(62 separate family types) with a farm-nonfarm differential for each type. This variation of the poverty measure in relation to family size and age of members is its most important distinguishing characteristic.

Because the level of living implied by the poverty index is lower than we think most people would regard as an appropriate measure of adequacy of income for retired persons or disabled workers and their families or widows and children, we have also developed a slightly higher index. We call this the low-income index and it is definitely low income.

The revised BLS minimum but adequate budget, when it is completed in the next few months, will almost certainly be significantly higher. For food, for example, it uses the moderate-cost food plan which costs about a third more than the low-cost plan and nearly three-fourths more than the economy plan which is the core of the SSA poverty index.

Varying the index for family type

The SSA poverty threshold is set separately for 124 different types of families according to the sex of the head, the total number of adults and children under 18, and whether or not they live on a farm. The poverty criteria have been computed at two levels, one related to the price of the familiar Low-Cost Food Plan of the U.S. Department of Agriculture, and another to a more restricted Economy Plan.

On the basis of observed household food practices, it was decided that for families of three or more, the total cost for food (as suggested by the economy plan) should take no more than one-third of family funds. Two-person families would be expected to spend no more than 27 percent of income for their food, and one-person units were assumed to need 80 percent the income of a two-person family.

The actual cost of the food plan per person differs with family size—a little more in small families than in large—as well as with the age and sex of the members. The overall economy plan cost per person, assuming four to a household, was estimated at $4.60 a week for January 1964. For an average four-person family, using the household composition prototypes we worked out, the food costs at the poverty line in 1963 came to 70 cents a person a day, or 23 cents a meal. All other items were supposed to be furnished for twice this amount, or $1.40 a day. These, it will be remembered, are the amounts that families above the poverty line were assumed to be able to spend. No allowance was made for any meals away from home, for between-meal snacks, or food for guests. All such extras must come out of the same food money, or out of the limited funds available for other things. In large families, which generally include more children, the amounts allowed per person were less. For all types of four-person nonfarm families averaged together the poverty criteria or income cutoff points averaged $3,130 for 1963 and $3,200 for 1965.

A study in 1960–61 revealed that nonfarm families by then spent, on the average, 23.5 percent of aggregate income for food. Actually, however, it was only families with incomes of $6,000 or more whose average food costs were in this range. With incomes of $2,000–3,000, families of two or more were devoting a third of income to food—the ratio we assumed for our index. Families in this income class, averaging just over three persons, reported an outlay for all food almost identical with the cost of the economy plan in 1963 or 1964 assuming four to a family. At this rate, the critical income for such a family would be $3,150, compared with the $3,130 derived *a priori*. At current prices, incomes of this magnitude hardly provide for riotous living.

A budget for farm families

The food-plan quantities are priced only for nonfarm families. In setting the poverty line for farm families it was necessary to determine for them how much on an average would be purchased and how much homegrown. In the absence of information to the contrary, the food-income relationship was given the same significance for farm as for nonfarm families in connoting income adequacy. Indeed, farm families in 1955 spent a third of net money income for purchased food, the same as other families, but their purchases represented only 60 percent of the retail value of all food they used. Home production obviously had declined since 1955, but the magnitude of the change was not yet known. With no more recent information on the level of home production—an important cost element for the farm household, it was assumed that the average farm family in 1963 would still obtain 40 percent of its food requirement from the home farm, and therefore the poverty line was set at 60 percent that for a nonfarm family.