APPENDIX 6

THE POVERTY LINE. WHAT IS IT?*

WHAT DOES THE "POVERTY LINE" MEAN?

Everybody agrees that many Americans are poor. But what do we mean we say "poor"? How much money (income) can a family have and still be called "poor"?

Many people, including the Federal Government, have tried to answer this question. At first it was said that any family with less than $3,000 a year was poor. But that was not a very good answer. Some families were bigger than others. Some families lived in cities where everything costs a lot, while others lived in farm communities where things cost less.

So it was decided to figure out how much money different kinds and sizes of families need. But how much do people need? What is the amount of money Americans need to live with "human health and decency"?

Everybody needs food. So they started out trying to figure out how much food people need—the minimum amount of food people need to be healthy. The U.S. Department of Agriculture figured out how much food different kinds of people needed (men, women, boys, girls, people of different ages). Then they found out how much this food would cost in most places in America. Almost everybody agreed that this was a fair way to figure out people's needs for food.

But, how much money do people need for everything else (clothing, housing, etc.)? Many people had very different ideas about this, and it was hard to get everybody to agree.

The Federal Government came up with an idea. (1) They now "knew" the minimum amount of money people needed for food; (2) If they knew what part of their income people spent for food; (3) They could figure out how much more money people seemed to need for everything else.

So they made a study, and found out that low income people spent about one-third of their income for food, and two-thirds for everything else.

They decided that if they multiplied the amount of money people needed for food by three they would know the minimum amount of money people need to live on. And this figure is what they called the "Poverty Line."

Actually, they figured out two "poverty lines". Both were based on food budgets, and the idea of multiplying the food budget by three to find out the total needs of a family. One of these was called the Economy Povetry Line, because it was based on the Agriculture Department's Economy Food Budget. The Economy Poverty Line is what people usually mean when they refer to the Federal Poverty Line.

The other one was called the Low-Income Poverty Line, because it was based on the Agriculture Department's Low-Income Food Budget, which allows about one-third-more money.

On the following pages are information and graphs which show the Economy Poverty Line and Low-Income Poverty Line, and compare them with typical U.S. welfare grants (the "welfare line" for Washington, D.C., which was close to the national average in 1966.)

KEY TO MONTHLY AND YEARLY FAMILY INCOME GRAPHS

Federal low-income poverty line

The money income needed by a non-farm, female-headed family to live at the U.S. Social Security Administration's low-income poverty index in 1964.

Federal economy poverty line

The money income needed by a non-farm, female-headed family to live at the U.S. Social Security Administration's economy poverty index in 1964.

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