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Measuring the Size of the Low-Income Population

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THE OBJECTIVE of this paper is to try to throw new light on the effect of the definition of the recipient unit, of reconstruction of families, and of the time-reference period on the size of the low-income population. To that end, it offers a potpourri of data from various sources.

Data for the aged and the disabled—groups that comprise an important segment of the low-income population and that the Social Security Administration (SSA) has studied intensively—are presented to illustrate the effect of treating such persons (together with their spouses and minor children) as separate units regardless of the presence of relatives and of whether or not they are family heads. Differences in the count of the poor (by the SSA definition) when the unit's own income is considered instead of the income of the larger family to which that unit belongs emphasize the importance of the unit definition. New tabulations of data from the 1960–61 Consumer Expenditure Survey on size of spending are presented as an approach to the question of the stability or instability of low income.

The very brief report, *Family Income Distribution Statistics Published by Federal Agencies*, prepared in December 1964 by an interagency task force for the Office of Statistical Standards, Bureau of the Budget, in an attempt to reconcile differences among the various income distribution series provided a convenient starting point. The nonfarm data examined in that report are reproduced in Table 1¹ for convenience of reference, together with decennial Census data for 1959, and comparable data for farm and nonfarm families combined.

The Office of Business Economics (OBE) series, now in process of revision, yielded the most favorable income distribution. This is in part

¹ The tables appear at the end of this chapter.

because of its broader definition of income which includes nonmoney income such as net rental value of owned homes and wages in kind, in part because of its use of record data and adjustment to a predetermined total. The 1960 Census and Current Population Survey (CPS) reported the largest number and the largest proportion with low incomes. The Survey of Consumer Expenditures (CES) yielded a count of low income families and individuals that was considerably smaller than the Census estimates. According to the report, this was "in part, because of more complete reporting of money income, than in the Census studies, but primarily because of the use of the 'economic family' definition and the inclusion of the income received by all persons while they were members of such families at any time during the year." To these reasons must be added the fact that CES excludes families and individuals found at time of interview that had not existed as independent units throughout the survey year.

At the 1949 meeting of this Conference, Dorothy Brady in a comprehensive review of research on the size distribution of income, said apropos of poverty studies, "It is probably not exaggerating to say that the worst misuses of income distributions occur in connection with this problem."² Her subsequent work, including the paper for this conference, has done much to eliminate some of the pitfalls of interpretation.³ It was she who urged that we bring together some of the data generated by the research program of the Social Security Administration—particularly the studies of the aged and the disabled.

The Recipient Unit Definition

When interest centers on the normative aspects of the size distribution of income it is usually desirable to define the recipient unit less broadly than according to the conventional Census definition of the family encompassing all related persons in a household.

The individual as recipient is too narrow a concept primarily because it ignores customary dependency relationships, and also because the

² "Research on Size Distribution of Income," in *Studies in Income and Wealth*, Volume 13, New York, NBER, 1951, p. 34.

³ See for example, Dorothy S. Brady, *Age and the Income Distribution*, U. S. D/HEW, SSA, ORS, Research Report No. 8, 1965, and "Measurement and Interpretation of the Income Distribution in the United States," *Income and Wealth*, Series VI, London, 1957.

analyst may then ignore the potential income recipients who are non-recipients in the specified period. The analyst may as a result misinterpret changes in the size distribution of income that arise from factors such as an increase in the proportion of women who work part-time or the number who receive directly (or *report* that they personally receive) income from public income-maintenance programs, bank accounts or securities that in fact accrues jointly to them and their husbands or children.⁴

The Census family is too broad a concept because it too ignores specific family relationships. Its use may therefore lead the analyst of income change to misread changes in family income that arise from changes in family and household composition. In his recent monograph,⁵ which provides a very useful summary of the growing body of income distribution data, Herman P. Miller cautions that splitting up family groups at both ends of the age range tends to increase apparent inequality.

Our society places such a high premium on financial independence for adults that any income-maintenance program must, on the one hand, consider each adult who would expect to be self-supporting, and at the same time consider his (or her) immediate dependents, spouse and children under a specified age (usually 18, sometimes older if in school). To evaluate such programs and the income distribution objectives of our society, we need income data in similar format.

The consumer expenditure surveys of the Labor and Agriculture De-

⁴ Identification of each person who receives nonearned income jointly with other family members is important in analyzing the effectiveness of certain public programs as well as in studying changes in income size distribution. Present CPS procedures for collecting income data are not adapted to meeting the problem: in some cases income recipients appear to be nonrecipients because the joint payment is recorded for one member; in other cases, it is possible that a joint payment may be recorded in full more than once.

The appropriate collection procedure is in dispute. It is unlikely that many respondents could correctly allocate a joint payment, and little is known as to how they actually report when responding to income questions. Asking that a joint payment be entered once with an indication for each person to whom it applies would seem most reasonable, but some argue that this would mean a discontinuity in the historical series of income data for persons. This procedure was followed in a special survey conducted March 1966 by the Bureau of the Census for the Office of Economic Opportunity.

⁵ *Income Distribution in the United States* (A 1960 Census Monograph), U. S. Bureau of the Census, Washington, D. C., 1966.

partments many years ago moved a step in this direction by defining the unit of analysis to exclude related adults (other than spouse or unmarried adult children) in the household who do not pool their income and share expenses.⁶ Such persons have been treated as separate units. And occasionally groups of unrelated persons who share a household and pool their income have also been defined as economic families or units.

The Survey of Consumer Finances by the Survey Research Center (and predecessor studies) went a step further and defined as separate spending units all related adults (other than a spouse) with more than a very nominal amount of earnings.⁷ And for some purposes their studies have moved to the still narrower concept of an adult unit, i.e., a non-married adult or a married couple with minor children. James Morgan has laid out the issues very well as they affect evaluation of the economic status of the aged.⁸

The issue may best be illustrated with data for the aged both because they are concentrated at the lower end of the income range and because the statistics are more extensive.

AGED UNITS

Data on the money income of the aged at three dates, summarized in Table 2, illustrate the importance of the definition of recipient unit both when measuring changes over time and the absolute level of income. The data were in each case collected by the Bureau of the Census: for 1962, on contract with the Social Security Administration as a special supplement to the CPS, using a very detailed questionnaire on the income of the aged; for 1959, as part of the decennial Census (25 per cent sample) with three income questions; for 1951, on contract, again as a special supplement to the CPS, but with somewhat more detail than is usual in

⁶ Bureau of Labor Statistics Bulletin No. 1562, *Consumer Expenditures and Income in 1960-61: Design, Methods and Evaluation of Survey* (in press); and Helen H. Lamale, *Study of Consumer Expenditures, Income and Savings: Methodology of the Survey of Consumer Expenditures in 1950*, Philadelphia, 1959.

⁷ See the series of annual reports under this title issued by the Institute for Social Research, University of Michigan, Ann Arbor.

⁸ James N. Morgan, "Measuring the Economic Status of the Aged," *International Economic Review*, Volume 6, No. 1 (January 1965). See also James N. Morgan, Martin H. David, Wilbur J. Cohen, and Harry E. Brazer, *Income and Welfare in the United States*, New York, 1962.

the CPS. All use the same time reference for determining the composition of the unit and the income to be recorded.

These data indicate clearly how easy it would be to draw varying conclusions as to the extent of the improvement in the income of the aged from 1951 to 1959 to 1962. The relative improvement was greater for the aged sharing a home with relatives than for those living alone, and from 1951 to 1959 larger than for those sharing than for the entire family with which they lived.⁹ In the former case the differential was most marked for nonmarried women, least marked for couples.¹⁰ Hence, at least for the nonmarried, data such as are customarily published for unrelated individuals and for families with aged heads would understate the gain in size of money income.

On the other hand, for all nonmarried aged the improvement in command over goods and services implied by a rise in size of their own money income was probably less than appears, as retirement benefits made it possible for more of the aged to get by on their own, but often on a level of living lower than that they had had as a member of a relative's household. It is not possible to quantify the value placed on independence and privacy.

NONMARRIED AGED

Census data for 1959 show that among the nonmarried aged, persons reported as family heads had considerably more income than other aged family members (Table 3), suggesting that economic factors are related to the designation of the head.¹¹ All the more reason to analyze them separately. Between 1951 and 1959 the improvement appears to have

⁹ The family income data for 1962 shown in Table 2 are obviously underestimated. They were taken from the control card which called for a bracket estimate, intended as a general indicator, and that might relate to as much as a year earlier. No attempt was made to obtain family income by detailed questioning, as was done for unit income.

¹⁰ The sharp rise in median income of nonmarried women from 1959 to 1962 is believed to result in part from a procedure designed to improve the accuracy of asset income data, namely imputation of a 4 per cent return on an asset when the schedule showed an asset but no entry for income from that asset. Asset income is of particular importance to nonmarried women.

¹¹ For discussion of method of designating the head in British surveys and analysis of income distributions for three types of recipient units in Great Britain, see Dorothy Cole and J. E. G. Utting, "The Distribution of Household and Individual Income," *Income and Wealth*, Series VI, London, 1957.

been greater for the family heads than for the relatives of the head, as shown by the following comparison:

	Per cent with No Income or Less than \$1,000		Median Income	
	1951	1959	1951	1959
Nonmarried men				
Family head	63	37	\$770	\$1,730
Relative of head	77	54	410	925
Nonmarried women				
Family head	84	64	300	780
Relative of head	94	80	zero	625

Analysis of the data in such detail obviously provides certain new insights, while at the same time it masks the net change in the income of all nonmarried aged persons (not in institutions) as a group. (Table 2). This change probably results, in part, from the differences in living arrangements, which were as follows at the two dates:

	Men		Women	
	1951	1959	1951	1959
Total	100.0	100.0	100.0	100.0
No relatives present	50.5	52.3	39.3	46.3
In family:				
As head	18.3	15.8	20.7	17.6
Relative of head	31.2	31.9	40.0	36.1

AGED COUPLES

Relatively few aged couples live as subfamilies in the home of relatives. Hence the statistical problem is different for couples than for nonmarried persons, but it does not disappear, as is evident from the data in Table 4. The conventional classification of aged families pro-

vides data for families with head aged 65 and over, regardless of presence of others in the household. In March 1960 the Census found 5.1 million husband-wife families with head or wife aged 65 or older. In 4.8 million the husband was at least 65 and the average family size 2.5; the median income was \$3,050. For the larger group of 5.1 million the average family size was the same and the median \$100 larger, presumably because the younger husbands were more likely to be well employed. Much more noteworthy is the finding that the median income of these 5.1 million families was one-fifth larger than the median amount of income accruing to the husband and wife alone (\$2,600, as shown on Table 2); the proportion receiving less than \$2,000 was 31.4 per cent compared with 38.0 per cent. The differences reflect the fact that more than one-fourth of these husband-wife families included persons who were likely to have their own income. The median total money income of these 1.4 million families was \$5,200.

