

EXPLORING THE USE OF THE VIEWS OF THE PUBLIC TO SET INCOME
POVERTY THRESHOLDS AND ADJUST THEM OVER TIME

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The views expressed are the author's and do not necessarily represent the position of the Social Security Administration or the Census Bureau or any other Bureau staff. The paper was originally published while the author was employed by the Social Security Administration (SSA). The update was begun while the author was an employee of the Census Bureau and was completed after he retired from the Bureau. It has undergone a more limited review than official publications, and is released to inform interested parties of research and to encourage discussion.

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INTRODUCTION

This article will discuss the role that the systematically measured judgments of the public at large might play in the measurement of poverty. Special attention will be given to how such assessments might be used to set the minimum income associated with a poverty welfare level and to track such a level over moderately long periods of time. The central importance of understanding how of the public's views of poverty thresholds vary with respect to secular trends in real family income will be stressed. It will be argued that this can best be done by thinking through the issue in the broadest possible social science framework. Indeed, before the reasonableness of any updated poverty threshold can be assessed, it is important to think more carefully about the sort of social processes that translate increases in real income into increases in the value of a minimally adequate income in the eyes of the members of society and how these processes work.¹ By way of an empirical illustration, particular attention will be given to how one threshold series, based on the so-called *Gallup get-along* question, has varied over the post-World War II period with respect to median family income on both a before- and after-tax basis. The same series will be used to move a recent one-time assessment of the poverty threshold by a representative sample of the public back to the late 1940's.

Relevance of the views of a society's own members to poverty measurement

The basic orientation used to consider poverty measurement in this discussion is sociological. From this perspective, in the complex, largely urban, industrial and service societies of the post-World War II United States, Canada, and Western Europe, the poverty problem stems from the

existence of substantial population subgroups whose members generally lack the material resources required to perform -- except with the greatest difficulty -- roles in the central societal domains of family, work, and citizenship as defined by the mainstream members of society and as generally accepted by members of the low-income groups themselves. These societies are generally characterized by a relatively high degree of social stratification and economic inequality. As members, and, more importantly, as actors in these societies, individuals necessarily have a relatively well-developed sense of the material resources associated with differing levels in the material status hierarchy. It is this sense that permits the individual to judge the difference between a good salary and a poor one, a nice car and a bare-bones econo-box, or a decent apartment and a slum tenement, and more generally to assess his or her location in the overall stratification system. Given that one of the abiding concerns of all adults is the budgetary one, i.e., the constant balancing of resources (income, credit, assets) with the requirements of maintaining a desired position in the socioeconomic status hierarchy, people generally have a rather well-developed sense of the budgetary requirement of their current position, as well as useful information about possible alternative ones (either those to be avoided or to be aspired to).

From this perspective individuals make such judgments based in large part on the general level of material offerings available in their society at a given time. Thus in 1850, an urban New Yorker would hardly have felt deprived for not being able to afford a telephone, radio or TV; as such goods did not exist, they were not part of the choice set in New York society of 140 years ago. For the same reason, the individual could hardly have felt diminished as a breadwinner because of an inability to acquire such items for his or her family. As a more relevant example for our own era, color TV was not a part of the typical choice set in 1950 New York City, but it most definitely is in

the New York City of 2004. And simply because such consumption expectations exist, a consistent inability to meet them that arises from financial constraints is likely to take a heavy toll on individuals who see themselves as family providers.²

The principal innovation in poverty measurement occasioned by this general perspective is the reliance on the population at large as the appropriate reservoir of expertise on the financial requirements associated with need. From this point of view, access to such special knowledge, in a scientific sense, does not flow automatically from the tool kit of any social science discipline; however, it can be obtained by the proper sampling of the perceptions of the general population. The case for the central importance of the study of the perceptions of society's members about the material requirements associated with various levels of living rests on the simple observation that society is not made up of isolated individuals holding idiosyncratic opinions which are of no significance beyond the given individual (Duesenberry 1949). It is the interaction of the individual's views and behavior as a consumer with the views and behavior of his fellow consumers in the context of the material offerings of a given time and place that define the material requirements of central social roles and more generally the social meaning of poverty and affluence. From this standpoint, the task of the social scientist interested in defining the poverty threshold is to learn how to properly elicit these perceptions from society's members.

Actually a fair amount of information has been developed about the material requirements associated with differing levels of economic well-being through the systematic study of the views held by representative samples of society's members. Measures of this sort are commonly thought of as being *subjective*, most probably because they are grounded in the everyday and necessarily subjective perceptions of typical individuals. However, this characterization is something of a

misnomer, since the findings of these studies are based on standard household survey techniques and multivariate statistical analysis (Saunders and Bradbury 1989). In addition, no alternative methods of arriving at poverty thresholds can escape a similar charge of subjectivity, and their subjective elements do not meet the test of representativeness; nor are they generally open to systematic analysis within a social science framework.³

This body of research suggests that careful analysis of the judgments of the public could reasonably be expected to play a role in addressing four key objectives of poverty measurement:

1. setting the income threshold associated with a poverty-level income (Goedhart *et al.* 1977; Dubnoff 1985; Saunders and Bradbury 1989; O'Hare *et al.* 1990; Rainwater 1974 and 1990);
2. differentiating the poverty threshold for variations in need associated with family size and composition and perhaps for geographic differences in cost of living by region and size of place⁴ and other important factors affecting family needs such as the number of adult earners in the family unit (Rainwater 1974; Kapteyn and van Praag 1976; Vaughan and Lancaster 1979; Dubnoff *et al.* 1981; Colasanto 1984; Danziger *et al.* 1984; Vaughan 1984; Bradbury 1989; O'Hare *et al.* 1990; Morissette and Poulin 1991; Rainwater 1992);
3. measuring the degree of deprivation as incomes fall increasingly below the threshold (Rainwater 1974, 1990);⁵ and
4. adjusting the threshold over time in a way that is consistent with changes in the general level of affluence in society (Kilpatrick 1973; Leveson 1978; Rainwater 1974 1990).

The remainder of this article focuses on the fourth topic, adjustment of the poverty threshold over time. The issue is introduced by a short review of what is already known about using socially defined needs standards to portray the level of minimum economic needs of the population in the context of growing levels of affluence. The introductory material is followed by a description of the data employed in and developed for the study. The Gallup get-along series, the single long-term series representing the public's judgments of minimum income needs, is introduced. The development of a poverty series from the get-along series and the derivation of poverty thresholds consistent with the official poverty measure for the period between the close of World War II and the late 1950's are also presented. The nature of the resource measures employed in the study and the development of net-of-tax estimates at the median four-person family income level, are the final aspects of the study data to be discussed. The major study findings are organized around three themes: (1) a description of how the Gallup get-along series and the two poverty series vary with respect to the median income of four-person families net of tax over the period 1947-89; (2) a comparison of the percent and number of four-person families falling below the three needs levels over the course of the post-World War II years; and, (3) a discussion of the variation in the level of needs standards similar to those proposed previously by Ruggles (1990) compared to variation in the Gallup-based poverty standard over the last two decades. The article concludes with a summary of findings, a few suggestions for further research, and a short discussion of the general climate surrounding the issue of updating poverty standards. A technical appendix clarifies certain details about the 1988-89 Gallup get-along and poverty amounts and assesses the implications

of using alternative assumptions to project the 1989 Gallup poverty standard back to the beginning of the post-World War II period.

The current state of affairs with respect to tracking economic needs over time on the basis of socially defined standards

If the social science community had developed agreed-upon procedures for eliciting society's views about the income levels required to support (or to avoid falling below) alternative living levels and had succeeded in administering those procedures over the years, depicting the distribution of the population with respect to the standards would, by now, be a relatively routine matter. Comparisons of such standards with average levels of economic resources and with other procedures for tracking the size of groups enjoying different standards of living would be straightforward, and whatever lessons are to be learned from such comparisons perhaps would have been learned already.

Such is not the case, however. In fact, the only relatively consistent series of money amounts corresponding to a living-standard threshold based on judgments of representative samples of the members of American society is one developed by the Gallup polling organization. The Gallup Organization has queried samples of U.S. adults about the so-called get-along amount approximately 37 times between 1946 and 1989.⁶ As Kilpatrick (1973, p. 327) suggested informally, and Rainwater (1974, pp. 94-117) has demonstrated more systematically, "getting along" represents a higher living standard than poverty. Based on analysis of data from the Boston Social Standards Survey on respondents' views about the amounts of money necessary for maintaining various living standards, Rainwater concluded that the money value of the poverty threshold amounted to about two-thirds of the get-along income. He found this to be in approximate agreement with findings of Ornati (1966), whose data on the evolution of minimum subsistence,

minimum adequacy, and comfort budgets in the U.S. for the years 1905-60 indicate that the minimum subsistence standard averaged 70 percent of the minimum adequacy standard for the whole period, and slightly less (67 percent) for the years after World War II (1945-60) (Ornati 1966, as analyzed by Rainwater 1974, pp. 45-49).⁷ As we will see, O'Hare *et al.* (1990) reproduced Rainwater's findings about the relationship between the get-along and poverty levels in the context of the Gallup Organization's own surveys.

Although the Gallup get-along series clearly does not represent a poverty standard, researchers have taken its change over time in relation to average levels of income and consumption as a useful proxy for how poverty thresholds ought to change in response to changes in the general standard of living (Kilpatrick 1973,⁸ Leveson 1978). Leveson explored some of the implications of moving the official Federal poverty standard, expressed in 1960 dollars, backward and forward in time by assuming differing degrees of responsiveness of the poverty line to changes in average family income (before tax). He noted some of the anomalous results of maintaining the official thresholds constant in real dollar terms over relatively long time periods in the face of substantial changes in average real income. For example, he found that moving the official threshold for a 1960 family of four back to the immediate post-World War II years using the Consumer Price Index (CPI) would yield a threshold value equivalent to three-fourths the median family income. He also experimented with the moving the official measure backwards and forwards in time on the basis of alternative elasticities ranging between 0 and 1 with respect to median income, but focused particularly on an elasticity of 0.6, which he had estimated for the get-along series (Leveson 1978, pp. 14-16). When using an elasticity of 0.6, he found that by 1973, 13 years following his base year of 1960, the modified threshold, in response to changes in real income would have increased to 24 percent above

the level of the official measure. However, Leveson had to accept the value of the official standard as the relevant poverty standard and had to arbitrarily pick a given year, and therefore implicitly, a given ratio of the poverty threshold to the level of average family income from which to begin his exercise. Of course, in the absence of actual observation, the relationship between the official standard in any given year, and the views of society's members about the level of the poverty threshold, is uncertain.⁹ In any case, he did not systematically explore the relationship between his version of the thresholds and average income levels or use the thresholds to construct trends in poverty rates or numbers of poor (although he did investigate their effect on the poverty gap).

While analysts could have used insights provided by Ornati and others who have studied the evolution of expert budgets (Mack as cited in Miller 1965, Smolensky 1965) or Rainwater's findings to construct a poverty level threshold paralleling the Gallup get-along series, to the present author's knowledge, no researcher has done so, perhaps because of some of the inherent uncertainties involved (for example, the Ornati series stops in 1960, and the relationships between alternative budget levels presented in his series vary somewhat over short time periods (Rainwater 1974, table 3-1)).

However, the Gallup Organization was commissioned by the Families USA Foundation to directly measure a socially defined poverty standard (O'Hare *et al.* 1990). In July through October 1989, respondents in four monthly samples were asked the following question:

People who have income below a certain level can be considered poor. That level is called the "poverty line." What amount of weekly income would you use as a poverty line for a family of four (husband, wife and two children) in this community?

Earlier, in May 1989, the Gallup Organization administered the standard get-along question as well (O'Hare 1990).¹⁰ As a result, it is possible to compare directly poverty and get-along standards as

defined by representative samples of our society's adult members at virtually the same point in time. However, because published estimates for the Gallup poverty threshold reflect the price level of July 1988 rather than July through October 1989, when they were collected by the Gallup organization, the published figure for the poverty standard had to be adjusted to reflect the price levels of mid-1989, when originally collected, in order to derive the correct ratio for the two needs standards on the basis of consistent price levels. Details of the adjustments used to recover the value at the point of collection are discussed in the technical appendix. The resulting annual dollar values at 1989 price levels are \$21,788 for the get-along standard and \$15,646 for the poverty standard. The resulting ratio of the poverty to get-along standard is 0.718. However, this comparison may not be as straightforward as it first appears because both standards may not incorporate the same resource concept. The use of the term "money" in the standard Gallup get-along question seems to imply a consumption-oriented concept or, alternatively, a net-of-tax concept, and analysts who have used the get-along series seem to presume it represents something other than before-tax income. So there is some precedent for thinking of the get-along values in after-tax terms.¹¹ There would seem to be less certainty about the concept associated with the recent Gallup poverty item. Were it phrased in terms of a money requirement it would be natural to assume it was consistent with the get-along concept. However, it refers to "income" not "money." O'Hare and his colleagues treat it as representing an after-tax concept and actually suggest an approximate corresponding before-tax amount (O'Hare *et al.* note 36, p. 46). Furthermore, O'Hare indicates (personal communication, 8/9/91) that while one cannot be certain of the income concept involved, his group felt it was likely that when discussing poverty-level incomes, respondents would think in after-tax terms. Despite this ambiguity, in the present context, the Gallup poverty threshold will be treated as representing an after-tax concept.¹²

However, the implications of this choice will be noted as appropriate.

INFORMATION EMPLOYED IN THE STUDY

Source and nature of the basic Gallup get-along estimates

In general, the annual get-along estimates presented in this article were derived from weekly means calculated directly by Rainwater (1974, table 3-4, p. 53; 1990, table 1, p. 6) directly from files deposited with the Roper Center Archives¹³ by the Gallup Organization. There is some overlap between the two series provided by Rainwater, and they do not always provide precisely the same value for a given year. Estimates from in the earlier source were given precedence when both were available.^{14,15} Of the years in which the get-along question was asked, Rainwater does not provide estimates for 1970, 1973, 1975, 1977, 1980, and 1989. For all of these years except 1989, the published Gallup median for nonfarm households was used. The value for 1989 was taken from O'Hare (1990) and is the arithmetic mean.¹⁶ All amounts were originally reported as weekly amounts and were annualized by multiplying by 52. Thirty-seven annualized get-along amounts result for the period 1946 to 1989. Observations are missing for only seven years during the 44-year period (1955, 1956, 1965, 1968, 1972, 1987, and 1988).

Construction of the Gallup-based poverty series

With a representation of a societally defined poverty standard¹⁷ and knowing the Gallup poverty standard's relationship to the Gallup get-along level in 1989, a parallel poverty standard series was constructed for all years since the get-along question was initially asked in 1946 using the additional assumption that the poverty standard has remained a constant percentage of the get-along standard

throughout the post-World War II era (i.e., that its elasticity with respect to the get-along standard was unitary).¹⁸ Given the assumption of unitary elasticity, the construction of the series is a trivial exercise: for each year with an available get-along estimate, the corresponding Gallup-based poverty standard was obtained by multiplying by 0.718, the ratio of the Gallup poverty standard to the Gallup get-along level in 1989.

Moving the official four-person threshold back to the period before 1959

The official (Federal) poverty thresholds for the United States have not been defined for years before 1959. However, since the basic methodology of the official measure was first implemented in the context of the Current Population Survey (CPS) for calendar year 1963 (Orshansky 1965a, 1965b), it has been updated annually for changes in the average price level using the CPI.¹⁹ Thus, for about the past 30 years the thresholds have remained fixed in real terms (at least as defined by the CPI). There would seem to be no compelling reason that the thresholds could not be projected back to years before 1959 (only four years before the year for which Orshansky originally defined the thresholds). Certainly, it is no less reasonable to move the thresholds back to 1947, only 16 years prior to their base year, than to carry them forward to the present, some 30 years from the point they were first defined in the early 1960s. This is particularly the case since the value of the food-to-income ratio, the key methodological feature tying the thresholds to the general standard of living,²⁰ pertains to the economic circumstances of the mid 1950s, the point at which it was measured in the Household Food Consumption Survey, undertaken nearly 40 years ago.

The principal technical difficulty in using the CPI to move the lines back to the period before 1959 stems from the lack of readily available information to weight the component thresholds within

family size categories for possible changes in the mix of family types. However, while it would be preferable to compute the appropriate weighted threshold for each year before to 1959, it is unlikely that failure to alter weights would represent a serious problem when dealing with families of size four. Consequently, for years prior to 1959, the dollar value of the existing four-person nonfarm threshold, as weighted for 1959, was simply maintained in real terms using the CPI.

It should be obvious, however, that since the official thresholds, and thus official estimates of poverty rates and numbers of the poor, are not defined prior to 1959, price adjusting the thresholds to that period provides only an informal, not official, accounting of the prevalence of poverty among four-person families in this earlier period. Thus subsequent references to poverty trends associated with the "official measure" in the pre-1959 period are made in an informal and expositional sense only.

