky was one of the members of the Task Force.) This Task Force undertook an intensive review of the current measure of poverty and of the implications of various alternative measurement schemes.⁽²⁰⁴⁾ Two roughly contemporary pieces of legislation had contained requirements for related work. Section 312(d) of the Comprehensive Employment and Training Act of 1973 had required the Secretary of Labor to "develop methods to establish and maintain more comprehensive household budget data at different levels of living, including a level of adequacy..." emphasis added.⁽²⁰⁵⁾ Section 102(a)(8) of the Housing and Community Development Act of 1974 gave the Secretary of Housing and Urban Development authority to make adjustments in the Orshansky poverty level, "if feasible and appropriate and in the sole discretion of the Secretary, for regional or area variations in income and cost of living...."⁽²⁰⁶⁾ Because of these related requirements, the Poverty Studies Task Force broadened the coverage of its study to include implications of the findings for poverty-related programs of all affected federal departments and agencies.⁽²⁰⁷⁾ 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 which was presented in the report itself and in 17 Technical Papers. (Technical Paper XI, "Update of the Orshansky Index," was never published.) While additional research has subsequently been done in a number of areas, a knowledge of the contents of this report and the associated Technical Papers is still important for anyone with a serious interest in U.S. poverty definition and measurement. The report did not recommend specific changes in the current poverty measure.

One section of the report, entitled "Orshansky Update" (pp. 75-77), presented four possible alternative poverty measures constructed by Orshansky. To a great extent, the section was a sensitivity analysis of possible alternative poverty thresholds. It noted (p. 75) that "many critical judgments significantly affect the level of the current poverty lines. These judgments pertain to: the level of food plans considered as adequate, the multiplier relating total income requirements to the cost of the food, the appropriateness of before-tax or after-tax income.... To understand how significant these judgments can be, one need only consider the implications of using the low-cost food plan rather than the economy food plan and using a 5:1 rather than the 3:1 multiplier. These two changes, both within the range of reasonable judgment and based on statistical interpretations, would more than double the official poverty thresholds and would include about one-third of the population as poor." The four alternative poverty measures presented were all based on a multiplier of 3.4 derived from the 1965 Household Food Consumption Survey, and used revised food plans that were also based on data from the 1965 survey. In other words, they represented the type of poverty thresholds that SSA and Orshansky would have liked to introduce in 1968. The table on the next page compares the official weighted average poverty thresholds for 1974 with alternative poverty measures for the same year based on the thrifty and low-cost food plans.⁽²⁰⁸⁾ (Note that the alternative measures shown extend the family unit size range to 11 persons or more--see pp. 75-76 of The Measure of Poverty.)

Weighted Average Poverty Thresholds for 1974--Official and Alternative Revised--based on Revised--based on thrifty plan low-cost plan Ratio to Ratio to Size of Official family unit thresholds

1 person (under age 65)	\$2,557	\$ 3,868	1.51	\$ 4,467	1.75	(aged 65 or over)	2,352	3,459	1.47	3,956	1.68
2 persons (head under 65)	3,294	4,835	1.47	6,204	1.88	(head 65 or over)	2,958	4,324	1.46	5,494	1.86
3 persons	3,910	5,052	1.29	6,450	1.65	4 persons	5,008	6,366	1.27	8,118	1.62
5 persons	5,912	7,645	1.29	9,737	1.65	6 persons	6,651	9,228	1.39	11,742	1.77
7 persons	8,165	11,120	NA	10,039	NA	8 persons	12,765	NA	NA	14,138	NA
9 persons	11,120	NA	NA	12,182	NA	10 persons	15,479	NA	NA	13,255	NA
11 persons or more	14,683	NA	NA	14,683	NA	11 persons or more	18,687	NA	NA	14,683	NA

Source: The Measure of Poverty, p. 76, Table 8.

Technical Paper I of The Measure of Poverty--"Documentation of Background Information and Rationale for Current Poverty Matrix"--was compiled by Orshansky. It includes "Children of the Poor," "Counting the Poor: Another Look...", and five more of Orshansky's poverty articles published in the Social Security Bulletin between July 1963 and March 1968; otherwise unpublished 1970 papers on the history of the poverty thresholds by Orshansky and by Israel Putnam of OEO; Orshansky's February 1969 Monthly Labor Review article, "How poverty is measured"; the August 1969 Census Bureau report announcing the revision in the poverty series; excerpts on poverty from the 1964-1969 Reports of the Council of Economic Advisers; and several other poverty-line-related items. It is obviously a very useful historical source on the development and history of the poverty thresholds.⁽²⁰⁹⁾

The Selection of a Version of the Consumer Price Index (the CPI-U rather than the CPI-W) for Indexing the Poverty Thresholds (ca. 1980)

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 late January 1979, the Bureau's poverty statistics staff put out an estimate of the weighted average poverty thresholds for calendar year 1978.^{(210),(211)} The note explaining the calculation included the following sentences: "As in previous years, the average annual change was computed on the basis of the CPI for urban wage earners and clerical workers. The new CPI for all urban consumers was not used because comparable 1977 figures are not available." Sample calculations comparing the detailed poverty threshold matrix for 1978⁽²¹²⁾ with the detailed matrix for 1977⁽²¹³⁾ show that the 1978 detailed thresholds were calculated by using the increase of the 1978 CPI-W over the 1977 CPI(-W). The decision to do this must have been made by November 1979--the publication date for the advance report on income and poverty in 1978⁽²¹⁴⁾--since there was no change in the 1978 weighted average poverty thresholds between the 1978 advance report (p. 27, Table 17) and the 1978 final report (p. 208, Table A-3).

Sample calculations comparing the detailed poverty threshold matrix for 1979⁽²¹⁵⁾ with the detailed matrix for 1978 show that the 1979 detailed thresholds were calculated by using the increase of the 1979 CPI-U over the 1978 CPI-U (and not either the 1979 CPI-W over the 1978 CPI-W, or the 1979 CPI-U over the 1978 CPI-W). The decision to do this must have been made by October 1980--the publication date for the advance report on income and poverty in 1979⁽²¹⁶⁾--since there was no revision in the 1979 weighted average poverty thresholds from the 1979 advance report (p. 28, Table 17) to the 1979 final report (p. 207, Table A-3).

Accordingly, it appears that the decision to use the CPI-U rather than the CPI-W to update the poverty thresholds annually for inflation was probably made at some point between November 1979 and October 1980.

(Alternatively, based on the note on the calculation of the preliminary estimated weighted average thresholds for 1978, there may have been an intention from the beginning to use the CPI-U which was not put into effect for the first year because of an overscrupulous reluctance to use the increase of the 1978 CPI-U over the 1977 CPI (-W).) The present writer has been unable to find any record of discussions or deliberations about the decision to use the CPI-U. 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 decision about a change in the current official poverty definition which was not made by a federal interagency committee.

As indicated above, the level of the 1978 poverty thresholds reflects the increase in the CPI-W from 1977 (181.5) to 1978 (195.3), while the level of the 1979 poverty thresholds reflects the increase in the CPI-U from 1978 (195.4) to 1979 (217.4). The keen-eyed reader will note, however, that this means that the poverty thresholds were never adjusted to reflect the difference between the 1978 CPI-W (195.3) and the 1978 CPI-U (195.4).

The 1979 Fendler/Orshansky Paper and the 1981 Revision of the Poverty Thresholds

In August 1979, Carol Fendler of the Census Bureau and Orshansky (still working at SSA) presented a paper, "Improving the Poverty Definition" (cited in footnote 62), at the annual meeting of the American Statistical Association. This paper is significant not only because of its authorship and its content but also because it was later specifically cited by the Census Bureau as the source of the technical changes made in the poverty definition in 1981 (see below). In this paper, Fendler and Orshansky discussed an updated poverty measure based on the thrifty food plan and a multiplier of 3.4 from the 1965 Household Food Consumption Survey. They also discussed several possible modifications of the detailed matrix for the current poverty measure: elimination of the farm/nonfarm differential by applying nonfarm thresholds to all families; eliminating separate sets of detailed poverty thresholds based on "the sex of the family head and the number of children in the family of a given size"; and expansion of the detailed poverty matrix to make the largest family size category "11 or more persons" rather than "Seven or more persons." The updated poverty measure they discussed was a slight modification of one of those presented by Orshansky on pp. 75-77 of The Measure of Poverty, while the modifications of the current detailed poverty matrix they discussed were among the more modest possible changes in the current poverty measure presented in Chapters IV and V of that report.

A slightly longer version of the paper⁽²¹⁷⁾ included a table showing the dollar values of the updated poverty measure they were using. Those dollar values are shown in the table on the next page. (They are slightly lower in constant dollars than the thrifty-plan revised thresholds in The Measure of Poverty because they were calculated using the base year 1975, while the revised thresholds in The Measure of Poverty were calculated using the base year 1974; see the discussion on pp. 94-96 of The Measure of Poverty.)

Updated Official 1977 thresholds 1977 Ratio to Size of nonfarm official family unit thresholds thr.

1 person (under age 65) \$ 3,152 \$ 4,333 1.37 (aged 65 or over) 2,906 4,064 1.40

2 persons (head under 65) 4,072 5,415 1.33 (head 65 or over) 3,666 5,080 1.39

3 persons 4,833 5,922 1.23 4 persons 6,191 7,442 1.20 5 persons 7,320 8,921 1.22 6 persons 8,261 10,751

1.30 7 persons) (11,955 NA 8 persons) 10,216 (12,961 NA 9 persons) (14,148 NA 10 persons) (15,413 NA

11 persons or more) (17,108 NA

At a November 1979 meeting of the Interagency Committee on Income and Wealth Distribution Statistics⁽²¹⁸⁾, 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⁽²¹⁹⁾ and the "extension of the poverty matrix to families of up to 11 or more persons."⁽²²⁰⁾

The Committee's recommendations were formally written up in February 1980⁽²²¹⁾; in May 1980, the last recommendation was slightly modified for technical reasons to refer to families of nine or more persons.⁽²²²⁾ (The May 1980 package included a proposed rewrite of Statistical Policy Directive No. 14 that specified that the poverty thresholds should be updated annually using the CPI-U, implying that the Census Bureau decision to use the CPI-U to index the thresholds may well have been made by this time.) In June 1980, the Carter Administration's cabinet-level Statistical Policy Coordination Committee approved these changes in the poverty definition; briefing packages about the changes were sent to the Office of Management and Budget and to the Congressional Budget Office (for distribution to appropriate Congressional committee staff members) in March 1981.⁽²²³⁾ After the change of presidential administrations, the earlier approval of the changes was reviewed and approved in November 1981 by the Reagan Administration's Working Group on Economic Statistics of the Cabinet Council on Economic Affairs.⁽²²⁴⁾ 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⁽²²⁵⁾:

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--more precise, but longer--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 225 as "some of the changes explored in the 1979 Fendler/Orshansky paper"; besides being discussed (in slightly different form) on pp. 641-642 of that paper, these changes had also been discussed on pp. 75-76 and 105 of The Measure of Poverty. The elimination of the farm/nonfarm differential had also been recommended by the 1973 Subcommittee on Updating the Poverty Threshold. The 1973 Subcommittee had also discussed "further articulation of the poverty threshold for family sizes above seven," while the same change had also been recommended in the April 1968 interagency meeting at which SSA had proposed to revise the poverty thresholds on the basis of data from the 1965 Household Food Consumption Survey.

Developments During the 1980's and the Early 1990's--Debates and "Experimental" Estimates

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. There was no official committee review of the poverty thresholds during this period, and no changes were made in the official poverty definition. However, the Census Bureau did begin to publish two sets of "experimental" or "exploratory" estimates of poverty--one based on the valuation of selected noncash benefits as income, and one based on the use of an alternative price index.⁽²²⁶⁾ Perhaps by coincidence, both sets of "experimental" estimates resulted in lower poverty counts.

A full treatment of the issues involved in the controversial "experimental" estimates of poverty--or even a full historical account of the debates on these subjects--will not be given here. (However, note the articles, books, and other items cited in footnote 230.) The biggest of these debates involves proposals to count noncash benefits as income for purposes of measuring poverty. In the context of the history of the poverty thresholds, it is evident that the proponents of the valuation of noncash benefits as income generally ignore the principle enunciated by the 1973 Subcommittee on Updating the Poverty Threshold and by Technical Paper VII of The Measure of Poverty (1976)--that if noncash benefits are to be counted as income for the purpose of measuring

poverty, they should also be counted as income in the calculation of the multiplier used to compute the poverty thresholds.⁽²²⁷⁾ The same basic principle has been reiterated by a number of persons and groups since then. In particular, the National Research Council's Panel on Poverty and Family Assistance (see next section) put great emphasis on the principle that in poverty measurement, the definition of family resources income used should be consistent with the concept underlying the poverty thresholds.⁽²²⁸⁾ The Panel noted that this consistency principle is violated by "experimental" poverty figures (such as those published by the Census Bureau since the 1980's) that add the value of public and private health insurance to families' resources without adjusting the thresholds to account for medical care needs; the Panel said that such measures "should be discontinued."⁽²²⁹⁾

Significant salvos in the debate on poverty and noncash benefits go back as far as the mid-1970's.⁽²³⁰⁾

Responding to factors arising out of this debate, the Census Bureau issued its first paper on the valuation of noncash benefits and poverty in 1982.⁽²³¹⁾ By late 1983, the Director of the Office of Management and Budget, David Stockman, was publicly urging that noncash benefits valued at market value (the highest of several alternatives being discussed) should be included as income for the purpose of measuring poverty.⁽²³²⁾

The second "exploratory" Census Bureau paper on valuing noncash benefits as income to measure poverty--issued in February 1984--included a statement that "The Bureau of the Census and the Office of Management and Budget plan to convene a special panel of economic experts to review the noncash benefit valuation issues and to make recommendations concerning valuation techniques and methods for integrating these values into the official estimates of poverty."⁽²³³⁾ By April it became known that the Census Bureau had chosen eight economists for the panel, with concurrence by OMB, and that the panel was to hold a single meeting, on May 18, which would be closed to the public and the press. The chairmen of several committees of the House of Representatives sent a letter expressing concerns about problems with the work of the panel, and Rep. Robert Matsui D-Calif. and several anti-poverty groups filed suit in federal court seeking to open the panel meeting to the public. While contending that the panel was not covered by the Federal Advisory Committee Act (which requires public access to meetings of such committees), the Census Bureau announced in a May 3 letter that it had canceled the meeting.⁽²³⁴⁾

