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## Remembering Mollie Orshansky— The Developer of the Poverty Thresholds

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*In December 2006, Mollie Orshansky, known to many as Ms. Poverty, died at age 91 after a long government career during which she did pioneering research on poverty and the measurement of income inadequacy.*

Mollie Orshansky was born in New York City in 1915, the daughter of immigrants from what is now Ukraine (Chan 2006, 4; Cassidy 2006, 42). Although her father worked hard at a number of different jobs, Mollie and her sisters grew up poor—in her words, the family could “barely...make ends meet” (Social Security Administration 1971, 15–16; Hadnot 1999). Mollie remembered going with her mother to stand in relief lines to get surplus food. As she was to say later, “If I write about the poor, I don’t need a good imagination—I have a good memory” (Eaton 1970, 24). Her experience also gave her first-hand awareness that it is possible to work full-time and still be poor (Burke and Burke 1974, 12).

Mollie was both the first high school graduate and the first college graduate in her family; she graduated from Hunter College in 1935 with an A.B. in mathematics and statistics. Later, after she started working as a federal employee in Washington, she took graduate courses in economics and statistics at the Department of Agriculture Graduate School and at American University.

Mollie started her first job in 1935, working in New York City as a statistical clerk for the New York Department of Health. During the rest of her career, all but one of her jobs were with federal government agencies. In 1936, she moved to Washington to take a job as a junior statistical clerk with the U.S. Children’s Bureau, with a promotion to research clerk in 1939. She later held higher-level statistical jobs at the New York City Department of Health, the U.S. National War Labor Board, and the U.S. Wage Stabilization Board, and worked as a family economist and later as a food economist at the U.S. Department of Agriculture (USDA). It was during her work at USDA that she became familiar with the food plans and the food survey that she was later to use to develop her poverty thresholds. As a family economist from 1945 to 1951, she conducted research in family consumption and levels of living. In 1948, Mollie and a colleague were



Mollie Orshansky in 1971. SSA History Archives.

responsible for responding to letters from members of the public asking how they could make ends meet on their existing income in the face of rapidly rising prices after World War II. Mollie and her colleague would send pamphlets about preparing a family budget and about planning low-cost and moderate-cost meals using USDA's food plans (theoretical nutritious diets at different cost levels) (Burke 1948). This shows that Mollie was working with USDA's food plans at least 15 years before she used them to develop her poverty thresholds.

As a food economist from 1953 to 1958, she planned and directed the collection and analysis of data on food consumption and expenditures of American households. She wrote a major section of a summary report on USDA's 1955 Household Food Consumption Survey, the same survey she would later use to calculate the "multiplier" for her poverty thresholds (Orshansky 1957).

In February 1958, Mollie Orshansky joined the Social Security Administration (SSA) as a social science research analyst in the Division of Program Research, which later became the Division of Research and Statistics and then the Office of Research and Statistics. Her first assignment at SSA was to prepare an article on standard budgets (estimates of necessary family living costs) and on practices in setting fee scales in 21 large cities. For a later assignment, she prepared a medical care standard (which included among other items, the number of physicians' visits per year) as part of the "Budget for an Elderly Couple" that the Bureau of Labor Statistics was then revising.

In a 1960 congressional hearing, a senator asked Arthur Flemming, Secretary of Health, Education, and Welfare (HEW), if he had figures on how much it costs a retired couple to live. Flemming said that HEW (of which SSA was then a part) would provide an answer for the record, and Mollie was the civil servant who anonymously prepared that answer. Besides mentioning budgets for an elderly couple that had been prepared by two organizations as part of her answer, she also provided two rough measures of income inadequacy for an elderly couple that she had developed by applying multipliers derived from USDA's 1955 Household Food Consumption Survey to the cost of USDA's low-cost food plan (which at that time was the cheapest of USDA's three food plans)—almost exactly as she was to do several years later in her 1963 and 1965 poverty articles (see below). However, this 1960 work of hers remained unknown to people outside her office.