Resource measures

Three basic items of information on the income of four-person families are readily available for the time period since 1947 from the income supplement to the Current Population Survey (CPS): the mean, median, and the size distribution of regular money income.²¹ All three are measured on a before-tax basis. This information was obtained from the appropriate Census Bureau Series P-60 report on income for each year for which there was a corresponding observation for the value of the get-along amount.²² Estimates of the percent and number of families below the three needs standards (Gallup get-along, Gallup-based poverty, and the official poverty measure, including the thresholds adjusted to price levels for years before 1959) were derived from the published income size distributions for four-person families. Straight-line interpolation was used in the income size

category containing the standard to estimate the number and percent of families that fell below the standard.

Restriction of the resource measure to money income is a clear limitation of this study. It would be quite useful to extend the measure of resources to include noncash benefits. Comparison of a resource measure including noncash benefits to the Gallup poverty threshold would undoubtedly be subject to the same criticism that has been levied at the Census Bureau for its comparison of the official thresholds to a resource definition including money income plus the value of publicly provided noncash benefits.²³ Nonetheless, inclusion of publicly provided noncash benefits of the usual sort (e.g., food stamps and other means-tested food and nutrition benefits, means-tested subsidized housing, public health care programs) in the measure of resources while maintaining the lines as defined, would result in lower poverty rates and fewer poor families, particularly in the last 15 to 20 years. It is noteworthy, however, that the effect on estimates of the level of poverty of including publicly provided noncash benefits in the resource definition would likely be larger for the official measure than the Gallup measure. For example, the Bureau of the Census (BOC) found a reduction of about 20 percent in the 1989 poverty rate for persons and families when the official thresholds were used and noncash benefits were valued using its experimental procedures (BOC 1990, table E, p. 10 and table 3, pp. 46-47). On the other hand, O'Hare and his colleagues found that when the same expanded resource measure was used with the higher Gallup poverty line, the 1989 poverty rate for persons declined by only about 12 percent (O'Hare *et al.* 1990, table VII, p. 33). This finding is likely attributable in large part to the explicit targeting of noncash benefits to persons relatively near or below the official poverty level.²⁴

Developing net-of-tax estimates at the median four-person family income

Given that the Gallup get-along series has generally been treated as representing an expenditure requirement or an after-tax income amount, and because the official poverty thresholds are also defined in after-tax terms,²⁵ a representation of the income of four-person families after tax is necessary to maintain consistency between the resource measure and the needs standard.

Since published after-tax income estimates are not consistently available for the period before 1980 and the micro-data required to make estimates of after-tax income from the CPS are not available for years prior to the mid or late 1960s,²⁶ a set of consistent estimates of the after-tax income for four-person families with incomes equivalent to the before-tax median of four-person families was constructed for the 36 years since 1947 with corresponding Gallup get-along values. Federal income tax and Social Security payroll (FICA)²⁷ tax liabilities were computed according to the applicable tax regulations for each year with a Gallup get-along observation. Tax liability was computed on the basis of the following assumptions:

- a tax-filing unit consisting of a husband, wife, and two dependent children, filing a joint return, and claiming four exemptions;
- an adjusted gross income (AGI) equal to the median four-person family income for the year in question;
- all unit income stemming from the wage and salary earnings of a single earner; and
- use of the standard deduction.

Special income tax surcharges and general tax credits were accounted for, as appropriate. Payroll tax rates reflecting the employee's contribution were used in conjunction with the applicable taxable maximums to estimate payroll tax liability.

The basic study data

The five data series forming the basis of the study are given in tables 1a & 1b (see pp. 62-63): 1) the median four-person family income before-tax, 2) the same median as net of Federal income and FICA payroll taxes, 3) the annualized Gallup get-along amount, 4) the Gallup annual poverty threshold, and 5) the official four-person family poverty threshold are shown for the 36 years during the period 1947-89 for which get-along estimates are available. All amounts are in current dollars. Each of the three needs standards is also expressed as a percentage of the before- and after-tax median income. Finally, the total number of four-person families and the number and percentage of four-person families estimated to have before-tax incomes below each of the need levels are also provided.

PRESENTATION OF FINDINGS

Variation of the three needs levels with respect to median four-person family income net of taxes

How do the three needs levels vary with respect to the median income of four-person families net of taxes over this period? This question is initially addressed in the text table on the following page which summarizes the detail provided in tables 1a & 1b (pp. 62-63) by averaging the yearly percentages into four-year time periods. Over the full 43-year period, the Gallup get along level average about 73 percent of the median four-person family income next of taxes; the Gallup poverty level, 52 percent; and the official measure, 51 percent. However, these averages obscure some important variations. There appear to be two periods that characterize the get-along level: 1) the

years before about 1961²⁸ when the four-year averages fluctuated between 77 and 81 percent of the after-tax median income, and 2) the period after 1960 when the four-year averages fluctuated between 68 and 72 percent of the after-tax median. Given the way in which it was constructed, the Gallup poverty measure shows the same pattern of variation, but at a lower level. Prior to 1961 the

**Three needs standards as a percent of
median four-person family income net of taxes**

Calendar year intervals including four observations	Needs standard		
	Gallup "get-along"	Gallup poverty	Official poverty
1947-1950	77.3	55.5	73.5
1951-1954	77.6	55.8	67.3
1957-1960	80.6	57.8	57.0
1961-1964	72.2	51.8	51.5
1966-1970	70.6	50.7	43.5
1971-1975	67.7	48.6	40.5
1976-1979	67.8	48.7	40.1
1980-1983	71.2	51.1	44.1
1984-1989	68.3	49.0	40.8
1947-1989 average	72.6	52.1	50.9
1947-1960 average	78.5	56.4	65.9
1961-1989 average	69.6	50.0	43.4

NOTE: Figures represent the average of the yearly percentages for each time period.

Source: Summarization of table 1.

four-year averages ranged between 56 and 58 percent of median four-person income net of taxes; after 1960, the averages fluctuated between 49 and 52 percent of the after-tax median income. The

fact that the Gallup-based poverty threshold has remained so close to 50 percent of the median for nearly thirty years is of particular interest given the wide currency that point in the distribution has as a threshold in the context of relative definitions of poverty (Fuchs 1965, 1967; Smeeding et al. 1988; Statistics Canada 1991).

On the other hand, the official measure has behaved very differently than the two Gallup series. At the beginning of the post-World War II period, during 1947-50, the official threshold averaged 74 percent of the four-person median family income net of taxes; it dropped steadily throughout the balance of the 1950s, 1960s, and first half of the 1970s, with the four-year average reaching about 40 percent of the median four-person family income net of taxes in the years 1971-75. Beginning with the 1971-75 period, no further systematic decline with respect to the median income net of taxes occurred. After an increase of about four percentage points with respect to the after-tax median in the early 1980s, the official threshold fell back to about 40 percent for the balance of the decade.

The year-by-year variation of the three needs levels as a percentage of four-person median income net of taxes is summarized visually in figure 1 (see p. 70). Vertical lines represent the points at which the food-to-income ratio, the key "theoretical" element of the official lines, actually was measured in the 1955 Food Consumption Survey and at which the official measure was first introduced for calendar year 1963. The get-along level (the solid red line), representing the highest standard of need, is consistently at the top of the figure. For the most part, values of that measure for the individual years fluctuate between 80 and 65 percent of the median net of taxes, with the higher values coming before 1961. The Gallup poverty standard (the dashed green line) of course follows the same pattern of variation but necessarily displays considerably lower percentages of the

median income net of taxes. Basically, the two socially determined needs measures march horizontally across the figure with only a modest tendency to slope downward over the 43-year period. The official measure, on the other hand, (represented by the dashed blue line) declines pretty consistently over the quarter century starting just after World War II down through the early 1970s. Thereafter it fluctuates between just under 40 percent to just under 45 percent of the median net of taxes, reaching a low of 38 percent in the last year shown (1989).

More interesting, however, is the apparent relationship between the official threshold and the two socially determined standards. In the late 1940's, the official measure clearly fell in the get-along range and thus connoted a level of economic welfare that is likely to have been well above the social poverty standard at that time.²⁹ Given that the official measure is fixed in real terms, the substantial growth in real after-tax four-person family income during the 1950's and 1960's resulted in a marked decline of the official thresholds relative to the median income. The official measure first came into the range of the Gallup-based poverty level at about the time of the measurement of the food-to-income ratio in 1955. The official measure remained basically at the same level as the Gallup-based poverty standard for the balance of the 1950's and through the mid-1960s, suggesting that it may have been generally consistent with societal notions about the poverty level prevailing at about the time it was introduced. By 1969 it had fallen noticeably below the Gallup-based poverty measure, and it has remained there ever since. In short, these data provide intriguing evidence that the level of economic well-being denoted by the official poverty standard may have changed quite substantially with respect to societal norms over the course of the post-World War II period.

Another way of looking at the relationships among the levels of the three needs standards is to

express the official line as a percentage of both the Gallup get-along amount and the Gallup-based poverty level. This view is presented in the last two columns of table 1b and provides much the same perspective as when the needs levels are expressed as a percentage of median four-person family income net of tax. However, it is of interest to note that for the 19 observations after 1966, the official lines averaged 60 percent of the Gallup get-along level (varying from a low of 57 percent to a high of 66 percent) and about 84 percent of the Gallup-based poverty standard (varying from a low of 80 percent to a high of 92 percent).³⁰

Number and percentage of four-person families below the three needs levels

What is the picture that the three measures provide of the extent of poverty among four-person families over this 43-year period? Answering this question is not completely straightforward. In part this has to do with the lack of microdata files prior to the late 1960s, but more importantly, the published distributions of four-person families by income are based on before-tax income, and while the number and percentage of families with before-tax incomes below the three needs levels can be estimated by interpolation, the conceptual inconsistency between the definitions of income and needs is troubling.³¹

One possible solution to this problem would be to adjust the needs levels upwards by the amount of tax liability to a before-tax basis, i.e., to "gross up" the after-tax standards. However, the evaluation of the approach taken to construct after-tax estimates of median four-person family income indicated that while these procedures appear to perform acceptably at the median income level, they would significantly overestimate the tax amount associated with the three needs levels (which fall a good deal below the median) except in the immediate post-World War II period. At that time nearly all income at these levels was in the form of earnings, most families paid little if

any Federal income tax, and FICA payroll taxes were very low. Fortunately, an alternative was available for the 1980s decade, when the assumption of fully taxable income is not appropriate. Beginning with 1980, the Bureau of the Census (BOC 1983) has published detailed estimates of average tax liability by level of before-tax income and household size. These published data were used to estimate Federal income and payroll tax liability of four-person families with after-tax incomes equivalent to the three needs standards for the years 1981-86. The resulting before-tax versions of the standards appear in the bottom half of table 2 (see p. 64).³²

By providing two sets of estimates, the reader is able to appreciate better the importance of a consistent treatment of taxes when comparing needs and resource measures. The first, based on the comparison of after-tax needs standards to before-tax income, covers the entire period after 1946 providing year-by-year estimates for each year for which a Gallup get-along estimate is available. Since, as shown in table 1a (column 4), a substantially greater proportion of the income of four-person families with income at the median was taxed away at the end of the period than at the beginning, to the extent that the income levels corresponding to the three needs levels were similarly affected by taxation, the view based on after-tax needs standards given in table 1 will tend to overstate the degree of reduction in the prevalence of need over the 43-year period from the standpoint of either poverty rates or absolute numbers of poor families. The second approach provides results based on comparison of before-tax needs standards and before-tax income for the first and last six years of the period, i.e., 1947-52 and 1981-86, and is given in the bottom half of table 2.³³ Similar information based on comparison of before-tax income to after-tax standards appears in the top half of the table. This is the same information appearing in tables 1a and 1b (pp. 62-63), and is included here, with summarization, for purposes of comparison. Before-tax needs

standards for the early period were constructed by grossing up the after-tax standards using the same methods employed to estimate taxes at the median for four-person families. As previously noted, the before-tax standards for the more recent period were derived from the after-tax standards using more refined estimates of tax liability for four-person households that have been developed by the Bureau of the Census in the CPS context (*e.g.*, BOC 1983).

Findings based on comparison of before-tax income to after-tax needs standards.—The full series of year-by-year estimates can be used to assess change in the percentage and number of families falling below the three needs standards on the basis of comparing after-tax standards to before-tax income. This information is given in tables 1a and 1b (pp. 62-63) and is depicted graphically in figures 2, and 3 (pp. 71-72) and summarized in the top half of table 2 (p.64)

The view based on the official thresholds, with extensions back to 1947, as compared to before-tax income suggests poverty rates for four-person families above 25 percent in the three earliest postwar years (1947-49) followed by a long-run secular decline which continued until 1969. By that year the rate had declined to its post-World War II low of 6.5 percent. Thereafter the rate trended upward, peaking at 11.5 percent in 1983 and then falling back to 10.2 percent by 1986.³⁴

The series for the Gallup get-along standard and the Gallup-based poverty standard suggest the same general trend, descending from their highest levels in the earliest observable postwar years until reaching their lowest point in the late 1960s before trending upward again through the 1970's and 1980's. There is also some suggestion of at least a stabilization in the rates toward the end of the observable series beginning in the mid-1980's.

While the general pattern of secular variation over the post-World War II years is similar for the three needs standards, the rates associated with each presents a distinct picture. Of course, by

manner of construction, the rates associated with the get-along standard always exceed the Gallup-based poverty standard. What is more interesting is the clear movement of rates associated with the official measure and its extension back to 1947 from the general level of the get-along standard prior to 1950 to levels commensurate with the Gallup-based poverty standard from the late 1950s through the middle 1960s. Thereafter rates associated with the official threshold average about three percentage points, or 30 percent, below those of the Gallup-based poverty standard.

Regardless of the after-tax needs standard considered, comparison with the before-tax income measure indicates a lower prevalence at the end of the period than at the beginning. As shown by averages in the top half of table 2 (p. 64), for the first and last six years (1947-52 and 1981-86) of the period, the percentage of four-person families below the get-along standard declined from 27.6 to 22.0 percent or by about 20 percent. Under the official poverty standard, the decline was much more dramatic. From a prevalence rate near that of the get-along standard (an average 23.9 percent for the years 1947-52) it fell to an average 11.0 percent, or by 54 percent, by 1981-86. The view given by the Gallup-based poverty standard is quite different, suggesting a basic picture of stability over the course of the post-World War II era. The average for the six years at the end of the period (14.0 percent) was only slightly lower than the average for the initial six years (14.8 percent). Clearly, the average rate for the years 1947-52 associated with the informal version of the official measure is much higher (in fact, by about 60 percent). Thus, the two poverty standards provide very different views of the changes in the prevalence of poverty among four-person families over the long term. As we shall see, this contrast is somewhat heightened when the rates are derived on the basis of before-tax needs standards and before-tax income.

Turning to the estimates of the number of poor four-person families made on the basis of

comparing the year-to-year after-tax needs standards to before-tax income (table 1b, p. 63 and figure 3, p.72), we see that from the perspective of the official measure moved back to 1947, the number of poor four-person families describes a lopsided V-shape with the left hand side being higher than the right and with the low point of the “V” coming in 1969. From highs of approximately two million families in the late forties, the number of poor four-person families declined to 640 thousand at its lowest point in 1969 and subsequently climbed back to the million-and-a-half range throughout the 1980s.

Again, the Gallup-based poverty standard provides a rather different picture. For the late 1940s, it yields a count on the order of 1.1 to 1.4 million, very considerably below that given by the informal version of the official measure for that period. It also reaches its lowest point (897 thousand) in 1969. However, that general level (of about 900 thousand to 1.1 million) was maintained throughout most of the 1960s and up through 1973. After 1973, the number of poor four-person families began a steady rise until reaching levels of 1.8-1.9 million in the early and middle 1980s.

Findings based on comparison of before-tax income to before-tax needs standards.--Before-tax thresholds for the three needs standards are given in the bottom half of table 2 (p. 64) along with the percentage and number of four-person families falling below the thresholds on the basis of before-tax income. As noted earlier, information is given for two six-year periods; 1947-52, at the beginning of post-World War II era, and 1981-86, the last 6 years for which contiguous Gallup estimates are available. Also, as noted, the top half of the table contains similar information based on the comparison of after-tax thresholds to before-tax income.

Inspection of the table shows that the use of before-tax as opposed to after-tax thresholds has

only a very slight to modest effect on the measured poverty rates and the number of poor in the 1947-52 period. For example, the average six-year poverty rates as measured for those years by the official thresholds and the Gallup-based poverty standard using before-tax cutoffs are only two-three percent higher than when after-tax standards are employed; the average percent of families below the get-along standard is only five percent higher (29.1 vs. 27.6 percent) with the before-tax version of the standard.

On the other hand, the use of before-tax cutoffs for the 1981-86 period has a more noticeable impact. The six-year average poverty rate and poverty count are 14 percent higher (15.9 vs. 14 percent and 2.0 vs. 1.8 million families poor) if the before-tax version of the Gallup-based poverty measure is used and 11 percent higher (12.1 vs. 11.0 percent and 1.6 vs. 1.4 million families poor) with a before-tax version of the official thresholds.³⁵ Given the significantly higher income level associated with the Gallup get-along threshold, it is not surprising that the effect of using before-tax cutoffs is even more marked; the six-year average of the number and percent of families falling below the get-along threshold is more than 20 percent higher if a before-tax threshold is employed (27 vs. 22 percent of four-person families below the threshold and 3.6 vs. 2.9 million families poor).