On December 12-14, 1985, the Census Bureau held a conference in Williamsburg, Virginia, on the measurement of noncash benefits. "The purpose of the conference is to allow persons outside the Census Bureau to review the methodologies used to value noncash benefits to measure poverty in these Census Bureau technical papers and, more specifically, to address the following issues: 1. What types of cash receipts and noncash benefits should be included in the Census Bureau's definition of income? 2. What are the most appropriate methodologies for valuing various noncash benefits? 3. If income is defined to include noncash benefits, what are the issues of data comparability for the current income and poverty measures? 4. What are the implications for Federal laws requiring the use of poverty data in allocating funds to states and local areas?"⁽²³⁵⁾ The conference was attended by 115 persons--23 from the Census Bureau, 40 from universities and nonprofit research organizations, 16 from public interest groups and other private sector organizations, and 36 from other government agencies and Congressional committees.⁽²³⁶⁾ (Orshansky was one of the invited attendees at the conference. The present writer was also one of the invited attendees.) "The conference attendees were not asked to produce a set of recommendations....Most participants at the noncash conference agreed that poverty thresholds would have to be changed if the value of medical care were to be included in the income definition."⁽²³⁷⁾ One volume of proceedings was published (see footnote 236). Comments about the conference are available in the 1986 Congressional hearing document cited in footnote 57 and in a 1986 General Accounting Office (GAO) report requested by several members of Congress.⁽²³⁸⁾ In 1986 and 1987 GAO also issued two reports on the Census Bureau's experimental valuation methods for noncash benefits.⁽²³⁹⁾

In January 1990, the Bush Administration approved an initiative on improving the quality of federal economic statistics. One of several dozen statistical series which was examined as part of this initiative was the federal poverty measure; under "Family Income and Poverty," the CEA press release on the initiative described the following "suggested improvements": "Begin research on developing a new benchmark estimate of poverty appropriate to prices, consumption patterns and family composition in the 1990s; and continue publication of the experimental estimates of real family income and poverty." The appendix on the initiative in the 1990 CEA report noted (p. 284) that "the poverty index we use is based on research that was done in the 1950s and 1960s and may not be well suited to the 1990s. Although most major statistical series are revised every 5 years to reflect current price, consumption, and production patterns, the official poverty measure has not had a significant revision in over 25 years." It went on to mention the experimental Census Bureau estimates of poverty using different definitions of income and price changes, and concluded, "Nevertheless, our basic understanding of appropriate measures of poverty remains far from complete. Additional research on relevant prices, consumption patterns, and family composition in the 1990s is needed to improve our understanding of the level and distribution of economic need in this country."⁽²⁴⁰⁾ 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 on poverty measurement were taken by federal Executive- Branch agencies pursuant to this initiative.⁽²⁴¹⁾

The National Research Council's Panel on Poverty and Family Assistance

As reported by the House Appropriations Committee in July 1990, the Fiscal Year 1991 Labor/Health and Human Services/Education appropriation bill included the provision of \$600,000 to the Bureau of Labor Statistics "to enable the Bureau to develop, in conjunction with the National Academy of Sciences, appropriate methods of revising the current official poverty measure. The Bureau should contract with the National Academy for a study to provide a basis for the revision."⁽²⁴²⁾ The Senate Appropriations Committee version of that bill noted that the Senate Committee "did not...agree with the House recommendation of \$600,000 for revising the current official poverty measure; this matter would appear to be more appropriately considered under Department of Commerce appropriations, as a Bureau of the Census activity."⁽²⁴³⁾ In the conference on the bill, the Senate receded, so that the House provision was adopted, even though it was not reflected in the text of the final appropriations act⁽²⁴⁴⁾ (P.L. 101-517--104 Stat. 2196). The Bureau of Labor Statistics transferred the funds to the Census Bureau. In February 1992, the Census Bureau signed a contract with the National Academy of Sciences for a combined study responding to the Congressional directive for a study on poverty and to another Congressional directive (under the Family Support Act of 1988--P.L. 100-485) calling for a National Academy of Sciences study on various issues related to family assistance and welfare programs. (The Department of Health and Human Services transferred funds to the Census Bureau to support the public-assistance-related portion of the study.) Under the Census Bureau contract implementing the Congressional directive, in June 1992 the Committee on National Statistics of the National Academy of Sciences convened a panel of academic experts (the Panel on Poverty and Family Assistance) to conduct a 30-month, two-part study. One part of the study was a study of statistical issues involved in measuring and understanding poverty. (The other part of the study was a study 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 study was to focus on concepts, information needs, and measurement methods for such purposes.⁽²⁴⁵⁾

The Panel on Poverty and Family Assistance published its report⁽²⁴⁶⁾ of its study in May 1995. In the report, the Panel proposed a new approach for developing an official poverty measure for the U.S.--although it did not propose a specific set of dollar figures.

In its report, the Panel acknowledged Mollie Orshansky's work in developing the current poverty line--"a poverty measure that proved broadly acceptable and widely useful."⁽²⁴⁷⁾ However, the Panel argued that "the current poverty measure has weaknesses both in the implementation of the threshold concept and in the definition of family resources. Changing social and economic conditions over the last three decades have made these weaknesses more obvious and more consequential. As a result, the current measure does not accurately reflect differences in poverty across population groups and across time. We conclude that it would be inadvisable to retain the current measure for the future."⁽²⁴⁸⁾

The Panel's proposal would continue to define poverty as economic deprivation.⁽²⁴⁹⁾ Rather than deriving poverty thresholds using a food plan and a multiplier, the Panel's proposal would derive a poverty threshold that would comprise a combined budget allowance for food, clothing, and shelter (including utilities), plus a small additional amount to allow for other needs (e.g., household supplies, personal care, and non-work-related transportation). To develop a poverty threshold for its reference family (two adults and two children), the Panel's proposal would set the food/clothing/shelter budget allowance as a percentage--the Panel said that 78 to 83 percent would be a reasonable range--of median annual expenditures by all two- adult/two-child families for these items according to the Consumer Expenditure Survey. (The Panel also expressed the food/clothing/shelter budget allowance range as the amount spent for these items by two-adult/two-child families at the 30th to 35th percentiles of the distribution for spending on these items by such families.) The threshold would be derived by applying a relatively small multiplier (between 1.15 and 1.25) to the food/clothing/shelter budget allowance.⁽²⁵⁰⁾ After adjusting for the differences between the Panel's family resources concept see below and the current official Census definition of income, the range proposed by the Panel for the new threshold would be between 14 and 33 percent higher than the current poverty threshold; this would take into account the real growth in the general population's standard of living since the official poverty thresholds were first established three decades ago see next paragraph.⁽²⁵¹⁾

The Panel's proposal would update its poverty threshold each year to reflect changes in food/clothing/shelter expenditures by two-adult/two-child families in the general population (using a three-year average of expenditures to moderate business-cycle- related fluctuations).⁽²⁵²⁾ In other words, the Panel's threshold would rise in real terms over time as the real standard of living of the general population increased. The Panel cited considerable historical evidence that successive absolute poverty lines and budgets rise in real terms over time as the real income of the general population rises.⁽²⁵³⁾ "...we conclude that the relevant question is not whether

poverty thresholds should be updated for changes in real consumption, but whether they should be updated on a sporadic or on a regular basis."⁽²⁵⁴⁾

The Panel put great emphasis on the principle that in poverty measurement, the definition of family resources income used should be consistent with the concept underlying the poverty thresholds.⁽²⁵⁵⁾ The Panel noted that the current poverty measure violates this consistency principle, since poverty thresholds calculated on the basis of after-tax money income are applied to before-tax money income data.⁽²⁵⁶⁾ On the same grounds, the Panel criticized "experimental" poverty figures (such as those published by the Census Bureau since the 1980's) that add the value of public and private health insurance to families' resources without adjusting the thresholds to account for medical care needs⁽²⁵⁷⁾; the Panel said that such measures "should be discontinued."⁽²⁵⁸⁾ On the basis of the consistency principle, the Panel's proposal would define family resources as "the sum of money income from all sources together with the value of near- money benefits (e.g., food stamps) that are available to buy goods and services in the budget, minus expenses that cannot be used to buy these goods and services. Such expenses include income and payroll taxes, child care and other work-related expenses, child support payments to another household, and out- of-pocket medical care costs, including health insurance premiums."⁽²⁵⁹⁾

In particular, note that the Panel's proposal would deal with the conceptual problems of medical expenses by excluding them from both the poverty thresholds and the definition of family resources.⁽²⁶⁰⁾ The Panel's poverty thresholds would not include any allowance for medical expenses. The Panel's family resources definition would subtract out-of-pocket medical care costs and would not add in the value of health insurance. The Panel's reasons for separating the measurement of economic poverty from the measurement of medical care needs (and resources to meet them) are that medical care benefits are not very fungible (they cannot be spent for other goods such as food and housing) and that medical care needs vary widely across the population.⁽²⁶¹⁾

The Panel's proposal would use a new equivalence scale to develop poverty thresholds for different family sizes and types from the poverty threshold for the reference family.⁽²⁶²⁾

The Panel's proposal would adjust the poverty thresholds for differences in the cost of housing across geographic areas; the Panel believed that housing cost differences can be measured using Decennial Census data. The adjustment would be made not by state but by the nine Census divisions and (within each division) the size of metropolitan area.⁽²⁶³⁾

The Panel proposed that "the Survey of Income and Program Participation should become the basis of official U.S. income and poverty statistics in place of the March income supplement to the Current Population Survey."⁽²⁶⁴⁾

Conclusion

After so many pages about the definition and measurement of poverty, perhaps the most appropriate way to close this paper 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."⁽²⁶⁵⁾

NOTES

1. See, for instance, Spencer Rich, "Drawing the Line on Poverty: Census Bureau Measurement Sparks Criticism From Many Quarters," Washington Post, October 30, 1989, p. A13; Richard J. Margolis, "The Arithmetic of Poverty," New Leader, Vol. 73, No. 6, April 16, 1990, pp. 14-15; 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.
2. Patricia Ruggles, Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy, Washington, D.C., Urban Institute Press, 1990.
3. William 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.
4. For an "economy budget" which was stringently constructed "to enable people to get all of the basic necessities at the lowest realistic cost," see John E. Schwarz and Thomas J. Volgy, The Forgotten Americans, New York, W.W. Norton & Company, 1992, pp. 42-52; this Economy Budget was equal to about 155 percent of the poverty threshold for 1990. For Basic Needs Budgets for three different types of families which were equal to between 136 percent and 197 percent of the poverty line, see Trudi J. Renwick and Barbara R. Bergmann, "A Budget-Based Definition of Poverty, With an Application to Single-Parent Families," Journal of Human Resources, Vol. 28, No. 1, Winter 1993, pp. 1-24; and Trudi Renwick, "Budget-Based Poverty Measurement: 1992 Basic Needs Budgets," pp. 573-582 in American Statistical Association: 1993 Proceedings of the Social Statistics Section.

5. Constance F. Citro and Robert T. Michael (editors), Measuring Poverty: A New Approach, Washington, D.C., National Academy Press, 1995.
6. For 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.
7. Mollie Orshansky, "Children of the Poor," Social Security Bulletin, Vol. 26, No. 7, July 1963, pp. 3-13.
8. Orshansky, "Counting the Poor: Another Look at the Poverty Profile," Social Security Bulletin, Vol. 28, No. 1, January 1965, pp. 3-29. In order to distinguish it from similarly titled papers which Orshansky wrote in 1967 and 1969, this article will be cited as "Counting the Poor: Another Look..." in subsequent footnotes.
9. Personal 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..." p. 5 in U.S. House of Representatives, Redrawing the Poverty Line: Implications for Fighting Hunger and Poverty in America--Hearing Before the Select Committee on Hunger..., Serial No. 101-24, Washington, D.C., U.S. Government Printing Office, October 4, 1990 (printed in 1991).
10. Orshansky, "Recounting the Poor--A Five-Year Review," Social Security Bulletin, Vol. 29, No. 4, April 1966, p. 20; Orshansky, "Statement..." October 9, p. 2243 in U.S. Senate, Education Legislation, 1973: Hearings Before the Subcommittee on Education of the Committee on Labor and Public Welfare...on S. 1539...and Related Bills--Part 6, Washington, D.C., U.S. Government Printing Office, September 14, October 4, 9, and 10, 1973; and Orshansky, "Statement..." p. 16 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, D.C., U.S. Government Printing Office, May 15, 1984.
11. Israel Putnam, "Poverty Thresholds: Their History and Future Development" November 1970, p. 272 in Mollie Orshansky compiler, "Documentation of Background Information and Rationale for Current Poverty Matrix," Technical Paper I of The Measure of Poverty, Washington, D.C., U.S. Department of Health, Education, and Welfare, 1976 (This paper will be cited in later footnotes as Technical Paper I.); 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, D.C., U.S. Government Printing Office, April 1976, pp. 5-6 (This report will be cited in later footnotes as The Measure of Poverty.); and Orshansky, "Commentary: The Poverty Measure," Social Security Bulletin, Vol. 51, No. 10, October 1988, pp. 22 and 23.
12. While Orshansky's poverty thresholds became the first (fully) official federal definition of poverty in 1969, unofficial American definitions of poverty on a nationwide basis in dollar terms go back as far as Robert Hunter's 1904 book, Poverty (New York, Macmillan; see pp. 51-53), while the Iowa Bureau of Labor Statistics had published a minimum subsistence budget for an Iowa workingman's family in 1891 (Fourth Biennial Report of the Bureau of Labor Statistics for the State of Iowa. 1890-91., Des Moines, Iowa, G.H. Ragsdale, State Printer, 1891, pp. 271-273). For a review of unofficial poverty lines before Orshansky, see Gordon M. Fisher, "From Hunter to Orshansky: An Overview of (Unofficial) Poverty Lines in the United States from 1904 to 1965" (unpublished paper--75 pp.), October 1993.
13. Judith Eleanor Innes, Knowledge and Public Policy: The Search for Meaningful Indicators, New Brunswick, New Jersey, Transaction Publishers, 1990, p. 138. For a historical overview of standard budgets, see Innes, pp. 139-147, 150-152, 265-269, and Table 2 (pp. 328-329). In a discussion on p. 148, Innes indicates correctly that Orshansky's poverty threshold is not a standard budget, although it is a "related concept." For discussion of some of the conceptual and practical problems with standard budgets, see Innes, pp. 138-139, 143, 183, 228-231, and 270-271.
14. Orshansky, "Counting the Poor: Another Look...", p. 5; Rene Miller and Arno I. Winard, "Trends and Composition of the Low-Income Population," American Statistical Association: Proceedings of the Social Statistics Section, 1974, p. 204; The Measure of Poverty, pp. xxii, xxiv, 40, 44, and 73; Orshansky et al., "Measuring Poverty: A Debate," p. 46; Harold W. Watts, "Special panel suggests changes in BLS Family Budget Program," Monthly Labor Review, Vol. 103, No. 12, December 1980, p. 8; and TARP Institute, The Market Basket Approach for Deriving Poverty Thresholds: A Feasibility Study (by John Goodman and Marc Grainer; research supported by Grant No. 30161, Community Services Administration), Washington, D.C., August 1981, pp. ES-4, 22-26, and 73. (A writer of the 1970's was simply incorrect in his implication that supposed standards of need for other consumption areas constitute "components of the poverty thresholds"; see Morton Paglin, "Poverty in the United States: A Reevaluation," Policy Review, No. 8, spring 1979, p. 11.)
15. In addition to the article cited in the immediately following footnote, Orshansky had also written the following article about one specific standard budget: "Budget for an Elderly Couple: Interim Revision by the Bureau of Labor Statistics," Social Security Bulletin, Vol. 23, No. 12, December 1960, pp. 26-36. While at the Department of Agriculture, she had done work to update a minimum wage budget for women (personal communication with Mollie Orshansky, July 1988)--i.e., a standard budget for single working women. And comments in Congressional testimony and elsewhere (Orshansky, p. 18 in the May 15, 1984, Congressional hearing cited in

footnote 10; personal communication with Mollie Orshansky, June 14, 1988) indicate that Orshansky was familiar with the two standard budgets developed by Margaret Stecker of the Works Progress Administration in 1936--two budgets which were quite influential in poverty/lower-income measurement in the late 1930's and the 1940's, although they are almost unknown today.