The significance of the recipient unit definition is underlined by differences in the count of the poor when their number is estimated using the SSA variable poverty index developed by Mollie Orshansky to take account of number and age of family members,¹² and the unit's own income is considered instead of the income of the larger family to which that unit belongs. Among the aged living in families the count of the poor in 1965 is increased by 1.7 million from 2.6 million to 4.3 million, and the total number of aged poor (not in institutions) is 7.0 million instead of 5.3. The 1.7 million, a group designated the "hidden" poor, comprise aged persons living with relatives in a family with a combined income above the poverty cutoff but whose own income was below the poverty level for an aged person alone. They comprised about three-fourths of all aged persons living in the home of relatives in March 1966. At least two-thirds of them were women. It should be noted that even though identifying the "hidden" poor increases from 16 to 20 per cent the fraction of all persons counted as poor that are aged, person data nevertheless give a much more favorable impression than household data of the income situation of the aged. The latter show that of the 11.4

¹² See Mollie Orshansky, "Counting the Poor: Another Look at the Poverty Profile," January 1965, "Who's Who Among the Poor: A Demographic View of Poverty," July 1965, "Recounting the Poor—A Five-Year Review," April 1966, and "More About the Poor in 1964," in the *Social Security Bulletin*, and Social Security Administration, *Research and Statistics Note No. 5*, February 16, 1967.

million households classified as poor, 4.2 million, or 38 per cent, were headed by an aged person. And this is a much smaller proportion than if household size had been ignored in setting up the income criterion for poverty.

Not only the count of the low-income population but also the income source pattern for that population is affected by the definition of the recipient unit. Again illustrating with data for the aged, a sharp difference appears if the aged unit is used instead of the family with aged head. According to the 1963 Survey of the Aged earnings accounted for 32 per cent of the aggregate income in 1962 of persons 65 and over and their younger spouses, and interest, dividends and rents, 15 per cent. Almost all the remainder was from retirement programs or in the form of public assistance or payments to veterans. All other sources, including contributions from relatives, yielded only 4 per cent.¹³ In sharp contrast are the data on the composition of income from the Federal Reserve Board's Survey of Financial Characteristics of Consumers, which Dorothy Projector presents in her paper for this conference. With units classified in conventional fashion by age of head, that study shows, as would be expected, a much larger share of the income of aged units from employment, business and property income—67 per cent in all, compared with 47 per cent in the Survey of the Aged. The earnings of younger members are of course an important income source for many families with an aged head. Obviously some part of this difference stems from the inclusion in the SSA survey of institutional inmates—a group not in the labor force, characteristically with low income. A greater part of the difference stems from the special effort of the FRB study to obtain reliable data from high-income families both through the sample design and the intensive probing as to property holdings. On the other hand, the SSA study included nine questions on receipt of income from income-maintenance programs and private retirement plans.

Income Recipient Units Under 65

The concerns of the nation naturally influence the volume and form of available statistics. The focus of public concern on the aged in recent

¹³ Lenore A. Epstein and Janet Murray, *The Aged Population in the United States: The 1963 Survey of the Aged*, Social Security Administration, Research Report No. 19, 1967.

years—along with the fact that age is a standard variable in income analysis—accounts for the relative profusion of data on the aged.

Mother-child units with no male breadwinner are another vulnerable group, as are the disabled. The former are relatively easy to identify in the standard statistics. In March 1965, for example, there were 2.5 million mothers who were family heads and they had some 6.0 million children under age 18. About half of these families had 1964 incomes below the SSA poverty level, and 12 per cent were near poor. Another half million mothers lived with their children in the home of relatives, and at least as large a proportion of them were poor or would have been if they had not lived with relatives better off than they. Thus, the count of poor female-headed families with children is increased by 15 per cent by including the “hidden” poor who disappear in conventional statistics.

The disabled are far less easy to identify than the aged or the mother-child units. The CPS each February yields a count of those who report they did not work the previous year because of illness or disability. This is not generally cross-tabulated by income. The SSA’s special analyses of poverty in 1965, however, include a tally of the poor among unrelated individuals and families headed by persons under 65 who reported no work in 1965 because of disability, as follows:

	Household Head Under 65 Too Ill to Work (000)		Per cent in Poverty
	Total	Poor	
Families with:			
Male head	700	295	42
Female head	100	65	66
Unrelated persons:			
Male	130	105	81
Female	210	160	76

Another 350,000 men and 600,000 women aged 18–64 who reported inability to work at all in 1965 because of disability are not in this count

because they were living in the home of relatives.¹⁴ It can be argued that they as well as the aged should be counted as potential income-receiving units.

The SSA has in process now a survey of disabled adults under age 65 which will provide detailed information, associated with the degree and type of limitation, on the income size and sources and the living arrangements of the disabled person and his immediate family. Meanwhile, a 1960 study of disabled workers receiving social security benefits in eight metropolitan areas¹⁵ shows that among persons aged 50-64 who met both the stringent medical and work-experience requirements, just over half the nonmarried and more than one-fourth of the couples with a disabled member shared a home with relatives. Among the married, the relatives were most often adult children, while the nonmarried more often shared with siblings. Differences in income, as measured by the median, were insignificant between those living apart from relatives and those in their own home but with relatives present (Table 5). As would be expected, the disabled in the homes of relatives had less income of their own, as shown by the following figures for the median income of men:

	Married (including wife's income)	Nonmarried
No relatives present	\$3,370	\$1,520
Relatives present		
In own home	3,430	1,620
In relatives' home	2,200	1,480

These data should not be generalized to the total disabled population in households because nonbeneficiaries are likely to receive less income. It is noteworthy, moreover, that when the wife rather than the husband was the disabled worker beneficiary, the median income for the couple

¹⁴ Bureau of Labor Statistics, *Labor Force Report No. 76*, Tables B2 and D2.

¹⁵ Lawrence D. Haber, *The Disabled Worker Under OASDI*, U. S. Department of Health, Education, and Welfare, Social Security Administration, Office of Research and Statistics, Research Report No. 6, 1964.

was about 50 per cent higher than shown for married men, presumably because of the man's earning capacity. The median money income other than OASDI benefits of married couples was about three times as high as the median benefit amount when the wife was the disabled worker beneficiary, but only about 40 per cent larger when the man was the beneficiary—even though half the wives had some employment.

Reconstruction of Families

The issue of the recipient unit definition is actually broader than the identification of the family unit, on which this paper has focussed so far. The time reference for determining the composition of income receiving unit and for recording the income received, to use Helen Lamale's phrase, has a substantial effect on the number of units and on their distribution by income. So too does the place of residence.

Young people living away from home while attending school and military personnel living on post are classified by the decennial Census as unrelated individuals, and by CPS (and CES) as family members. This accounts in large part for the larger total number of unrelated individuals shown by the Census as compared with CPS. One might expect the Census procedure to produce relatively more with low income. The differences in proportions between the Census and CPS were modest—38 versus 32 per cent with income under \$1,000, 58 versus 54 per cent with less than \$2,000. The absolute differences were larger. The Census found 1.3 million more unrelated persons with incomes under \$1,000 and in addition 300,000 more with \$1,000 to \$2,000 income. It would be neither feasible nor fruitful to try to summarize here the evaluation of Census income data. Appendix A of Herman Miller's recent monograph, *Income Distribution in the United States*, gives a useful summary of the evaluation studies plus some previously unpublished data.

It does seem important, however, to raise again two related questions: whether or not to count units that existed only part of the year, and how to handle units that changed in composition during the year. The decennial Census and CPS define the units' composition as of the date of interview and collect for persons then in the family income information for the previous year. The CES, by contrast, excludes from regular analyses any unit that does not contain at least one person who was

independent all year, and also reconstructs each unit to reflect its composition throughout the year.¹⁶

Thus, for example, an unmarried person who set up his own household when he started working would be classified as an unrelated individual by Census and as a part-year unit for the period after he left his parent's home by the CES—probably with the same income figure. (CES would therefore exclude this unit from regular tabulations.) A young couple that was married at the end of the school term in June appears in Census data as a two-person family with whatever income each member reported for the entire year. If both husband and wife had previously been members of their parents' families, the couple would be classified by CES as a part-year unit and excluded from the regular tabulations; if the husband lived independently before marriage but not the wife, CES would treat the couple as a full-year unit with a part-year member and record the year's income for the former and the income after marriage for the latter, with any income before marriage included with that of her parents.

According to unpublished data generously made available by the BLS, some 300 urban part-year schedules with reasonably complete information were obtained in the 1960–61 CES study.¹⁷ More than one-third of them were couples married during the year, both of whom had previously been members of other families, and over one-fifth were individuals who set up one-person households during the year. In both cases the income for the year presumably was below the normal annual rate for such units, although some might have had considerable income of their own while living with their parents. This income the Census would have recorded for them; BLS would rather have included it as part of the income of the family they left. Another 10–15 per cent of the part-year units were individuals or families not in the survey universe because they were living abroad, in military service, or in an institution during some of the survey year. The other part-year units derived from families that broke up during the year or that were independent the early part of the year, before joining another unit.

¹⁶ Bureau of Labor Statistics, *Bulletin No. 1562* and Lamale, *Study of Consumer Expenditures, Income and Savings*, for definition of consumer unit and eligibility in 1950 CES survey and method of estimating the total number of consumer units in the survey universe.

¹⁷ Part-year schedules constituted 3 to 4 per cent of the urban sample.

Thus, the CES reconstruction procedure (designed to obtain income for a unit as it existed throughout a year) would be expected to yield fewer low-income cases than the Census procedure both because part-year units are set aside and also because the income of the units represented in the analysis includes the income that persons no longer in the family received while they were members of the family. (Unfortunately, the effect of the time reference period cannot readily be separated from the effect of the number of questions asked about income sources. CES used a much more detailed list of questions than CPS.)

Families do not stay constant: A special tabulation of the CES nonfarm sample found that one in six families contained one or more part-year members, nearly 7 million of the 43.6 million nonfarm families of two or more.¹⁸

A considerable proportion of these part-year members were new babies. Unfortunately it was not feasible to ignore in this analysis infants, which would not affect the size of family incomes except for any influence on the mother's employment. Others were children or other relatives who left to set up a new household. A number were persons who died during the year. Treating a widowed person whose spouse died during the year as a fractional two-person unit yields more couples with below average income, while treating such a person as a one-person unit and counting only his or her own income yields more singles and a fairly large proportion with low incomes. Table 6 suggests that among two-person nonfarm families with head aged 65 and over the 6 per cent with part-year members were more concentrated at the lowest incomes than those with two full-year members.

Experience with the 1963 Survey of the Aged and the Current Medicare Survey of the SSA, as well as CES, demonstrates the feasibility of collecting certain information from recently widowed persons about themselves and the deceased spouse. It is a question, however, whether or not it is realistic or even desirable to urge reconstruction of families for most types of income analysis. Reconstruction is a difficult and time-consuming process, and consequently would probably not be done well

¹⁸ Units ranging from 1.1 to 2.9 in size were coded as two-person units. This, together with the exclusion of part-year units, accounts in large measure for the smaller number of one-person units in CES compared with CPS (shown in Table 1). Among families of two or more, however, smaller units were relatively more numerous in CES than in CPS.

except in the context of a major consumption study. Done poorly, it would seem only to open Pandora's box. On the other hand, even this brief review suggests that income studies should identify any major changes in family composition during the period for which income data are collected, so that at a minimum new (part-year) units can be identified and, when desired, separately analyzed by type.