Turning to the issue of long-term trends in the proportion of families with incomes below the three needs standards, earlier impressions about the extent of change over the period based on comparisons of after-tax standards to before-tax income are by-and-large sustained except for the highest of the three needs standards. While the percentage of families below the get-along level declined by about 20 percent when the after-tax standard was compared to before-tax income (from an average of 28 percent for 1947-52 to an average of 22 percent by 1981-86), when needs and resource measures are consistently defined on a before-tax basis, the decline between the two

periods is noticeably smaller (from 29 to 27 percent, or only about 7 percent reduction). Considering the trend with respect to the Gallup-based poverty standard, the direction of change reversed from a modest decrease of about 6 percent in the poverty rate to a slight increase in the rate of 5 percent. However, the basic impression stemming from both set of comparisons with regard to rates associated with the Gallup-based poverty standard is one of little change (approximately 15 percent of four-person families below the standard in the immediate post-World War II years as well as in the most recent period). Concerning long-term changes in poverty rates as measured using the official threshold, use of either the before- or after-tax income measure indicates very substantial declines, on the order of 50 percent between the initial and most recent period. Compared to this very marked decline in poverty rate over the period, the alternative treatment of taxes has only a very modest effect.

The basic pattern of changes of trends in the number of four-person families falling below the three needs standards is not changed when needs and resources are defined in a consistent manner with respect to taxes. Both Gallup standards show substantial increases in the number of families falling below the thresholds, while the number of families falling below the official standard drops a good deal. However, the increases in the number of families falling below the Gallup needs standards are considerably more marked when the needs standards and the resource measure treat taxes consistently. The impact of treating the needs standard and the resource measure consistently with respect to taxes on the estimate of the trend in the number of poor families is less marked for the official measure, although the decline in the number poor is somewhat muted when both needs and income are placed on a consistent before-tax basis.

Comparisons with selected alternative standards

We have seen how the level of the Gallup poverty line has varied in relation to the official threshold for a family of four over the post-World War II period. Additional comparisons to six other alternatives are provided in table 3 (see p. 65). Three of the alternatives have been suggested by Ruggles (1990; those appearing in columns 1, 2, and 6 of the table) and two other, modified versions of ones suggested by her are given in columns 3 and 5. The official threshold and the Gallup-based poverty line are shown in columns 7 and 8 for purposes of comparison. Each of the alternatives is expressed as a threshold for a family of four in each of five years (1967, 1973, 1977, 1982 and 1986).³⁶ The six alternatives (and their column numbers in table 3) are:

- the official threshold indexed by the CPI-X1, a version of the CPI which incorporates revisions to insure more appropriate treatment of housing costs (1);
- the official threshold indexed by change in the median income of families of size two or more, before tax (2),³⁷
- the official threshold indexed by change in the median income of four-person families net of tax (3);
- the threshold for a family of four set at 50 percent of median income of families of size two or more, before tax, in each year (4); the same as alternative (4), but employing the median income of four-person families net of taxes, (5); and
- the official standard updated by employing food ratios based on the food weights used in the CPI as the multiplier in conjunction with the appropriate food plan cost for each of the years (6).

Alternative three is a modification of alternative 2--Ruggles' update based on moving the official

threshold forward according to changes in median income of families, before tax of families of size two or more. Alternative 3 is similar to Ruggles' approach in that it is based on changes in median family income. However, the median income of families of size four rather than two or more is employed, and income is defined on a before-, rather than after-tax basis.

Alternative 4 differs principally from the corresponding Ruggles' alternative 3 because its level in the base year (1967) is set at 50 percent of the median income of four-person families rather than at the median income of families of size two or more. Alternative 5 differs alternative (4) in that income is defined on an after-tax rather than before-tax basis.

The dollar values of the thresholds for each of the eight methods (the official thresholds and those based on the six alternative update procedures plus the Gallup-based poverty standard) are given in the first panel of the table. In the second panel, each threshold is re-expressed in terms of an index for which 1967 = 1.00. The third panel provides an index in which each threshold is expressed in terms of constant CPI-X1 dollars with the 1967 value for each threshold being equal to 1.00. The bottom panel shows the ratio of each alternative to the official threshold in each of the five years.

Two basic factors affect how these alternatives compare with the official threshold: the relative percentage change in dollar values over the period, and the original value of the respective threshold in the first year considered (1967) compared to the value of the official threshold in that year.³⁸ Alternatives in columns (1), (2), and (3) are affected only by the first factor; alternatives in columns (4), (5), and (6) are affected by both factors, as is the Gallup-based poverty measure in column (8).

Considering change in terms of nominal dollars (shown in the second panel), the updated multiplier (column 6) standard increased the most over this 19-year period (to about 4.3 times its

original level). The alternatives indexed by changes in median family income before-tax (columns 2 and 4) come next (increasing to about 3.9 times their 1967 values), followed by the alternatives (columns 3 and 5) indexed by changes in after-tax median income of four-person families (by 3.5 to 3.6 times their 1967 values), the Gallup alternative (by 3.5 times, column 8), the official threshold (by about 3.3 times, column 7), and finally the CPI-X1 indexed alternative (about 3 times, column 1).

Increases in the alternative four-person family poverty thresholds stated in nominal dollars are dominated by the increase in prices. (As indicated by column 7 of panel 2 prices as measured by the CPI increased by more than three times.) The large price increase obscures other factors that should be considered in comparing alternative procedures for updating the poverty threshold, such as increases in the general standard of living. For example, an absolute threshold would typically be adjusted only for the increase in prices, while a relative threshold would, in addition be adjusted for changes in the average standard of living. The evaluation of alternative methods for updating the poverty threshold in terms of changes in the U. S. standard of living is particularly relevant given the original intent of the official measure.³⁹

The third panel of the table shows changes in terms of constant CPI-X1 dollars, and facilitates comparison of the update alternatives net of the effects of price increase over the period since 1967. The CPI-X1 is chosen as the price deflator rather than the CPI because before 1983 the CPI incorporated a treatment of housing costs that produced excessive increases in the index according to many analysts. This is reflected in the value of 1.09 in 1986 for the official threshold in panel 4 of the table, indicating that the purchasing power of the official threshold as indexed by the CPI was 9 percent above its 1967 level assuming that the CPI-X1 provides the "correct" representation

of price change over the period under consideration.⁴⁰ This increase represents fully half of the increase in the median income, after tax, of families of size four (see columns 3 and 5).

Although adjustment for price increase does not change the ranking of the update alternatives with regard to the degree of change over the period, it does help to clarify the differences between the different update procedures. For example, changes in alternatives 3 and 5 can then be more properly interpreted as reflecting changes in the material standard of living of four-person families with incomes at their family-size median. Since income for these alternatives is defined in after-tax terms, this change, an increase of about 18 percent, reflects, by and large, an increase in consumption power. By contrast, alternatives 2 and 4, based on change in the median income before tax, increased by nearly 30 percent between 1967 and 1986. From a relative incomes perspective, the alternatives based on changes in after-tax income at the median are to be preferred over those based on change in the before-tax median, because the "after-tax" alternatives more properly reflect changes in living standards. This is because income that is taxed away will not contribute to increases in the private purchasing power of families.

The updated multiplier standard (alternative 6) increased by 43 percent, or more than twice as fast the alternatives based on changes in the after-tax median income of four-person families. Consequently the use of the update multiplier alternative, as least as implemented by Ruggles (1990) and reproduced here, would yield a poverty threshold that likely increased much more rapidly than the standard of living during the period between 1967 and 1986. This result would only be reasonable, if the prices faced by the poor over the years since 1967 increased much more rapidly than those faced by all urban consumers. As noted by Ruggles (1990, note 13, p. 60), this has not been found to be the case. The final alternative, the Gallup-based poverty standard, increased by 17

percent during these years or by about the same percentage as the income of four-person families after tax.⁴¹ More generally, review of panel 3 of the table demonstrates how important it is to consider the role of taxation when evaluating the reasonableness of alternative procedures for updating poverty thresholds. The update alternatives are compared to the official threshold for four-person families in each of the five years in the bottom panel of table 3. All but the alternative updated by the CPI-X1 (which is 92 percent of the official threshold at the end of the period, column 1) exceed the official threshold by 1986. The update based on indexing the official threshold from its value in the base year of 1967 by change in the after-tax median income of four-person families (column 3) is closest to the official measure, exceeding it by only 8 percent by 1986. The two alternatives updated by change in before-tax family income yield quite different results. The one employing the official threshold in the base year (column 2) exceeds the official measure by 18 percent at the end of the period being considered (1986), while the alternative defined as 50 percent of median family income of families of size two or more before tax (column 4) initially exceeded the official threshold by 32 percent and by 1986 had further increased to 55 percent above the official threshold. The updated multiplier standard (column 6), 27 percent above the official threshold in 1967, exceeds it by 66 percent after the passage of 19 years.⁴² Finally, at the beginning of the period, the Gallup-based poverty standard (column 8) exceeded the official threshold by 13 percent; by 1986 the difference had increased to just over 20 percent above the official threshold value. Note that for the period as a whole, the Gallup-based standard follows the level and proportional change of the alternative based on one-half the after-tax median income of four-person families very closely (column 5).

In general, these comparisons of alternative standards raise important questions about the reasonableness of updates based on median family income before tax and the version of the updated multiplier standard considered here. This concern would seem to be especially strong with regard to the updated multiplier standard because, as noted, it increased so much faster than income net of taxes. Starting in 1967 with a base only 12 percent above the Gallup-based poverty measure (\$4,316 vs. \$3,862), over the succeeding 19 years it rose to exceed it by more than one-third, and was virtually identical with the Gallup get-along amount in 1986 (\$18,633 vs. \$18,928). Here we see a pattern just the opposite of that noted earlier for the official measure which passed from an income level consistent with the social definition of "getting along" just after World War II, to a level more consistent with a socially defined poverty level in the late 1950s and early 1960s.⁴³ Based on this review of alternative update procedures, an update based on changes in after-tax income or on the Gallup social definition would be preferable to the updates tied to changes in before-tax median family income or the particular version of the updated food multiplier standard considered here.

Summary of findings and some suggestions for additional research

This review of the trends in three needs standards in the post-World War II period suggests that needs standards based on the views of society's members have changed quite differently than the Federal government's official measure of poverty. This difference arises because socially defined measures of need tend to respond to changes in the average level of economic resources available to society's members⁴⁴ while the official measure has remained fixed in real terms. In addition, use of this alternative approach to track the size of the poverty population over time, both in terms of rates and numbers of poor, yields somewhat different views about the current size of the poverty

population and a strongly contrasting picture of trends over time in the size of the poverty population. The relationship of the Gallup-based poverty series to the median income after tax in the three decades since 1960 also lends some support to the practice of a number of researchers to set relative poverty thresholds at 50 percent of the median income.⁴⁵ Furthermore, if the interpretation of the Gallup-based standards presented here is valid, it lends further weight to the view that at the time the official Federal poverty standard was developed by Orshansky (e.g., Orshansky 1965a and 1965b), her procedure yielded thresholds that were generally consistent with then current societal notions of the poverty level. In addition, in light of the very likely change in societal notions about what constitutes a poverty-level income, there is the strong implication that the absence of a procedure for appropriately updating the official measure has resulted in a poverty threshold that is no longer fully consistent with the standards of the American people.

Finally, this analysis underscores the importance of the consistent treatment of needs measures and resource measures. The use of change in before-tax resource measures to update needs standards defined on an after-tax basis can lead to serious distortions during periods when the ratio of after-tax to before-tax income is changing.

Much useful additional work could be done to exploit existing information about socially defined needs criteria. The nature of the Gallup get-along estimates deserves much closer scrutiny. In part, this would require more direct work with the appropriate Gallup data files available from the Roper Center. Research which refines and expands on the themes taken up in the current article would also be quite useful. It would also be worthwhile to examine the expenditure patterns associated with the income and consumption levels based on socially defined needs standards in order to gain a more concrete understanding of the level of living that they imply. Similarly,

comparisons with recent expert budget studies (Renwick and Bergman 1993, and Schwarz and Volgy 1992) would also be useful. Finally, additional survey research focusing on both substantive and methodological questions regarding public judgments about minimum incomes in the U.S. context is very much needed. One hopes that at least some of this work might be undertaken in the near future in venues such as the Consumer Expenditure Survey or the Survey of Income and Program Participation.

Concluding remarks

It would be more than a little naive to focus on the technical aspects of poverty measurement without raising the question of why the current measure has undergone no major revision since its appearance nearly 30 years ago. Clearly, its hardy resilience over the past three decades is not due to wide agreement as to its technical merits or to the difficulty of updating it in a manner consistent with the principles used to first construct it (e.g., Fendler and Orshansky 1979). However, there are at least two concerns that have contributed powerfully to the constancy of the official measure:

1. Updating the statistical measure of poverty would tend to change our view of the size of the poverty population and thus affect our sense of the possible claim which poverty reduction, as a policy goal, has on national resources. As there are very powerful forces arrayed on each side of the poverty debate, the resulting political sensitivity of the poverty issue has very obviously contributed to the difficulty of modifying the current measure.
2. Perhaps of more fundamental importance is the explicit relationship between our statistical measure of poverty on the one hand, and eligibility criteria and benefit levels for a variety of transfer programs on the other hand. This linkage means that any change, including an

adjustment over time, which leads to a change in the poverty line in terms of real income is seen as translating immediately into an increase or decrease in public expenditure. Thus, a discussion over technical issues becomes a much more difficult debate over the level of public expenditures and the scope of government activity.

As a close observer and sometime participant in this environment for more than two decades, it is the observation of the author that these concerns have strongly conditioned the consideration of technical issues involved in defining the statistical measure of poverty. This has been true from the first appearance of the official thresholds and is certain to be so in the future, as well. Such tensions and the resulting controversy are probably most constructively viewed as the natural outcome of a decision to have a single "official" measure of poverty. Maintaining an openness to the consideration of differing points of view regarding the ends and means of poverty measurement will, at times, undoubtedly present a most difficult challenge to policy makers, but is also a way to clarify and foster further consensus about poverty measurement issues.

TECHNICAL APPENDICES

Appendix A

This appendix deals with two issues. (1) Derivation of consistent estimates of the dollar amounts for the two Gallup-based needs standards for calendar year 1989 and (2) an assessment of the implications of an alternative Gallup-based poverty standard derived using elasticities of 0.5 and 0.85 instead of 1 to specify the relationship between changes in the poverty and get-along standards over the course of the post-World War II period.

Derivation of consistent estimates for the Gallup get-along and poverty standards for 1989

Responses to the get-along and poverty questions were obtained in separate Gallup surveys in 1989 (the get-along item in May and the poverty item in four surveys conducted one each in the months of July-October). The dollar value of the get-along standard as of May 1989, at the time of collection, has been published by O'Hare (1990). To the best of the present author's knowledge, the only published values for the Gallup poverty standard are those provided by O'Hare, et al. (1990), and pertain to 1988. A get-along value for 1988 was also published in conjunction with the 1988 value for the poverty standard. Presumably O'Hare and his associates presented their discussions in terms of 1988 price levels⁴⁶ rather than the price levels at the time of collection by Gallup because they wanted to make comparisons with the latest available estimates based on the official poverty measure, which at the time of their publication, pertained to 1988. In addition to the lack of a published 1989 value for the Gallup poverty standard, comparison of the two levels is subject to the complication that two different procedures for annualizing the weekly amounts obtained from the survey question have been employed. The first approach is very straightforward -- multiplication of

the weekly mean amount by 52. This was the approach used by O'Hare to annualize the weekly get-along amount obtained from the Gallup survey of May 1989 that appeared in his piece in **American Demographics** (1990, pp. 36-39) and yielded an annual get-along threshold of \$21,788. Noting that an annualization on the basis of 52 weeks implies a year of only 364 days and an annual poverty standard at the 1988 price level just short of \$15,000 (\$14,976), O'Hare and his colleagues chose to annualize the weekly standard on the basis of a 365-day year for purposes of the Families USA Foundation report (O'Hare, et al. 1990, pp. 18-20) and obtained a value slightly exceeding \$15,000 (\$15,017); the corresponding get-along value based on a 365-day annualization is \$20,913. For purposes of the present study, restatement of both standards in terms of 1989 price levels on the basis of consistent annualization was desirable. The 1989 dollar values reflecting annualization on the basis of 52 weeks and the average price level of May 1989 are given in row 2b, columns 2 and 3 of table A-1 (get-along, \$21,788 and poverty, \$15,646, see p. 66). The range of alternative annual values for both standards, published and unpublished are also given in the table, together with the ratio of the poverty to the get-along standard for each pair of comparisons and each standard expressed as a percentage of median four-person family income net of Federal income and FICA tax.