16. Orshansky, "Family Budgets and Fee Schedules of Voluntary Agencies," Social Security Bulletin, Vol. 22, No. 4, April 1959, pp. 10-17.

17. Again in hindsight, one sees a foreshadowing of the thresholds in two sentences in the last section of the article (p. 17): "For some purposes it would seem that the crucial figure is the total cost of the budget. This dollar total might then be found more directly than it is at present by choosing a specific income percentile, a break-even point, a point at which a specified percentage of families had savings, or a point at which a given percentage of households achieved an adequate diet" emphasis added. Note, however, that achieving an adequate diet is not the same concept as having food expenditures equal to the dollar cost of the economy food plan.

18. "Counting the Poor: Another Look...", p. 5. Similar statements echo through more than half a century of American and British poverty measurement literature. Cf. Scott Nearing, Financing the Wage-Earner's Family, New York, B.W. Huebsch, 1913, pp. 57, 60: "The measurement of the amount of food necessary to maintain a standard of living is by far the easiest part of the problem....The determination of the amounts of housing, clothing, fuel and light necessary to the maintenance of a standard, is a much more difficult problem than that involved in the discussion of food...."

19. The food plans used by Orshansky are found in 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, D.C., Consumer and Food Economics Research Division, Agricultural Research Service, U.S. Department of Agriculture, November 1962 (e.g., pp. 6, 8, 25, and 31). For roughly contemporary Agriculture Department advice about appropriate usage of the food plans, see Betty B. Peterkin, "USDA Food Plans and Costs--Tools for Deriving Food Cost Standards for Use in Public Assistance," Family Economics Review, March 1965, pp. 19-23. For an illuminating historical perspective on the beginnings of Agriculture Department nutrition research--the research that ultimately led to the economy, thrifty, low-cost, and other food plans--see Naomi Aronson, "Nutrition as a Social Problem: A Case Study of Entrepreneurial Strategy in Science," Social Problems, Vol. 29, No. 5, June 1982, pp. 474-487. For insightful comments (written almost a decade before the economy food plan was introduced and Orshansky began developing the poverty thresholds in the U.S.) on the use of minimum-cost diets in (British) poverty measurement, see the following article by Peter Townsend, a professor of sociology and social policy who is the dean of post-World-War-II British poverty studies: "Measuring Poverty," British Journal of Sociology, Vol. 5, No. 2, June 1954, pp. 130-137.

20. For the 1933 introduction of the food plans, see Fisher, "From Hunter to Orshansky..." (1993 version), pp. 35-36.

21. Federal Register, December 1, 1975, p. 55650; The Measure of Poverty, pp. 8 and 39.

22. The 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.

23. "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). Home Economics Research Report No. 20 (cited in footnote 19), 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" (p. 25).

24. Mollie Orshansky, "Statement..." March 23, 1971, p. 70 in U.S. Senate, Economic Opportunity Amendments of 1971: Hearings Before the Subcommittee on Employment, Manpower, and Poverty of the Committee on Labor and Public Welfare...on S. 1290...S. 397...S. 1305...and S. 2007...Part 1, Washington, D.C., U.S. Government Printing Office, 1971. For the source of this information, see Betty Peterkin and Faith Clark, "Money Value and Adequacy of Diets Compared with the USDA Food Plans," Family Economics Review, September 1969, pp. 6-8; "Diets were considered good if they provided the recommended allowances (1963) for all nutrients, and fair or better if they provided at least two-thirds of the allowances" (p. 8). For earlier similar findings mentioned elsewhere by Orshansky, see Betty B. Peterkin, "USDA Food Plans and Costs..." (cited in footnote 19), pp. 21 and 23. For similar findings based on more recent data, see Betty B. Peterkin and Richard L. Kerr, "Food Stamp Allotment and Diets of U.S. Households," Family Economics Review, winter 1982, pp. 23-26. For findings that lower-income groups secure more calories and more nutrients per dollar (or pound sterling) spent on food than do higher-income groups, see U.S. Department of Agriculture, Science and Education Administration, Money

Value of Food Used by Households in the United States, Spring 1977, Nationwide Food Consumption Survey 1977-78, Preliminary Report No. 1, August 1979, pp. 11-12; Federal Register, December 1, 1975, p. 55650; Betty Peterkin and Constance Ward, "Nutrients from a Dollar's Worth of Food, Northeast Region," Family Economics Review, June 1968, pp. 3-6; Louise Bolard More, Wage-Earners' Budgets: A Study of Standards and Cost of Living in New York City, New York, Henry Holt and Co., 1907, p. 206; Caroline L. Walker and M. Church, "Poverty by administration: a review of supplementary benefits, nutrition and scale rates," Journal of Human Nutrition, Vol. 32, No. 1, 1978, pp. 14 and 16 (based on Britain's National Food Survey 1975); and B. Seebohm Rowntree, Poverty: A Study of Town Life, London, Macmillan and Co., Ltd., 1901, pp. 250-251 and 255-256 (based on an 1899 study of families in York, England).

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

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

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

28."Counting the Poor: Another Look...", p. 7.

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

30.Orshansky, "Who's Who Among the Poor: A Demographic View of Poverty," Social Security Bulletin, Vol. 28, No. 7, July 1965, p. 8. The "most of us" who "learn by heart" this principle would be, in general, those interested in the economics of households and consumption.

31."Counting the Poor: Another Look...", p. 7; see also "Children of the Poor," p. 8.

32."Who's Who Among the Poor...", p. 8; this is a more concise version of a statement in "Counting the Poor: Another Look...", p. 7.

33.In an earlier draft of the material on p. 8 of "Who's Who Among the Poor...", Orshansky had written "an adaptation...of the Engel curves relating food expenditures to income" instead of "an adaptation...of a principle most of us learn by heart."

34.This law was developed by Ernst Engel (1821-1896), 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 and the author of The Condition of the Working Class in England (1845).) 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).

35."Who's Who Among the Poor...", p. 8.

36."Counting the Poor: Another Look...", p. 8. (See also pp. 10 and 11 of September 2, 1976, memorandum from Orshansky to George Grob--Subject: Revised Poverty Lines for SIE Survey of Income and Education Counts of Children Poor in 1975; cf. also p. 4.) The document to which Orshansky footnoted this finding in her 1965 article was Agricultural Research Service, U.S. Department of Agriculture, Food Consumption and Dietary Levels of Households in the United States...some highlights from the Household Food Consumption Survey, Spring 1955 (ARS 62-6), Washington, D.C., August 1957; see p. 1. The relevant section of ARS 62-6 ("Food consumption," pp. 1-10) was actually written by Orshansky herself, although neither she nor the author of the other section was given authorship credit on the title page of the report. The "Food consumption" section was a reprinting (with some modifications) of the following article by Orshansky: "Food Consumption of Families Today," Nutrition Committee News, Institute of Home Economics, Agricultural Research Service, U.S. Department of Agriculture, March-April 1957 (with the finding about the food/money-income ratio being on p. 1 of this article also). In addition, Orshansky and three colleagues, reporting on a 1952 survey of rural families in the North Central states, had noted that if income and food purchases had been spread evenly over time, "food purchased for consumption at home and away by the average farm family would take 29 percent of its spending money (after taxes) for the week and for the average rural nonfarm family 33 percent" (Orshansky, Corinne LeBovit, Ennis C. Blake, and Mary Ann Moss, Food Consumption and Dietary Levels of Rural Families in the North Central Region, 1952 (Agriculture Information Bulletin No. 157), Washington, D.C., U.S. Department of Agriculture, November 1957, p. 1.

37.In a 1969 article ("How poverty is measured," Monthly Labor Review, Vol. 92, No. 2, February 1969, p. 38), Orshansky mentioned not only the 1955 survey but also a 1948 Agriculture Department survey as indicating that families spent about one third of their income on food. The document which she footnoted in connection with the 1948 survey was Faith Clark, Janet Murray, Gertrude S. Weiss, and Evelyn Grossman, Food Consumption of Urban Families in the United States...with an Appraisal of Methods of Analysis (Agriculture Information Bulletin No. 132), Washington, D.C., Home Economics Research Branch, Agricultural Research Service, U.S. Department of Agriculture, October 1954; page 2 of this report noted that "Food expenditures of urban families, as reported in the 1948 spring nationwide survey, averaged almost \$26 a family for a week....This \$26 food expenditure amounted to one- third of family income for the week of the food report." (I have not found any reference to the 1948 survey in Orshansky's poverty articles and papers written before 1969.)

38. "Counting the Poor: Another Look...", p. 8. For 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.

39. "Counting the Poor: Another Look...", pp. 8 and 9. She did note (p. 9) that her poverty index at the low-cost level--derived by applying a multiplier of three from the Agriculture survey to the low-cost food plan--was roughly equal to a poverty index that one would get by applying a multiplier of about four, from the BLS survey, to the economy food plan.

40. The understanding of Orshansky's procedure described in this and the following paragraph is based on several comments in items she wrote after her July 1963 and January 1965 articles. "Let us assume, and it is a big assumption, that if families cut their average food expenditures to the level of this minimum cost diet the economy food plan and still used the same proportion of their income for food, roughly one third, we could assume that adequacy in the other aspects of living is possible, not plausible"-- Orshansky, "Who Are the Poor?", p. 94 in Sixth Biennial Workshop on Public Welfare Research and Statistics: Proceedings--July 18-22, 1966. "The Social Security Administration methodology...includes the unproved assertion that expenditures for the other items can be cut below average to the same degree as food expenditures and still remain adequate"-- Orshansky, "Demography and Ecology of Poverty," p. 23, 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), Bureau of Social Science Research, Inc., Washington, D.C., June 1968.

"...the...procedure...originally implied...that families strapped for funds could cut expenditures for nonfood below the average to the same degree we estimated for food..."--Orshansky et al., "Measuring Poverty: A Debate," p. 46. See also "Who's Who Among the Poor...", p. 9, and "How poverty is measured," p. 39.

41. "Admittedly this procedure is unrealistic, particularly with respect to housing, which looms so large in the nonfarm family budget. Judicious management can cut food costs at the sacrifice of dietary adequacy if need be, but the slum landlord is not likely to be satisfied with cheaper rent.... There were, however, no available budget standards for housing that could be applied at the poverty level"--"Who's Who Among the Poor...", p. 9. If housing expenditures were to be cut down more slowly than food expenditures, the result would be a somewhat higher poverty threshold.

42. "Children of the Poor," p. 8.

43. The first written use of this term which the writer has found is on p. 2 of a May 3, 1968, memorandum (Subject: The SSA poverty and low-income cut-off points for 1967 incomes) by Ida C. Merriam, the director (Assistant Commissioner) of SSA's Office of Research and Statistics, in which Orshansky worked.

44. "The matrix of poverty thresholds...is derived from normative concepts of outlays for food in relation to money income..."--Orshansky and Judith S. Bretz, "Born To Be Poor: Birthplace and Number of Brothers and Sisters As Factors in Adult Poverty," Social Security Bulletin, Vol. 39, No. 1, January 1976, p. 22.

45. From 1969 through 1993, Census Bureau reports on poverty contained the following sentence (with minor variations in wording) about how poverty thresholds were calculated: "For smaller families and persons residing alone, the cost of the economy food plan was multiplied by factors that were slightly larger than three to compensate for the relatively higher fixed expenses of these smaller households." When this sentence is compared with Orshansky's description of how she actually calculated the thresholds for one- and two- person units, the sentence is seen to be a description that is oversimplified to the point of no longer being strictly accurate. Thresholds for unrelated individuals were not derived from food plan costs at all; the multiplier for two-person families (3.7) was more than "slightly" larger than the general multiplier of three; and a special procedure for family thresholds was used only for two-person families, not for "smaller" families generally. (Beginning in 1995, the Census Bureau replaced the above sentence with more accurate language suggested by the author.)

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

47. "Counting the Poor: Another Look...", p. 9; and Orshansky, "Prepared Statement...", p. 199 in U.S. House of Representatives, Poverty Among America's Aged: Hearing Before the Select Committee on Aging..., Committee Publication 95-154, Washington, D.C., U.S. Government Printing Office, August 9, 1978.

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

49. "Counting the Poor: Another Look...", p. 9, citing material supplied for the record in "Statement of Hon. W. Willard Wirtz, Secretary of the Department of Labor..." November 19, 1963, p. 222 in U.S. House of Representatives, Medical Care for the Aged: Hearings Before the Committee on Ways and Means...on H.R. 3920...Part 1..., Washington, D.C., U.S. Government Printing Office, 1964. (Orshansky's footnote did not give the page number or part volume number, so the citation has been difficult for later researchers to find.) In the material cited, the cost of the BLS Budget for a Retired Couple was given as \$2,500, and "the estimated cost of the modest budget standard for an elderly retired person"--that is, an elderly unrelated individual--was given as \$1,800; the latter figure is easily calculated to be 72 percent of the \$2,500 figure. Cf. also "Income Needs of the Aged," the material prepared in 1960 by Orshansky on an unattributed basis which is cited below in footnote 75. In this material, Orshansky noted that the New York City Budget Standard Service provided annual price updates of the cost of a budget for elderly persons in New York City that was similar to the SSA 1948- 1950 budget for an

elderly couple. The October 1959 cost of the budget was \$2,380 for a couple, \$1,790 for an elderly male unrelated individual, and \$1,650 for an elderly female unrelated individual. The average of the figures for the male and female unrelated individuals--\$1,720--works out to be 72.3 percent of the figure for the two-person unit (the couple).