The Time-Reference Period

As long ago as 1941 Simon Kuznets identified as one of the three main characteristics or "bearings" for studies of income distribution the period for which income is cumulated.¹⁹ The body of literature that has grown up around the question of the permanent and transitory components of income, since the classic study of professional incomes,²⁰ is evidence of the economist's concern with the question. The issue of year-to-year variations in the incomes of individuals and families arises not only when studying the consumption or savings function but importantly when measuring the size of the low-income population to determine how many are only temporarily disadvantaged.

Collection and analysis of income data for annual periods is nonetheless standard—at least in part because retrospective data covering more than a year are suspect. And in any case there is a strong suspicion—if not good evidence—that expected changes in income are at least as important as previous income in determining consumption levels. Some studies ask respondents how their current year's income compares with that of the previous year or two and their income expectations for the subsequent year or two. Morgan reports that the over-all index of inequality goes up rather than down when units that reported recent changes in income are excluded from the sample: "If we compute the index for each age group separately, excluding those with income changes, no particular pattern emerges above the (somewhat larger) sampling errors. . . . The young age group 18-24 does not have enough units with unchanged incomes to provide a stable estimate."²¹

¹⁹ "The Why and How of Distributions of Income by Size," in *Income Size Distributions in the United States*, Part I, Studies in Income and Wealth, Volume 5, New York, NBER, 1943, pp. 13-29.

²⁰ Milton Friedman and Simon Kuznets, *Income from Independent Professional Practice*, New York, 1945.

²¹ James Morgan, "The Anatomy of Income Distribution," *The Review of Economics and Statistics*, Volume XLIV, No. 3, August 1962, p. 272.

Obviously, two groups that form a significant fraction of the low income population are young people just starting up the earnings ladder and elderly people in retirement. Economists concerned with measuring the size of the low-income population and also policy makers concerned with reducing its size must deal with the question of the proportion that are temporarily poor. It appears that the very young and the old have increased considerably as a proportion of poor households since 1959, using the same measure (that varies with family size) except for price adjustment. Mother-child units in poverty have also gone up relative to all poor households.

The incidence of poverty among farm residents has dropped significantly, but so too has the farm group as a percentage of the poor.²² These characteristics have an important bearing on the extent to which low-income status is permanent or temporary.

Another approach to measuring the size of the low-income population from annual data is to look at the size of outlay, because spending tends to be more stable than income. The SSA therefore prepared special tabulations of the CES nonfarm data for 1960-61 showing the size distribution of consumption expenditures as defined by the BLS and also the size distribution of current outlay. The latter is the idea of "amount paid out." It differs from expenditures in that it includes personal insurance premiums, payments on mortgages, on installment contracts for durable goods, and on debts for current consumption. Outlay will be less than expenditure by the net amount of debt added during the year; it will be larger by debt reduction for these items, chief among them mortgage payments.

The numbers who spend less than the poverty and low-income cutoffs may be taken to indicate how many would probably be classified as low income for a period longer than one year. Tables 7 and 8 show the distribution by size of expenditures and by size of current outlay, respectively, by money income class for families classified by size and, for

²² Eugene Smolensky commented in 1961, "The unrelenting pressure on agricultural workers has now pushed their numbers down to the point where relative poverty is no longer an overwhelmingly rural problem. In the next decade we shall see the shift of the bulk of poverty back to the large urban areas of the industrial belt, after two decades of it being, very largely, a pox on the rural population." See "Recent Developments in the Study of Income Distribution," *1961 Proceedings of the Business and Economic Statistics Section of the American Statistical Association*, p. 349.

one- and two-person units, separately for the aged and those under age 65. Because cells are very small, sampling variability is very high. Nevertheless, the close correlation of income with consumption expenditures and with current outlay is unmistakable. (Time did not permit regression or correlation analysis, but it is hoped that these more or less raw data will be useful to students in the field.)

A comparison of the marginal totals, summarized in Table 9, highlights the fact that the number with very small expenditures and the number with very large expenditures is less for each group than the number with such incomes. However, it appears that the proportion poor (using the SSA variable poverty index as the cutting point) would be about the same for families of two or more if expenditures rather than money income were the measure and somewhat smaller if current outlay were the measure. For one-person units the differences were negligible:

	Families of Two or More	One-person Units
Per cent poor based on:		
Income	12.3	32.4
Expenditures	12.3	33.0
Outlay	10.6	32.5
Per cent low-income based on:		
Income	20.8	38.3
Expenditures	22.3	41.8
Outlay	18.2	40.6

As would be expected the differences are somewhat larger when the low-income rather than poverty cutoff is used.

Particularly telling, perhaps, is the fact that among families defined in CES as poor on the basis of their income, roughly three-fourths held spending (or outlay) within these limits. Among one-person units, this was also true of those under 65 and of five-sixths of those aged 65 and over. (The young are of course much more likely than the aged to spend beyond their income because they can look forward to more in the future.) This suggests that for some of the poor their poverty status was

transitory, but for most it was not. For some of the nonpoor, their income position was undoubtedly more favorable than usual in the survey year and their spending remained well below their income.

In process is an analysis of change from 1963 to 1964 in the poverty status of a sample of identical families in the CPS taken in March of 1964 and 1965. When this analysis is completed—and perhaps replicated for another period—more should be known of the annual movements in and out of poverty and the extent to which they reflect changes in family composition, and in employment, and also of the relative mobility of the poor and the nonpoor.

Conclusion

This paper leaves untouched much that I had hoped to cover.

It was never my purpose to try to evaluate criteria of need which are used to mark off the poor or low income from the rest of the population. To the extent that the paper draws on SSA studies of the poor, it takes for granted the SSA's variable poverty index developed by Mollie Orshansky. This is not the place to argue its merits—either as to level or the precise family type equivalence ratios. We in SSA and others are exploring data in a search for a more refined cutting tool, and one that will reflect productivity changes without producing the nonsense result that the same proportion of the population would always be poor.

It had been my intention, however, to try to judge how much difference it would make in the size of the low-income population if the income definition were broadened to include nonmoney income in the conventional sense of imputed income from owned homes, home produced food, etc., the great variety of fringe benefits, or realized capital gains.²³ All clearly affect the shape of the distribution. Over the years attention has usually been directed to the types of nonmoney income that are important to low- rather than to high-income groups. Valuation of various fringe benefits that are important to skilled workers and executives should receive similar attention.²⁴

²³ Useful in this latter point is the recent Supplemental Report to the *Statistics of Income, 1962, Sales of Capital Assets Reported on Individual Income Tax Returns*, Internal Revenue Service Publication No. 458 (10-66).

²⁴ For a summary of scattered evidence on the growing importance of fringe benefits in Britain and their unequal distribution, see Richard M. Titmuss, *Income Distribution and Social Change*, Toronto, 1962.

Another facet of the question of the income definition relates to the accuracy of reporting. We had hoped we would have data by now from the very promising link project, described by Joseph Steinberg, to throw light on the quality and completeness of information at all levels of income. They would be very useful for the current revision of the OBE series and would have rounded out a phase in the work of this Conference. The recommendations growing out of the 1941 meeting include the statement: "We need links between income tax returns and Social Security records. The obstacles are formidable. . . . If the Census plans mature, the tabulations should facilitate the task. . . ." ²⁵ Now that the social security records cover almost all employment and income tax returns include practically all income receivers except those supported by transfer payments, and income data are collected in annual surveys, linkage will be far more valuable than it would have been in 1941.

A detailed comparison of 1963 interview reports on social security benefits from the 1963 Survey of the Aged with record data ²⁶ shows a 6 per cent net understatement of benefit income. More than three-fourths of the cases were exact matches or reported within \$60 of the SSA record amount. Errors in excess of \$300 contributed more than nine-tenths of the net understatement. Considering that more than half the units received less than \$1,000 in benefits and that only one in twenty received more than \$2,000, \$300 is a sizable error and would seem to be more than a simple inability to recall or work out an approximate total. Nonreporting of beneficiary status in the interview may account for as much as 2 to 3 per cent. Other reasons such as retroactive payments, terminations, or other benefit changes are also possible, particularly because the schedule focussed on monthly payments.

It is reasonably well established that more questions yield a more accurate total. More study is needed, however, to establish the cost of a

²⁵ "Comparability and Deficiencies of Data," in *Income Size Distributions*, Part I, p. 92.

²⁶ We have in process—but not completed—a similar matching study on earnings of persons 62 and over as reported in the household interview and as reported for social security tax purposes by employers and the self-employed. We expect to carry through similar comparisons of the data from our current survey of disabled adults.

particular level of accuracy. Detailed comparison of the income data from the March 1966 CPS with those from the special survey of 30,000 households conducted by the Census Bureau for the OEO (not yet released) should throw considerable light on the effect of additional questions. But once again it will be difficult to isolate the effect, because questions about nonearned income were for the family as a unit on the special study schedule and for each person age 14 and over on the CPS. By more questions one usually means more specification of income sources, but it may also relate to the time periods. At least for certain types of income, cumulation of weekly or monthly data may increase accuracy (although some types accrue too irregularly for that). This would have a useful by-product in that it would permit exploration of irregularity in income among those at the margin as an indicator of low-income status.

The probable effect of the increasing reliance on self-enumeration needs much further testing. It appears that the 1960 Census produced relatively high figures because some high-income respondents were willing to supply data by mail that they would not have provided in an interview. The effect on the quality of response by the not-so-literate seems doubtful.

Reduction in response error obviously will reduce somewhat the count of low-income units, particularly if the error results from forgetting small or irregular amounts. On the other hand, improved cooperation from the well-to-do will increase the relative number with high incomes. Also, some who now compute annual income from usual weekly or monthly earnings may overstate (occasionally understate) by not taking account of exceptional cases. More probing would therefore increase (or occasionally decrease) the number with low incomes.

The size of the low-income population in any case depends on the size of the total population—which is affected by the definition of the recipient unit—and also on the shape of the distribution, which in turn reflects both the definition of income and the definition of the recipient unit.

		<i>Nonfarm</i>						
Estimated number (000)	41,805	43,626	42,851	41,754	12,799	8,168	10,741	N/A
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	4.8	1.0	4.2	5.7	37.1	15.9	31.6	
\$ 1,000-1,999	6.7	5.9	7.0		20.7	27.8	21.8	
2,000-2,999	7.8	8.5	8.1	5.6	12.1	15.5	12.7	
3,000-3,999	9.2	9.4	9.2	8.3	9.6	13.3	9.9	
4,000-4,999	11.0	11.0	10.5	10.3	7.5	9.6	8.1	
5,000-5,999	12.7	12.5	11.9	11.7	5.1	7.5	6.0	
6,000-7,499		16.4		17.0		4.9		
7,500-9,999	32.1	18.4	32.3	18.6	6.0	3.7	7.3	
10,000-14,999	10.9	12.5	11.9	14.4		1.4	1.6	
15,000 and over	4.8	4.4	5.0	8.4	1.8	0.4	0.9	
Average income:								
mean	\$5,830	\$6,956	\$5,924	\$8,120	\$1,620	\$3,098	\$1,805	
median								

SOURCES: Census 1959: Total from U. S. Census of Population: 1960. *Sources and Structure of Family Income*, PC(2)-4C, Tables 1 and 6. Nonfarm from U. S. Bureau of the Budget, *Family Income Distribution Statistics Published by Federal Agencies*, December 1964.