Although some of the differences between the estimates presented in the table may seem trivial (for example, those due to the alternative modes of annualization), I developed the table principally as a means of reconciling the various published estimates and to insure that the basis for their differences was understood. For example, the only way to reconcile the two published values for the annual get-along standards, the one reflecting July 1988 price levels (\$20,913; row 1a, column 2) and the one reflecting price levels at the time of collection in May 1989 (\$21,788; rows 2b and c,

column 2) is to recognize that they were constructed using the alternative means of annualization, i.e., the appropriate annual get-along value for May 1989 based on consistent annualization using the 365 day year approach is \$21,848 and not the value published for May 1989 by O'Hare (\$21,788) which is based on an annualization using the 52 week, 364 day procedure (see rows 2a-c, column 2, in table A-1).⁴⁷

Alternative Gallup-based poverty standards

Clearly, projecting the Gallup-poverty standard from 1989 back to 1947 by assuming it could be represented as a constant percentage of the corresponding get-along value is open to challenge. This assumption is equivalent to affirming an elasticity of the poverty standard with respect to the get-along standard of, i.e., that the year-to-year percentage change in both standards was the same over the course of the post-World War II period. (Of course since the poverty standard was only measured in one post war year, when speaking of the poverty standard, we refer to the unmeasured views of the population, which if polled, would have resulted in a series for the poverty standard paralleling the get-along series). The question reduces to the following: How would that unmeasured series have behaved with respect to the secular increase in family incomes since World War II? Presumably it would not have increased faster than real income. Would it have been less responsive than the get-along series? If so, how much less responsive? Even though there would appear to be no way to arrive at a fully satisfactory answer to this question, a sensitivity analysis does prove instructive.

Considerations for the sensitivity analysis

As noted in the body of the article, the only long-term series corresponding even approximately to poverty and get-along standards are those developed by Ornati (1966) on the basis of a review of

expert budgets for the period 1905 to 1960. The budget levels denoted by Ornati as minimum subsistence and minimum adequacy have been taken by other researchers (Rainwater 1974 and Kilpatrick 1973) to correspond respectively to the poverty and get-along levels. Kilpatrick estimated the elasticity of each with respect to average income, finding the respective elasticities to be 0.75 and 0.88. Thus based on Kilpatrick's estimates, the ratio of the two elasticities with respect to average income is $(0.75/0.88)$ or about 0.852. Since the 95 percent confidence intervals of the two estimates overlap (Kilpatrick 1973, p. 332), one can hardly put a great deal of confidence in the ratio of the two. In addition, as Kilpatrick notes, Ornati had to construct the series on the basis of "studies by various persons in the past who differed in purpose, values, competence, and resources for research. Still, .85 probably does represent as reasonable an alternative to the assumption of unitary elasticity of the poverty standard with respect to the get-along standard, as can be found. Nonetheless, 0.85 is quite close to the one chosen for this study (1.0). Consequently a third Gallup-based poverty standard was developed assuming an elasticity of the poverty standard with respect to the get-along standard of 0.5, an elasticity only one-half that implicit in the Gallup-based poverty series presented as the focal point of this study.

Constructing the alternative Gallup-based standards.--Since Kilpatrick estimated his elasticities on the basis of constant dollars and in double log form, in the present context, their ratio may be taken to represent the proportion of the average year-to-year percentage change in the get-along measure that is reflected in the corresponding poverty standard when both are expressed in constant dollars. The alternative threshold series were constructed by assuming that the elements of the unobserved Gallup poverty series (P_i) were related to the elements (G_i) of the observed get-along series in the following manner:

$$P_i = \alpha G_i^\beta \quad i=47, \dots, 89$$

$$\text{and } \alpha = P_{89} \div G_{89}^\beta$$

and where β in both instances represents the assumed value of the elasticity of the unobserved poverty series with respect to the Gallup series, i.e. alternatively .85 or 0.5. The two alternative series are presented in table A-2 (see p. 67) together with the get-along series, the series for the official Federal government poverty standard, and the Gallup-based poverty series presented in the body of this study. Each series is expressed in current as well as constant dollar terms to facilitate comparison to the official poverty thresholds, which are conventionally expressed in current dollars. All five series (the three Gallup-based poverty series, the get-along series and the official poverty thresholds) are depicted in figure A-1 (see p.73), expressed as a percentage of the median four-person family income after tax. (The three Gallup-based poverty series are denoted as GPovE1.0, GPovE0.85 and GPov0.5 in the figure).

Discussion.--The assumption of an elasticity of the poverty series with respect to the get-along series of .85 as opposed to 1.0 would not alter the central findings of the study, namely that the official standard was inconsistent with the Gallup-based standard at the beginning of the post-World War II period and at the present time. Of course, given that all three Gallup-based poverty standards (the one employed in the study and the two alternatives considered here) necessarily share the same value in 1989, assumptions about the elasticity of a socially defined poverty threshold with respect to the get-along level can have no effect on study findings as they pertain to the end of the period.

The Gallup-based poverty series constructed on the basis of an elasticity of the poverty standard with respect to the get-along standard of 0.50 does yield a poverty standard approximately the same level as the official threshold at the beginning of the period. But this is hardly credible,

because it also would lie quite close to, if not within the general range of the get-along standard. Since the substantial difference in the social meaning attached to the two levels has been well established by Rainwater (1974), the finding of a socially defined poverty level so close to the get-along range is not credible. In fact, the results of this sensitivity analysis serve to emphasize that the basic study findings are tied to three fundamental pieces of information that are wholly unaffected by the nature of the elasticity assumption used to create a Gallup-based poverty series, i.e., the level of the get-along standard immediately after World War II, and the levels of the Gallup get-along and poverty standards in 1989. The context which they provide the poverty series consistent with the official measure strongly suggests that the "official" standard has changed its meaning over the past four decades. Starting at a level likely well above a socially defined poverty standard, it declined steadily as a fraction of the after-tax income of four-person families until reaching, at the present time, a level somewhat below a socially defined poverty level.

Appendix B⁴⁸

Updating to account for changes in family income since 1990

This appendix provides an update of the measures presented in the body of the article. The original research was undertaken more than ten years ago and it is of interest how the income levels associated with the Gallup poverty measure have evolved over that ten-year period, how they compare to official poverty thresholds for the same period and so forth. Unfortunately, the last Gallup measure was collected in 1989. Since then no consistent set of comparable measures have been undertaken. However, the retrospective relationship between the median income of four-person families, net of tax, to the Gallup poverty threshold can plausibly be extended for the years lacking observations. It was shown that the Gallup measure averaged 50 percent of the median income of four-person families, net of tax, for roughly thirty years between 1960 and 1989. Furthermore there was no obvious trend over the same period. In the six four-year periods considered in the analysis, the average value of the thresholds varied between 51.8 and 48.6 percent of the median income measure that was used. Since the income is measured annually in the Current Population Survey and the tax concept employed is reproducible in a manner consistent with the study, dollar amounts corresponding to the Gallup poverty standard, calculated at 50 percent of the median income of four-person families, are easily derived. The necessary calculations were carried out and are presented in table B-1 (see p. 68) for the period 1990 to 2000. The official poverty threshold for four-person families, and the before- and after-tax median income of four-person families is also given for purposes of comparison.⁴⁹

At the beginning of the period, the Gallup standard (1990) was 129 percent of the official

standard. Over the decade, it rose along with the median income of four-person families. Since there was little trend in the ratio of before-tax to after-tax income for the period, taxes do not influence the trend Gallup standard during decade. Only the base level, at the beginning of the period, is affected, lowering it by about 17 percent from a before-tax level. During the 1990's, both the before- and after-tax income of four-person families increased by a little over 50 percent. Since the official standard rose only in response to the changes in the Consumer Price Index (CPI), it rose by less, only little more than 32 percent as family income gains generally outpaced inflation during the period. Consequently, the Gallup poverty standard reached 146 percent of the official threshold by the end of the decade. This underscores the principal characteristic of a socially-defined standard which responds to growth in family income that reflects increases in the general standard of living, while the official measure changes only in response to increases in the prices and remains fixed in real terms. Thus, in any period of real income growth, the official standard is bound to fall behind a social standard that tracks changes in both prices and real growth in income.

Projections beyond the present

Recently research has been conducted under the sponsorship of the Social Security Administration on projecting income of the retirement age population through 2020 in order to better understand the implications of various Social Security reform plans and their possible impact on poverty rates of the elderly (Butrica , Smith and Toder, 2002). Given that benefits under current law are indexed by growth in real wages as well as prices, they chose two methods to update poverty thresholds to the end-point of their simulations: a simple extension of the current official thresholds in real terms and updating the current thresholds by increases in wages as projected by the Social Security Actuaries. While growth in wages will not be the same as growth in total family

income, before or after tax, updating by the projected rate of wage growth serves to illustrate the long range implications of updating the official poverty thresholds without taking into account increases in the standard of living.⁵⁰ After all, future wage growth is a useful indicator of the likely evolution of living standards over time and is the basic rationale behind tying Social Security benefits at retirement to previous growth in wages. Wage indexation of benefits in the Social Security program represents a policy decision that workers' benefits in retirement should reflect increases in the standard of living associated with improvements in productivity and the level of wages that occurred during their working life (Ball and Bethel 2000, pp. 8-9).⁵¹

In B-2 (see p. 69) the Gallup poverty standard is updated from 2000 to 2020 by the projected rates of growth of real annual wages and compared to the official threshold maintained in real terms. Neither are adjusted for prices in the first two columns of the table. Thus the official threshold remains at the value it had in 2000 (\$17,603); the Gallup standard begins with the value estimated for 2000 also (\$25, 694) but is updated for growth in wages was projected by the Social Security Actuaries (SSA 2002, table VB.1, intermediate assumptions).⁵² Additional assumptions are required for the update of the Gallup standard. For example, total Federal and State income and FICA taxes and the Earned Income Tax Credit at the median of four-person families are held constant as a percentage of total family income, real wage growth is assumed to translate directly into increases in living standards, and the translation is assumed to be equally distributed among families of different size.

However, none of these assumptions is very critical to the point to be illustrated. What the table shows is that by 2020 the social standard increases to between 1.2 and 1.3 times its level today (2000). In comparison to the official level it increases from a little less than 1.5 times the

current poverty threshold for four-person families to 1.8 and 1.9 times the official standard in 2020.

While the official standard remains fixed in real terms, a social standard, indexed by real wage growth, increases markedly. Recall (table 1b, p. 63) that at the beginning of the post-war period, a standard that was conceptually equivalent to the official threshold exceeded the Gallup threshold by nearly 35 percent. It then declined to the about the same level as the Gallup standard at the time of the unofficial introduction of the Orshansky thresholds in 1963. From that point onward, the poverty thresholds (introduced as official measure in 1969) consistently lagged behind the Gallup standard. By 1990, the official threshold was about 25 percent below the a level consistent with the Gallup measure. At the end of the 1990's, it had fallen further to 32 percent below an income level associated with the with the Gallup standard. By 2020, using projected wage growth to update the social standard and maintaining the official standard in real terms by updating only by estimates of changes in the Consumer Price Index, the official standard would be 46 percent below a social standard based on the Gallup level. Indexing the Gallup standard by wage growth might at first seem to result in a poverty line that is unrealistic by today's standards. However, if living standards increase as much as the wage growth is projected to increase by Social Security Actuaries over the next 15-20 years, based on history of the public's views over the 50 years since World War II, a socially defined poverty line is likely to change apace. Then the official measure, if it remains fixed in real terms, is likely to come under increasing scrutiny as society's standards change with the continued evolution of living standards in the new century.

Changes in the real value of the social standard over time

An issue that was not dealt with in the original article concerns the increase in real income implied with the use of a socially-defined needs standard. It turns out that over the fifty years

between the end of World War II and the turn of the century, the real income of those living at the “poverty level” as measured by the Gallup poverty standard, has doubled.⁵³ What does this imply about the standard and how is it to be interpreted? Some may suggest that those living at the Gallup poverty level are objectively much better off in terms of the quantity of good and services that they have at their disposal than they were at the middle 1940’s.⁵⁴

With a standard informed by relative incomes this is not really surprising. With the substantial economic growth experienced in the United States over the past 40 years, the quantity and variety of goods and services commanded by those living at income level implied by the Gallup standard has necessarily increased markedly. But is the significance of such changes? The standard of living that this increase affords, and the level of material resources it entails, lies behind the common observation that the poor in the United States have a higher standard of living than many middle class families in the developing world, or even in certain dimensions of consumption, Western European countries. But what is the relevance of such an observation for understanding the phenomenon of poverty in the United States? America’s poor are Americans by residence and partake, for the most part, in the expectations and aspirations of those living here, not in Africa, Asia or Latin America or other countries. In the body of the article readers are invited to imagine an urban New Yorker of 1850. Such a person “would hardly have felt deprived by not being able to afford a telephone, radio or television; as such goods did not exist, they were not part of the choice set of a member of New York’s society of 140 years ago.” Simply because such goods have entered the common choice set, and, along with many others, they have become an established part of people’s expectations. This was considered relevant to the topic of poverty because it is also posited that a “consistent inability to meet ... [typical consumption aspirations] that arises from

financial constraints is likely to take a heavy toll on individuals are, or who aspire to be, “family providers” or otherwise see themselves as attempting to live by conventional norms. This is especially so when the shortfall is marked, such as when a person has at most only half the typical income of his society.

Recall also that it was argued that the Gallup standard may be interpreted as measuring the social costs of living in society and is defined by the material offerings of a specific time and place.⁵⁵ From this perspective, the criteria for judging what is sufficient or reasonable must be informed by the norms present in a given society at a given time. Such norms are likely to be a function of the selection of goods and services that are being consumed in that society’s present. Seen in this light, the seeming contradiction between increasing standards of living and poverty is not so hard to appreciate. Many new goods and services have entered circulation in our society over time. Take consumer durables as an example. At the end of World War II television was just making its presence felt and was infrequently owned. Now the black and white TV has passed into oblivion and colored TV’s are ubiquitous. Housing standards have increased markedly. In-door plumbing and central heating are nearly universal. Modalities of transportation have changed substantially with the evolution of the suburbs; and ownership of an automobile, more often than not, has become a necessary requirement for employment. With the increasing presence of women in the work place have come new expenses of transportation and childcare. These changes and a host of others have raised the objective cost subsistence in the United States. What were once luxuries have become necessities. In addition to the objective costs of subsistence there are the additional costs associated with adequate performance of key social roles. These costs lie at the core of a socially-defined needs standard. They distinguish it from a standard which reflects the

changes in the objective costs of a minimal standard of living, and even more from a fixed subsistence standard, such as the official poverty threshold, which remains the same regardless of changes in the general standard of living.

In principal, considerable insight could be gained into the kinds and quantities of goods and services required to carry out these roles. How those requirements have evolved concretely over the past 50 years could be explored by examination of the patterns of consumption of specific goods and services associated with the Gallup poverty standard as revealed in the decennial consumer expenditure surveys of the period. More attempts to measure social standards in current government surveys such as was done in the Consumer Expenditure Survey in the early eighties (see Garner and de Vos, 1980), and more recently in the Survey of Income and Program Participation (Garner, 2002), would be most helpful. Special attention should be given eliciting information about the resource requirements successful performance of social roles associated with marriage, family life, and parenting. Exploration of specific consumption goods central to a social standard of poverty would also be helpful (Vaughan 1996). If finding a place in Federal surveys proves infeasible,⁵⁶ then reestablishment of a Gallup-like series in the private sector can and should be pursued.

NOTES

¹ In the early 1990's, the Committee on National Statistics (CNSTAT) established a panel of experts to review the adequacy of the official Federal poverty measure. This article, originally drafted in response to an invitation to participate in a panel discussion on the measurement of poverty organized by Dr. Bruce Klein and held at the August 1991 meetings of the American Statistical Association, was also presented at the initial meeting of the CNSTAT panel in June 1992 when the author was employed by the Social Security Administration. It was published originally in the **Social Security Bulletin**, 56:2:22-46. The implications of the Panel's recommendations (Citro and Michael 1995) have been explored extensively by analysts at the Census Bureau and the Bureau of Labor Statistics (for a sampling see Short, Shea, Johnson and Garner 1998; Short, Garner, Johnson and Doyle 1999; Short 2001). The author would like to thank his former colleagues at the Social Security Administration including Benjamin Bridges, Jr., Daniel Radner, Weltha Logan, Nancy O'Hara, Selig Lesnoy, Dean Leimer, and Peter Wheeler for their many helpful comments on the body of the paper. Gordon Fisher also gave the paper a careful reading. Pat Cole at Social Security provided extensive assistance with the manuscript.

² Indeed, to expect the individual who lives in a society not to partake of its material ambience is, paradoxically, to expect him to be able to live outside that society and to construct the material aspects of his life without reference to the example of his "mainstream" fellows. Perhaps it is not surprising that individuals who find themselves without access to a socially defined minimum of material resources come upon styles of living that those of us with the resources necessary to construct conventional lifestyles find unsettling, if not, at times, outright threatening.

³ For example, work by Garner and de Vos (1990 prepublication draft) demonstrates that an individual's assessment of minimum income need tends to be higher if he or she personally experiences large fixed expenses attributable, for the most part, to housing costs. Thus it could be argued that the "subjective" taste for housing leads to "spurious" increases in the assessment of minimum income needs. In the context of the expert budget approach to setting minimum income thresholds the same sort of problem exists, but in a less tractable form. For example, Schwarz and Volgy (1992, p. 44) set a minimum housing expenditure standard for a family of four at the 45th percentile of all two-bedroom rentals (the current Department of Housing and Urban Development low cost standard). Renwick and Bergmann (1993, p. 7), however, select the 25th percentile of the rental distribution of two-bedroom units. While the choices of the consumers with well developed tastes for housing may, perhaps, be rationalized in terms of reference group theory (Alessie and Kapteyn 1988) or social communication processes, and are appropriately weighted when captured in the context of representative samples of the adult population, no such rationalizations are available to account for the decisions of expert budgeteers.