50."Counting the Poor: Another Look...", p. 9. For the "premise" she put forward, she cited her own 1960 article, "Budget for an Elderly Couple...". On p. 31 of that article, she noted that "When incomes are low and consumption is already close to the marginal level, it may cost only a little less for an aged person alone than it does for two." For this comment, she cited p. 44 of Agricultural Information Bulletin No. 157 (see footnote 36 for full citation), where she and three colleagues had noted that "...the decrease in food expense and in the quantity of food per person with increasing family size are less marked in families with incomes below \$2,000, especially among the nonfarm families. At this income level expenditure and food consumption are low, and the budget may be so restricted even in small families that there is less opportunity for further reduction than at higher incomes."

51.Since Orshansky had worked for the U.S. Department of Agriculture from 1945 to 1951 and from 1953 to 1958, it is not surprising that she was sensitive to differences in living conditions between farm families and nonfarm families. Note, moreover, that her first published paper had been "Equivalent Levels of Living: Farm and City," pp. 175-200 in National Bureau of Economic Research, Studies in Income and Wealth, Volume Fifteen--Conference on Research in Income and Wealth, 1952. Although over two dozen sets of poverty lines had been put forward by persons and groups in the U.S. between 1949 and 1965 (Fisher, "From Hunter to Orshansky..." (1993 version), pp. 48-71), Orshansky's poverty thresholds in her July 1963 and January 1965 articles were the first ones to have separate figures for farm and nonfarm families since the low-income lines of the 1949 Subcommittee on Low-Income Families of the Joint Congressional Committee on the Economic Report (now the Joint Economic Committee).

52."Counting the Poor: Another Look...", p. 9. Orshansky had also reported the same or similar findings about the proportion of farm family food produced on the farm in the 1957 newsletter article (p. 2) and the 1957 bulletin (p. 7) cited in footnote 36. If 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. (See "Who's Who Among the Poor...", pp. 9-10.)

53."Counting the Poor: Another Look...", pp. 9-10; see also "Children of the Poor," pp. 4, 8 (Table 6, footnote 1), and 9.

54."Counting the Poor: Another Look...", p. 10; for the actual figures, see Table E, p. 28 of the same article. The idea to publish a smaller matrix of thresholds instead of all 248 thresholds came from a discussion with Dorothy Brady of the University of Pennsylvania (personal communications with Mollie Orshansky, April 26, 1991, and November 15, 1991). The earliest appearance of the full 124-cell matrix of poverty thresholds in the Census Bureau's annual poverty reports was in Current Population Reports, Series P-60, No. 98, Characteristics of the Low-Income Population: 1973, Washington, D.C., U.S. Government Printing Office, January 1975, Table A-2, p. 161. (Such a matrix in a somewhat different format had been published in 1973 in U.S. Bureau of the Census, Census of Population: 1970--SUBJECT REPORTS: Final Report PC(2)-9A, Low-Income Population, Washington, D.C., U.S. Government Printing Office, Table A-1, p. 457.)

55."Counting the Poor: Another Look...", Table E, p. 28. Note that all figures in this table seem to have been rounded to the nearest five dollars. The unrounded weighted average nonfarm poverty thresholds for 1963 are available from other sources--for instance, Social Security Bulletin, Annual Statistical Supplement, 1991, Table 3.E1, p. 120. The overall weighted average nonfarm thresholds for one-person and two-person units in this table have been supplied from that source.

56.U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 28, Revision in Poverty Statistics, 1959 to 1968, Washington, D.C., U.S. Government Printing Office, August 12, 1969, pp. 1 and 4; The Measure of Poverty, pp. 7 and 9. Because the poverty population series was extended back from 1963 as far as 1959, some people erroneously think that 1959 was the base year of the series. Some recent sources seem to state or imply--erroneously-- that 1967 was the base year for the poverty series. (See Ruggles cited in footnote 2, pp. 39, 40, and 175; and U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 176-RD, Measuring the Effect of Benefits and Taxes on Income and Poverty: 1990, Washington, D.C., U.S. Government Printing Office, August 1991, pp. 3 and 173.) The erroneous assumption concerning 1967 may have arisen because 1967 was for a long time the base year for the Consumer Price Index, or because 1967 is the earliest income year for which Current Population Survey microdata tapes have been readily available.

57."Counting the Poor: Another Look...", p. 10; The Measure of Poverty, p. 8; Orshansky, "Statement..." (January 30, 1986), p. 117 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, D.C., U.S. Government Printing Office, 1986; discussion between Rep.

Robert T. Matsui D-Cal. and Orshansky, pp. 15-16 in the May 15, 1984, Congressional hearing cited in footnote 10; and "Children of the Poor," p. 8, footnote 7.

58. "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 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. (This statement was reprinted almost verbatim on p. 125 of Ryan, A Living Wage: Its Ethical and Economic Aspects, New York, Macmillan, 1906.)

59.P. 1 of November 4, 1965, memorandum from Robert M. Ball, Commissioner of Social Security, to Wilbur J. Cohen, Under Secretary of Health, Education, and Welfare--Subject: Poverty Research - your memorandum of October 29.

60. Orshansky, "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; p. 14 of September 2, 1976, memorandum from Orshansky to George Grob--Subject: Revised Poverty Lines for SIE Survey of Income and Education Counts of Children Poor in 1975; Orshansky et al., "Measuring Poverty: A Debate," p. 54; and Orshansky, "Commentary: The Poverty Measure," p. 23. Note that in a memorandum summarizing an October 1968 meeting, Ida Merriam referred to the SSA poverty index as "semi- absolute"--p. 3 of October 3, 1968, memorandum for the files from Ida C. Merriam--Re: First meeting of the Budget Bureau Poverty Level Review Committee, October 2, 1968. Note also the following comment by Jenny Podoluk, the originator of Statistics Canada's Low Income Cut-Offs: "Although the U.S. lines are categorized as absolute poverty lines there was, in fact, some relativity at the time they were constructed in that 1955 consumption patterns were used"--Jenny Podoluk, "Poverty and Income Adequacy," p. 296, footnote 13, in Economic Council of Canada, Reflections on Canadian Incomes (a collection of papers presented to the Conference on Canadian Incomes, Winnipeg, Manitoba, May 10-12, 1979), Hull, Quebec, Canadian Government Publishing Centre, 1980.

61. "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.

62. Peter 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," p. 74 in Task Force on Economic Growth and Opportunity, The Concept of Poverty, Washington, D.C., Chamber of Commerce of the United States, 1965. (Note that Townsend no longer supports this relative definition of poverty, advocating instead that poverty be defined in terms of the concept of relative deprivation. See, for instance, Townsend, Poverty in the United Kingdom: A Survey of Household Resources and Standards of Living, Berkeley, University of California Press, 1979, pp. 31-60 and 248-262; and Townsend, The International Analysis of Poverty, Hemel Hempstead, Great Britain, Harvester Wheatsheaf, 1993, pp. 33-37 and 56-58.) 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.

63. Arthur L. Bowley and Alexander R. Burnett-Hurst, Livelihood and Poverty: A Study in the Economic Conditions of Working-Class Households in Northampton, Warrington, Stanley and Reading, London, G. Bell and Sons, Ltd., 1915, p. 37.

64. "Counting the Poor: Another Look...", p. 4.

65. Gordon M. Fisher, "Disseminating the Administrative Version and Explaining the Administrative and Statistical Versions of the Federal Poverty Measure," Clinical Sociology Review, Vol. 15, 1997 (forthcoming).

66. Fisher, "From Hunter to Orshansky..." (1993 version), pp. 55-67. The four outliers were \$2,516, \$2,675, \$3,897, and \$4,000. However, note that the last two poverty lines were applied to income data that included some private (or private and public) nonmoney income. The authors of the \$4,000 poverty line (the Conference on Economic Progress) suggested that a poverty line to be applied to such income data should be higher than a poverty line to be applied to income data including only money income ("From Hunter to Orshansky..." (1993 version), pp. 61 and 67). This suggests that if money-income-only versions of the two money-plus-nonmoney-income poverty lines had been developed, they would have been lower, and thus closer to or even within the \$3,000-to-\$3,500 "consensus" range. Note also that of the twelve poverty or low-income figures, some were specifically calculated for a four-person family, while others were applied to families of all sizes.

67. For the distinction between poverty lines developed by experts and poverty lines based on the views of the general population e.g., Leyden-style "subjective" poverty lines, or Denton Vaughan's poverty line developed

using the Gallup Poll "get-along" amount, see, for instance, Mack and Lansley (cited in footnote 61), pp. 41-43; and John H. Veit-Wilson, "Consensual Approaches to Poverty Lines and Social Security," Journal of Social Policy, Vol. 16, Part 2, April 1987, pp. 188-189.

68. Denton R. Vaughan, "Exploring the Use of the Public's Views to Set Income Poverty Thresholds and Adjust Them Over Time," Social Security Bulletin, Vol. 56, No. 2, Summer 1993, pp. 22-46.

69. See, for instance: Jenny R. Podoluk, pp. 181, 183, and 184-185 in Chapter Eight, "Low Income and Poverty," of Incomes of Canadians (one of a series of studies in the 1961 Census Monograph Programme), Ottawa, Canada, Dominion Bureau of Statistics, 1968; Michael C. Wolfson and John M. Evans, Statistics Canada's Low Income Cut-Offs: Methodological Concerns and Possibilities--A Discussion Paper December 1989, Statistics Canada, Analytical Studies Branch, Research Paper Series, p. 10; Peter Townsend, Poverty in the United Kingdom: A Survey of Household Resources and Standards of Living, Berkeley and Los Angeles, University of California Press, 1979, pp. 34-39; Mack and Lansley (cited in footnote 61), pp. 30, 37, and 41-42; Aldi J.M. Hagenaaers, The Perception of Poverty, Amsterdam, North-Holland, 1986, pp. 10, 18-21, and 56-57; David Stanton, "Determining the poverty line," Social Security Quarterly publication of the Australian Department of Social Security, Spring 1973, pp. 21-22 and 31; and Australian Social Welfare Policy Secretariat, Report on poverty measurement, Canberra, Australian Government Publishing Service, August 1981, pp. 11, 20, 25-28, and 55-56. (Both in the U.S. and in other countries, some researchers are not completely clear about some of the specific details of Orshansky's work.) It is regrettable that the work on poverty definition and measurement that has been done in these countries is (except for "subjective" poverty measures) not nearly as well known in the U.S. as Orshansky's work is in these countries.

70. Orshansky, "Commentary: The Poverty Measure," pp. 22-23. Orshansky had written three articles about the income of the "young survivors" group (following a number of earlier short articles on the same subject by Lenore Epstein): "Income of Young Survivors, December 1958," Social Security Bulletin, Vol. 22, No. 9, September 1959, pp. 10-15 and 24; "Money Income Sources of Young Survivors, December 1959," Social Security Bulletin, Vol. 23, No. 9, September 1960, pp. 10-13; and "Money Income Sources of Young Survivors, December 1960," Social Security Bulletin, Vol. 24, No. 10, October 1961, pp. 14-18.

71. "How Much Is Too Little?" no author listed, Oasis publication for the employees and retired personnel of the Social Security Administration, Vol. 17, No. 10, October 1971, p. 14.

72. William J. Eaton, "The Poverty Line," New York Post, April 4, 1970, p. 24 magazine page four. Orshansky had worked for the U.S. Department of Agriculture from 1945 to 1951 and from 1953 to 1958.

73. Robert D. Hershey, Jr., "Q.&A.: Mollie Orshansky--The Hand That Shaped America's Poverty Line As the Realistic Index," New York Times, August 4, 1989, p. A11. The phrase "the ladies" reflects the fact that there was a high proportion of women professionals--e.g., home economists--in the Bureau of Human Nutrition and Home Economics. For brief comments on the role of home economics as one of the few fields providing professional opportunities for women with scientific training during the late nineteenth and early twentieth centuries, see Aronson (cited in footnote 19), pp. 480 and 483-484. (See further Margaret W. Rossiter, Women Scientists in America: Struggles and Strategies to 1940, Baltimore, Johns Hopkins University Press, 1982, pp. 60, 65-70, 200-203, and 254 (with specific references to the Bureau of Home Economics on pp. 225 and 229).) Compare the 1965 remarks of Eugene Smolensky (at that time an associate professor of business economics at the University of Chicago): "...of course this field counting the poor belongs to these ladies of the Federal Government, not only the ones who are here Mollie Orshansky, Helen Lamale, and Faith Clark, but you know all the names: Faith Williams, Lenore Epstein, and Margaret Stecker, and Eleanor Snyder, and the woman who taught me everything I know in this area, Dorothy Brady....What these ladies do, obviously, is eminently sensible: they draw a poverty line; they try to establish some kind of minimum income on the basis of some kind of definition of need"--p. 35 in Proceedings of 23rd Interstate Conference on Labor Statistics, June 15-18, 1965, U.S. Department of Labor, Bureau of Labor Statistics. (Among the "ladies" Smolensky named were employees not only of the Bureau of Human Nutrition and Home Economics and but also of the Bureau of Labor Statistics and SSA's Division/Office of Research and Statistics.) Orshansky (personal communications, June 14, 1988, and February 14, 1989) has described a pattern in the field of economics during her professional career in which men tended to be interested in macroeconomics (an area with more professional prestige), while women tended to be interested in distributional or household economics, looking at such subjects as how many families have unmet needs and working with household surveys and family studies--empirical studies with individual observations.

74. U.S. Senate, Health Needs of the Aged and Aging--Hearings Before the Subcommittee on Problems of the Aged and Aging of the Committee on Labor and Public Welfare..., Washington, D.C., U.S. Government Printing Office, 1960, p. 139.

75. The material was printed on pp. 140-141 of the hearing cited in the immediately preceding footnote. Orshansky told the writer (personal communication, 1987 or 1988) that she prepared this material because no response was received from the Labor Department.

76. The office or component of the Social Security Administration in which Orshansky worked from 1958 until 1982 was known as the Division of Program Research until December 1962, the Division of Research and

Statistics from January 1963 through July 1965, and the Office of Research and Statistics beginning in August 1965. Ida Merriam was the Director of this component until July 1965 and the Assistant Commissioner a new title, but functionally still the director from August 1965 through July 1972. Lenore Epstein (later Lenore (Epstein) Bixby) was the Assistant Director of this component from July 1959 through December 1962, the Deputy Director from January 1963 through July 1965, and the Deputy Assistant Commissioner from August 1965 through February 1968. See Historian's Office Social Security Administration, Evolution and Leadership of the SSA Office of Research and Statistics, April 1990, Charts 4, 5, 6, 7, 11, 12, and 14.