CPS 1961: *Current Population Reports-Consumer Income*, Series P-60, No. 39. Bureau of the Census, U. S. Department of Commerce.

CES 1960-61: Survey of Consumer Expenditures in 1960-61, Bureau of Labor Statistics, U. S. Department of Labor. Total from BLS Bulletin No. 1562, *Consumer Expenditures and Income in 1960-61: Design, Methods and Evaluation of Survey*

(in press). Nonfarm from U. S. Bureau of the Budget, *Family Income Distribution Statistics Published by Federal Agencies*, December 1964.

OBE 1961: *Survey of Current Business*, April 1964, Table 5, Office of Business Economics, U. S. Department of Commerce.

^a Income as defined by each agency.

TABLE 2

MONEY INCOME IN 1959 OF MARRIED COUPLES AND NONMARRIED PERSONS AGED 65 AND OVER BY LIVING ARRANGEMENTS: PERCENTAGE DISTRIBUTION BY SIZE OF OWN INCOME AND FOR THOSE SHARING WITH RELATIVES BY SIZE OF FAMILY INCOME

Income Class Before Taxes	1951					1959					1962					
	Total	No Relatives	Relatives Present		Total	No Relatives	Relatives Present		Total	No Relatives	Relatives Present		Total	No Relatives	Relatives Present	
			Own Income	Family Income												
Number (000's)	3,763	2,600	1,163	5,083	3,725	1,358	1,358	1,358	5,445	3,968	1,477	1,477	5,445	3,968	1,477	1,477
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	38.1	35.3	44.5	13.3	12.1	16.6	6.1	6.1	4.9	4.5	5.7	5.7	4.9	4.5	5.7	2.1
\$1,000-1,499	15.4	16.2	13.7	12.4	12.0	13.3	5.6	5.6	9.6	8.5	12.5	12.5	9.6	8.5	12.5	12.8
1,500-1,999	10.5	10.4	10.9	6.8	12.3	12.1	5.9	5.9	13.7	12.9	15.7	15.7	13.7	12.9	15.7	12.8
2,000-2,499	8.7	8.4	9.3	5.9	10.5	10.6	5.7	5.7	12.9	13.4	11.3	11.3	12.9	13.4	11.3	17.7
2,500-2,999	5.3	5.3	5.3	8.7	8.4	7.7	5.3	5.3	11.9	12.1	11.3	11.3	11.9	12.1	11.3	17.7
3,000-3,999	9.3	10.2	7.4	15.5	12.3	12.1	12.9	10.1	15.8	16.0	15.4	15.4	15.8	16.0	15.4	17.9
4,000-4,999	5.5	5.7	5.0	11.5	8.5	8.6	8.3	9.5	10.7	10.9	10.0	10.0	10.7	10.9	10.0	50.6
5,000 and over	7.2	8.5	3.9	22.5	23.8	19.0	51.8	20.6	20.6	21.6	18.0	18.0	20.6	21.6	18.0	50.6
Median income	\$1,390	\$1,455	\$1,205	\$2,600	\$2,670	\$2,400	\$5,200	\$2,875	\$2,875	\$2,940	\$2,710	\$2,710	\$2,875	\$2,940	\$2,710	\$3,970
<i>Married Couples Aged 65 and Over^a</i>																
Number (000's)	6,040	2,647	3,393	7,810	3,759	4,051	4,051	4,051	8,731	4,993	3,738	3,738	8,731	4,993	3,738	3,738
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	81.8	76.5	85.8	59.2	49.7	67.9	8.1	8.1	44.4	37.6	52.9	52.9	44.4	37.6	52.9	6.7
\$1,000-1,499	6.8	8.8	5.3	7.2	15.0	18.3	5.7	5.7	21.8	22.6	20.7	20.7	21.8	22.6	20.7	15.2
1,500-1,999	3.9	5.1	2.9	7.8	7.4	9.1	5.4	5.4	12.6	15.0	9.6	9.6	12.6	15.0	9.6	15.2
2,000-2,499	2.1	3.2	1.2	6.2	6.2	6.2	5.0	5.0	7.7	9.1	5.9	5.9	7.7	9.1	5.9	10.5
2,500-2,999	1.4	1.7	1.1	5.8	7.8	9.6	4.5	4.5	3.9	4.5	3.1	3.1	3.9	4.5	3.1	10.5
3,000-3,999	2.2	2.6	2.0	16.1	3.7	4.6	2.9	2.9	3.7	4.5	2.8	2.8	3.7	4.5	2.8	12.0
4,000-4,999	0.4	0.4	0.4	12.7	2.3	2.8	1.8	1.8	1.9	1.9	2.0	2.0	1.9	1.9	2.0	12.0
5,000 and over	1.5	1.7	1.2	25.7	4.6	5.8	3.4	3.4	4.0	4.8	3.1	3.1	4.0	4.8	3.1	60.2
Median income	\$395	\$625	\$195	\$790	\$1,005	\$620	\$5,310	\$1,130	\$1,130	\$1,275	\$940	\$940	\$1,130	\$1,275	\$940	\$4,470
<i>Nonmarried Persons Aged 65 and Over^b</i>																

Nonmarried Men Aged 65 and Over ^b											
Number (000's)	1,810	920	890	2,282	1,194	1,088	2,402	1,500	902	902	
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Under \$1,000	70.2	68.7	71.6	43.8	39.3	48.7	6.3	32.0	26.9	32.9	6.4
\$1,000-1,499	10.7	9.7	11.8	19.0	20.4	17.4	5.2	24.5	25.9	22.1	} 14.4
1,500-1,999	5.1	5.8	4.3	7.9	10.2	9.4	5.2	13.6	13.6	11.6	
2,000-2,499	3.7	4.2	3.1	7.9	11.9	10.5	5.1	10.7	10.2	11.6	} 9.0
2,500-2,999	2.5	3.1	2.0	6.7	11.3	11.9	4.5	5.5	5.3	5.7	
3,000-3,999	4.1	5.8	2.4	12.2	5.2	5.7	4.7	8.8	5.6	4.6	13.7
4,000-4,999	0.6	0.4	0.8	11.0	3.4	3.7	3.1	8.8	3.1	1.6	4.1
5,000 and over	3.2	2.4	4.0	26.8	7.3	8.0	6.2	56.1	6.2	5.4	56.5
Median income	\$660	\$735	\$550	\$2,995	\$1,160	\$1,260	\$5,685	\$1,365	\$1,395	\$1,320	\$4,460
Nonmarried Women Aged 65 and Over ^b											
Number (000's)	4,230	1,727	2,503	5,527	2,565	2,963	6,329	3,493	2,836	2,836	
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Under \$1,000	86.9	80.9	90.9	18.6	65.5	54.6	75.0	8.8	49.2	51.3	6.7
\$1,000-1,499	5.0	8.2	3.0	6.5	13.4	17.3	10.0	5.9	20.7	21.1	} 15.4
1,500-1,999	3.3	4.8	2.4	7.7	6.2	8.2	4.5	5.4	12.7	15.7	
2,000-2,499	1.4	2.6	0.6	5.6	6.4	8.6	4.6	5.0	6.5	8.7	} 11.1
2,500-2,999	0.9	0.9	0.8	5.5	6.4	8.6	4.6	4.6	3.2	4.1	
3,000-3,999	1.4	0.9	1.8	17.4	3.2	4.2	2.2	9.3	3.0	3.7	11.4
4,000-4,999	0.3	0.4	0.3	13.4	1.8	2.4	1.3	9.5	1.4	1.6	1.3
5,000 and over	0.8	1.4	0.3	25.3	3.5	4.8	2.4	51.7	3.2	4.0	55.4
Median income	\$275	\$555	\$80	\$3,350	\$670	\$890	\$500	\$5,165	\$1,015	\$1,210	\$4,470

SOURCES: 1951 data: Peter O. Steiner and Robert Dorfman, *The Economic Status of the Aged*, University of California Press, 1957, Tables 202, 214 and for population totals 3.6.
 1959 data: U. S. Census of Population, 1960, *Income of the Elderly*, PC(2) 8B, Tables 1 and 2. *Sources and Structure of Family Income*, PC(2) 4C, Table 11 (Data used to distribute incomes above \$3,000 for all couples; own income for couples sharing with relative derived by subtraction.)
 1962 data: Lenore A. Epstein and Janet Murray, *The Aged Population in the United States: The 1963 Survey of the Aged*, Social Security Administration, Research Report No. 19 (1967), Tables 3.3 and 12.4; with data on unit income by presence of relatives adjusted on the basis of more detailed tabulations pre-
 pared subsequent to publication.
^a 1951 data for couples with head 65 and over; 1959 and 1962 for couples with head or wife 65 and over.
^b 1951 and 1959 data for noninstitutional population; 1962 data include persons in institutions with others not living with relatives.
^c Family income data for 1962 were obtained from the control card used for the Current Population Survey. A single global estimate was asked of each respondent, and could relate to as much as a year earlier, with the use of a flash card when needed. This procedure undoubtedly led to lower estimates of income than more detailed questioning.

TABLE 3

MONEY INCOME IN 1959 OF NONMARRIED PERSONS AGED 65 AND OVER
LIVING WITH RELATIVES BY FAMILY STATUS: PERCENTAGE
DISTRIBUTION BY SIZE OF OWN INCOME, AND BY SIZE OF
FAMILY INCOME, BY RELATIONSHIP TO HEAD

Income Class Before Taxes	Own Income		Family Income	
	Family Head	Relative of Head	Family Head	Relative of Head
<i>Nonmarried Men and Women Aged 65 and Over</i>				
Number (000's)	1,326	2,724	1,326	2,724
Per cent	100.0	100.0	100.0	100.0
Under \$1,000	57.0	73.2	14.8	4.9
\$1,000-1,499	14.1	11.0	9.3	3.9
1,500-1,999	7.7	4.9	7.9	4.1
2,000-2,499	} 8.7	} 4.9	6.8	4.1
2,500-2,999			5.8	3.9
3,000-3,999	4.3	2.2	10.6	8.4
4,000-4,999	2.7	1.4	9.6	9.2
5,000 and over	5.5	2.4	35.2	61.4
Median income	\$885	\$685	\$3,510	\$6,180
<i>Nonmarried Men Aged 65 and Over</i>				
Number (000's)	360	729	360	729
Per cent	100.0	100.0	100.0	100.0
Under \$1,000	37.8	54.0	11.1	4.0
\$1,000-1,499	17.6	17.4	8.5	3.6
1,500-1,999	10.7	8.7	7.6	4.0
2,000-2,499	} 13.0	} 9.2	6.9	4.1
2,500-2,999			5.6	4.0
3,000-3,999	6.4	3.8	10.3	8.1
4,000-4,999	4.5	2.4	9.4	8.6
5,000 and over	10.0	4.4	40.6	63.7
Median income	\$1,730	\$925	\$4,000	\$6,430
<i>Nonmarried Women Aged 65 and Over</i>				
Number (000's)	967	1,996	967	1,996
Per cent	100.0	100.0	100.0	100.0
Under \$1,000	64.1	80.2	16.2	5.2
\$1,000-1,499	12.7	8.7	9.6	4.0
1,500-1,999	6.6	3.5	8.1	4.1
2,000-2,499	} 7.0	} 3.4	6.8	4.1
2,500-2,999			5.8	3.9
3,000-3,999	3.6	1.6	10.8	8.6
4,000-4,999	2.1	1.0	9.6	9.4
5,000 and over	3.9	1.7	33.2	60.6
Median income	\$780	\$625	\$3,325	\$6,085

SOURCE: U. S. Bureau of the Census: U. S. Census of Population: 1960. *Income of the Elderly*, PC(2) 8B, Tables 1 and 2. Data are for noninstitutional population.