⁴ Although income-satisfaction measures and subjective-needs standards have been shown to vary systematically by region and size of place, such variations may well reflect differences in expectations, as well as in possible differences in living costs.

⁵ The general approach taken by Rainwater might possibly be implemented using income-satisfaction measures such as those experimented with by Vaughan and Lancaster (1979,1980). If the condition of poverty is taken to represent a special case of the general decline in economic well-being associated with decreasing incomes below the median, then the rapid decline in satisfaction with family income that is clearly observable below the median income (Vaughan and Lancaster 1979) could be interpreted as a deprivation indicator and used to measure the increasing degree of poverty below any given threshold value.

⁶ The question is worded as follows:

What is the smallest amount of money a family of four (husband, wife and two children) needs each week to get along in this community?

⁷ Ornati's data yield the following minimum subsistence to minimum adequacy budget ratios for the years 1945-60: 1945-49, 0.67; 1950-54, 0.70; 1955-60, 0.63 (Ornati (1966) as presented in Rainwater (1974) and Kilpatrick (n.d.)).

⁸ While Kilpatrick proceeded on the assumption that changes in the get-along amount with respect to average income are a good indicator of similar changes in a poverty line (1973, p. 327), he also notes that the income elasticity of the get-along level, being closer to average income, might be higher than that of a poverty line. He cites the results of his analysis of Ornati's budget figures that indicate relatively higher elasticities associated with higher as opposed to lower budget standards (1973, p. 329). He finds the ratio of the elasticities of minimum subsistence to minimum adequacy budgets to be 0.75/0.88 (or about 0.852.) However, the 95 percent confidence intervals for the elasticities overlap and Kilpatrick (1973, p. 332) notes that "the data are necessarily weak, for any series now put together has to be based on studies by various persons in the past who differed in purpose, values, competence, and resources for research." See the appendix for an assessment of the implication of alternative assumptions about the relative elasticities of these two living levels.

⁹ In 1960, the year Leveson selected, the official threshold for a family of four stood at 48 percent of median four-person family income before tax and about 55 percent of the four-person family median net of estimated Federal income and FICA payroll taxes. In 1963, the year for which the official measure was first fully implemented, the four-person threshold represented about 44 percent of the median before-tax income of four-person families. In 1955, the year in which the key 1/3 food-to-income ratio was measured, the four-person threshold backcast using the CPI amounted to about 60 percent of the four-person median income before tax. In 1989, the four-person threshold represented only 38 percent of the four-person median family income after tax (see table 1b, (p. 63) this paper, for the source of these percentages).

¹⁰ The May poll included 1,073 adults (O'Hare 1990, p. 38). The four polls in July through October included approximately 1,000 adults each and yielded 3,511 usable responses (O'Hare *et al.*, 1990, p. 18).

¹¹ My estimates for the elasticity of the get-along series with respect to the median income of four-person families provide, at best, only equivocal support for this view. Using get-along means estimated directly from publicly available files from Rainwater expressed in constant dollars (1974 and 1990, see table 1a, p. 62, for the corresponding means expressed in current dollars; both current and the constant dollar versions of the series are provided in table A-2 (p. 67), and a double log specification, I did find that the estimated elasticity is somewhat higher when using median four-person family income net of Federal income and FICA payroll taxes as opposed to the corresponding median gross of tax (0.80 vs. 0.65). However, the fit is no better when the net-of-tax variable is used for family income; actually the R^2 is very slightly lower on a net basis (0.946 vs. 0.951). In both instances, income and the get-along values were expressed in constant 1967 dollars using the Consumer Price Index.

¹² Unpublished estimates of simulated tax liability of four-person households by before-tax income class provided to the author by the Bureau of the Census suggest that a four-person family with a before-tax income at the Gallup poverty standard (\$15,646) would have an after-tax income of about \$14,750 (using a definition of taxes that includes Federal and State income and Federal payroll taxes but excludes property taxes and Federal civilian employee retirement contributions). Thus, were the Gallup poverty level to represent income before tax, placing it on an after-tax basis using the preceding estimate would lower the ratio of the Gallup poverty to get-along level slightly, to about 0.68. This ratio would still be, quite consistent with that found for Boston in the late 1960s by Rainwater (1974, pp. 94-117) and very similar to that found by Ornati (0.67) for 1945-49 immediately following World War II (as derived from Rainwater's analysis of Ornati's data (Rainwater 1974, table 3-1, p.46)).

¹³ A subsidiary of the Yale University Social Science Library, Special Collections section.

¹⁴ In his more recent work, Rainwater provides medians and geometric means, in addition to arithmetic means, for 23 observations. He argues that the frequency of rounded responses produces instability in the medians that is avoided by using means (Rainwater 1990, p. 5). He notes that the median averages 95.1 percent of the arithmetic mean and the geometric means averages 90.3 percent of the arithmetic mean for the 23 observations included in his appendix. Obviously, use of either of the two alternatives would result in a get-along estimate that was somewhat lower, and by

inference, a lower Gallup-based poverty standard as well. However, since the focus of the current study is on the relationship between the Gallup social standards and the official threshold, means are likely the preferred representation of the social needs standards in any case. This is because the official thresholds themselves, given the way in which they were constructed, are essentially means—that is, the food-to-needs ratio was derived as the ratio of mean food expenditures to mean income.

¹⁵ There is generally more than one source for the value of the Gallup get-along standard in any given year. The Gallup Organization itself is the most convenient source and has routinely published values for nearly the entire series several times during the 1970s and 1980s (e.g., **The Gallup Report**, no. 248, p. 3). However, there are a number of difficulties with the series published by Gallup. First, the medians published by Gallup apparently exclude farm households. On occasion, this fact is noted in **The Gallup Report**. According to Alec Gallup (personal communication, 8/91), estimates published by the Gallup Organization have always been based on the responses of nonfarm households only. While farm households were reportedly always asked the get-along question, they were always excluded before the median was derived. In addition, certain conventions for dealing with the pervasive rounding of responses were developed when the get-along levels were quite modest. Apparently, these procedures did not perform as well when the average level climbed a good deal higher in the late 1970s and 1980s. This problem was related to an at least temporary suspension of the series after 1986 (Diane Colasanto, former chief methodologist for the Gallup Organization, personal communication). Incidentally, which get-along values are chosen can make quite a bit of difference analytically. Initial estimates of the elasticity of the get-along series with respect to the median income of four-person families net of taxes using a double log specification yielded a point estimate of 0.68 when the series was constructed using Rainwater's estimates through 1969 taken from his 1974 publication, values from the Gallup Report for the remaining years prior to 1986, and O'Hare's estimate for 1989. Substituting the means that Rainwater provides in his 1990 piece for the later years, when available, raised the point estimate to 0.78 and dropping the remaining five medians published only in the **Gallup Report** further increased the estimated elasticity to 0.80.

¹⁶ An additional aspect of the Gallup measurement procedures ought to be noted. The month of collection was not fixed and in some years it was asked more than once. Information on month of collection is provided in column 2 of table 1a (p. 62).

¹⁷ Of course, there is certainly more than one procedure of measuring poverty standard based on the view of society's members. Two promising alternative to the approach taken by the Gallup Organization and those of Rainwater (1974, pp. 94-117), in which judgments about the poverty standard are elicited in the contexts of judgments about a range of living levels, and an approach developed by the Leyden Group (Goedhart, Halberstadt, Kapteyn, and van Praag 1977), and most recently by Statistics Canada (Morissette and Poulin 1991). Although the procedures of the Leyden Group are frequently said to yield estimate of a poverty level threshold, to my knowledge, with only one exception (Dubnoff 1985), respondents have not been expressly asked to estimate the income level associated with poverty. In the two instances in which their general procedure has been administered to nationally representative samples in the United States (Danziger *et al.* 1984; Garner and de Vos 1990), the resulting thresholds have been well above what would be considered to be a poverty standard. Results of the recent Canadian experiments suggest that they may have developed a question wording that yields a level in the general poverty range, but as the question did not make reference to poverty *per se*, there is uncertainty about how the resulting resource level actually relates to a poverty level standard. (The wording of the question is: *In your opinion, how much would you have to SPEND each year in order to provide BASIC necessities for you family? By basic necessities, I mean barely adequate food, shelter, clothing and other essential items required for daily living.*) In any case, even if a number of methodological issues surrounding these different procedures could be put to rest, it is not clear that they would yield wholly similar results. Until the necessary research is undertaken to settle such questions, it would be premature to embrace the recent Gallup results uncritically.

¹⁸ While the assumption of unitary elasticity of the two series is not unreasonable, it is clearly arguable. Consideration of two alternative Gallup-based poverty series using elasticities of 0.85 and 0.5 in the technical appendix tends to support the general findings stemming from a series constructed on the basis of unitary elasticity.

¹⁹ Prior to 1969, when the Social Security Administration's (SSA's) poverty thresholds were adopted as the official Federal statistical measure of poverty, the lines had been updated annually based on changes in the cost of the Department of Agriculture's economy food plan. With the adoption of the SSA thresholds as the official measure, the lines were adjusted forward from the 1963 base year for price change based on the CPI rather than on change in the cost of the economy food plan, and the official set of thresholds was projected back to 1959 on the basis of the CPI (BOC 1969, p. 11). Prior to 1978 the CPI was estimated for Urban Wage Earners and Clerical Workers (the CPI-W). In January, 1978, the Bureau of Labor Statistics introduced a second version, the Consumer Price Index for all Urban Consumers (the CPI-U). From 1979 onwards the poverty thresholds were adjusted for price change using the CPI-U (Fisher 1993, p. 10). Unless specifically noted, in this study mention of the CPI after that date denotes the CPI-U.

²⁰ Food share was taken by Orshansky (1965a, 1965b) as a useful indicator of economic well-being. As she noted (1965a, p. 7): *A declining percentage has been associated with prosperity and higher income, and the rising percentage associated with lower income has been taken as an indicator of stringency.* Loosely speaking, the total poverty budget was originally estimated as the product of the reciprocal of the food share (the so-called food multiplier) and the amount of the economy food plan, by family size.

²¹ The same information is also available for 1946, the first year that Gallup administered the get-along question. However, it excludes the rural farm population.

²² The Bureau of the Census did not publish these statistics by family size for the years 1953 and 1954. Medians for families with two related children under age 18 were released, and four-person family medians for these two years were estimated based on the relationship between the median income of four-person families and the median income for families with two related children under age 18 in adjacent years (1947-52 and 1955-60). However, no attempt was made to estimate the distribution of four-person families by amount of money income for these years.

²³ While there is a great deal of controversy surrounding the comparison of an expanded resource measure including the value of publicly provided noncash benefits to the official poverty thresholds, it is probably true that the social science community would hold that the official measure represents, by and large, a money income requirement. While the Gallup get-along threshold clearly refers to a cash income concept, i.e., the question refers explicitly to *money*, the Gallup poverty item refers only to income. Were it to be found that the answers of respondents who were receiving noncash benefits were systematically lower than the answers of respondents in otherwise similar circumstances, it might be argued that the resulting Gallup threshold at least partially reflected the value of noncash benefits. However, at present there is no direct evidence with regard to the Gallup measures that this is the case, so for purposes of this study, the Gallup threshold is treated as representing a strictly cash income requirement.

²⁴ However, to the extent that eligibility criteria and benefit amounts are directly or indirectly linked to the "reigning" statistical measure, a linkage present in the current environment, after a period of adjustment following the introduction of a set of higher "updated" thresholds, the pattern associated with the existing thresholds and the impact of noncash benefits would likely reappear.

²⁵ In effect, the current version of the official measure was originally defined on an after-tax basis because the denominator of the food ratio was after-tax money income. And while it is true that until the past 10 years or so the official threshold has been applied in conjunction with income defined on a before-tax basis, this practice has been the subject of strong criticism (Ellwood and Summers 1986, pp. 12-14). Beginning in the early 1980, the Bureau of the Census developed the ability to produce after-tax income estimates and recently introduced experimental estimates of poverty that do provide comparisons of the official threshold to income defined on an after-tax basis (1988). The first published Bureau of the Census estimates of poverty based on a comparison of after-tax income to the official thresholds appeared in 1983 (Bureau of the Census 1983) and pertained to income year 1980.

²⁶ Even if the microdata were available, the task of creating after-tax estimates would obviously have been well beyond the resources available for this study.

²⁷ The Federal Insurance Contributions Act (FICA) refers to the law authorizing payroll taxes.

²⁸ Review of the estimates presented in table 1a (p. 62) indicates that the value for 1961, at 77 percent of median income net of tax, ought to be placed in the first period.

²⁹ Recall that for the 1945-49 period, Ornati's minimum subsistence (poverty) series averaged 67 percent of the minimum adequacy (get along) series (see note 7).

³⁰ Note that with respect to both Gallup standards, the years with the highest percentages 1975 and 1980, two years based on the median amounts as published by Gallup. Presumably these also are pertain to nonfarm households. See note 15.

³¹ As noted earlier, the current official measure was originally constructed on an after-tax basis, but until relatively recently, in the CPS context it has consistently been compared with income before tax.

³² The Census Bureau's estimates of tax liability include, in addition to Federal income and payroll taxes, State income taxes, mandatory Federal employee retirement contributions, and property taxes. Adjustments were made to exclude retirement contributions and property taxes from estimates of tax liability before construction of the before-tax needs standards for the 1980s. Since the Bureau of the Census has released the microdata files that contain detailed tax liability estimates for individual households, it would have been technically possible and preferable, to use the microdata files to directly determine tax liability of four-person units with incomes corresponding to the three needs levels. However, that approach was not possible given the time and computer processing resources available for the study. The decision to include State income taxes in the definition of taxes for the recent period but to ignore them for the years immediately after World War II does make for a formal inconsistency between the definition of taxes employed to construct the before-tax needs standards for the two periods under consideration. However, the practical effect of the failure to account for the impact of State income taxes in the immediate post-World War II period is likely to be negligible given the rarity of State income taxation at that time, while including them for the later period is clearly preferable since they represent income not available to meet minimum consumption needs (according to published Bureau of Census estimates, during the 1980's, State income taxes amounted to between 2 and 3 percent of the before-tax income of four-person families with incomes at the four-person family median).

³³ When the study was undertaken, a distribution of four-person families by income level for 1989 had not been published. Since the distribution of families by income level is required to derive poverty counts and rates, 1986, the last year for which the Gallup measures and distributional estimates was available, was chosen as the endpoint for the "current" time period. The necessary distributional information is now available for 1989 (BOC 1991) and has been used to add poverty counts and rates for 1989 as shown in table 1b (p.63). Estimates of before-tax needs standards for 1989 were also developed and are included in table 2 (p. 64). However, the ending 6-year period was still defined as 1981-86 because get-along observations are available for only 4 of the 6 years from 1984 through 1989.

³⁴ As the rates are derived from before-tax income distributions using straight-line interpolation, they often differ slightly from the official estimates for years since 1959 that were produced on the basis of comparison of the CPS microdata to the full poverty matrix. Generally speaking, when the rates shown here differ from the official published rates, they do so only by 0.1 or 0.2 percentage points.

³⁵ Unpublished data made available by the Bureau of Census after the before-tax versions of the thresholds were constructed indicate that the adjustments used for this study to exclude property taxes and Federal civilian employee retirement contributions from estimated tax liability resulted in an overestimate of the share of tax liability attributable to the property tax. Incorporation of this new information into the estimation process would probably increase the level of before-tax thresholds slightly.

³⁶ Ruggles presents much of the same information for the three-person family threshold in her table 3.3 (1990, p. 53). The present author has substituted the years 1973 and 1986 for 1972 and 1987 because the basic Gallup question was not asked in the latter years. Details on the construction of the alternative thresholds corresponding to those presented in columns (1), (2), and (6) of table 3 (p. 65) of this article are given in appendix A of Ruggles' book. Those same procedures, with appropriate modifications to account for the difference in family size, were used to construct the updated thresholds for four-person families. The small difference in threshold change over the period between the estimates she provides and those given for the corresponding alternatives in columns (2) and (6) of table 3 (p. 65) are attributable almost wholly to the use of the different years in the table, particularly the substitution of 1986 for 1987 as the period endpoint.

³⁷ Note that the median employed here and by Ruggles pertains to families of two or more persons, *i.e.*, it excludes unrelated individuals. A median based on a universe of families including unrelated individuals would be noticeably lower.

³⁸ The Gallup-based poverty threshold derived directly from the annual get-along amount obtained for 1967 was not used. An alternative was constructed by multiplying the 1967 median income net of tax for a family of four times the average of the Gallup-based poverty standards for 1966 and 1969 as percentages of the corresponding after-tax medians for those years. This procedure was employed in favor of using the observed get-along level for 1967 because the standard lies 4-5 percentage points closer to the after-tax median income in 1967 than in 1966 and 1969, the two most adjacent years with get-along observations. This anomaly may be due to the collection of the get-along responses for 1967 in December, at the end of the year, when they would likely reflect the full effect of the large 7-percent increase in after-tax income for 1966-67.