77. Mollie Orshansky, "Facts About Financial Resources of the Aged," Research and Statistics Note No. 30 (1960 series), U.S. Department of Health, Education, and Welfare, Social Security Administration, Division of Program Research, December 19, 1960.

78. On p. 3 of a 1964 Research and Statistics Note (see footnote 108), Lenore Epstein, the Deputy Director of the Division of Research and Statistics (in which Orshansky worked), cited the numbers of the pages on which "Income Needs of the Aged" appeared in connection with the initial extension of Orshansky's poverty thresholds to childless families.

79. Orshansky, "Commentary: The Poverty Measure," p. 22.

80. See James T. Patterson, Chapter 5, "Withering Away," in America's Struggle against Poverty, 1900-1994, Cambridge, Massachusetts, Harvard University Press, 1994.

81. "Division of Program Research, Office of the Commissioner, Social Security Administration--WORK PLAN--July 1962-June 1963" (undated). Since the document did not use the title "Division of Research and Statistics," it must date from before January 1963; see footnote 76.

82. One is inevitably reminded of the Panel Study of Income Dynamics, initiated in 1967-1968 under the sponsorship of the Office of Economic Opportunity and conducted by the University of Michigan's Institute for Social Research. Note that on p. 1 of the October 1962 memorandum discussed above on pp. 14-15, Ida Merriam had written, "...I have been pushing for a continuing National Family Welfare Survey that would provide background and depth data-- both cross sectional and longitudinal--on low-income families. It will be at least two years, however, before we can hope to have the National Family Welfare Survey effectively under way."

83. "Children of the Poor," Source notes to Tables 1-7, pp. 4, 5, 6, 8, and 10.

84. William J. Eaton, "The Poverty Line" (cited in footnote 72). See also Robert D. Hershey, Jr., "...The Hand That Shaped America's Poverty Line..." (cited in footnote 73). According to the tabulation, the 1961 median income of families with a female head with one or more own children under age 18 was \$2,320--"Children of the Poor," p. 5 (Table 3). For further details about Orshansky's reaction to the cost of her tabulation compared to the median income of the female-headed families that it revealed, see Deborah A. Stone, "Making the Poor Count," The American Prospect, No. 17, Spring 1994, p. 87.

85. "Children of the Poor," p. 3. For the income elasticity of the poverty line, see footnote 135 below.

86. "Children of the Poor," p. 8.

87. "Children of the Poor," p. 8 (Table 6).

88. "Children of the Poor," p. 9. Just as the mother-and-two-child family was revealed to be a four-person family because of "the additional relative assumed to be living with" them, the husband-wife-and-two-child family was actually a 4.2-person family because of "the two-tenths additional relatives which they would have on the average..."--Orshansky, p. 25 in Proceedings of 23rd Interstate Conference on Labor Statistics, June 15-18, 1965, U.S. Department of Labor, Bureau of Labor Statistics. (Cf. "Children of the Poor," p. 7.) That disparity in family size is why the economy nonfarm poverty line for the latter family--\$3,165--was marginally higher than the weighted average nonfarm economy poverty line of \$3,130 for a four-person family in "Counting the Poor: Another Look..." (p. 28, Table E), even though the former figure was in 1961 dollars and the latter figure was in 1963 dollars.

89. "How poverty is measured," p. 38.

90. Robert D. Plotnick and Felicity Skidmore, Progress Against Poverty: A Review of the 1964-1974 Decade, New York, Academic Press, 1975, p. 3.

91. Chapter 2, pp. 55-84 in Economic Report of the President Transmitted to the Congress January 1964 Together With the Annual Report of the Council of Economic Advisers, Washington, D.C., U.S. Government Printing Office, 1964.

92. "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 "including 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," p. 19 in Leo Fishman (editor), Poverty amid Affluence, New Haven, Yale University Press, 1966.

93. "The Problem of Poverty...", p. 58.

94. "The Problem of Poverty...", pp. 57-58.

95. Arthur 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, D.C., 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. Schlesinger is probably incorrect in indicating that Lampman's spring 1963 work also used a poverty line of \$1,500 for unrelated individuals; evidence in the Merriam Collection (see p. 14 above) shows that the \$1,500 figure was not adopted until late December 1963 or early January 1964.
96. Michael B. Katz, The Undeserving Poor: From the War on Poverty to the War on Welfare, New York, Pantheon Books, 1989, p. 91.
97. Lampman, remarks as a panelist at the roundtable on "The 30th Anniversary of the War on Poverty: Economists and the Making of Antipoverty Policy Then and Now," Fifteenth Annual Research Conference of the Association for Public Policy Analysis and Management, Washington, D.C., October 30, 1993. Lampman's 1959 paper was "The Low Income Population and Economic Growth" (Study Paper No. 12), pp. 1-36 in U.S. Congress, Joint Economic Committee, Study Papers Nos. 12 and 13, The Low Income Population and Economic Growth...The Adequacy of Resources for Economic Growth in the United States...Materials Prepared in Connection With the Study of Employment, Growth, and Price Levels... (December 16, 1959), Washington, D.C., U.S. Government Printing Office, 1959.
98. Note also that the first proposal in the United States (by Victor Fuchs) for a half-of-median-income poverty line was not published until the spring of 1965--two years after Lampman began his work using the \$3,000 poverty line. (See (briefly) p. 9 above.)
99. Michael Harrington discussed--but did not give a citation for--an AFL-CIO report using a \$3,000/\$1,500 poverty line on p. 176 of the "Definitions" Appendix of his The Other America: Poverty in the United States, Baltimore, Maryland, Penguin Books, 1963. For the report which seems to be the one Harrington discussed, see "Poverty: An Unresolved Problem--America's Haves and Have Nots," pp. 45-52 (especially p. 51), Labor's Economic Review American Federation of Labor and Congress of Industrial Organizations, Department of Research, Vol. 5, No. 8, August 1960--reprinted on pp. 22-29 of American Federation of Labor and Congress of Industrial Organizations, Department of Research, economic programs & policies for the 60's AFL-CIO miscellaneous pamphlets, no. 33, undated 1961. For the earliest known national labor union use of a \$3,000 family poverty line, see pp. 66 and 83 of Walter P. Reuther, President, "Report to the Congress of Industrial Organizations," 1953 Proceedings of the Fifteenth Constitutional Convention of the Congress of Industrial Organizations, November 16, 17, 18, 19, 20, 1953, Cleveland, Ohio.
100. From September 1963 through January 1967, the federal minimum wage rate under the Fair Labor Standards Act was \$1.25 an hour (Annual Statistical Supplement, 1996 to the Social Security Bulletin, Table 3.B3, p. 162). If one assumes that a year-round worker worked 40 hours a week for 52 weeks, then at the \$1.25 minimum wage rate, such a worker would have earned \$2,600 a year.
101. An article published in May 1963 indicated that under "present" federal tax laws, a family of four would start paying federal income taxes when its income reached \$2,675 (Lenore A. Epstein, "Unmet Need in a Land of Abundance," Social Security Bulletin, Vol. 26, No. 5, May 1963, p. 7).
102. In 1960, the annual "budget" for a New York City family of four receiving "welfare" Aid to Families with Dependent Children was \$2,660 (Oscar Ornati (with the editorial assistance of J. Stouder Sweet), Poverty Amid Affluence: A Report on a Research Project carried out at the New School for Social Research, New York, Twentieth Century Fund, 1966, p. 151 (see also pp. 11, 145, and 154); and J. Stouder Sweet, Poverty in the U.S.A. (Public Affairs Pamphlet No. 398), New York, Public Affairs Committee, Inc., January 1967, pp. 7-8). The \$2,660 figure seems to have been an AFDC need standard (see Ornati, p. 11). To determine the largest amount actually being paid to a four-person AFDC family (with no other income) in the U.S. in 1962 or 1963 would require additional documentary research.
103. Orshansky, pp. 43-44 in Proceedings of 23rd Interstate Conference on Labor Statistics, June 15-18, 1965, U.S. Department of Labor, Bureau of Labor Statistics; and Robert D. Hershey, Jr., "...The Hand That Shaped America's Poverty Line..." (cited in footnote 73).
104. Personal communication with Mollie Orshansky, June 14, 1988; Orshansky, address, pp. 25-26 in Proceedings of 23rd Interstate Conference on Labor Statistics, June 15-18, 1965, U.S. Department of Labor, Bureau of Labor Statistics; and William J. Eaton, "The Poverty Line" (cited in footnote 72).
105. "How poverty is measured," p. 37.
106. Orshansky, "Poverty Statistics--What They Say and What They Don't Say," a paper presented at an April 11, 1967, conference of the Washington Chapters of the American Statistical Association and the American Marketing Association on "Purposes and Uses of Federal Statistics"--reprinted on pp. 160-170 (see p. 162) in U.S. Congress, The Coordination and Integration of Government Statistical Programs: Hearings Before the Subcommittee on Economic Statistics of the Joint Economic Committee..., Washington, D.C., U.S. Government Printing Office, 1967; see also "Who's Who Among the Poor..." p. 7.

107. Personal communication with Mollie Orshansky, June 14, 1988. Orshansky commented that without the impetus provided by the January 1964 CEA report, some type of analysis extending the thresholds to the rest of the population would probably still have been done--but at a later date.

108. Lenore A. Epstein, "Retirement Income and Measures of Need," Research and Statistics Note No. 2 (1964 series), U.S. Department of Health, Education, and Welfare, Social Security Administration, Division of Research and Statistics, February 24, 1964. The poverty lines for the elderly couple are found on p. 3 of the note, along with a citation of "Children of the Poor" and a citation of the pages on which "Income Needs of the Aged" (see footnote 75) is found.

109. March 19, 1964, memorandum from Robert M. Ball, Commissioner of Social Security, to Wilbur J. Cohen, Assistant Secretary for Legislation, Department of Health, Education, and Welfare--Subject: Cost of bringing present OASDI Social Security and OAA Old-Age Assistance beneficiaries up to a poverty level: Your memorandum of March 11.

110. April 9, 1964, memorandum from Ida C. Merriam, Director, Div. of Research and Statistics, to Robert M. Ball, Commissioner of Social Security-- Subject: The poor: their number and characteristics.

111. May 27, 1964, memorandum from Mollie Orshansky, Long Range Research Branch, DRS Division of Research and Statistics/SSA, to Herman Miller, Bureau of the Census--Subject: Income cutoffs at the poverty line, by family type.

112. "Preprints of Miss Orshansky's theory, analysis and numbers were circulated fairly widely before their formal publication..."--Putnam, p. 272 in Technical Paper I. Partial results from Orshansky's article were cited by Herman Miller of the Census Bureau in a paper given at a December 27-30, 1964, meeting--Herman P. Miller, "Measurements for Alternative Concepts of Poverty," pp. 448 and 449 in American Statistical Association: 1964 Proceedings of the Business and Economic Statistics Section.

113. "Counting the Poor: Another Look...", p. 4.

114. Economic Report of the President Transmitted to the Congress January 1965 Together With the Annual Report of the Council of Economic Advisers, Washington, D.C., U.S. Government Printing Office, 1965, pp. 162-163.

115. Putnam, pp. 272-273 in Technical Paper I.

116. Putnam, p. 273 in Technical Paper I.

117. March 16, 1965, letter from Leon Gilgoff, Deputy Director for Research, Plans, Programs & Evaluation, Office of Economic Opportunity, to Ida C. Merriam, Director, Division of Research and Statistics, Social Security Administration including attachments.

118. March 16, 1965, letter; "At a...sub-cabinet meeting, the new system the Orshansky poverty measure was generally supported..."--Putnam, p. 273 in Technical Paper I. A March 15 news story said that "A new definition of 'poverty' will be announced by the Office of Economic Opportunity (OEO) within 2 months"--Jo Ann Hardee, "New 'Poverty' Definition Will Tie It to Living Cost," Detroit News, March 15, 1965--reprinted in Congressional Record annual bound version, Vol. 111, Appendix (89th Congress, First Session), p. A1643, Washington, D.C., U.S. Government Printing Office; the poverty definition described was the SSA poverty index at the economy level.

119. "SSA VARIABLE POVERTY INDEXES--Summary of Meeting of Ad Hoc Advisory Group, April 5, 1965." See also March 26, 1965, memorandum from Lenore A. Epstein, Deputy Director, Division of Research and Statistics, to Gertrude S. Weiss--Subject: SSA Variable Poverty Indexes. The meeting is also briefly summarized in Putnam, p. 273 in Technical Paper I.

120. The Measure of Poverty, p. 7.

121. "...Summary of Meeting...April 5, 1965" (cited in footnote 119); confirmed in Putnam, p. 273 in Technical Paper I. Cf. "Who's Who Among the Poor...", pp. 9-10. For Agriculture Department opposition to the 60 percent farm/nonfarm differential, see Putnam, pp. 273-274 in Technical Paper I.

122. Putnam, p. 274 in Technical Paper I.

123. "On Definitions of Poverty--Income Limits Vary for Programs to Help Needy," Congressional Quarterly Weekly Report, Vol. 24, No. 14, April 8, 1966, p. 754; Orshansky, "Measuring Poverty," p. 214 in The Social Welfare Forum, 1965. Official Proceedings, 92d Annual Forum, National Conference on Social Welfare...May 23-25, 1965, New York, Columbia University Press, 1965; Orshansky, "Memorandum for Dr. Daniel P. Moynihan--Subject: History of the Poverty Line," July 1, 1970, reprinted in Technical Paper I, p. 233; Putnam, pp. 272-274 and 277 in Technical Paper I.

124. "Shriver Announces New Yardstick to Determine the Standard of Poverty," New York Times, May 3, 1965, p. 24. (This story does not mention Orshansky's name as the developer of the "new yardstick.")

125. Orshansky, "Memorandum for...Moynihan...", reprinted in Technical Paper I, p. 233; The Measure of Poverty, p. 7.

126. Footnote to Table 3 of May 10, 1965, memorandum from Leon Gilgoff to OEO Senior Staff--Subject: Second Generation Definition of Poverty.

127.Orshansky, "Measuring Poverty" (cited in footnote 123), p. 214. (For the exact date of the paper's presentation, see p. 258, which also shows that the original title of the paper was "The Children of the Poor: New Dimensions.") Her first use of the term "poverty threshold" in the Social Security Bulletin was in "Who's Who Among the Poor..." (July 1965), p. 3. The writer does not recall encountering the term "poverty threshold(s)" in U.S. poverty line literature before Orshansky.