TABLE 4

MONEY INCOME IN 1959 OF HUSBAND-WIFE FAMILIES WITH HEAD OR WIFE AGED 65 AND OVER BY LIVING ARRANGEMENTS

Income Class Before Taxes	Head or Wife Aged 65 and Over			Head Aged 65 and Over, Wife Any Age	Wife Aged 65 and Over, Husband Under 65
	Total	No Relatives Present	Relatives Present ^a		
Number (000's)	5,083	3,725	1,358	4,778	305
Per cent	100.0	100.0	100.0	100.0	100.0
Under \$1,000	10.5	12.1	6.1	10.6	8.4
1,000-1,499	10.3	12.0	5.6	} 21.5	} 11.5
1,500-1,999	10.6	12.3	5.9		
2,000-2,499	9.3	10.6	5.7	} 17.3	} 10.9
2,500-2,999	7.6	8.4	5.3		
3,000-3,999	11.6	12.1	10.1	11.6	11.3
4,000-4,999	8.8	8.6	9.5	8.6	12.1
5,000 and over	31.3	23.8	51.8	30.3	45.9
Median income	\$3,150	\$2,670	\$5,200	\$3,050	\$4,660
Average Size of Family	2.5	2.0	3.8	2.5	^b

SOURCE: U. S. Bureau of the Census, *Census of Population: 1960—The Income of the Elderly Population* (1963), for data on families with head or wife aged 65 and over, and *Final Report, Detailed Characteristics*, PC(1)-1D, Table 224, for income data on families with head aged 65 and over and for family-size data. For families with wife aged 65 and over and husband under 65, data derived by subtraction. Data are for non-institutional population.

^a Husband-wife families of three or more persons headed by a person 65 and over average 3.8 persons in size. It is assumed that these 1,358,000 families contained the same number of persons, on the average.

^b Not available.

TABLE 5
MONEY INCOME OF DISABLED WORKER BENEFICIARIES UNDER OASDI
BY MARITAL STATUS, SEX, AND LIVING ARRANGEMENTS:
PERCENTAGE DISTRIBUTION BY SIZE OF OWN INCOME AND FOR THOSE SHARING BY SIZE OF FAMILY INCOME

Income Class	Total			No Relatives Present			Own Income			Relatives Present			Family Income		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	1.2	1.4	0.4	0.8	1.1	—	2.3	2.8	—	—	—	—	—	—	—
\$1,000-1,499	7.4	8.8	2.2	5.9	7.0	2.0	10.3	11.8	3.5	1.5	1.9	—	—	—	—
1,500-1,999	9.3	10.2	5.6	9.5	10.3	6.4	8.0	9.1	3.5	0.9	1.1	—	—	—	—
2,000-2,499	12.9	13.7	9.7	13.2	13.9	10.3	10.9	12.2	5.3	2.8	3.4	—	—	—	—
2,500-2,999	9.3	9.8	7.5	10.2	11.1	6.9	6.4	5.9	8.8	2.5	2.6	—	—	—	—
3,000-3,999	19.2	20.3	14.9	19.2	20.2	15.3	20.9	22.4	14.0	9.3	10.2	—	—	—	—
4,000-4,999	15.4	15.6	14.9	15.2	15.4	14.3	16.1	16.1	15.8	9.3	9.8	—	—	—	—
5,000 and over	25.2	20.2	44.8	26.1	21.0	44.8	25.1	19.7	49.1	73.8	70.9	—	—	—	—
Median income	\$3,570	\$3,340	\$4,650	\$3,610	\$3,370	\$4,650	\$3,650	\$3,430	\$4,950	\$7,090	\$6,900	—	—	—	—
Total per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	29.9	19.1	42.3	23.4	17.8	32.6	30.4	20.0	38.7	0.7	—	—	—	—	—
\$1,000-1,499	36.1	39.9	31.8	37.3	38.8	34.8	34.1	35.0	33.3	3.3	3.0	—	—	—	—
1,500-1,999	15.6	19.4	11.1	19.7	23.7	12.9	13.3	13.3	13.3	5.6	4.5	—	—	—	—
2,000-2,499	10.3	12.5	7.7	12.0	12.8	10.6	10.4	16.7	5.3	6.2	9.0	—	—	—	—
2,500-2,999	3.1	2.9	3.4	3.1	2.3	4.5	3.0	1.7	4.0	3.3	2.3	—	—	—	—
3,000-3,999	3.7	4.3	3.1	3.4	2.7	4.5	7.4	11.7	4.0	11.8	10.5	—	—	—	—
4,000-4,999	0.4	0.8	—	0.3	0.5	—	—	—	—	12.5	9.8	—	—	—	—
5,000 and over	0.9	1.1	0.6	0.9	1.4	—	1.5	1.7	1.3	56.7	60.9	—	—	—	—
Median income	\$1,390	\$1,520	\$1,180	\$1,470	\$1,520	\$1,360	\$1,410	\$1,620	\$1,240	\$5,700	\$6,080	—	—	—	—

SOURCE: SSA, 1960 Survey of disabled worker beneficiaries in eight metropolitan areas. Data for noninstitutional population.
^a Income includes that of the spouse.

TABLE 6

MONEY INCOME OF TWO-PERSON NONFARM FAMILIES BY AGE OF HEAD,
FOR ALL UNITS AND THOSE WITHOUT PART-YEAR MEMBERS

Income Class After Taxes	Head Under 65		Head 65 and Over	
	All	No Part-Year Member	All	No Part-Year Member
Number (000's)	10,592	8,322	5,031	4,714
Per cent	100.0	100.0	100.0	100.0
Under \$1,000	1.5	1.6	3.2	3.1
\$1,000-1,999	6.4	6.1	23.6	22.8
2,000-2,999	10.9	10.2	25.0	25.5
3,000-3,999	12.7	11.8	17.4	17.7
4,000-4,999	15.9	15.4	11.4	11.5
5,000-5,999	15.1	15.4	7.0	7.0
6,000-7,499	16.7	17.6	5.6	5.5
7,500-9,999	13.4	13.9	3.6	3.7
10,000-14,999	5.4	6.0	1.7	1.7
15,000 and over	2.0	2.0	1.5	1.4

SOURCE: Special tabulations prepared by the Social Security Administration of data from the Survey of Consumer Expenditures, 1960-61.

TABLE 7

DISTRIBUTION OF NONFARM FAMILIES AND ONE-PERSON UNITS BY AMOUNT OF CONSUMPTION EXPENDITURES,^a
BY INCOME AND FAMILY SIZE, AND FOR ONE- AND TWO-PERSON UNITS BY AGE, 1960-61

Income Class After Taxes	All Classes		Expenditures for Current Consumption ^a									
	Number (000)	Per cent	Under \$1,000	\$1,000- 1,999	\$2,000- 2,999	\$3,000- 3,999	\$4,000- 4,999	\$5,000- 7,499	\$7,500- 9,999	\$10,000- 14,999	\$15,000- and over	
Total	8,172	100.0	14.2	34.2	23.3	13.3	7.6	6.2	0.7	0.4	0.1	
<i>One-Person Unit—All Ages</i>												
Under \$1,000	1,302	100.0	67.6	26.0	3.2	2.1	0.6	0.5	—	—	—	
\$ 1,000-1,999	2,403	100.0	11.2	72.1	14.0	1.6	1.0	0.1	—	—	—	
2,000-2,999	1,531	100.0	0.3	37.3	45.5	13.0	2.9	0.8	0.1	—	—	
3,000-3,999	1,193	100.0	—	8.8	43.9	31.6	12.0	2.7	1.1	—	—	
4,000-4,999	831	100.0	0.6	5.1	25.7	30.9	23.3	14.0	—	0.4	—	
5,000-5,999	369	100.0	—	0.5	16.0	24.1	31.7	23.7	4.0	—	—	
6,000-7,499	338	100.0	—	—	6.0	19.2	16.9	54.3	3.6	—	—	
7,500-9,999	135	100.0	—	—	7.6	18.2	27.9	34.9	7.2	4.2	—	
10,000-14,999	56	100.0	—	—	8.5	14.3	—	37.6	7.4	24.1	8.2	
15,000 and over	14	100.0	—	—	—	—	—	—	—	75.8	24.2	
<i>Families of Two or More</i>												
Total	43,626	100.0	0.7	6.0	10.0	14.3	15.8	31.9	13.8	6.1	1.3	
Under \$1,000	452	100.0	48.0	38.5	5.3	0.9	0.4	5.7	1.2	—	—	
\$ 1,000-1,999	2,663	100.0	3.9	64.4	21.8	6.5	2.0	1.0	0.5	—	—	
2,000-2,999	4,038	100.0	0.1	15.3	53.6	21.0	6.7	2.8	0.4	0.1	—	
3,000-3,999	4,814	100.0	—	1.5	22.5	43.8	19.2	11.2	1.7	0.2	—	
4,000-4,999	6,122	100.0	—	0.3	5.3	30.3	33.6	27.5	2.6	0.3	—	
5,000-5,999	6,289	100.0	—	—	2.2	13.4	31.0	47.3	5.7	0.4	0.1	
6,000-7,499	7,656	100.0	—	0.1	0.4	4.2	16.6	60.9	15.9	1.8	0.1	
7,500-9,999	7,014	100.0	—	—	0.1	1.5	4.5	46.5	38.1	9.2	0.2	
10,000-14,999	3,539	100.0	—	—	0.3	0.3	1.6	16.7	39.8	38.1	3.2	
15,000 and over	1,039	100.0	—	—	0.2	—	—	4.9	10.1	46.5	38.2	

TABLE 7 (continued)