³⁹ For example, as early as 1965 Orshansky (1965b, p. 8) asserted that the "... new poverty index represents an attempt to specify the minimum money income . . . consistent with the standards of living prevailing in this country." Ruggles (1991, p. 38) has recently argued that the wide-spread acceptance of the Orshansky threshold at the time of its appearance strongly suggests that Ms. Orshansky succeeded in this regard.

⁴⁰ The basic CPI-X1 procedures for treatment of housing costs were incorporated in the CPI revision introduced in the late 1980's. However, the distortions introduced during the period of rapidly rising housing prices in the late 1970s and early 1980s by the earlier procedures are reflected in the base year values of the revised series.

⁴¹ Of course, this is as would be expected if, over time changes in socially defined income minima are closely linked, in a proportional sense, to changes in the average level of "disposable" economic resources available to society's families and the elasticity of the income minima with respect to after-tax income is close to one.

⁴² The Fendler/Orshansky update of the original poverty threshold yielded a 1977 weighted threshold for four-person families of \$7,442 with a corresponding poverty rate for four-person families of 11.1 and a poverty count of 1.31 million (Fendler and Orshansky 1979, tables 2 and 3). This compares with a threshold of \$7,431, a poverty rate of 11.0 and a count of 1.29 million families using the synthetic Gallup poverty line for that year. The corresponding threshold associated with Ruggles' (1990) updated multiplier standard is \$8,185, or about 10 percent higher than the Fendler/Orshansky update threshold. Thus the thresholds for all three of these poverty measures were relatively close in 1977. It is only with the introduction of decreasing food weights after 1977 that the food multiplier update begins to rapidly diverge from most of the other approaches. In fact, by 1986 it had climbed to within \$300 of the get-along level.

⁴³ Ruggles also constructed an update based on housing needs (Ruggles 1990, appendix A and table A.5). In 1977, the first year for which she was able to implement the standard, at \$8,976, it was 20 percent above the Gallup poverty level and 13 percent below the Gallup get-along income. This update's 1987 level (\$17,920) was about 32 percent above the 1986 Gallup poverty level and only 5 percent below the 1986 Gallup get-along amount.

⁴⁴ Obviously in this regard, the findings reported here only serve to reiterate the results of previous research, for example Kilpatrick (1973); Leveson (1978); and Rainwater (1974, 1990).

⁴⁵ The analysis shows that this relationship is apparent only if income is stated in after-tax terms. Fuchs (1965, 1967) introduced the notion of the fiftieth percentile in a very informal fashion and did not explicitly raise the issue of the income definition. However, his discussion was cast in terms of income before-tax.

⁴⁶ The original price indexing from point of collection back to 1988 was done at the micro level – that is, the value given by each respondent was multiplied by the CPI factor appropriate for the month of interview. The reversal of the process was implemented on the published median value and so will likely differ slightly from a directly tabulated median for the values obtained at time of collection.

⁴⁷ The author expresses his thanks to Taynia Mann for her considerable patience in exploring these matters with him.

⁴⁸ This appendix was completed in 2003. The author would like to thank Kathleen Short for her encouragement to undertake this update and to her and Sharon Johnson, of SSA, for special tabulations of before- and after-tax income from the Current Population Survey. Michael Leonesio of SSA provided material on the rationale for wage indexing in the context of the social security program, as well as several helpful comments concerning the text. I have also benefited from conversations with Bruce Klein, Richard Silva and the editorial assistance of Katalin Zentai.

⁴⁹ The tax concept utilized in the update section differs slightly from the original version in that it includes State income taxes and the Earned Income Tax Credit (EITC). They account for about 3-4 percent of the before-tax median income of four-person families throughout the 1990's, and taking them into account results in a corresponding proportional reduction in the Gallup poverty standard over the period.

⁵⁰ Fisher (1999:25-29) argues that the original poverty line was intended by Orshansky to be consistent with contemporary living standards and that the CENSTAT Panel's recommended update of the measure would take into account the real growth in the general population's standard of living.

⁵¹ As with any major decision of this magnitude there was considerable discussion of the implications at the time (1977). The discussion hinged on the choice between indexation for prices and indexation of wage levels. It was realized at the time that indexation by prices implied measuring standards of living in absolute terms while wage indexing implied measuring standards of living in relative terms (Munnell 1977, pp. 52-53). Ball argues that without wage indexing, the program "would soon provide benefits that did not reflect previously attained living standards". The discussion is reminiscent of the same concerns, pro and con, that arise when updating the poverty measure is considered. See also the Report of the Consultant Panel ... (1976, pp 7-8) where the issue of comparative costs of the two alternatives is discussed.

⁵² Estimates pertain to the estimated growth in the annual wage in covered employment. Estimates of the Consumer Price Index and the real wage differential are also given.

⁵³ The Gallup-poverty level was \$1,688 in 1947 (1947 dollars, see table 1b, p.63) and the 1999 value of the Gallup-based social standard was \$24,558 (1999 dollars, table B-1 p. 68). Deflating the 1999 value of the social standard to the price level of 1947 yields a dollar value of \$3,567 or about 2.11 times its 1947 value in real terms.

⁵⁴ For a discussion that focuses heavily the effects of this phenomenon but draws nearly opposite conclusions about its significance concerning poverty in the present day United States, see Rector and Johnson (2004).

⁵⁵ Adam Smith (1937, pp. 821-822) clearly understood that poverty involved a social component that was every bit as important as the material goods "necessary to support life". In his classic work on markets he comments on the distinction between necessities and luxuries, and how this distinction may vary between different countries at a given

point in time. His discussion recognizes that the significance of particular commodities stems from the specific social context in which they are consumed and not only its intrinsic contribution to subsistence.

By necessities I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example is strictly speaking, not a necessary of life. The Greek and Romans lived, I suppose, very comfortably, though they had no linen, but in the present time, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty, which, it is presumed no body can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men; but not to the same order of women, who may, without and discredit, walk about bare-footed. In France, they are necessities neither to men nor to women; the lowest rank of both sexes appearing there publicly, without any discredit, sometime in wooden shoes, and sometime barefooted. Under necessities therefore, I comprehend, not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people.

⁵⁶ The challenges that so-called subjective measures have faced in finding a place in the Federal survey environment is documented by the author (see Vaughan 1996).

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Table 1a. – Gallup get-along, Gallup-based poverty, and the official poverty standards for four-person families as a percent of the median income of income, selected years 1947-1989

[Number of families in thousands; current dollars]										
Year	Month of get-along collection	Number of families ⁵	Median 4-person family income			Gallup get-along standard ¹				
			Before tax ⁵	After tax ⁶	After tax as % of before-tax	Amount ⁷	As percent of median 4-person family income		Below standard ⁴	
							Before tax	After tax ⁶	Percent	Number
1947.....	October	7,393	\$3,292	\$3,082	93.6	⁸ 2,350	71.4	76.3	28.0	2,069
1948.....	June	7,956	3,468	3,317	95.6	2,700	77.9	81.4	32.1	2,556
1949.....	May	7,756	3,378	3,242	96.0	2,586	76.6	79.8	30.1	2,332
1950.....	February	8,228	3,675	3,472	94.5	2,495	67.9	71.9	23.9	1,968
1951.....	April & Dec.	8,128	4,122	3,800	92.2	⁹ 2,860	69.4	75.3	23.9	1,943
1952.....	October	8,328	4,373	3,978	91.0	3,224	73.7	81.0	27.4	2,280
1953.....	March	...	¹⁰ 4,427	4,022	90.9	3,110	70.2	77.3	...	...
1954.....	April	...	¹⁰ 4,767	4,317	90.6	3,320	69.7	76.9	...	...
1957.....	November	8,849	5,488	4,886	89.0	3,888	70.8	79.6	24.1	2,134
1958.....	May	9,062	5,685	5,047	88.8	4,273	75.2	84.7	28.6	2,596
1959.....	August	9,166	6,070	5,337	87.9	¹¹ 4,316	71.1	80.9	25.9	2,370
1960.....	August	9,288	6,295	5,498	87.3	4,240	67.4	77.1	23.8	2,215
1961.....	January	9,200	6,437	5,614	87.2	4,328	67.2	77.1	24.5	2,252
1962.....	January	9,368	6,756	5,870	86.9	4,323	64.0	73.6	21.2	1,989
1963.....	April	9,435	7,138	6,159	86.3	4,328	60.6	70.3	20.1	1,893
1964.....	November	9,137	7,488	6,566	87.7	4,438	59.3	67.6	19.3	1,761
1966.....	Feb. & Nov.	9,400	8,341	7,233	86.7	¹¹ 5,044	60.5	69.7	17.9	1,685
1967.....	December	9,467	8,994	7,762	86.3	5,772	64.2	74.4	20.4	1,927
1969.....	February	9,893	10,623	8,924	84.0	¹¹ 6,136	57.8	68.8	16.8	1,662
1970.....	December	9,899	11,167	9,440	84.5	¹² 6,552	58.7	69.4	18.1	1,793
1971.....	November	10,524	11,626	9,952	85.6	7,072	60.8	71.1	19.0	2,003
1973.....	January	10,789	13,710	11,542	84.2	¹² 7,748	56.5	67.1	17.1	1,841
1974.....	February	11,002	14,969	12,384	82.7	8,788	58.7	71.0	19.5	2,145
1975.....	January	11,276	15,848	13,574	85.7	¹² 8,372	52.8	61.7	16.5	1,864
1976.....	January	11,483	17,315	14,444	83.4	9,724	56.2	67.3	19.1	2,188
1977.....	February	11,774	18,723	15,547	83.0	¹² 10,348	55.3	66.6	18.5	2,175
1978.....	April	12,037	20,428	16,821	82.3	11,388	55.7	67.7	19.1	2,304
1979.....	February	12,180	22,512	18,249	81.1	12,688	56.4	69.5	19.4	2,368
1980.....	Jan. & March	12,436	24,332	19,532	80.3	¹² 13,000	53.4	66.6	19.1	2,377
1981.....	Jan. & Feb.	12,594	26,274	20,721	78.9	15,808	60.2	76.3	23.6	2,970
1982.....	Jan. & Feb.	13,039	27,619	21,976	79.6	15,808	57.2	71.9	21.5	2,810
1983.....	January	13,228	29,181	23,420	80.3	16,380	56.1	69.9	22.0	2,904
1984.....	January	13,259	31,097	24,836	79.9	17,368	55.9	69.9	22.0	2,919
1985.....	January	13,355	32,777	26,104	79.6	18,148	55.4	69.5	22.1	2,954
1986.....	Jan. & March	13,620	34,716	27,538	79.3	18,928	54.5	68.7	20.7	2,813
1989.....	May	14,026	40,763	33,566	82.3	¹³ 21,788	53.5	64.9	20.2	2,832

Note: the symbol "..." denotes not available.

¹ Annualized based on 52 week, 364 day year from weekly amount. Except where noted, weekly amounts are arithmetic means.

² Constructed using methods explained in the text.

³ Weighted average for four-person families. For explanation of the derivation of thresholds values shown for the period 1947-1958, see discussion in text.

⁴ Based on comparison of standard to size distribution of before-tax family income with straight line interpolation to estimate the number of families below the standard value in the size category containing the amount of the standard.

⁵ Taken from U.S. Bureau of the Census, Series P-60 volume for the respective income year.

⁶ See text for explanation of the derivation of the median income net of tax.

⁷ Except where noted, Rainwater (1974, table 3-4, p. 17.)

⁸ Average of August and December surveys.

⁹ Average of April and December surveys.

Table 1b. – Gallup get-along, Gallup-based poverty, and the official poverty standards for four-person families as a percent of the median income of income, selected years 1947-1989

[Number of families in thousands; current dollars]

Gallup poverty standard ^{1,2}					Official poverty standard ³							Year
Amount	As percent of median 4-person family income		Below standard ⁴		Amount	As percent of median 4-person family income		Below standard ⁴		As percent of Gallup standard		
	Before tax	After tax ⁶	Percent	Number		Before tax	After tax ⁶	Percent	Number	Get-along	Poverty	
\$1,688	51.3	54.8	15.3	1,128	\$2,278	69.2	73.9	26.3	1,948	96.9	135.0	.....1947
1,939	55.9	58.5	17.2	1,365	2,455	70.8	74.0	26.9	2,141	90.9	126.6	.....1948
1,857	55.0	57.3	16.4	1,275	2,432	72.0	75.0	26.6	2,067	94.0	130.9	.....1949
1,792	48.8	51.6	13.6	1,123	2,455	66.8	70.7	23.3	1,915	98.4	137.0	.....1950
2,054	49.8	54.0	12.2	989	2,649	64.3	69.7	20.7	1,686	92.6	129.0	.....1951
2,315	52.9	58.2	14.4	1,200	2,707	61.9	68.1	19.0	1,585	84.0	116.9	.....1952
2,233	50.4	55.5	...	...	2,728	61.6	67.8	...	...	87.7	122.2	.....1953
2,384	50.0	55.2	...	...	2,741	57.5	63.5	...	...	82.6	115.0	.....1954
2,792	50.9	57.1	12.9	1,139	2,871	52.3	58.8	13.4	1,183	73.8	102.8	.....1957
3,068	54.0	60.8	15.1	1,372	2,949	51.9	58.4	14.1	1,281	69.0	96.1	.....1958
3,099	51.1	58.1	13.9	1,274	2,973	49.0	55.7	12.8	1,177	68.9	95.9	.....1959
3,045	48.4	55.4	13.1	1,213	3,022	48.0	55.0	12.9	1,196	71.3	99.3	.....1960
3,108	48.3	55.4	13.7	1,263	3,054	47.4	54.4	13.3	1,220	70.6	98.3	.....1961
3,104	45.9	52.9	12.1	1,134	3,089	45.7	52.6	12.0	1,126	71.5	99.5	.....1962
3,108	43.5	50.5	10.9	1,029	3,128	43.8	50.8	11.0	1,042	72.3	100.6	.....1963
3,187	42.6	48.5	10.9	997	3,169	42.3	48.3	10.8	988	71.4	99.4	.....1964
3,622	43.4	50.1	10.3	965	3,335	40.0	46.1	9.0	847	66.1	92.1	.....1966
4,145	46.1	53.4	10.6	1,004	3,410	37.9	43.9	7.7	731	59.1	82.3	.....1967
4,406	41.5	49.4	9.1	897	3,743	35.2	41.9	6.5	640	61.0	84.9	.....1969
4,705	42.1	49.8	9.9	979	3,968	35.5	42.0	7.6	753	60.6	84.3	.....1970
5,078	43.7	51.0	10.4	1,098	4,137	35.6	41.6	7.5	790	58.5	81.5	.....1971
5,564	40.6	48.2	9.6	1,033	4,540	33.1	39.3	6.9	749	58.6	81.6	.....1973
6,311	42.2	51.0	11.4	1,251	5,038	33.7	40.7	7.8	859	57.3	79.8	.....1974
6,012	37.9	44.3	9.7	1,092	5,500	34.7	40.5	8.5	953	65.7	91.5	.....1975
6,983	40.3	48.3	10.9	1,252	5,815	33.6	40.3	8.2	943	59.8	83.3	.....1976
7,431	39.7	47.8	11.0	1,294	6,191	33.1	39.8	8.2	970	59.8	83.3	.....1977
8,178	40.0	48.6	11.0	1,326	6,662	32.6	39.6	8.2	987	58.5	81.5	.....1978
9,111	40.5	49.9	11.5	1,397	7,412	32.9	40.6	8.6	1,049	58.4	81.3	.....1979
9,335	38.4	47.8	11.6	1,442	8,414	34.6	43.1	10.1	1,252	64.7	90.1	.....1980
11,352	43.2	54.8	14.5	1,826	9,287	35.3	44.8	10.6	1,334	58.7	81.8	.....1981
11,352	41.1	51.7	13.4	1,744	9,862	35.7	44.9	10.8	1,403	62.4	86.9	.....1982
11,763	40.3	50.2	14.2	1,875	10,178	34.9	43.5	11.5	1,526	62.1	86.5	.....1983
12,472	40.1	50.2	14.5	1,917	10,609	34.1	42.7	11.4	1,505	61.1	85.1	.....1984
13,032	39.8	49.9	14.1	1,879	10,989	33.5	42.1	11.3	1,503	60.6	84.3	.....1985
13,592	39.2	49.4	13.2	1,800	11,203	32.3	40.7	10.2	1,391	59.2	82.4	.....1986
¹⁴ 15,646	38.4	46.6	13.2	1,846	12,675	31.1	37.8	10.0	1,416	58.2	81.0	.....1989

¹⁰ Estimated based on the relationship between the median incomes for families with 2 children and four-person families, 1947-1952 and 1955-1960.

¹¹ Rainwater (1990, table 1, p. 6).

¹² Medians for persons in nonfarm households, (AIPO 1985, p. 18).

¹³ Arithmetic mean from O'Hare (July 1990, pp. 36-39).

See table A-1 of this paper for additional details.

¹⁴ Based on the arithmetic mean from O'Hare, *et al.* (1990, p. 18); 1989 price level, weekly amount annualized on a 52-week year basis. See table A-1 of this paper for additional details.