128.Orshansky, "Memorandum for...Moynihan...", reprinted in Technical Paper I, p. 233. Robert Lampman, Burton Weisbrod, and Ben Okner were the CEA staffers who wanted the prior-year poverty trend data (personal communication with Mollie Orshansky, July 1988). A November 1965 SSA memo merely said that SSA would be purchasing special tabulations of poverty data for years before 1963, that the agency planned to publish an article or research report on the data, and that "We have promised to let the Council of Economic Advisers have some of the figures for use in its 1966 Economic Report if they can be available in time" (p. 2 of November 4, 1965, memorandum from Robert M. Ball, Commissioner of Social Security, to Wilbur J. Cohen, Under Secretary of Health, Education, and Welfare--Subject: Poverty Research - your memorandum of October 29).

129.Economic Report of the President Transmitted to the Congress January 1966 Together With the Annual Report of the Council of Economic Advisers, Washington, D.C., U.S. Government Printing Office, 1966, pp. 110-114.

130.Orshansky, "Recounting the Poor...", pp. 20-37 (cited in footnote 10).

131."Recounting the Poor...", p. 22; Orshansky, "Who Are the Poor?" (cited in footnote 40), p. 91; Orshansky, "Memorandum for...Moynihan...", reprinted in Technical Paper I, p. 233; Orshansky, p. 70 in the March 23, 1971, Congressional hearing cited in footnote 24. The 1965 memo cited in footnote 128 specifically states (p. 2) that Current Population Survey tapes were available as far back as income year 1958. However, Orshansky has indicated that the March 1960 CPS tape for income year 1959 was the earliest one available which had definitions consistent with those used in data for 1963 and later years (personal communication, May 5, 1992), and that the definition (or at least one of the definitions) involved was the farm definition (personal communication, date not recorded). The present writer (ignoring the farm definition problem) has prepared estimates for 1947-1958 and partial estimates for 1944-1946--derived from published Census Bureau tabulations, not CPS tapes--of what the poverty population would have been during those years if the current definition of poverty (the Orshansky definition as modified in 1969--see below) had been in use. However, note that these are not estimates of what poverty was during those years; they are estimates of what poverty would have been under the definition of a later decade. Poverty estimates under contemporary definitions in two of those years are below the "subjunctive" estimates using the definition of a later decade. (See footnote 135 on the income elasticity of the poverty line.)

132.U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 17, Special Census Survey of the South and East Los Angeles Areas: November 1965, Washington, D.C., U.S. Government Printing Office, March 23, 1966.

133.U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 52, Average Family Income Up 7 Percent in 1966 (Advance data from March 1967 sample survey), Washington, D.C., U.S. Government Printing Office, August 21, 1967, p. 6, Table 8.

134.U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 54, The Extent of Poverty in the United States: 1959 to 1966, Washington, D.C., U.S. Government Printing Office, May 31, 1968.

135.This phenomenon has been termed "the income elasticity of the poverty line." For quantitative studies of the historical relationship between the real incomes of the general U.S. population and the real level of U.S. poverty/subsistence measures before Orshansky, see Eugene Smolensky, "The Past and Present Poor," pp. 35-67 in Task Force on Economic Growth and Opportunity, The Concept of Poverty, Washington, D.C., Chamber of Commerce of the United States, 1965; Oscar Ornati (with the editorial assistance of J. Stouder Sweet), Poverty Amid Affluence: A Report on a Research Project carried out at the New School for Social Research, New York, The Twentieth Century Fund, 1966; Robert W. Kilpatrick, "The Income Elasticity of the Poverty Line," Review of Economics and Statistics, Vol. 55, No. 3, August 1973, pp. 327-332; Lee Rainwater, What Money Buys: Inequality and the Social Meanings of Income, Chapter 3, "Changing Standards of Living," pp. 41-63, New York, Basic Books, 1974; Diana Karter Appelbaum, "The Level of the Poverty Line: A Historical Survey," Social Service Review, Vol. 51, No. 3, September 1977, pp. 514-523; and Irving Leveson, "Updating Poverty Standards and Program Benefits," Growth and Change, Vol. 9, No. 1, January 1978, pp. 14-22. (For a sociological explanation of the quantitative phenomena described in these articles, see 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 highly technical quantitative studies, a number of U.S. analysts and scholars writing about poverty and consumption patterns between 1902 and about 1970 were aware that poverty/subsistence lines generally rise in real terms over time as the real incomes of the general population rise. As the minority views in a 1964 Joint Congressional Economic Committee report put it: "No objective definition of poverty exists. The definition varies from place to place and time to time. In America as our standard of living rises, so does our idea of what is substandard"--p. 46 in U.S. Congress, 1964 Joint Economic Report--

Report of the Joint Economic Committee...on the January 1964 Economic Report of the President With Minority and Additional Views, Washington, D.C., U.S. Government Printing Office, 1964. For an exhaustive (78-page) compilation of evidence for the income elasticity of the poverty line from the U.S. and three other countries, see Gordon M. Fisher, "Is There Such a Thing as an Absolute Poverty Line Over Time? Evidence from the United States, Britain, Canada, and Australia on the Income Elasticity of the Poverty Line" (unpublished paper), August 1995. The U.S. evidence in this paper is briefly summarized in one section of Gordon M. Fisher, "Disseminating the Administrative Version and Explaining the Administrative and Statistical Versions of the Federal Poverty Measure," Clinical Sociology Review, Vol. 15, 1997 (forthcoming), and in Gordon M. Fisher, "Relative or Absolute--New Light on the Behavior of Poverty Lines Over Time," GSS/SSS Newsletter Joint Newsletter of the Government Statistics Section and the Social Statistics Section of the American Statistical Association, Summer 1996, pp. 10-12.

136."Recounting the Poor..." , pp. 21 and 22.

137.Ida C.Merriam, "The Meaning of Poverty-Effectiveness" (draft), January 4, 1967, p. 2.

138.Lenore A. Epstein, "Reply," pp. 202-203 in Lee Soltow (editor), Six Papers on the Size Distribution of Wealth and Income (Studies in Income and Wealth, Vol. 33), New York, National Bureau of Economic Research, 1969.

139."Demography and Ecology of Poverty" (cited in footnote 40), p. 25.

140.Ida C. Merriam, "Concepts and Measures of Welfare," p. 182 in American Statistical Association: Proceedings of the Social Statistics Section, 1967. Similar comments were being made both inside and outside SSA in early 1969. "As average incomes rise, society amends its assessment of basic needs....Consequently, an absolute standard that seems appropriate today will inevitably be rejected tomorrow, just as we now reject poverty definitions appropriate a century ago" (Economic Report of the President Transmitted to the Congress January 1969 Together With the Annual Report of the Council of Economic Advisers, Washington, D.C., U.S. Government Printing Office, 1969, p. 151). "Probably the most controversial question regarding a poverty or low-income index is the frequency and manner in which it should be changed over time. No one would argue that a poverty definition that was appropriate for the U.S. in 1900 or even in 1940 would be appropriate today. It is less clear whether a definition that was used for 1959 is still appropriate" (p. 3 of "Considerations Relating to an Official Poverty Index," a February 5, 1969, attachment to a March 6, 1969, memorandum from Robert M. Ball, Commissioner of Social Security, to the Secretary of Health, Education, and Welfare--Robert H. Finch--Subject: Responsibility for Development of Poverty Index).

141.Orshansky, "The Shape of Poverty in 1966," Social Security Bulletin, Vol. 31, No. 3, March 1968, p. 24.

142.Orshansky, "Memorandum for...Moynihan...", reprinted in Technical Paper I, p. 235; Putnam, p. 276 in Technical Paper I; The Measure of Poverty, pp. 6 and 9.

143."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.

144.May 3, 1968, memorandum from Ida C. Merriam, Assistant Commissioner, Office of Research and Statistics--Subject: The SSA poverty and low-income cut-off points for 1967 incomes; 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; June 21, 1968, memorandum from Ida C. Merriam, Assistant Commissioner, Office of Research and Statistics, to the Secretary of Health, Education, and Welfare--presumably Wilbur J. Cohen--Subject: Data on Poverty; July 23, 1968, memorandum from Ida C. Merriam, Assistant Commissioner, Office of Research and Statistics, to Robert M. Ball, Commissioner of Social Security-- Subject: Status of poverty estimates for 1967; and the February 5, 1969, attachment cited in footnote 140.

145. See the sources cited in the immediately preceding footnote.

146. See the May 3 Merriam memorandum and the May 7 Stein memorandum cited in footnote 144. Only the Merriam memo provides the specifics of SSA's proposal about the indexing of the thresholds; the Stein memo summarizes the proposal with the words, "the poverty line should be adjusted to reflect changes in the general cost of living as reflected in the Consumers sic Price Index" (p. 4).

147. For 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 62), pp. 642-643 and 645. Note also that the 1973 federal interagency Subcommittee on Updating the Poverty Threshold recommended that the poverty thresholds be updated once every ten years to reflect changing national consumption patterns; this update would have been done by using a current Agriculture Department food plan and a multiplier derived from the most recent Household Food Consumption Survey. For a discussion of how Statistics Canada implemented a procedure for periodic revisions in its low income cut-offs to reflect higher living standards of the general population, beginning

in 1973, see Michael C. Wolfson and John M. Evans, Statistics Canada's Low Income Cut-Offs: Methodological Concerns and Possibilities--A Discussion Paper December 1989, pp. 12-15 and 31-34.

148. See the May 3 Merriam memorandum and the May 7 Stein memorandum cited in footnote 144. Although neither memo gives the name of the person or persons who raised this idea, one suspects that it may well have been Orshansky; cf. the discussion in Orshansky, "Memorandum for...Moynihan...", reprinted in Technical Paper I, p. 235. The idea of a 1965-survey-derived multiplier had not been completely excluded from discussion as late as February 1969 (although it was not mentioned with enthusiasm): "Data from the 1965 Agriculture food survey are available. If the identical technique were used on these data, as applied to 1955, the resulting 'poverty level' for a four person family would increase from \$3,335 to nearly \$4,200 for the year 1967. This is a simple statement of fact and does not imply that the same technique should be applied" underlining in original--p. 2 of February 6, 1969, letter from Raymond T. Bowman, Assistant Director for Statistical Standards Bureau of the Budget, to Paul W. McCracken, Chairman, Council of Economic Advisers.

149. Cf. the following comment by Orshansky: "Despite the many reasons for not shifting completely to a 'relative' concept of poverty, as for example, a specified percentage of the median, there did seem merit in regularly scheduled major adjustments such as are now made in the CPI"--"Memorandum for...Moynihan...", reprinted in Technical Paper I, pp. 235-236. Cf. also the following comment by British poverty researcher Peter Townsend in a 1963 lecture at Brandeis University: "The standard of poverty has to be changed from one decade to the next, rather as it is beginning to be accepted that the basis of the retail price index the British equivalent of the U.S. Consumer Price Index has to be changed from one decade to the next"--Peter Townsend, "The Scale and Meaning of Poverty in Contemporary Western Society," p. 14 in Dependency and Poverty (1963-64 Colloquium Series Papers), Brandeis University, Waltham, Massachusetts, July 1965. (However, there is no specific indication that any federal employees involved in U.S. poverty definition and measurement during the 1960's and 1970's were present at Townsend's 1963 lecture.)

150. Without giving any details, The Measure of Poverty states (p. 6) that in 1968, "the Department of Agriculture was pressing for lowering the differential between farm and nonfarm poverty lines." In September 1967, the National Advisory Commission on Rural Poverty was advocating an 85 percent rather than a 70 percent farm/nonfarm ratio based on "a technical report to be published"--The President's National Advisory Commission on Rural Poverty, The People Left Behind, Washington, D.C., U.S. Government Printing Office, September 1967, pp. 3 and 8. For that technical report, see J. Patrick Madden, Jean L. Pennock, and Carol M. Jaeger, "Equivalent Levels of Living: A New Approach to Scaling the Poverty Line to Different Family Characteristics and Place of Residence," Chapter 29 (pp. 545-552) in The President's National Advisory Commission on Rural Poverty, Rural Poverty in the United States, Washington, D.C., U.S. Government Printing Office, May 1968.

151. See the June 21 and July 23 Merriam memos cited in footnote 144, and the February 5, 1969, attachment cited in footnote 140. For the report on the American Negro which was to be released by the White House, see U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 26/Bureau of Labor Statistics Report No. 347, Recent Trends In Social and Economic Conditions of Negroes in the United States, U.S. Government Printing Office, July 1968.

152. July 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."

153. See the July 23 Merriam memo cited in footnote 144, and the February 5, 1969, attachment cited in footnote 140.

154. Orshansky, p. 12 in the May 15, 1984, Congressional hearing cited in footnote 10; Orshansky, p. 129 in the 1986 Congressional hearing document cited in footnote 57.

155. September 26, 1968, memorandum from Raymond T. Bowman, Office of Statistical Standards, Bureau of the Budget, to Members, Poverty Level Review Committee--Subject: Meeting of Committee.

156. October 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.

157. November 21, 1968, memorandum from Lawrence N. Bloomberg, Secretary, to Members, Poverty Level Review Committee--Subject: Minutes, Meeting of November 12, 1968.

158. January 6, 1969, memorandum from Raymond T. Bowman, Chairman, to Members, Poverty Level Review Committee--Subject: Proposal for 1969.

159. March 7, 1969, memorandum from Ida C. Merriam, Assistant Commissioner, Office of Research and Statistics, to Robert M. Ball, Commissioner of Social Security--Subject: Further developments relating to the Poverty Index; March 19, 1969, memorandum from Lawrence N. Bloomberg, Secretary, to Members, Poverty Level Review Committee--Subject: Minutes, Meeting of March 7, 1969.

160. April 9, 1969, memorandum from Lawrence N. Bloomberg, Secretary, to Members, Poverty Level Review Committee--Subject: Change in Farm-Nonfarm Differential. Cf. also Orshansky, "Memorandum

for...Moynihan...", reprinted in Technical Paper I, p. 236; Putnam, p. 276 in Technical Paper I; and The Measure of Poverty, p. 9.

161. The revised statistics for years from 1959 to 1967 can be found in documents dated in or after August 1969. Because of the 1969 revision, poverty statistics from documents dated before August 1969 should not be used, since they are not comparable with current poverty statistics.

162. U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 28, Revision in Poverty Statistics, 1959 to 1968, Washington, D.C., U.S. Government Printing Office, August 12, 1969.

163. Bureau of the Budget Circular No. A-46, Transmittal Memorandum No. 9, August 29, 1969, transmitting Exhibit L, "Definition of Poverty for Statistical Purposes"; see also Lawrence N. Bloomberg, "Definition of Poverty for Statistical Purposes," Statistical Reporter, No. 70-3, Office of Statistical Policy, U.S. Bureau of the Budget, September 1969, p. 37. Exhibit L was revised on June 17, 1970, revised and redesignated as Exhibit G on May 3, 1974, and transformed into Statistical Policy Directive No. 14 ("Definition of Poverty for Statistical Purposes") on p. 35 of the Commerce Department's Statistical Policy Handbook in May 1978; no significant changes in its provisions were made on any of these occasions, and no changes have been made in the directive between 1978 and July 1997. (The text of Statistical Policy Directive No. 14 was also published in the Federal Register, Vol. 43, No. 87, May 4, 1978, p. 19269.)