Income Class After Taxes	All Classes		Expenditures for Current Consumption ^a										
	Number (000)	Per cent	Under \$1,000	\$1,000- 1,999	\$2,000- 2,999	\$3,000- 3,999	\$4,000- 4,999	\$5,000- 7,499	\$7,500- 9,999	\$10,000- 14,999	\$15,000- and over		
Total	8,369	100.0	—	1.4	4.4	9.0	15.9	39.8	20.2	8.0	1.3		
Under \$1,000	11	100.0	—	100.0	—	—	—	—	—	—	—		
\$ 1,000-1,999	154	100.0	—	52.2	34.9	10.4	—	2.5	—	—	—		
2,000-2,999	335	100.0	—	8.7	45.8	23.8	9.1	9.6	3.0	—	—		
3,000-3,999	702	100.0	—	—	18.0	40.7	16.1	22.8	2.4	—	—		
4,000-4,999	1,080	100.0	—	—	2.9	21.1	42.7	28.9	4.3	—	—		
5,000-5,999	1,338	100.0	—	—	—	7.6	29.4	55.1	7.9	—	—		
6,000-7,499	1,859	100.0	—	—	—	1.3	15.7	62.0	19.4	1.3	0.3		
7,500-9,999	1,773	100.0	—	—	—	0.5	2.2	46.3	43.4	7.5	—		
10,000-14,999	904	100.0	—	—	—	0.5	0.5	11.4	39.0	44.5	4.1		
15,000 and over	212	100.0	—	—	—	—	—	5.2	14.7	50.5	28.7		
Total	5,417	100.0	0.3	1.4	3.7	10.6	13.3	40.1	19.0	9.5	2.2		
Under \$1,000	26	100.0	36.7	—	—	—	—	42.7	20.6	—	—		
\$ 1,000-1,999	116	100.0	8.1	50.9	23.5	14.4	3.1	—	—	—	—		
2,000-2,999	258	100.0	—	5.6	46.6	35.3	10.6	2.0	—	—	—		
3,000-3,999	377	100.0	—	—	9.6	46.7	18.8	19.1	5.9	—	—		
4,000-4,999	676	100.0	—	—	0.8	29.0	33.3	34.5	1.3	1.1	—		
5,000-5,999	853	100.0	—	—	1.1	8.3	27.4	55.4	5.9	1.4	0.6		
6,000-7,499	1,143	100.0	—	—	—	1.6	11.6	66.9	18.0	1.7	0.3		
7,500-9,999	1,174	100.0	—	—	—	0.5	2.2	45.4	39.3	12.4	0.3		
10,000-14,999	594	100.0	—	—	—	—	—	13.5	44.2	39.0	3.4		
15,000 and over	200	100.0	—	—	—	—	—	—	6.6	49.5	43.9		

*Families of Four**Families of Five*

Total	Families of Six						18.2	9.2	1.7		
	2,723	100.0	0.4	1.9	5.6	9.8					
Under \$1,000	15	100.0	67.9	32.1	—	—	—	—	—		
\$ 1,000-1,999	50	100.0	—	66.9	20.9	12.2	—	—	—		
2,000-2,999	159	100.0	—	9.2	47.5	24.1	—	—	—		
3,000-3,999	246	100.0	—	—	23.5	41.1	—	—	—		
4,000-4,999	396	100.0	—	—	2.3	24.2	—	—	—		
5,000-5,999	399	100.0	—	—	—	6.1	—	—	—		
6,000-7,499	564	100.0	—	—	—	—	—	—	—		
7,500-9,999	552	100.0	—	—	—	—	—	—	—		
10,000-14,999	269	100.0	—	—	—	—	—	—	—		
15,000 and over	73	100.0	—	—	—	—	—	—	—		
							15.0	38.2	18.2	9.2	1.7
							—	—	—	—	—
							9.6	6.5	—	3.1	—
							21.0	14.4	—	—	—
							38.7	32.4	2.5	—	—
							34.9	51.6	7.4	—	—
							8.7	74.3	16.2	0.8	—
							—	40.2	48.2	10.1	1.4
							—	7.7	33.4	58.7	0.2
							—	—	10.8	37.4	51.7
							—	—	—	—	—
							15.5	33.9	17.7	7.1	1.5
							—	15.7	—	—	—
							3.7	—	—	—	—
							7.0	—	—	—	—
							25.1	10.1	2.5	—	—
							39.9	42.0	—	—	—
							24.8	62.9	7.0	—	—
							22.6	59.0	15.2	1.9	—
							—	39.1	51.9	9.0	—
							—	14.8	43.5	41.1	0.7
							—	—	7.1	28.2	60.9

Families of Seven or More

(continued)

<i>Two-Person Families with Head Under 65</i>											
Total	10,593	100.0	0.8	6.8	12.5	19.6	18.5	28.1	9.3	3.5	0.9
Under \$1,000	156	100.0	48.3	32.9	8.7	2.7	1.1	6.3	—	—	—
\$ 1,000-1,999	674	100.0	1.0	65.8	18.4	7.0	4.4	2.2	1.2	—	—
2,000-2,999	1,158	100.0	0.4	16.9	54.9	19.3	5.5	2.6	0.4	—	—
3,000-3,999	1,348	100.0	—	1.5	22.6	46.1	18.5	9.4	1.9	—	—
4,000-4,999	1,685	100.0	—	0.5	7.8	34.5	31.0	24.1	1.8	0.2	—
5,000-5,999	1,598	100.0	—	—	5.3	22.8	34.2	33.8	3.0	0.8	—
6,000-7,499	1,774	100.0	—	0.3	0.8	9.9	22.5	51.0	13.5	2.1	—
7,500-9,999	1,419	100.0	—	—	0.3	3.8	8.5	52.0	28.9	6.5	—
10,000-14,999	573	100.0	—	—	1.2	1.0	4.1	32.3	34.2	24.1	3.1
15,000 and over	207	100.0	—	—	—	—	—	11.0	8.9	40.3	39.8
<i>Two-Person Families with Head 65 and Over</i>											
Total	5,032	100.0	2.7	24.2	27.9	21.5	10.4	9.2	1.7	1.8	0.6
Under \$1,000	160	100.0	39.4	54.0	6.7	—	—	0.6	—	—	—
\$ 1,000-1,999	1,188	100.0	6.2	67.8	18.9	5.6	0.4	0.6	0.5	—	—
2,000-2,999	1,257	100.0	—	21.5	55.0	16.7	5.5	1.3	—	—	—
3,000-3,999	876	100.0	—	5.2	36.1	38.2	14.2	5.7	—	0.5	—
4,000-4,999	576	100.0	—	1.5	18.3	49.0	17.9	11.9	1.4	—	—
5,000-5,999	353	100.0	—	—	10.4	30.6	26.9	32.1	—	—	—
6,000-7,499	282	100.0	—	—	5.3	20.1	27.7	37.4	5.9	3.6	—
7,500-9,999	180	100.0	—	—	2.6	14.3	17.8	38.8	10.2	16.3	—
10,000-14,999	86	100.0	—	—	—	—	17.5	32.7	35.3	12.4	2.1
15,000 and over	74	100.0	—	—	—	—	—	7.6	6.3	51.3	34.9

Source: Special tabulations prepared by the Social Security Administration of data from the Survey of Consumer Expenditures, 1960-61.

^a Includes total cost of goods and services bought for family living whether or not fully paid during that year. Consumer durable goods such as automobiles, but not homes, were considered consumption items. Financing charges, sales and excise taxes were included as part of the item expenditure.

TABLE 8
DISTRIBUTION OF NONFARM FAMILIES AND ONE-PERSON UNITS BY AMOUNT OF CURRENT OUTLAY^a
BY INCOME AND FAMILY SIZE, FOR AGE, BY ONE- AND TWO-PERSON UNITS, 1960-61

Income Class After Taxes	All Classes		Current Outlay ^a									
	Number (000)	Per Cent	Under \$1,000	\$1,000- 1,999	\$2,000- 2,999	\$3,000- 3,999	\$4,000- 4,999	\$5,000- 7,499	\$7,500- 9,999	\$10,000- 14,999	\$15,000 and over	
Total	8,172	100.0	13.5	32.4	22.8	12.9	9.0	8.0	0.9	0.4	0.1	
<i>One-Person Unit—All Ages</i>												
Under \$1,000	1,302	100.0	66.3	26.8	3.9	1.1	1.1	0.9	—	—	—	
\$ 1,000-1,999	2,403	100.0	9.6	73.9	12.6	3.2	0.5	0.1	—	—	—	
2,000-2,999	1,531	100.0	0.3	28.6	54.0	12.3	2.9	1.8	0.1	—	—	
3,000-3,999	1,193	100.0	—	5.8	38.6	35.5	15.1	4.5	0.3	—	—	
4,000-4,999	831	100.0	0.6	2.1	19.0	26.7	32.7	17.8	0.7	—	0.4	
5,000-5,999	369	100.0	—	—	11.3	16.2	31.4	34.3	4.7	2.1	—	
6,000-7,499	338	100.0	—	—	—	3.7	12.6	17.5	58.7	7.6	—	
7,500-9,999	135	100.0	—	—	3.5	13.8	25.8	45.7	11.3	—	—	
10,000-14,999	56	100.0	—	—	8.5	8.2	6.1	36.4	8.5	24.1	8.2	
15,000 and over	14	100.0	—	—	—	—	—	—	—	75.8	24.2	
<i>Families of Two or More</i>												
Total	43,626	100.0	0.7	5.4	8.9	11.7	13.8	32.6	16.1	8.3	2.5	
Under \$1,000	452	100.0	46.9	39.6	5.3	0.9	0.4	4.7	2.2	—	—	
\$ 1,000-1,999	2,663	100.0	3.0	64.5	23.0	5.4	2.3	1.2	0.5	—	—	
2,000-2,999	4,038	100.0	0.1	10.2	55.8	24.1	6.5	2.4	0.5	0.3	0.1	
3,000-3,999	4,814	100.0	—	1.0	15.1	45.8	23.2	12.0	1.5	1.0	0.3	
4,000-4,999	6,122	100.0	—	0.3	3.0	19.5	41.8	31.2	3.1	1.0	0.1	
5,000-5,999	6,289	100.0	—	—	1.1	6.5	21.7	64.7	4.7	1.0	0.4	
6,000-7,499	7,656	100.0	—	—	0.2	1.6	6.1	66.8	21.2	2.9	1.2	
7,500-9,999	7,014	100.0	—	—	0.1	0.6	2.1	30.2	51.6	13.7	1.8	
10,000-14,999	3,539	100.0	—	—	—	0.5	1.0	7.4	32.1	52.3	6.8	
15,000 and over	1,039	100.0	—	—	—	0.2	0.0	1.3	5.5	39.6	53.3	

TABLE 8 (continued)