Table 2. -- Low income standards before and after taxes, and percent and number of four-person families below the standards on the basis of before-tax income, 1947-1952, 1981-86, and 1989

[Numbers of families in thousands; current dollars]										
Year and type of cut-off	Total number of families	Dollar value of the standards			Percent of four-person families below the standard: ¹			Number of four-person families below the standard: ¹		
		Gallup get-along ²	Gallup "poverty" ³	Official poverty ⁴	Gallup get-along	Gallup poverty	Official poverty	Gallup get-along	Gallup poverty	Official poverty
After tax standards										
1947.....	7,393	\$2,350	\$1,688	\$2,278	28.0	15.3	26.3	2,069	1,128	1,948
1948.....	7,956	2,700	1,939	2,455	32.1	17.2	26.9	2,556	1,365	2,141
1949.....	7,756	2,586	1,857	2,432	30.1	16.4	26.6	2,332	1,275	2,067
1950.....	8,228	2,495	1,792	2,455	23.9	13.6	23.3	1,968	1,123	1,915
1951.....	8,128	2,860	2,054	2,649	23.9	12.2	20.7	1,943	989	1,686
1952.....	8,328	3,224	2,315	2,707	27.4	14.4	19.0	2,280	1,200	1,585
<i>1947-52 average.....</i>	<i>7,965</i>	<i>2,703</i>	<i>1,941</i>	<i>2,496</i>	<i>27.6</i>	<i>14.8</i>	<i>23.8</i>	<i>2,191</i>	<i>1,180</i>	<i>1,890</i>
1981.....	12,594	15,808	11,352	9,287	23.6	14.5	10.6	2,970	1,826	1,334
1982.....	13,039	15,808	11,352	9,862	21.5	13.4	10.8	2,810	1,744	1,403
1983.....	13,228	16,380	11,763	10,178	22.0	14.2	11.5	2,904	1,875	1,526
1984.....	13,259	17,368	12,472	10,609	22.0	14.5	11.4	2,919	1,917	1,505
1985.....	13,355	18,148	13,032	10,989	22.1	14.1	11.3	2,954	1,879	1,503
1986.....	13,620	18,928	13,592	11,203	20.7	13.2	10.2	2,813	1,800	1,391
<i>1981-86 average.....</i>	<i>13,183</i>	<i>17,073</i>	<i>12,260</i>	<i>10,355</i>	<i>22.0</i>	<i>14.0</i>	<i>11.0</i>	<i>2,895</i>	<i>1,840</i>	<i>1,444</i>
1989.....	14,026	21,788	15,646	12,675	20.2	13.2	10.1	2,832	1,846	1,416
Percentage change, 1947-52 to 1981-86 ⁵	65.5	...	...	...	-20.3	-5.9	-54.0	32.1	55.9	-23.6
Before tax standards ^{6,7}										
1947.....	7,393	2,407	2,407	1,705	29.3	15.5	27.3	2,165	1,147	2,016
1948.....	7,956	2,738	2,738	1,959	32.9	17.4	27.5	2,621	1,384	2,187
1949.....	7,756	2,612	2,612	1,876	30.7	16.7	27.2	2,380	1,292	2,110
1950.....	8,228	2,533	2,533	1,819	24.6	13.9	23.9	2,026	1,147	1,969
1951.....	8,128	2,958	2,958	2,085	25.4	12.6	21.5	2,062	1,025	1,744
1952.....	8,328	3,427	3,427	2,350	31.4	14.8	19.9	2,618	1,230	1,656
<i>1947-52 average.....</i>	<i>7,965</i>	<i>2,779</i>	<i>2,779</i>	<i>1,966</i>	<i>29.1</i>	<i>15.1</i>	<i>24.5</i>	<i>2,312</i>	<i>1,204</i>	<i>1,947</i>
1981.....	12,594	18,486	12,615	10,016	29.4	17.1	11.8	3,704	2,148	1,485
1982.....	13,039	18,273	12,482	10,556	26.8	15.4	11.9	3,496	2,010	1,557
1983.....	13,228	18,789	12,851	10,889	26.4	16.0	12.7	3,491	2,113	1,683
1984.....	13,259	20,095	13,706	11,460	26.7	16.1	12.8	3,538	2,135	1,693
1985.....	13,355	21,071	14,358	11,859	27.0	16.0	12.4	3,612	2,132	1,661
1986.....	13,620	22,008	14,983	12,010	25.6	15.0	11.2	3,487	2,039	1,529
<i>1981-86 average.....</i>	<i>13,183</i>	<i>19,787</i>	<i>13,499</i>	<i>11,132</i>	<i>27.0</i>	<i>15.9</i>	<i>12.1</i>	<i>3,555</i>	<i>2,096</i>	<i>1,601</i>
1989.....	14,026	25,131	16,786	13,175	25.3	14.0	10.5	3,554	2,018	1,475
Percentage change, 1947-52 to 1981-86 ⁵	65.5	...	...	...	-7.1	5.0	-50.4	53.7	74.0	-17.8

(...) - Not calculated.

¹ As calculated from the before-tax income size distribution of four-person families using straight-line interpolation to estimate the number of families in the size category that falls below the cut-off. The income size distributions for families of size four are taken from the appropriate Bureau of the Census, *Current Population Reports* (Series P-60) volume.

² Arithmetic means from Rainwater (1974 and 1990).

³ Gallup poverty line for 1989 back dated assuming the ratio of the Gallup poverty line to the Gallup get-along amount in 1989 would hold throughout the post-World War II period.

⁴ For 1981-1986, the official weighted threshold for four-person families.

For 1947-1952, the official weighted threshold for 1967 deflated to the year in question using the Consumer Price Index (CPI-U, 1967=100).

⁵ Using the average for the earlier of the two periods as the base of the percentage change. Calculated on the basis of unrounded amounts.

⁶ For 1947-52, the amount necessary to yield the corresponding after-tax standard shown in the upper bank of the table, after meeting Federal income and FICA payroll tax liability. See text for discussion of methods.

⁷ For 1981-85 and 1989, the amount necessary to yield the corresponding after-tax standard shown in the upper bank of the table, after meeting Federal and State income tax and FICA payroll tax liability. See text for discussion of methods used to estimate tax liability.

Table 3. – Alternative poverty thresholds for a four-person family at approximately five-year intervals, 1967-1986

Year	Official Threshold indexed by the CPI-X1 [1]	Official threshold indexed by growth in median income of:		Relative threshold, 50 percent of 4-person family median income		Updated Multiplier [6]	Official Threshold [7]	Gallup-based poverty standard [8]
		Families of size 2 or more, before tax ¹ [2]	Four-person, families after tax [3]	Before tax [4]	After tax [5]			
Dollar value in:								
1967.....	\$3,410	\$3,410	\$3,410	\$4,497	\$3,881	\$4,316	\$3,410	² 3,862
1973.....	4,427	5,180	5,071	6,855	5,771	6,292	4,540	5,564
1977.....	5,932	6,881	6,830	9,362	7,774	8,185	6,191	7,431
1982.....	8,978	10,073	9,654	13,810	10,988	14,827	9,862	11,352
1986.....	10,272	13,262	12,098	17,358	13,769	³ 18,633	11,203	13,592
Nominal dollars (1967=1.00)								
1967.....	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1973.....	1.30	1.52	1.49	1.52	1.49	1.46	1.33	1.44
1977.....	1.74	2.02	2.00	2.08	2.00	1.90	1.82	1.92
1982.....	2.63	2.95	2.83	3.07	2.83	3.44	2.89	2.94
1986.....	3.01	3.89	3.55	3.86	3.55	4.32	3.29	3.52
CPI-X1 dollars (1967=1.00)								
1967.....	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1973.....	1.00	1.17	1.15	1.17	1.15	1.12	1.03	1.11
1977.....	1.00	1.16	1.15	1.20	1.15	1.09	1.04	1.11
1982.....	1.00	1.12	1.08	1.17	1.08	1.30	1.10	1.12
1986.....	1.00	1.29	1.18	1.28	1.18	1.43	1.09	1.17
Official standard = 1.00								
1967.....	1.00	1.00	1.00	1.32	1.14	1.27	1.00	1.13
1973.....	0.98	1.14	1.12	1.51	1.27	1.39	1.00	1.23
1977.....	0.96	1.11	1.10	1.51	1.26	1.32	1.00	1.20
1982.....	0.91	1.02	0.98	1.40	1.11	1.50	1.00	1.15
1986.....	0.92	1.18	1.08	1.55	1.23	1.66	1.00	1.21

¹ Excludes unrelated individuals.

³ 1987 CPI weight for food used as basis for the multiplier.

² Due to anomalies in the get-along estimate for 1967, an alternative value was substituted. See discussion provided in text footnote 35.

Source note: Procedures to construct alternatives [1], [2], [4], and [6] taken from Ruggles (1990, appendix A). Additional explanation provided in text.

Table A-1. -- Various estimates of Gallup get-along and poverty thresholds from the Gallup surveys of 1989

Estimate characteristic and CPI calendar period	CPI-U (1982-84 = 100) [1]	Get-along amount, 4-person family [2]	Poverty income, 4-person family [3]	Net median 4-person family income ¹ [4]	Poverty as a percent of:		Get-along as a percent of net family income [7]
					Get-along [5]	Net family income [6]	
July, 1988							
a. As published, 365 day year annualization.....	118.5	3 ⁴ \$20,913	3 ⁴ 5 \$15,017	\$32,035	71.8	46.9	65.3
b. Weekly annualization ⁶ of the published version.....	118.5	2 ⁶ \$20,856	3 ⁵ 6 14,976	32,035	71.8	46.7	65.1
1989							
May⁷							
a. [1a] CPI adjusted from July 1988 thru May 1989.....	123.8	3 ⁴ \$21,848	3 ⁴ \$15,689	33,566	71.8	46.7	65.1
b. [1b] CPI adjusted from July 1988 thru May 1989.....	123.8	6 21,788	6 15,646	33,566	71.8	46.6	64.9
c. Unrounded version of get-along estimate published in American Demographics (July 1990).....	123.8	6 21,788	...	33,566	...	...	64.9
July⁸							
July ⁸	124.4	...	...	...	...	...	...
August ⁸	124.6	...	...	...	...	...	...
September ⁸	125.0	...	...	...	...	...	...
October ⁸	125.6	...	...	...	...	...	...
July - Oct. Average							
a. Annualized using 365 day year.....	124.9	4 ⁹ 22,042	4 ¹⁰ 15,828	33,566	71.8	47.2	65.7
b. Annualized using 52 week year.....	124.9	6 ⁹ 21,982	6 ¹⁰ 15,785	33,566	71.8	47.0	65.5
July 1988 CPI as a percent of:							
May 1989 CPI.....	95.7	...	...	...	...	...	...
July - Oct. 1989 average CPI.....	94.9	...	...	...	...	...	...
May as percent of July - Oct. 1989 average CPI.....	99.1	...	...	...	...	...	...

Note: The symbol "..." denotes not applicable.

¹ Based on published median for four-person families from the March 1989 and March 1990 Current Population Survey net of FICA and Federal income tax law as estimated by assuming four exemptions, all income from earnings and the standard deduction. See text for further explanation.

² Verified by Taynia Mann as included in her computer program, 7-8-91.

³ O'Hare, *et al.*, 1990, pp. 18,19 & 20.

⁴ Annualized level derived from the weekly response by dividing the weekly amount by seven and multiplying by 365.

⁵ CPI adjustment from months of collection (July-October 1989) back to July 1988 done at the micro level by respective month of collection.

⁶ Annualized level derived on the basis of a 52 week year, implying a year of only 364 days, i.e., (7 x 52 = 364).

⁷ Month of get-along collection.

⁸ Month of poverty collection.

⁹ Estimate of July 1988 (see footnote 3) adjusted for change in prices between July 1988 and May 1989, when collected, and then forward again to the July-October 1989 period to be consistent with the collection of the Gallup poverty estimate.

¹⁰ Published Families USA estimate of July 1988 (see footnote 3) adjusted for change in prices forward to the July-October 1989 period when actually collected.

Table A-2 . -- Alternative Gallup-based poverty series based on differing assumptions about the elasticity of the poverty standard with respect to the Gallup get-along standard, 1947-1989

Year	Gallup get-along series		Gallup-based poverty series used in current study ¹		Gallup-based poverty standards assuming, $P = \alpha G \beta$ with alternative β ²						Official standard (Current dollars)
	(1967 dols.)	(current dols.)	(1967 dols.)	(current dols.)	1967 dollars			Current dollars			
					$\beta = 1.00$	$\beta = 0.85$	$\beta = 0.50$	$\beta = 1.00$	$\beta = 0.85$	$\beta = 0.50$	
1947.....	\$3,411	\$2,350	\$2,449	\$1,688	\$2,449	\$2,656	\$3,211	\$1,688	\$1,830	\$2,213	\$2,278
1948.....	3,740	2,700	2,685	1,939	2,685	2,873	3,362	1,939	2,074	2,428	2,455
1949.....	3,622	2,586	2,601	1,857	2,601	2,796	3,309	1,857	1,996	2,363	2,432
1950.....	3,549	2,495	2,548	1,792	2,548	2,748	3,275	1,792	1,932	2,303	2,455
1951.....	3,673	2,860	2,637	2,054	2,637	2,829	3,332	2,054	2,203	2,595	2,649
1952.....	4,025	3,224	2,890	2,315	2,890	3,058	3,488	2,315	2,449	2,794	2,707
1953.....	3,907	3,110	2,805	2,233	2,805	2,981	3,437	2,233	2,373	2,735	2,728
1954.....	4,135	3,320	2,969	2,384	2,969	3,128	3,535	2,384	2,512	2,839	2,741
1957.....	4,563	3,888	3,277	2,792	3,277	3,402	3,714	2,792	2,899	3,165	2,871
1958.....	4,934	4,273	3,543	3,068	3,543	3,635	3,862	3,068	3,148	3,345	2,949
1959.....	4,938	4,316	3,546	3,099	3,546	3,638	3,864	3,099	3,180	3,377	2,973
1960.....	4,780	4,240	3,432	3,045	3,432	3,539	3,802	3,045	3,139	3,372	3,022
1961.....	4,847	4,328	3,480	3,108	3,480	3,581	3,828	3,108	3,198	3,418	3,054
1962.....	4,809	4,323	3,453	3,104	3,453	3,557	3,813	3,104	3,198	3,428	3,089
1963.....	4,741	4,328	3,404	3,108	3,404	3,514	3,786	3,108	3,209	3,456	3,128
1964.....	4,747	4,438	3,408	3,187	3,408	3,518	3,788	3,187	3,289	3,542	3,169
1966.....	5,187	5,044	3,724	3,622	3,724	3,793	3,960	3,622	3,689	3,851	3,335
1967.....	5,681	5,772	4,079	4,145	4,079	4,099	4,144	4,145	4,164	4,210	3,410
1969.....	5,729	6,136	4,113	4,406	4,113	4,128	4,162	4,406	4,421	4,457	3,743
1970.....	5,501	6,552	3,950	4,705	3,950	3,988	4,078	4,705	4,750	4,857	3,968
1971.....	5,768	7,072	4,142	5,078	4,142	4,152	4,176	5,078	5,090	5,120	4,137
1973.....	6,067	7,748	4,356	5,564	4,356	4,334	4,283	5,564	5,535	5,469	4,540
1974.....	6,211	8,788	4,459	6,311	4,459	4,421	4,333	6,311	6,256	6,131	5,038
1975.....	5,363	8,372	3,851	6,012	3,851	3,903	4,027	6,012	6,092	6,286	5,500
1976.....	5,833	9,724	4,188	6,983	4,188	4,192	4,199	6,983	6,987	7,000	5,815
1977.....	5,843	10,348	4,195	7,431	4,195	4,198	4,203	7,431	7,434	7,443	6,191
1978.....	5,950	11,388	4,272	8,178	4,272	4,263	4,241	8,178	8,159	8,117	6,662
1979.....	6,127	12,688	4,399	9,111	4,399	4,370	4,304	9,111	9,050	8,913	7,412
1980.....	5,497	13,000	3,947	9,335	3,947	3,985	4,077	9,335	9,425	9,641	8,414
1981.....	5,624	15,808	4,038	11,352	4,038	4,063	4,123	11,352	11,422	11,590	9,287
1982.....	5,588	15,808	4,012	11,352	4,012	4,041	4,110	11,352	11,433	11,627	9,862
1983.....	5,608	16,380	4,026	11,763	4,026	4,053	4,117	11,763	11,840	12,027	10,178
1984.....	5,738	17,368	4,120	12,472	4,120	4,133	4,165	12,472	12,511	12,607	10,609
1985.....	5,806	18,148	4,168	13,032	4,168	4,175	4,189	13,032	13,050	13,096	10,989
1986.....	5,856	18,928	4,205	13,592	4,205	4,206	4,208	13,592	13,593	13,599	11,203
1989.....	5,864	21,788	4,210	15,646	4,210	4,210	4,210	15,646	15,644	15,644	12,675

Note: All needs standards defined on an after-tax basis.

¹ Constructed by assuming the poverty standard to be $\Rightarrow 0.72$ of the get-along standard for each year of the get-along series, that is, that the ratio observed for 1989 obtained throughout the period.

² Where the values of α correspond to the assumed elasticities of 1.0, 0.85 and 0.5 are 0.72, 2.64 and 54.98 respectively, and $\alpha = P \div G \beta$; P and G

are the Gallup poverty and get-along level incomes for 1989 expressed in constant dollars of 1967 using the CPI; β is the assumed elasticity of the poverty standard with respect to the get-along standard. Differences between columns 4 and 8 due to rounding.