In 1963, Mollie was assigned to do an in-house research project on "Poverty as it Affects Children." At that time (the year before the War on Poverty was declared) there was no generally accepted measure of poverty, so to do the project she developed her own poverty measure, using the same approach that she had used for her 1960 answer-for-the-record. To develop this measure, she used the economy food plan, which had been introduced in 1961 to become the cheapest of USDA's four food plans. (The initial version of her poverty measure was for families with children only.) In July 1963, Mollie published results of her research project in a *Social Security Bulletin* article, "Children of the Poor," in which she also described the initial version of her poverty thresholds. (For the methodology that she used to develop the thresholds, which is described briefly in her 1963 article and in much more detail in her January 1965 article, see the appendix below.)

One major source for Mollie's July 1963 article was a special tabulation of Current Population Survey data, which SSA purchased from the Census Bureau at a cost of \$2,500. The results showed that the median annual income of nonfarm female-headed families with children was \$2,340. Orshansky was horrified when she realized that half of these families had to live for an entire year on less money than SSA had paid for one

statistical tabulation. She later commented, “I determined I was going to get my \$2,500 worth” (Eaton 1970, 24; Hershey 1989, A11; Stone 1994, 85, 87; Orshansky 1963, 7).

In January 1964 (only 6 months after the publication of Mollie’s article), President Lyndon Johnson declared a War on Poverty. The President’s Council of Economic Advisers put forward its own rough measure of poverty (one not derived from Mollie’s work), and a task force planning the War on Poverty did not call on SSA or Mollie to develop an improved measure. However, through an involved chain of circumstances, one indirect result of the declaration of a War on Poverty was that Mollie’s supervisors at SSA asked her to do an analysis extending her families-with-children poverty thresholds to the whole population. (Mollie later noted that Ida Merriam—Director of what was then the Division of Research and Statistics in which she was working—“recognized the possibilities of what I had done before I did.” She also commented that SSA was one of the few agencies where she could have gotten her poverty articles published.)

Mollie completed her analysis extending the thresholds to the whole population by late 1964, and it was published in the *Social Security Bulletin* in January 1965 as “Counting the Poor: Another Look at the Poverty Profile.” The publication of Orshansky’s January 1965 article came at the time when the Office of Economic Opportunity (OEO)—the lead agency for the War on Poverty—was being set up. OEO officials were enthusiastic about Orshansky’s poverty thresholds, describing them as early as March 1965 as a “second generation definition of poverty.” (OEO research chief Joseph Kershaw commented, “Mollie Orshansky says that when you have more people in the family, you need more money. Isn’t that sensible?” (Orshansky, personal communication, August 31, 1994)). In May 1965, OEO adopted Mollie’s extended thresholds as a working definition of poverty for statistical, planning, and budget purposes, and in August 1969 her thresholds were made the federal government’s official statistical definition of poverty. (A simplified version of the thresholds—the poverty guidelines—are used to determine eligibility for certain public programs (see Appendix).) When she developed the poverty thresholds, Orshansky was (as described in retrospect) “an obscure civil servant” (DeParle 1990, 10) who worked “[d]own a dimly lit hall, among stacks of computer print-outs [at] a paper-covered desk...” (Eaton 1970, 24). However, after her thresholds were adopted as the federal government’s poverty line, she became more well-known. Although Mollie’s July 1963 and January 1965 articles are two of her most frequently cited publications, she also published other articles over the years, many on poverty measurement and the poverty population and some on other topics such as food consumption and standard budgets. Because of frequent citations of her work in academic articles and books, someone once referred to her as “the ubiquitous footnote” (Orshansky, personal communication, date not recorded). Besides presenting papers at a number of professional meetings and publishing a number of articles, she testified and/or provided written documents to Congressional committees on 10 occasions between December 1967 and 1990. (For a detailed bibliography of her published work and congressional testimonies, visit [http://www.socialsecurity.gov/policy/docs/ssb/v68n3/v68n3p79\\_bib.html](http://www.socialsecurity.gov/policy/docs/ssb/v68n3/v68n3p79_bib.html).)