Income Class After Taxes	All Classes		Current Outlay ^a									
	Number (000)	Per Cent	Under \$1,000	\$1,000- 1,999	\$2,000- 2,999	\$3,000- 3,999	\$4,000- 4,999	\$5,000- 7,499	\$7,500- 9,999	\$10,000- 14,999	\$15,000 and over	
Total	8,369	100.0	—	1.4	3.7	6.4	11.0	40.5	22.1	11.5	3.3	
<i>Families of Four</i>												
Under \$1,000	11	—	—	—	—	—	—	—	—	—	—	
\$ 1,000-1,999	154	100.0	—	53.2	36.4	10.4	—	—	—	—	—	
2,000-2,999	335	100.0	—	5.5	53.1	22.4	6.5	5.5	3.3	3.8	—	
3,000-3,999	702	100.0	—	—	9.1	39.6	23.5	21.1	3.7	2.2	0.9	
4,000-4,999	1,080	100.0	—	0.4	0.6	10.2	43.2	41.8	2.4	1.3	—	
5,000-5,999	1,338	100.0	—	—	0.4	3.0	14.8	75.5	4.4	1.2	0.7	
6,000-7,499	1,859	100.0	—	—	—	1.0	3.2	67.1	23.3	3.2	2.1	
7,500-9,999	1,773	100.0	—	—	—	—	0.6	27.0	57.1	12.8	2.5	
10,000-14,999	904	100.0	—	—	—	—	—	4.1	29.7	57.9	8.4	
15,000 and over	212	100.0	—	—	—	—	—	—	7.6	45.3	47.1	
<i>Families of Five</i>												
Total	5,417	100.0	0.3	1.3	4.1	6.4	10.7	37.3	22.4	13.8	3.7	
Under \$1,000	26	100.0	—	—	—	—	—	—	—	—	—	
\$ 1,000-1,999	116	100.0	36.7	56.6	29.3	3.9	6.2	42.7	20.6	—	—	
2,000-2,999	258	100.0	4.1	—	52.7	31.3	10.2	5.9	—	—	—	
3,000-3,999	377	100.0	—	—	12.6	35.5	26.1	18.3	4.5	1.6	1.3	
4,000-4,999	676	100.0	—	0.8	—	14.8	40.1	39.7	3.5	1.1	—	
5,000-5,999	853	100.0	—	—	0.4	2.3	15.3	70.4	8.3	1.7	1.5	
6,000-7,499	1,143	100.0	—	—	—	0.6	3.2	61.9	29.2	3.9	1.2	
7,500-9,999	1,174	100.0	—	—	—	—	0.6	26.9	51.4	19.3	1.8	
10,000-14,999	594	100.0	—	—	—	—	—	5.7	27.4	58.1	8.8	
15,000 and over	200	100.0	—	—	—	—	—	—	—	50.8	49.2	

Total	Families of Six						Total					
	2,723	100.0	0.4	1.6	4.1	8.5		12.5	35.1	23.1	11.2	3.5
Under \$1,000	15	100.0	67.9	32.1	—	—	—	—	—	—	—	—
\$ 1,000-1,999	50	100.0	—	66.9	20.9	—	—	12.2	—	—	—	—
2,000-2,999	159	100.0	—	3.1	52.6	24.0	—	6.4	—	—	—	—
3,000-3,999	246	100.0	—	—	7.2	54.2	13.8	17.4	—	1.8	—	—
4,000-4,999	396	100.0	—	—	—	13.1	47.6	33.8	1.9	3.6	—	—
5,000-5,999	399	100.0	—	—	—	2.3	18.5	71.6	6.7	0.8	—	—
6,000-7,499	564	100.0	—	—	—	—	1.3	70.0	27.9	—	0.8	—
7,500-9,999	552	100.0	—	—	—	—	—	13.6	67.8	15.0	3.6	—
10,000-14,999	269	100.0	—	—	—	—	—	3.2	23.3	65.7	7.9	—
15,000 and over	73	100.0	—	—	—	—	—	—	—	32.6	67.4	—
<i>Families of Seven or More</i>												
Total	2,244	100.0	0.9	4.3	7.1	10.7	11.9	33.3	19.6	10.1	2.2	—
Under \$1,000	31	100.0	64.4	19.8	—	—	—	15.7	—	—	—	—
\$ 1,000-1,999	104	100.0	—	68.0	23.8	4.5	—	3.7	—	—	—	—
2,000-2,999	234	100.0	—	8.2	49.5	37.4	4.8	—	—	—	—	—
3,000-3,999	212	100.0	—	—	9.4	47.0	31.0	10.1	2.5	—	—	—
4,000-4,999	263	100.0	—	—	—	12.4	44.7	40.9	2.1	—	—	—
5,000-5,999	353	100.0	—	—	—	3.9	10.6	73.8	11.7	—	—	—
6,000-7,499	365	100.9	—	—	—	—	9.4	67.5	21.0	1.7	0.5	—
7,500-9,999	379	100.0	—	—	—	—	—	24.7	59.5	14.3	1.4	—
10,000-14,999	253	100.0	—	—	—	—	—	3.6	33.5	59.8	3.2	—
15,000 and over	49	100.0	—	—	—	3.9	—	—	—	28.0	68.1	—

(continued)

Two-Person Families with Head Under 65											
	10,592	100.0	0.8	5.9	10.6	15.7	17.4	32.8	10.8	4.3	1.7
Total											
Under \$1,000	156	100.0	48.3	32.9	8.7	2.7	1.1	3.3	3.0	—	—
\$ 1,000-1,999	674	100.0	0.6	64.2	21.1	7.0	3.7	2.2	1.2	—	—
2,000-2,999	1,158	100.0	0.4	11.2	54.7	25.2	5.5	2.8	0.3	—	—
3,000-3,999	1,348	100.0	—	0.4	14.7	51.1	21.9	10.7	0.8	—	0.4
4,000-4,999	1,685	100.0	—	0.4	4.8	22.7	41.8	27.5	2.5	—	0.3
5,000-5,999	1,578	100.0	—	—	2.6	11.7	30.0	52.6	1.9	1.3	—
6,000-7,499	1,774	100.0	—	—	0.5	1.8	10.5	72.3	11.5	2.5	0.9
7,500-9,999	1,419	100.0	—	—	—	1.6	4.4	41.0	43.0	9.2	0.9
10,000-14,999	573	100.0	—	—	—	1.2	3.6	18.2	36.9	36.0	4.1
15,000 and over	207	100.0	—	—	—	—	—	4.1	10.7	25.2	60.1
Two-Person Families with Head 65 and Over											
	5,031	100.0	2.4	23.1	25.8	21.9	12.2	9.1	2.6	2.1	0.8
Total											
Under \$1,000	160	100.0	36.3	57.0	6.7	—	—	—	—	—	—
\$ 1,000-1,999	1,188	100.0	5.2	69.5	17.4	5.1	1.8	0.6	0.5	—	—
2,000-2,999	1,257	100.0	—	16.3	57.2	20.1	5.1	1.3	—	—	—
3,000-3,999	876	100.0	—	4.6	28.7	44.4	15.2	5.6	—	1.4	—
4,000-4,999	576	100.0	—	—	14.3	41.5	30.2	10.8	3.2	—	—
5,000-5,999	353	100.0	—	—	4.9	27.4	31.9	35.9	—	—	—
6,000-7,499	282	100.0	—	—	2.0	17.0	21.3	44.4	8.9	6.4	—
7,500-9,999	180	100.0	—	—	2.6	8.2	22.3	32.5	18.2	16.3	—
10,000-14,999	86	100.0	—	—	—	—	11.8	14.9	58.8	12.4	2.1
15,000 and over	74	100.0	—	—	—	—	—	—	—	48.4	51.6

SOURCE: Special tabulations prepared by the Social Security Administration of data from the Survey of Consumer Expenditures, 1960-61.

^a Current outlay represents expenditures for current consumption plus personal insurance premiums, mortgage principal payments and the decrease in money owed on purchases of goods and services minus the increase in such debts.

TABLE 9

COMPARISON OF DISTRIBUTIONS OF NONFARM FAMILIES AND ONE-PERSON UNITS BY SIZE OF INCOME, CONSUMPTION EXPENDITURES AND CURRENT OUTLAY, BY FAMILY SIZE, AND FOR ONE- AND TWO-PERSON UNITS BY AGE, 1960-61

Class Interval	Income	Expenditures ^a	Current Outlay ^b	Income	Expenditures ^a	Current Outlay ^b
	One-Person Unit			Families of Two or More		
Total	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	15.9	14.2	13.5	1.0	0.7	2.0
\$ 1,000-1,999	29.4	34.2	32.4	6.1	6.0	5.4
2,000-2,999	18.7	23.3	22.8	9.3	10.0	8.9
3,000-3,999	14.6	13.3	12.9	11.0	14.3	11.7
4,000-4,999	10.2	7.6	9.0	14.0	15.8	14.5
5,000-7,499	8.6	6.2	8.0	32.0	31.9	32.6
7,500-9,999	1.6	0.7	0.9	16.1	13.8	16.1
10,000-14,999	0.7	0.4	0.4	8.1	6.2	8.3
15,000 and over	0.2	0.1	0.1	2.4	1.2	2.5
	Families of Two			Families of Three		
Total	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	2.0	1.4	1.3	0.6	0.6	0.5
\$ 1,000-1,999	11.9	12.4	11.5	4.1	3.4	2.8
2,000-2,999	15.4	17.5	15.5	6.8	8.0	7.2
3,000-3,999	14.2	20.2	17.6	11.4	13.6	10.7
4,000-4,999	14.5	15.9	15.7	15.6	17.4	15.7
5,000-7,499	25.7	22.0	25.1	33.1	34.4	34.2
7,500-9,999	10.2	6.8	8.2	16.6	14.7	17.5
10,000-14,999	4.2	3.0	3.6	9.3	6.8	9.0
15,000 and over	1.8	0.8	1.5	2.4	1.1	2.4
	Families of Four-Five			Families of Six or More		
Total	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	0.3	0.1	0.1	0.9	0.6	0.6
\$ 1,000-1,999	2.0	1.4	1.4	3.1	3.1	2.8
2,000-2,999	4.3	4.1	3.8	7.9	6.6	5.5
3,000-3,999	7.8	9.6	6.4	9.2	10.4	9.5
4,000-4,999	12.7	14.9	10.9	13.3	15.2	12.2
5,000-7,499	37.7	39.9	39.3	33.8	36.4	34.3
7,500-9,999	21.4	19.8	22.3	18.8	17.9	21.5
10,000-14,999	10.9	8.6	12.4	10.5	8.3	10.7
15,000 and over	3.0	1.6	3.4	2.5	1.5	2.9

(continued)

TABLE 9 (concluded)

Class Interval	Income	Expenditures ^a	Current Outlay ^b	Income	Expenditures ^a	Current Outlay ^b
	One-Person Units Under Age 65			Families of Two Under Age 65		
Total	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	8.0	6.2	5.9	1.5	0.8	0.8
\$ 1,000-1,999	19.0	24.0	21.2	8.3	6.8	5.9
2,000-2,999	21.3	27.4	26.4	12.6	12.5	10.6
3,000-3,999	19.4	20.3	19.0	13.5	19.6	15.7
4,000-4,999	16.2	11.6	13.8	15.1	18.5	17.4
5,000-7,499	12.8	8.7	11.4	30.0	28.1	32.8
7,500-9,999	2.2	1.1	1.5	12.2	9.3	10.8
10,000-14,999	0.7	0.6	0.7	4.7	3.5	4.3
15,000 and over	0.3	0.1	0.1	2.1	0.9	1.7
	One-Person Units Aged 65 and Over			Families of Two Aged 65 and Over		
Total	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000	25.8	24.1	23.0	3.6	2.7	2.4
\$ 1,000-1,999	42.5	47.1	46.6	23.7	24.2	23.1
2,000-2,999	15.5	18.3	18.3	24.7	27.9	25.8
3,000-3,999	8.6	4.4	5.2	16.6	21.5	21.9
4,000-4,999	2.6	2.7	3.0	12.4	10.4	12.2
5,000-7,499	3.4	3.1	3.6	11.7	9.2	9.1
7,500-9,999	0.9	0.1	0.1	3.8	1.7	2.6
10,000-14,999	0.6	0.1	0.1	2.6	1.8	2.1
15,000 and over	—	0.1	0.1	0.9	0.6	0.8

SOURCE: Special tabulations prepared by the Social Security Administration of data from the *Survey of Consumer Expenditures, 1960-61*.