Source: Table 1 and computations by author.

Table B-1. -- Comparison of median four-person family income, before- and after-tax, the "official" four-person family poverty threshold and a social standard based on 50 percent of the median after-tax income of four-person families, 1990-2000

[Current dollars]

Year	Median 4-person family income		After as % of		Annual amount ²	"Official" four-person standard		Standard based on 50% of the after-tax median	
	Annual amount ¹		before tax			Before tax	After tax	Annual amount ³	As % of "Official" standard
	Before tax	After tax	Before tax	After tax					
1990.....	41,451	34,321	82.8	82.8	13,359	32.2	38.9	17,161	128.5
1991.....	43,052	35,450	82.3	82.3	13,924	32.3	39.3	17,725	127.3
1992.....	44,251	36,482	82.4	82.4	14,335	32.4	39.3	18,241	127.2
1993.....	45,161	37,292	82.6	82.6	14,763	32.7	39.6	18,646	126.3
1994.....	47,012	38,785	82.5	82.5	15,141	32.2	39.0	19,392	128.1
1995.....	49,687	40,917	82.3	82.3	15,569	31.3	38.1	20,458	131.4
1996.....	51,102	42,295	82.8	82.8	16,036	31.4	37.9	21,148	131.9
1997.....	53,191	43,748	82.2	82.2	16,400	30.8	37.5	21,874	133.4
1998.....	55,872	46,414	83.1	83.1	16,660	29.8	35.9	23,207	139.3
1999.....	59,433	49,115	82.6	82.6	17,029	28.7	34.7	24,558	144.2
2000.....	62,519	51,387	82.2	82.2	17,603	28.2	34.3	25,694	146.0
Percent change:									
1990 to '94.....	13.4	13.0	...	...	13.3	...	...	13.0	...
1990 to '95.....	19.9	19.2	...	...	16.5	...	...	19.2	...
1990 to '96.....	23.3	23.2	...	...	20.0	...	...	23.2	...
1990 to '97.....	28.3	27.5	...	...	22.8	...	...	27.5	...
1990 to '98.....	34.8	35.2	...	...	24.7	...	...	35.2	...
1990 to '99.....	43.4	43.1	...	...	27.5	...	...	43.1	...
1990 to '00.....	50.8	49.7	...	...	31.8	...	...	49.7	...

Note: The symbol "..." indicates not applicable.

¹ The median value of total family cash income, family of four. Taxes include Federal and state income and FICA taxes and the Earned Income Tax Credit as simulated by the Bureau of the Census. All estimates tabulated specifically for this study.

² Weighted average poverty threshold for a family of four (<http://www.census.gov/hhes/poverty/histpov/hstpov1.html>).

³ Calculated as 50 percent of the after-tax median income of four-person families as estimated in the table (see note 1).

Table B-2. -- Projection of a social (Gallup level) poverty standard from 2000 to 2020 on the basis of future growth in covered wages as estimated for actuarial purposes by the Social Security Administration (intermediate assumptions) and comparison to the "official" standard for the same period

Year	Constant 2000 dollars			Social standard minus "official" standard / by Gallup standard x 100	"Official" poverty standard indexed by the CPI ³	Social threshold indexed by the CPI ³ plus growth in real wages ²
	Social poverty standard ¹ indexed by growth in real wages ²	"Official" poverty standard for four-person family	Ratio of the "official" to the social standard			
2000 ⁴	\$25,694	4 \$17,603	1.46	31.5	4 \$17,603	4 \$25,694
2001.....	26,413	17,603	1.50	33.4	18,096	27,133
2002.....	27,153	17,603	1.54	35.2	18,639	27,974
2003.....	27,832	17,603	1.58	36.8	19,105	29,345
2004.....	28,249	17,603	1.60	37.7	19,621	30,577
2005.....	28,588	17,603	1.62	38.4	20,190	31,831
2010.....	29,221	17,603	1.66	39.8	23,405	38,876
2015.....	30,864	17,603	1.75	43.0	27,133	47,527
2020.....	32,599	17,603	1.85	46.0	31,455	58,102
Ratio of threshold values						
2005 to 2000.....	1.11	1.00	...	...	1.15	1.24
2010 to 2000.....	1.14	1.00	...	...	1.33	1.51
2015 to 2000.....	1.20	1.00	...	...	1.54	1.85
2020 to 2000.....	1.27	1.00	...	...	1.79	2.26

(...) - Not applicable.

¹ Average weighted threshold for families of size four.

² Using projected growth in real wages, intermediate assumptions, as given in 2002 OASDI Trustees Report, Trustees Report, Principal Economic Assumptions, table V.B1 (http://www.ssa.gov/OACT/TR/TR02/V_economic.html).

³ Indexed by increase in consumer prices as estimated through 2020, as given in the 2002 OASDI Trustees Report (see note 2, this table).

⁴ Starting values: Social standard estimated as 50 percent of the after-tax median income for four-person families, see table B-1; "official" poverty standard is the weighted average poverty threshold for four-person families; both as of the year 2000.

Source: Table B-1 of this paper and calculations by author.

Figure 1. -- The Federal poverty standard, and the Gallup get-along and poverty standards, all after-tax, as a percent of median 4-person family income, 1947-1989

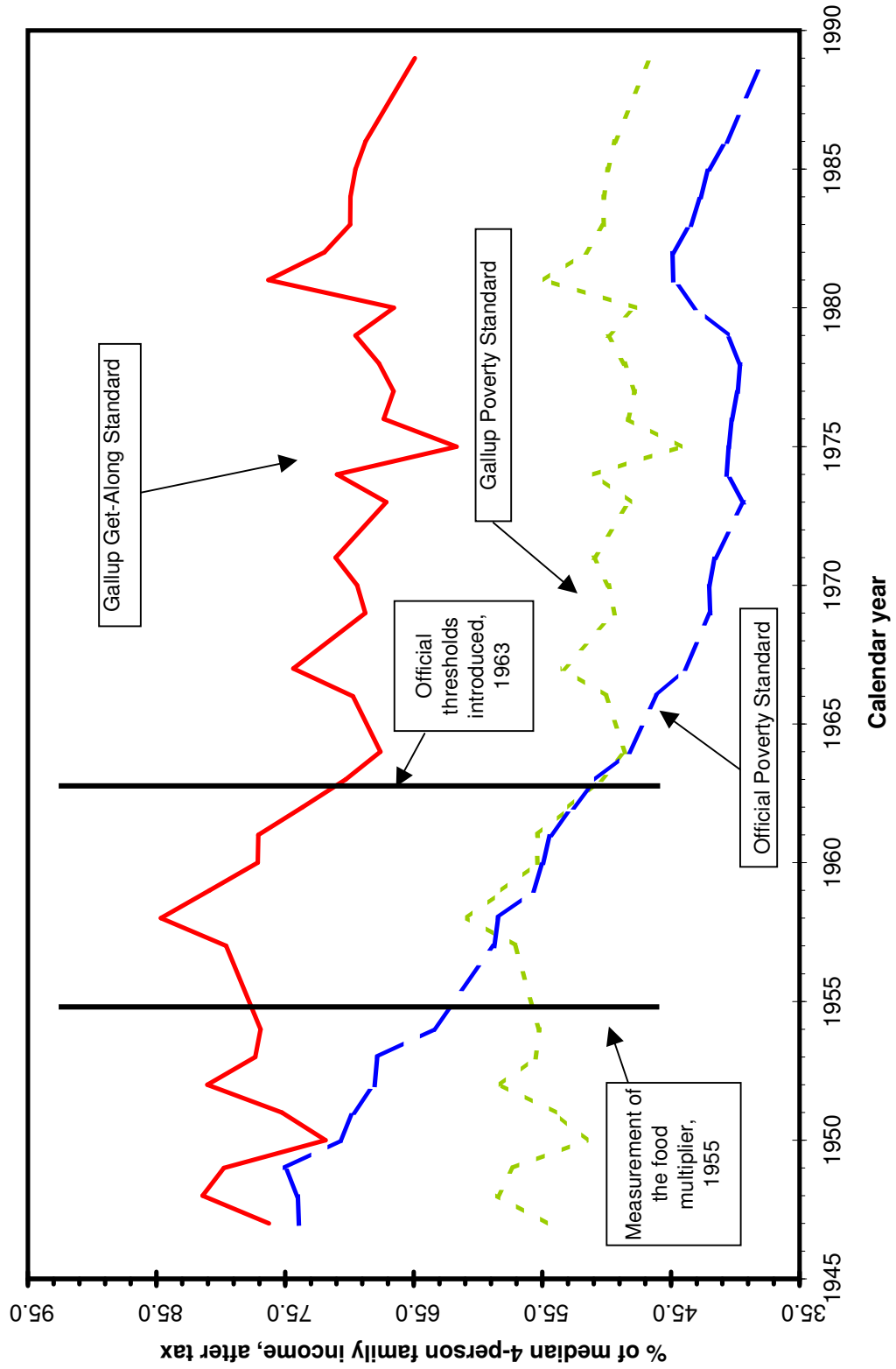


Figure 2. -- Percent of families below the official poverty standard and the Gallup get-along and poverty standards, based on comparison of before-tax income to after-tax standards, 1947-1989

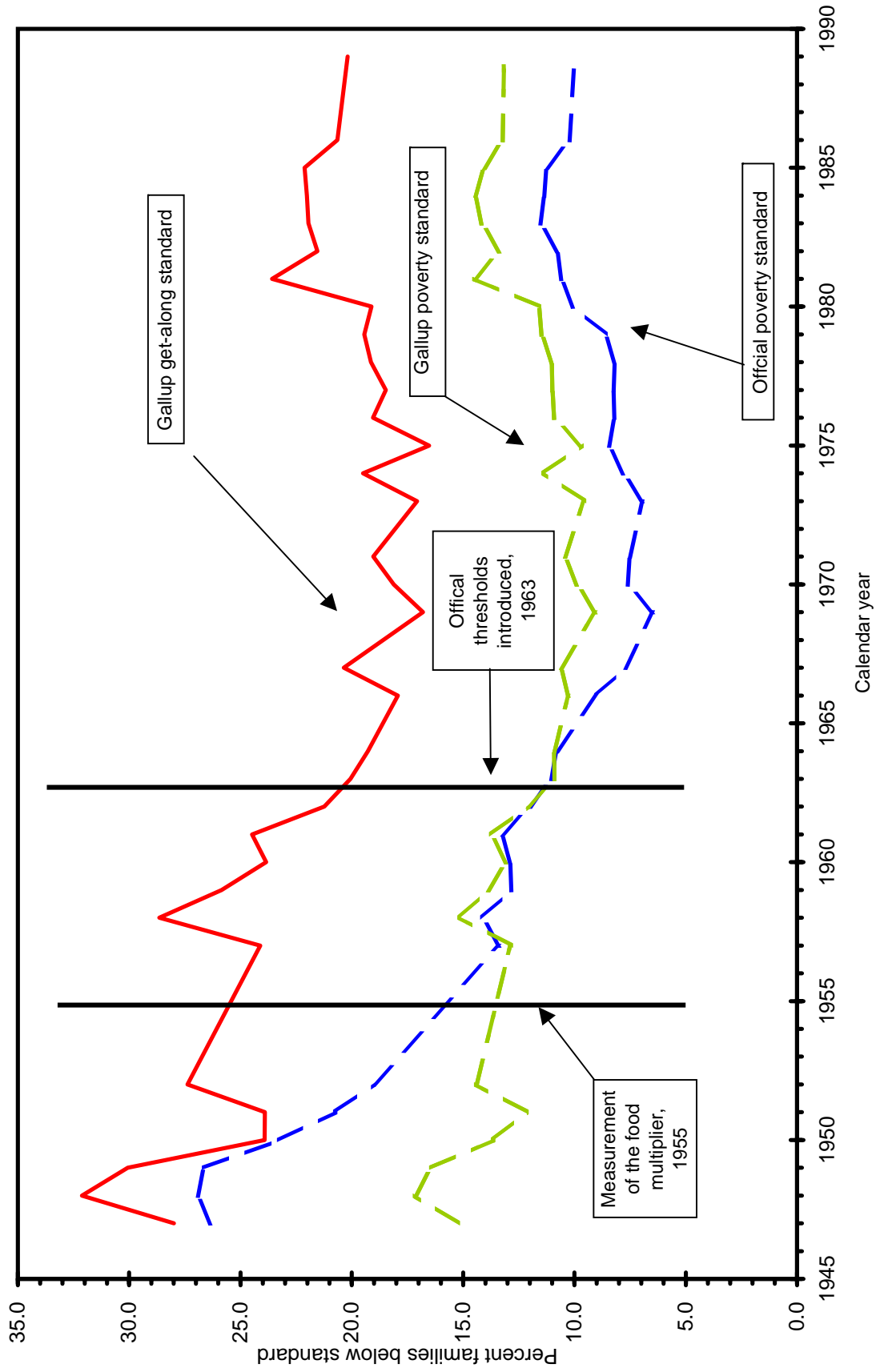


Figure 3. -- Number of four-person families below the official poverty standard and the Gallup poverty standard based on comparisons of before-tax income to after tax-standards, 1947-1989

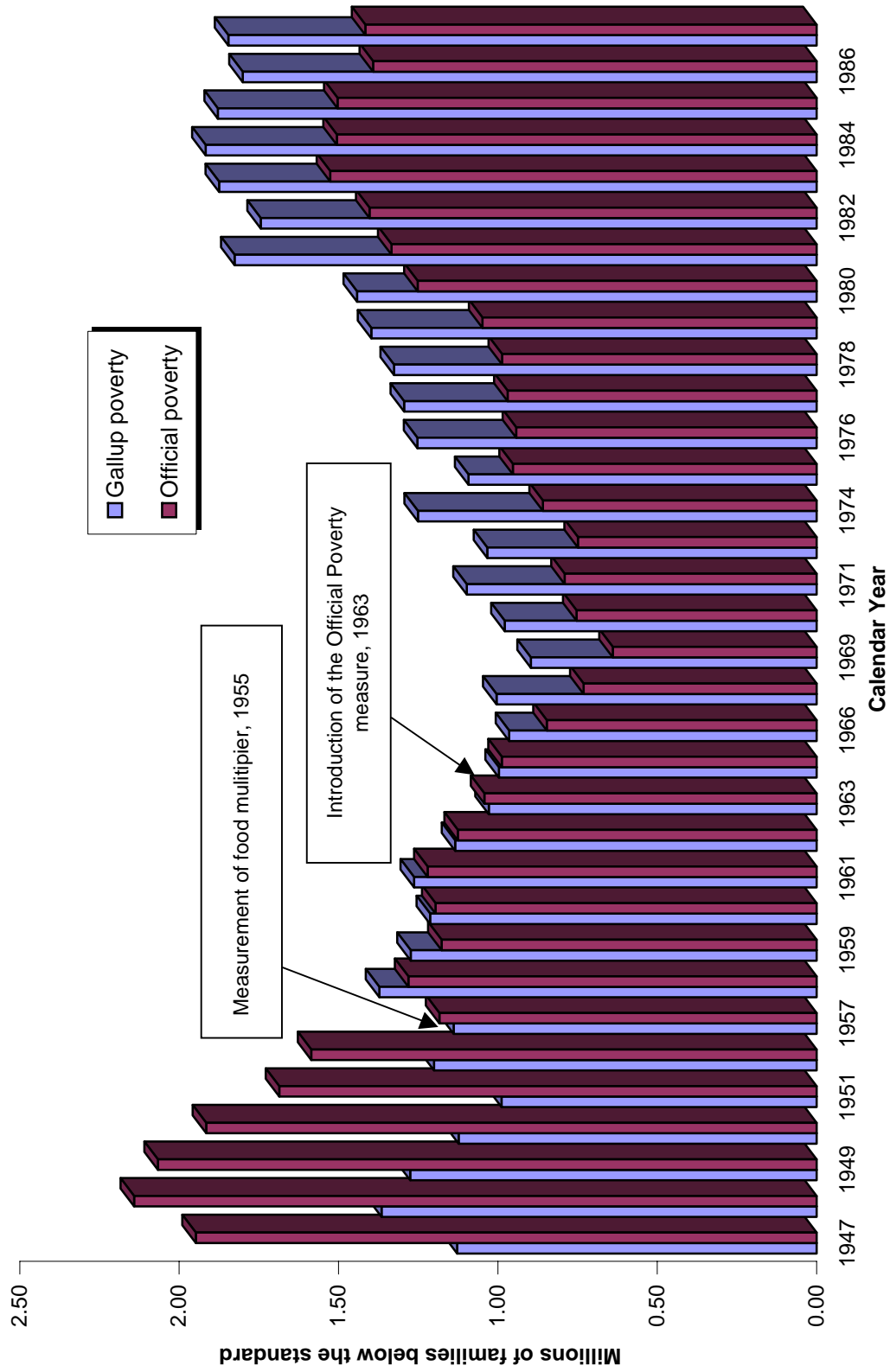


Figure A1. -- Alternative after-tax needs standards for four-person families as a percent of median 4-person family income after tax, 1947-89