In 1982, Mollie Orshansky retired from SSA after a government career that had lasted for more than 40 years. She died at age 91 in December 2006. Her development of the poverty thresholds was a major contribution to American public policy, providing a means of identifying the groups in our society with the least resources. As a result, the question “How does it affect the poor?” has become a test for proposed public policies and programs. Mollie’s thoughtful analyses of the poverty population began a tradition, providing information on the hardships faced by families with children, the elderly, and other vulnerable groups; numerous researchers have followed her example by conducting similar analyses and drawing policy implications from them. She received a

Commissioner’s Citation from the Social Security Administration in 1965 for her creative research and analytical work, and in 1976 she received the Distinguished Service Award from the U.S. Department of Health, Education, and Welfare (of which SSA was then a part) for her “leadership in creating the first nationally accepted measures of income adequacy and applying them diligently and skillfully to public policy.” Today Mollie’s poverty thresholds remain a major feature of the architecture of American social policy.

## *Appendix*

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### ***How Mollie Orshansky Developed the Poverty Thresholds***

When Mollie developed her poverty thresholds in 1963–1964, she made use of information that she had worked with at the U.S. Department of Agriculture (USDA). She based her thresholds on the “economy food plan,” which was the cheapest of four food plans (hypothetical food budgets providing a nutritious diet) developed by USDA. From a finding of USDA’s 1955 Household Food Consumption Survey (the latest such survey available during the early 1960s), she knew that families of three or more persons had spent approximately one-third of their after-tax money income on food in 1955. She used this survey finding by considering a hypothetical average family which was spending one-third of its income on food, and by assuming that the family had to cut back on its expenditures sharply. Mollie assumed that expenditures for food and non-food would be cut back at the same rate, so the family would continue to spend a third of its income for food. When the food expenditures of the hypothetical family reached the cost of the economy food plan, she assumed that the amount the family would then be spending on non-food items would also be minimal but adequate. (Her procedure did not assume specific dollar amounts for any budget category besides food.) Following this logic, she calculated poverty thresholds for families of various sizes by taking the dollar costs of the economy food plan for families of those sizes and multiplying the costs by a factor of 3. (She followed somewhat different procedures to develop thresholds for two-person and one-person units.) She differentiated her thresholds not only by family size but also by farm/nonfarm status, by the gender of the family head, by the number of family members who were children, and (for one- and two-person units only) by aged/non-aged status. The result was a detailed matrix of 124 poverty thresholds (later reduced to 48). Instead of citing all 124 or 48 detailed thresholds, people commonly cite weighted average thresholds, one for each family size.

To avoid confusion, the preceding explanation has been phrased in terms of the economy food plan. However, Mollie actually developed and discussed two sets of poverty thresholds, one derived from the economy food plan and one derived from the somewhat less stringent low-cost food plan. (The latter set was the one she preferred.) It was the lower of the two sets of poverty thresholds—the set derived from the economy food plan—that the Office of Economic Opportunity adopted as a working definition of poverty in May 1965. One probable reason for the adoption of the lower set of thresholds was that the lower set yielded approximately the same number of persons in poverty as the Council of Economic Advisers’ rough measure of poverty (Fisher 1992a; 1992b)

### ***Poverty Thresholds and Poverty Guidelines***

The poverty thresholds that Mollie Orshansky developed are now updated each year by the Census Bureau. The thresholds are used mainly for statistical purposes—for example, preparing estimates of the number of Americans in poverty each year.

However, besides the poverty thresholds, there is also another version of the federal poverty measure: the poverty guidelines. The guidelines are issued each year by the U.S. Department of Health and Human Services (HHS). The guidelines are a simplification of the poverty thresholds for administrative purposes—for example, determining eligibility for certain noncash federal programs. The guidelines have also been adopted by some state, local government, and private programs. The Office of Economic Opportunity started issuing the poverty guidelines in December 1965 for determining eligibility for its programs. Responsibility for issuing the guidelines was transferred to HHS by the Omnibus Budget Reconciliation Act of 1981 (Fisher 1992c).

## Notes

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