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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

TO: JIM CAVANAUGH

September 28, 1976

FROM: JIM REICHEL

RE: POVERTY LEVEL

I understand from Alan Greenspan and Burt Malkiel that current real income and unemployment figures make possible a ~~FIDE~~ projection that the ~~FM~~ number of families below the poverty line this year will be ~~XXXXXXXXXXXXXXXXXXXXXX~~ at an all-time low (the previous low was 1973), and that further progress will be made in 1977. This is obviously the big story that we want to get out quickly. Previous projection~~s~~ were that families below the poverty ~~XXXXXXXXXX~~ line this year would go back to the level of 1974, but Burt now feels, on the basis of projections done this morning, that the 1973 level will be at least reached and probably broken.

Some additional points, but I would not fool with them: ~~XXXXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXXXX~~

- The percentage of families below the poverty line has been falling fairly steadily since the last years of the Eisenhower administration. Obviously, a recession such as occurred last year will cause a short-term rise, but the general trend is down.
- Families below the poverty line are not a "class," as Carter says. There is considerable turnover among poor families. From 1967 to 1972, only one family in three that was poor in one year was poor in all years, though the total in poverty did not change much. The other side to the coin to this, of course, is that many more families are poor at one time ~~FM~~ or another than at any given time.
- Not counting in-kind benefits and unreported income may as much as double the number of families counted below the poverty line.



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Table 1

Number and Percent of Persons in Poverty,
1959-1975 and Predictions for 1976-1977

| | <u>Number (millions)</u> | <u>Percent of population</u> |
|-------------------|------------------------------|----------------------------------|
| 1959 | 39.5 | 22.4 |
| 1960 | 39.9 | 22.2 |
| 1961 | 39.6 | 21.9 |
| 1962 | 38.6 | 21.0 |
| 1963 | 36.4 | 19.5 |
| 1964 | 36.1 | 19.0 |
| 1965 | 33.2 | 17.3 |
| 1966 | 28.5 | 14.7 |
| 1967 | 27.8 | 14.2 |
| 1968 | 25.4 | 12.8 |
| 1969 | 24.1 | 12.1 |
| 1970 | 25.4 | 12.6 |
| 1971 | 25.6 | 12.5 |
| 1972 | 24.5 | 11.9 |
| 1973 | 23.0 | 11.1 |
| 1974 | 24.3 | 11.6 |
| 1974 ^r | 23.4 | 11.2 |
| 1975 ^r | 25.9 | 12.3 |
| <hr/> | | |
| 1976 ^p | 23.4 21.5 | 10.1 11.0 |
| 1977 ^p | 22.1 18.7 | 8.7 10.3 |

r - revised procedure.

p - predicted, revised procedure.

Source: Money Income and Poverty Status of Families and Persons in the United States: 1975 and 1974 Revisions (Advance Report), Bureau of the Census (1976), Table 17. Characteristics of the Population Below the Poverty Level, 1974, Bureau of the Census (1975), Table 1.

Summit

on report "Decline in 1975 has reversed in 1976, and poverty in 1977 should reach a new low - both as a percent of the population and in absolute numbers."

Notes: Do Not issue specific numbers in forecast.

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