164. Cf. Orshansky, "Statement..." November 15, 1973, p. 66 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, D.C., U.S. Government Printing Office, 1974.

165. U.S. Bureau 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, D.C., U.S. Government Printing Office, May 7, 1971, p. 8, Table 9, "Persons Below the Near-Poverty Level..."; and U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 81, Characteristics of the Low-Income Population, 1970, Washington, D.C., U.S. Government Printing Office, November 1971, p. 14 (section titled "Persons between 100 and 125 percent of the low-income level").

166. S.M. Miller, Martin Rein, Pamela Roby, and Bertram M. Gross, "Poverty, Inequality, and Conflict," Annals of the American Academy of Political and Social Science, Vol. 373, September 1967, p. 20--reprinted on p. 288 in Bertram M. Gross (editor), Social Intelligence for America's Future: Explorations in Societal Problems, Boston, Allyn and Bacon, Inc., 1969. Note that in September 1997--30 years after the original article--the United States had still not reached a point at which an upward adjustment in the real level of the poverty line appeared "politically feasible."

167. S.M. Miller and Pamela A. Roby, The Future of Inequality, New York, Basic Books, Inc., 1970, p. 35.

168. Lars Osberg, Economic Inequality in the United States, Armonk, New York, M.E. Sharpe, Inc., 1984, p. 69 emphasis in original.

169. William J. Eaton, "The Poverty Line" (cited in footnote 72). (The comment is an indirect rather than a direct quotation.) Orshansky made a very similar comment in a 1971 Congressional hearing when she referred to "the decisions...made in 1969 to formalize and, in a sense, freeze the index, except for price change" (Orshansky, p. 71 in the March 23, 1971, Congressional hearing cited in footnote 24).

170. Arno I. Winard, "Poverty Statistics and the 1970 Census Plans" (a paper prepared for presentation at the Manpower Problems in Urban Areas Institute, June 17, 1969), pp. 6-7.

171. "Poor People Are Poor, Antipoverty Chief Says," New York Times, February 24, 1970, p. 29.

172. 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. While this memorandum refers to the Interagency Poverty Review Committee, subsequent memoranda refer to the Technical Committee on Poverty Statistics.

173. Jack Rosenthal, "Word 'Poverty' Faces U.S. Ban--'Low-Income Level' May Be Used in Reports Instead," New York Times, July 16, 1971, p. 12.

174. In a 1973 Congressional hearing, Orshansky noted that the Census Bureau had substituted the term "low income" for the term "poverty," but said that the Social Security Administration was continuing to use the term "poverty"-- Orshansky, p. 67 in the Congressional hearing cited in footnote 164.

175. U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 37, Social and Economic Characteristics of the Population in Metropolitan and Nonmetropolitan Areas: 1970 and 1960, Washington, D.C., U.S. Government Printing Office, June 24, 1971. For use of the word "poverty," see (for instance) pp. 6 and 10.

176. U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 38 (also BLS Report No. 394), The Social and Economic Status of Negroes in the United States, 1970, Washington, D.C., U.S. Government Printing Office, July 1971. For use of the term "low income," see pp. 35-43.

177. See, for instance, U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 81, Characteristics of the Low-Income Population, 1970, Washington, D.C., U.S. Government Printing Office, November 1971, p. 1, footnote 1.

178. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 98, Characteristics of the Low-Income Population: 1973, Washington, D.C., U.S. Government Printing Office, January 1975.

179. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 99, Money Income and Poverty Status of Families and Persons in the United States: 1974 (Advance Report), Washington, D.C., U.S. Government Printing Office, July 1975.

180. U.S. Bureau of the Census, Current Population Reports, Series P-23, No. 55, Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1974 and 1970, Washington, D.C., U.S. Government Printing Office, September 1975.

181. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 102, Characteristics of the Population Below the Poverty Level: 1974, Washington, D.C., U.S. Government Printing Office, January 1976.

182. The 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.

183. Bette Mahoney, "Technical Committee on Poverty Statistics," Statistical Reporter, U.S. Office of Management and Budget, October 1971, p. 67; and the July 1 Mahoney memo cited in footnote 172. The October 1971 Statistical Reporter item said that OMB had established the Committee but did not say when this had been done. The July 1 memo about the July 13 meeting of the Committee is the earliest documentary reference to the Committee which the present writer has found; however, this memo reads more like a communication to an existing group than a communication announcing the establishment or first meeting of a new committee.

184. P. 1 of September 9, 1971, memorandum from Bette Mahoney, Secretary of the Committee, Statistical Policy and Management Information Systems Division, Office of Management and Budget, to Members of the Technical Committee on Poverty Statistics--Subject: Minutes of July 13 Technical Meeting on Poverty Statistics. As an example of the sort of "public relations problems" that could be expected from the proposed terminological change, note the following comment from Israel Putnam: "Wherever I have checked the new 'word replacement' proposal among our staff I have found either an emotional reaction of disgust or an intellectual reaction of amusement--both founded, however incorrectly, on certain cynical suspicions of an Executive intent to eliminate 'poverty' by redefinition before November 1972" (p. 2 of attachment to July 20, 1971, memorandum from Israel Putnam, Office of Economic Opportunity, to Margaret Martin, Office of Management and Budget--Subject: Three topics presented at meeting of Subcommittee on Poverty Statistics, July 13.).

185. Pp. 1 and 2 of the September 9 Mahoney memo cited in the immediately preceding footnote.

186. See the October 1971 Statistical Reporter item cited in footnote 183.

187. October 15, 1971, memorandum from Bette Mahoney, Secretary of the Committee, Statistical Policy Division, Office of Management and Budget, to Members of the Technical Committee on Poverty Statistics--Subject: Minutes, Meeting of Tuesday, October 5, 1971.

188. July 5, 1972, memorandum from Bette Mahoney, Consultant, Statistical Policy Division, Office of Management and Budget, to Members of the Technical Committee on Poverty Statistics--Subject: Minutes of the Meeting of May 25, 1972.

189. The Measure of Poverty, p. 7.

190. June 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. In 1976, presumably with some revisions, this report was turned into Technical Paper II of The Measure of Poverty.

191. April 18, 1973, memorandum from Bette Mahoney, Secretary to the Committees, Statistical Policy Division, Office of Management and Budget, to Members of the Interagency Committees on Income Distribution and Poverty Statistics--Subject: Notice of Meeting; May 8, 1973, memorandum from Mitsuo Ono Census Bureau to Murray S. Weitzman Census Bureau--Subject: Summary of OMB Meeting on Establishment of Ad-hoc Income Distribution Subcommittees to Improve Income Data; 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; 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, pp. 117-118; and The Measure of Poverty, p. 7. See also the following external accounts and comments (most of which reflect

developments before the earliest internal document (the April 18 Mahoney memo) which the present writer has found): William Chapman, "Definition of Poverty Studied," Washington Post, March 31, 1973, p. A3; Bill Kovach, "Federal Panel Considering Shift In the Definition of Who Is Poor," New York Times, April 7, 1973, p. 36; "Juggling Poverty Figures" editorial, Washington Star, April 10, 1973; "Poverty is Being Poor" editorial, Washington Post, April 12, 1973, p. A18; and Rep. Charles B. Rangel, "Eliminating Poverty by Redefinition" Extensions of Remarks, April 30, 1973 Congressional Record annual bound version, Vol. 119, Part 11, p. 13684, Washington, D.C., U.S. Government Printing Office.

192. September 4, 1973, memorandum from Bette Mahoney, Chairman, Subcommittee on Measurement of Non-Cash Income, Milo B. Sunderhauf, Chairman, Subcommittee on Updating the Poverty Threshold, and Murray S. Weitzman, Chairman, Subcommittee on Measurement of Cash Income, THRU 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; Mahoney, "Review Of Poverty And Income Distribution Statistics" (cited in the immediately preceding footnote), p. 117.

193. June 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 191.

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

195. Cf. the following comment by John Carroll of SSA in a memo announcing the appointment of Lenore Bixby and Mollie Orshansky to this Subcommittee: "In addition to the types of noncash income mentioned in your memorandum of April 18, we assume that your subcommittee will give attention to several other important varieties: (1) noncash executive compensation, in the form of expense account allowances, stock options and other items of deferred compensation...and (2) other types of fringe benefits including employer contributions for health and welfare plans for the general body of wage and salary workers"--May 4, 1973, memorandum from John J. Carroll, Assistant Commissioner for Research and Statistics, Social Security Administration, to Bette Mahoney, Statistical Policy Division, Office of Management and Budget-- Subject: Interagency Subcommittee on Measurement of Noncash Income.

196. Cf. Janice Peskin, "In-Kind Income and the Measurement of Poverty," Technical Paper VII of The Measure of Poverty, Washington, D.C., U.S. Department of Health, Education, and Welfare, October 1976, pp. 2-3: "...Medicaid and Medicare benefits should not be counted as income if employer-provided health insurance benefits cannot also be included as income," since including the government benefits but not the private benefits would distort "relative incomes...even more than when no in-kind benefits are included." "In order for in-kind income to be treated consistently with cash income--which does allow families full choice over spending decisions--the provider cost of in-kind subsidies must be reduced...to its cash equivalent value to recipient families." (Note that Peskin was one of the members of the 1973 Subcommittee on Non-Cash Income.)

197. The 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. (Note that, as indicated in footnote 195, Lenore Bixby and Mollie Orshansky were both members of this Subcommittee.) See also pp. 120-121 of the January 1974 Statistical Reporter article cited in footnote 191.

198. Cf. 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.

199. Cf. the following comment during the April 30, 1973, joint committee meeting before the division into three subcommittees: "Miss Orshansky felt that you could not simply alter the income definition without changing the poverty threshold.... Since the original poverty concept used the economy food budget and multiplied that budget by the reciprocal of the average ratio of food costs to total cash income, a total income concept (including income in kind) would have altered the ratio used"--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. Cf. also Peskin, Technical Paper VII of The Measure of Poverty, October 1976, p. 32: "If in-kind benefits are added to income, in order to maintain consistency between income and the poverty threshold (as currently defined), the threshold should be increased to the degree the food consumption to cash plus in-kind income ratio is reduced."

200. The source for all the preceding items in this paragraph was: August 2, 1973, memorandum from Milo B. Sunderhauf, Statistical Policy Division, Office of Management and Budget, to Robert Raynsford Office of

Management and Budget--Subject: Recommendations of the Subcommittee on Updating the Poverty Threshold. (Note that Mollie Orshansky was one of the members of this Subcommittee.) Some of the recommendations of this Subcommittee were also discussed on pp. 204 and 205 of Miller and Winard (cited in footnote 14); Winard was also one of the members of this Subcommittee. Some but not all of the recommendations of this Subcommittee were also described on p. 118 of the OMB Statistical Reporter article cited in footnote 191. (Among the recommendations not described in the OMB article were the recommendation that the poverty threshold be updated once every ten years and the recommendation that the definition of income used to calculate the multiplier (and thus the thresholds) be consistent with the definition of income in the income distribution to which the thresholds are applied.)

201. Cf. The Measure of Poverty, p. 7.

202. The Measure of Poverty, p. ix.

203. The "relative measure of poverty" phrase came from the Senate version of the bill. (See U.S. Senate, Education Amendments of 1974...Conference Report To accompany H.R. 69 (Senate Report No. 93-1026), July 22, 1974, p. 202.) It is not known why this phrase was used; as noted above on p. 9, the Orshansky poverty measure is not a (purely) relative measure of poverty, although Orshansky has described it as a "relatively absolute" measure.

204. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 106, Characteristics of the Population Below the Poverty Level: 1975, Washington, D.C., U.S. Government Printing Office, June 1977, p. 202.

205. Pp. 72 and 77 of "Administrative and Legislative Uses of the Terms 'Poverty,' 'Low-Income,' and other Related Items," Technical Paper II of The Measure of Poverty, Washington, D.C., U.S. Department of Health, Education, and Welfare, September 1976.

206. Pp. 66 and 67 of Technical Paper II.

207. The Measure of Poverty, pp. x-xi.

208. For a discussion of how the level of alternative poverty measures would have been affected by relative changes in food prices and overall prices during the early 1970's, see pp. 94-96 of The Measure of Poverty.

209. In mid-1965, SSA had been planning to publish a "monograph incorporating all the poverty analyses presented in the Social Security Bulletin, with additional tabular material on characteristics of the poor in 1963 and 1964..." ("Who's Who Among the Poor...", p. 3). Technical Paper I may be viewed as a belated partial replacement for that never-published monograph.

210. United States Department of Commerce, Bureau of the Census, Population Division, Poverty Statistics Staff, "Estimated Weighted Average Thresholds at the Poverty Level in 1978" unpublished, January 30, 1979.

211. The weighted average poverty thresholds for each year are calculated from the detailed matrix of poverty thresholds for the year in question. (Concerning the detailed matrix--originally of 124 cells, but nowadays of 48 cells--see p. 8 above and footnote 54.) The detailed thresholds are calculated from the previous year's detailed thresholds by simply using the appropriate increase in the CPI. The weighting used to calculate the weighted average poverty thresholds is based on the representation of each family subtype (e.g., three-person families with three adults; with two adults and one child; with one adult and two children) in the general population at that time as determined by the Current Population Survey. (See U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 76, 24 MILLION AMERICANS--Poverty in the United States: 1969, Washington, D.C., U.S. Government Printing Office, December 16, 1970, p. 19.) Accordingly, the exact values of the weighted average poverty thresholds cannot be calculated until the Current Population Survey data in question have been processed--generally not until the second half of the following calendar year. However, good approximations of the final values of the weighted average poverty thresholds can be calculated by simply applying the appropriate increase in the CPI to the weighted average thresholds for the preceding calendar year. (The Census Bureau has been calculating such preliminary estimates of the weighted thresholds at least since 1975--see January 31, 1975, letter from Meyer Zitter, Chief, Population Division, Bureau of the Census, to George Grob, Office of the Assistant Secretary for Planning and Evaluation, Department of Health, Education, and Welfare.)

212. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 124, Characteristics of the Population Below the Poverty Level: 1978, Washington, D.C., U.S. Government Printing Office, July 1980, p. 207, Table A-2.

213. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 119, Characteristics of the Population Below the Poverty Level: 1977, Washington, D.C., U.S. Government Printing Office, March 1979, p. 205, Table A-2.

214. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 120, Money Income and Poverty Status of Families and Persons in the United States: 1978 (Advance Report), Washington, D.C., U.S. Government Printing Office, November 1979.

215. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 130, Characteristics of the Population Below the Poverty Level: 1979, Washington, D.C., U.S. Government Printing Office, December 1981, p. 206, Table A-2.

216. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 125, Money Income and Poverty Status of Families and Persons in the United States: 1979 (Advance Report), Washington, D.C., U.S. Government Printing Office, October 1980.
217. Published in U.S. Department of Health, Education, and Welfare, Social Security Administration, Office of Policy, Office of Research and Statistics, Statistical Uses of Administrative Records with Emphasis on Mortality and Disability Research: Selected papers given at the 1979 Annual Meeting of the American Statistical Association in Washington, D.C., October 1979.
218. Orshansky was one of the persons attending the meetings of this Committee--personal communication with Bob Hoppe, August 16, 1990.
219. Note that in March 1979, the following paper had been prepared in the Agriculture Department: Thomas A. Carlin, Linda M. Ghelfi, and Janet W. Coffin, "The Farm Differentiation in the Poverty Threshold: Should It Be Changed?"--printed on pp. 11-18 of Carlin, Robert A. Hoppe, Ghelfi, and Coffin, "Aspects of Welfare and Poverty in Rural America: Two Issue Briefs" (ESCS Staff Report), Washington, D.C., Economic Development Division, Economics, Statistics, and Cooperatives Service, U.S. Department of Agriculture, November 1979. One of the authors of the paper (Carlin) attended meetings of the Interagency Committee on Income and Wealth Distribution Statistics (personal communication with Bob Hoppe, August 16, 1990).
220. The source for all 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.) The meeting summary indicated that the Committee had received copies of the 1979 Fendler/Orshansky paper, which (as noted above) had included discussion of all three of the changes that the Committee recommended. 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.
221. See the February 26 Sunderhauf memo cited in the immediately preceding footnote.
222. May 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.
223. March 20, 1981, letters from William A. Cox, Acting Chief Economist for the Department of Commerce, to Glenn R. Schleede, Executive Associate Director for Budget, Office of Management and Budget, and to Nancy Gordon, Assistant Director, Human Resources and Community Development Division, Congressional Budget Office. See also the November 1980 Clearinghouse Review article cited in footnote 220.
224. U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 133, Characteristics of the Population Below the Poverty Level: 1980, Washington, D.C., U.S. Government Printing Office, July 1982, p. 3. Cf. also William P. O'Hare, "Measuring Poverty," Clearinghouse Review, Vol. 15, No. 8, December 1981, pp. 648-649.
225. For additional details, see U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 133, Characteristics of the Population Below the Poverty Level: 1980, Washington, D.C., 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.
226. In connection with the latter set of estimates, a methodological note in a recent Census Bureau report pointed out, "It should be noted that which CPI index is most appropriate is only one of many issues surrounding the accuracy of the current poverty definition. Other definitional issues include 1) the food-to-total-income ratio inherent in the current definition; 2) the use of different thresholds for the elderly in one- and two-person households; 3) how and whether to incorporate the value of medical benefits and other noncash benefits; 4) the exclusion of the homeless in the CPS since it is a household survey; 5) the use of pre-tax or after-tax income; 6) regional cost of living differences; and 7) the current exclusion of assets and liabilities. The resolution of some of the other poverty definition questions would have considerably more impact on the number of poor and the poverty rate than changing the index for measuring inflation"--U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 168, Money Income and Poverty Status in the United States: 1989 (Advance Data...), Washington, D.C., U.S. Government Printing Office, September 1990, p. 15.
227. See p. 37 above and footnote 199. The same point is made by an economist from the other side of the world: "It would also seem that to cash out i.e., to count noncash benefits as income but still measure poverty in terms of a cash income poverty line involves a certain inconsistency. If the poverty line itself were reformulated in terms of cashed-out incomes it would inevitably increase and the net effect of cashing out on measured poverty is less obvious"--Peter Saunders, "What's wrong with the poverty line?" deals primarily with the Australian poverty line, but includes comments on U.S. poverty measurement also, Australian Quarterly, Vol. 52, No. 4, Summer 1980, p. 393.
228. Citro and Michael, pp. 4, 9-10, 37-40, 65-66, 98, and 203-206.

229.Citro and Michael, pp. 9, 65-66, 205, and 227-231. For the statement that such measures should be discontinued, see p. 9.

230.See, among others: Edgar K. Browning, Chapter II, "Distribution and Redistribution in the United States," pp. 7-30 in Redistribution and the Welfare System, Washington, D.C., American Enterprise Institute for Public Policy Research, July 1975; November 9, 1976, letter (unpublished) from Mollie Orshansky to the editor of the New York Times; Michael Harrington, "Hiding the Other America," New Republic, Vol. 176, No. 9, February 26, 1977, pp. 15-17; U.S. Congress, Congressional Budget Office, Poverty Status of Families Under Alternative Definitions of Income, Background Paper No. 17 (Revised), Washington, D.C., U.S. Government Printing Office, June 1977; Timothy M. Smeeding, "The Antipoverty Effectiveness of In-Kind Transfers," Journal of Human Resources, Vol. 12, No. 3, summer 1977, pp. 360-378; Martin Anderson, Chapter I, "Winning the War on Poverty," pp. 15-39 in Welfare: The Political Economy of Welfare Reform in the United States, Stanford, California, Hoover Institution Press, March 1978; Orshansky et al., "Measuring Poverty: A Debate" (e.g., p. 54); Marilyn Moon, "The Incidence of Poverty Among the Aged," Journal of Human Resources, Vol. 14, No. 2, spring 1979, pp. 211-221; Morton Paglin (assisted by Gerald Wood), Chapter 1, "Poverty Standards and Transfers In-Kind," pp. 1-21 in Poverty and Transfers In-Kind: A Re-Evaluation of Poverty in the United States (Hoover Institution Publication 219), Stanford, California, Hoover Institution Press, 1980; June 15, 1981, letter from Mollie Orshansky to Timothy M. Smeeding--reprinted on pp. 84-87 of U.S. House of Representatives, Census Bureau Activities on Valuation of Noncash Benefits: Hearings Before the Subcommittee on Census and Population of the Committee on Post Office and Civil Service..., Serial No. 99-38, Washington, D.C., U.S. Government Printing Office, October 31 and November 20, 1985 (printed in 1986); William P. O'Hare, "Measuring Poverty," Clearinghouse Review, Vol. 15, No. 8, December 1981, pp. 648-652; Timothy M. Smeeding, "The Anti-Poverty Effect of In-Kind Transfers: A 'Good Idea' Gone Too Far?," Policy Studies Journal, Vol. 10, No. 3, March 1982, pp. 499-522; Tom Morganthau with Diane Weathers, "Poverty's Bottom Line," Newsweek, Vol. 99, No. 17, April 26, 1982, p. 35; Harrell R. Rodgers, Jr., chapter 2, "American Poverty: Measures and Causes," pp. 14-49 in The Cost of Human Neglect, Armonk, New York, M.E. Sharpe, 1982; Leonard Beeghley, "Illusion and Reality in the Measurement of Poverty," Social Problems, Vol. 31, No. 3, February 1984, pp. 322-333; Art Buchwald, "Living On the Line," Washington Post, February 23, 1984, p. B1; Alvin L. Schorr, "Redefining Poverty Levels," New York Times, May 9, 1984, p. 27; Michael Harrington, chapter 4, "The New Gradgrinds," pp. 74-88 in The New American Poverty, New York, Holt, Rinehart and Winston, 1984; John M. McNeil, "In-Kind Income--Effect on Poverty," Family Economics Review, No. 2, April 1985, pp. 14-19; Orshansky, "Statement..." (January 30, 1986), pp. 116-124, and "Responses for the Record to Written Questions for Mollie Orshansky," pp. 128-132 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, D.C., U.S. Government Printing Office, 1986; Harold W. Watts, "Have our measures of poverty become poorer?," Focus, Vol. 9, No. 2, summer 1986, pp. 18-23; and "Defining Away the Poor--Reducing the poverty rate without reducing poverty," Dollars & Sense, No. 123, January/February 1987, p. 9.

231.U.S. Bureau of the Census, Technical Paper 50, Alternative Methods for Valuing Selected In-Kind Transfer Benefits and Measuring Their Effect on Poverty (by Timothy M. Smeeding), Washington, D.C., U.S. Government Printing Office, March 1982.

232.David A. Stockman, "Statement..." (November 3, 1983), p. 221 in U.S. House of Representatives, Poverty Rate Increase: Hearings Before the Subcommittee on Oversight and Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means..., Serial 98-55, Washington, D.C., U.S. Government Printing Office, October 18 and November 3, 1983; Robert Pear, "Reagan Aide Disputes Poverty Rate," New York Times, November 4, 1983, p. D16.

233.U.S. Bureau of the Census, Technical Paper 51, Estimates of Poverty Including the Value of Noncash Benefits: 1979 to 1982, Washington, D.C., U.S. Government Printing Office, February 1984, p. ix. A similar statement appeared on p. viii. These statements were not included in the press release issued with the paper.

234.March 15, 1984, letter from Dorothy M. Tella, Chief Statistician, Office of Management and Budget, to Wanda S. Michaelson, Executive Director, Idaho Hunger Action Council; April 11, 1984, letter from Rep. George Miller, Chairman, House Select Committee on Children, Youth, and Families, Rep. Carl D. Perkins, Chairman, House Committee on Education and Labor, and Rep. Charles B. Rangel, Chairman, Subcommittee on Oversight, House Committee on Ways and Means, to Albert Rees the Chairman of the Census Bureau's panel, President, Sloan Foundation; Robert Pear, "U.S. Weighing Change in Poverty Programs," New York Times, April 23, 1984; "Poverty Parley Is Termed Illegal," Washington Post, April 26, 1984, p. A21; May 3, 1984, letter from John G. Keane, Director, Bureau of the Census, to Rep. Robert T. Matsui; U.S. Department of Commerce, Bureau of the Census, Office of the Director, "Fact Sheet--Information on the Noncash Income Meeting," May 4, 1984; "Poverty Meeting Canceled," Washington Post, May 5, 1984, p. A19; and Rep. Robert T. Matsui, "Statement...", pp. 4-6, and discussion with Louis Kincannon and Gordon Green of the Census Bureau, pp. 35-38 in the May 15, 1984, Congressional hearing cited in footnote 10.

235. October 3, 1985, letter from John G. Keane, Director, Bureau of the Census, to invitees to the conference.
236. U.S. Bureau of the Census, Conference on the Measurement of Noncash Benefits, December 12-14, 1985...Proceedings...Vol. I, p. iii.
237. U.S. Bureau of the Census, Technical Paper 56, Estimates of Poverty Including the Value of Noncash Benefits: 1985, Washington, D.C., U.S. Government Printing Office, September 1986, pp. 1 and 15.
238. U.S. General Accounting Office, Briefing Report to Congressional Requesters: Noncash Benefits: An Evaluation of the Census Bureau's Measurement Conference (GAO/PEMD-86-8BR), Washington, D.C., April 17, 1986.
239. U.S. General Accounting Office, Briefing Report to Congressional Requesters: Noncash Benefits: Initial Results Show Valuation Methods Differentially Affect the Poor (GAO/PEMD-87-7BR), Washington, D.C., October 24, 1986; and U.S. General Accounting Office, Report to Congressional Requesters: Noncash Benefits: Methodological Review of Experimental Valuation Methods Indicates Many Problems Remain (GAO/PEMD-87-23), Washington, D.C., September 30, 1987.
240. Council of Economic Advisers, "Improving the Quality of Economic Statistics" press release--4 pages, January 25, 1990; John M. Berry, "Bush Seeks More Money for Economic Statistics," Washington Post, January 26, 1990, p. F3; Jonathan Fuerbringer, "Official Takes First Step For Better U.S. Statistics," New York Times, January 26, 1990, p. D2; Hilary Stout, "White House Seeks To Measure Better U.S. Service Sector," Wall Street Journal, January 26, 1990, p. A2; Appendix B, "Improving the Quality of Economic Statistics," pp. 281-285 in Economic Report of the President Transmitted to the Congress February 1990 Together With the Annual Report of the Council of Economic Advisers, Washington, D.C., U.S. Government Printing Office; and the DeParle New York Times story cited in footnote 1.
241. Note that the CEA's 6-page February 14, 1991, press release on the statistics initiative ("Fiscal Year 1992 Economics Statistics Initiative--Improving the Quality of Economics Statistics") did not mention poverty at all.
242. U.S. House of Representatives, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Bill, 1991...Report To accompany H.R. 5257 (Report 101-591), July 12, 1990, p. 22. See also p. 1892 of the Kosterlitz National Journal story cited in footnote 1, and the DeParle New York Times story cited in footnote 1.
243. U.S. Senate, Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Bill, 1991...Report To accompany H.R. 5257 (Report 101-516), October 10, 1990, p. 27.
244. Personal communication with House Appropriations Committee staff, May 21, 1992.
245. National 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.
246. Constance F. Citro and Robert T. Michael (editors), Measuring Poverty: A New Approach, Washington, D.C., National Academy Press, 1995.
247. Citro and Michael, p. 110, fn. 5.
248. Citro and Michael, p. xvi.
249. Citro and Michael, pp. xvi and 19-22.
250. Citro and Michael, pp. 4-6, 40-41, 50-53, 56-57, 105-106, and 146-153.
251. Citro and Michael, pp. 55-56, 106, and 153-154.
252. Citro and Michael, pp. 5-7, 40, 46-52, and 104-105.
253. Citro and Michael, pp. 32, 33, 98-99, 103, 141, and 319.
254. Citro and Michael, p. 103.
255. Citro and Michael, pp. 4, 9-10, 37-40, 65-66, 98, and 203-206.
256. Citro and Michael, pp. 9, 38, 65, and 204; cf. also p. 43.
257. Citro and Michael, pp. 9, 65-66, 205, and 227-231.
258. Citro and Michael, p. 9.
259. Citro and Michael, pp. 5 and 40; see also pp. 9-10, 65-69, and 203-246.
260. Citro and Michael, pp. 5, 9-10, 40-41, 65-69, 203-209, and 223-237.
261. Citro and Michael, pp. 9, 67-68, 205, and 224.
262. Citro and Michael, pp. 7-8, 59-61, 161-162, and 175-182.
263. Citro and Michael, pp. 8-9, 61-65, 183, and 193-201.
264. Citro and Michael, pp. 11-12, 82-83, and 281-288.
265. Orshansky, "Demography and Ecology of Poverty" (cited in footnote 40), p. 28.