^a Includes total cost of goods and services bought for family living whether or not fully paid during that year. Consumer durable goods such as automobiles, but not homes, were considered consumption items. Financing charges, sales and excise taxes were included as part of the item expenditure.

^b Current outlay represents expenditures for current consumption plus personal insurance premiums, mortgage principal payments and the decrease in money owed on purchases of goods and services minus the increase in such debts.

COMMENT

VICTOR R. FUCHS, National Bureau of Economic Research
and City University of New York

Miss Epstein has presented a concise and informative look at how measures of the size of the low income population are affected by the definition of the recipient unit, the reconstruction of families, and the time reference period. Her useful tables make it clear that each word in the simple phrase "annual family income" is open to several interpretations, and that the total number of possible combinations is discouragingly large.

Miss Epstein explicitly avoids consideration of how measurement of the size of the low income population is affected by the definition of "low." This is unfortunate; it seems to me that this is by far the most important question, and, as I shall illustrate, has some bearing on the questions that are discussed in the paper.

My basic proposition is that it is not very useful to define low income according to some fixed standard, such as \$3,000 per year (with or without adjustments for family size and composition and place of residence). "Low" income or "poverty" in the United States in the 1960's is largely a matter of economic *distance*. When most Americans have a great deal, those who have *much* less are poor regardless of their absolute level of income. This is neither a novel nor, I hope, a controversial proposition. Two hundred years ago, Adam Smith expressed much the same thought:

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.

To say this, is not to say that a purely relative approach to low income would be preferable. To be specific, I am *not* advocating that we define as poor those at the lower end of the distribution regardless of their income. What is needed is a definition that focuses on absolute levels but does so in relation to standards that keep pace with changes in the society.

To meet this need I have proposed that we define as poor any family

whose income is less than one-half the median family income.¹ No special claim is made for the precise figure of one-half, but the advantages of using a poverty standard that changes with the growth of real income are considerable.

Firstly, it explicitly recognizes that all so-called "minimum" or "subsistence" budgets are based on contemporary standards and political realities and have no intrinsic or scientific basis. Secondly, it focuses attention on what seems to underly the present concern with poverty, namely, the first tentative gropings toward a national policy with respect to the distribution of income at the lower end of the scale. Finally, it provides a more realistic basis for appraising the success or failure of antipoverty programs.

These points can be illustrated by looking at the trend in the postwar period in the relative size of the low income population defined according to fixed and changing standards. Table 1 shows that the percentage of families with less than half the median income has remained constant at about 20 per cent throughout the postwar period. The highest level ever reached was 20.9 per cent in the recession year, 1954; the lowest was 18.9 per cent in 1947, and in the Korean war years 1951 and 1952. Throughout the period there is no evidence of either an upward or downward trend.

The constancy of poverty so defined contrasts sharply with the decline of poverty defined by a fixed standard as shown in columns 4 and 5. Whether we use \$3,000 or \$2,000 (1965 dollars) as the standard of poverty, we see that the number of poor families has shrunk considerably in the postwar period. The percentage has been cut almost in half, and there is every reason to believe that continued growth of real income would bring about further reductions in the years ahead.

The record on this point is unmistakable. In those years when the median income rose rapidly, there were substantial decreases in the percentage of families with incomes under \$3,000. In those years when the median income declined, the percentage increased.

Provided we cling to a fixed standard, it is not difficult to foresee the virtual elimination of poverty. But standards will change. They must

¹ Victor R. Fuchs, "Toward a Theory of Poverty," *The Concept of Poverty*, Task Force on Economic Growth and Opportunity, Chamber of Commerce of the United States, Washington, D. C., 1965.

Measuring the Low-Income Population

TABLE 1

PERCENTAGE OF U. S. FAMILIES CLASSIFIED POOR BY
CHANGING AND FIXED STANDARDS, 1947 TO 1965
(in 1965 dollars)

Year (1)	Median Income (2)	Percentage of Families with Income		
		Less Than One-Half the Median ^a (3)	Less Than \$3,000 (4)	Less Than \$2,000 (5)
1947	\$4,275	18.9	30.0	17.2
1948	4,178	19.1	31.2	18.1
1949	4,116	20.2	32.3	19.5
1950	4,351	20.0	29.9	18.1
1951	4,507	18.9	27.8	16.3
1952	4,625	18.9	26.3	15.8
1953	5,002	19.8	24.6	15.4
1954	4,889	20.9	26.2	16.7
1955	5,223	20.0	23.6	14.6
1956	5,561	19.6	21.5	13.0
1957	5,554	19.7	21.7	13.0
1958	5,543	19.8	21.8	12.8
1959	5,856	20.0	20.6	12.1
1960	5,991	20.3	20.3	12.1
1961	6,054	20.3	20.1	11.9
1962	6,220	19.8	18.9	10.9
1963	6,444	19.9	18.0	10.2
1964	6,676	19.9	17.1	9.2
1965	6,882	20.0	16.5	9.1

SOURCE: U. S. Bureau of the Census, *Current Population Reports*, Series P-60, No. 51, "Income in 1965 of Families and Persons in the United States," forthcoming.

^a Estimated by interpolation.

change. Column 3 is a sobering reminder that when poverty is defined in relation to contemporary standards, there has not been any decrease in the entire postwar period.

It is worth noting that the type of definition that I have proposed makes some of the problems of definition discussed by Miss Epstein less important. Consider the four income estimates presented in her Table 1. If low income is defined as less than \$3,000, the percentage of families in that category ranges from 11.3 per cent (the OBE 1961 data) to 19.3 per cent (the CPS 1961 data). If low income is defined as less than one-half the median, the range is only from 14.4 to 19.0 per cent.

There are, to be sure, several questions that can be raised about the proposed definition. Firstly, isn't the figure of one-half the median just as subjective and arbitrary as \$3,000? In some ways it is, but there are important differences. It makes no pretense of being objective and therefore is not subject to political manipulation under the guise of "technical budget studies." The selection of the fraction, be it one-half, two-fifths, three-fifths, or some other, would be recognized as a national value judgment and would be arrived at through the normal political process. Once the fraction is chosen, the year-to-year changes would be determined objectively by the changes in real income. I use the figure of one-half primarily for illustrative purposes; the analysis and conclusions would be the same if two-fifths or three-fifths had been used.

A second question arises concerning the use of a national median for all families. The answer is that in implementing such a measure it would be possible and desirable to modify the national standard to take account of family size and composition, place of residence, and other relevant variables. But again, the basic advantages of this approach are unaffected by such modifications.

A third question is whether the "low" income level should rise as rapidly as does the median income. The assumption underlying this question is that there are some things that can be identified as "necessities," and that they remain relatively unchanged over time. Recent experience indicates that such an assumption is unwarranted. Families with half the median income had 60 per cent more income in 1965 than in 1947 (in constant dollars) but there is no evidence that the problems faced by these families are regarded as less serious or less threatening to the rest of society now than twenty years ago.

One final point. Miss Epstein writes that the SSA is searching for a definition that will "reflect productivity changes without producing the nonsense result that the same proportion of the population would always be poor" (page 173). The definition that I have proposed results in almost the same proportion throughout the postwar period, but this is hardly a "nonsense" result. The stability is not due to some mathematical property of the measure, or to some law of nature. It reflects the failure of twenty years of unprecedented prosperity and rapid economic growth to produce any significant change in the distribution of income, at least at the lower end. Such change is possible, but it will be difficult to achieve. Unless it is, however, the problem of poverty will continue to plague us.

REPLY BY LENORE A. EPSTEIN

Mr. Fuchs is justified in taking me to task for avoiding consideration of the definition of "low" in a paper entitled "Measuring the Size of the Low-Income Population." I can only respond that the definition of low seemed to me to require a separate and full paper, and I wished to draw the attention of students of income distribution to questions that clearly effect the count of units at "the lower end of the [income] scale," a term that Mr. Fuchs apparently finds useful.

Mr. Fuchs' proposal that the poverty standard be defined as one-half (or some other fraction) of the median family income is beguiling. It appears to accomplish neatly and with little effort a result that has escaped most of us—setting a dollar measure of poverty that reflects annual changes in the general level of living.

Unquestionably economic distance is and should be a factor in the present national concern about poverty. I believe it is arguable, however, whether or not the effect of antipoverty efforts should be appraised solely in terms of a "moving" measure such as Mr. Fuchs proposes. There would seem to be real merit in concurrent use of two measures, one that changes with productivity and, for periods of five or at the very most ten years, one that changes only with price level. The differences in the trend would be useful "facts" in themselves. Mr. Fuchs agrees that changing the shape of the income distribution at the lower

end of the scale will be a long and difficult process. Some interim measure of the effect of new or expanded programs therefore seems necessary. I would question using any budget-type measure—whether constructed in great detail or more roughly as the SSA index—that is adjusted only for price change for a period as long as that from 1947 to 1965, which Mr. Fuchs considers.

He argues that one virtue of his proposed definition is that “it makes no pretense of being objective and therefore is not subject to political manipulation under the guise of ‘technical budget studies’.” To this I take exception. Budget studies by responsible research agencies are no more likely to be subject to political manipulation than median income figures, which could be changed by modification in the definition of income or of the family unit, as I believe my paper demonstrates.

Finally, I question Mr. Fuchs’ contention that the basic advantages of his approach would be unaffected by modifications of the national standard “to take account of family size and composition, place of residence, and other relevant variables.” Use of the median income for each group in the population would be easy, but it is not easy to develop appropriate family composition adjustments.

A quick calculation of the proportion of families with incomes less than one-half the median for each family size (regardless of the age of members) in 1950 and in 1965 shows a very modest reduction from 19.5 per cent in 1950 to 18.3 per cent in 1965¹ compared with the flat 20 per cent that Mr. Fuchs finds when the calculation is for families of all sizes combined. This illustrates how changes in the composition of the population effect the result. It is not an appropriate adjustment procedure, however, because the larger the family the less adequate is the median income. A family-size type scale developed independently could obviate that problem, though there would remain the question whether the scale should represent differences in spending practices, in needs or a combination. If consumption patterns are used, should the scale reflect the pattern for all income groups combined or only those at “the lower end of the scale”—differences that may be significant?

Mr. Fuchs suggests progress against poverty might be measured using a definition that also reflects the differential income status of various

¹ Based on data in U. S. Bureau of the Census, Current Population Reports, *Consumer Income*, Series P-60, Nos. 9 and 51.

other population subgroups such as region or race. Were this done, it would blur an important fact, namely, that the criterion of poverty measured progress toward a variable rather than a single national standard. Such variation is of a different kind than that which attempts to apply the same standard of living to families of different composition, and therefore seems wrong for social policy reasons.

When I spoke of avoiding the nonsense result that the same proportion of the population would always be poor, I had in mind not the result that Mr. Fuchs obtains but rather a tendency to focus on the lowest fifth or fourth. Unquestionably, attention should be called to the failure of two decades of prosperity to dent the poverty problem, if that is the case. Much more detailed work is needed to produce a measure or definition that does not incorporate existing inequities into the benchmark.