

A Congressional Perspective on the US Poverty Measure

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**The views expressed here are those of the presenter and do not necessarily reflect those of any Congressperson or Senator.*

Overview

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- Why establish a new measure?

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- What is the MAP Act?

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- What is the Modern Poverty Measure?

4

- Should we have multiple measures?

5

- What's next?

Why Establish a New Measure?

- First, we care about poverty **measurement** because **poverty**...
 - is **costly** and inconsistent with our **values**
 - indicates how widely **shared prosperity** is in the **economy**
 - indicates who **falls** from or **struggles** to join the **middle class**
 - is a key **benchmark** for **targeting** resources

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Why Establish a New Measure?

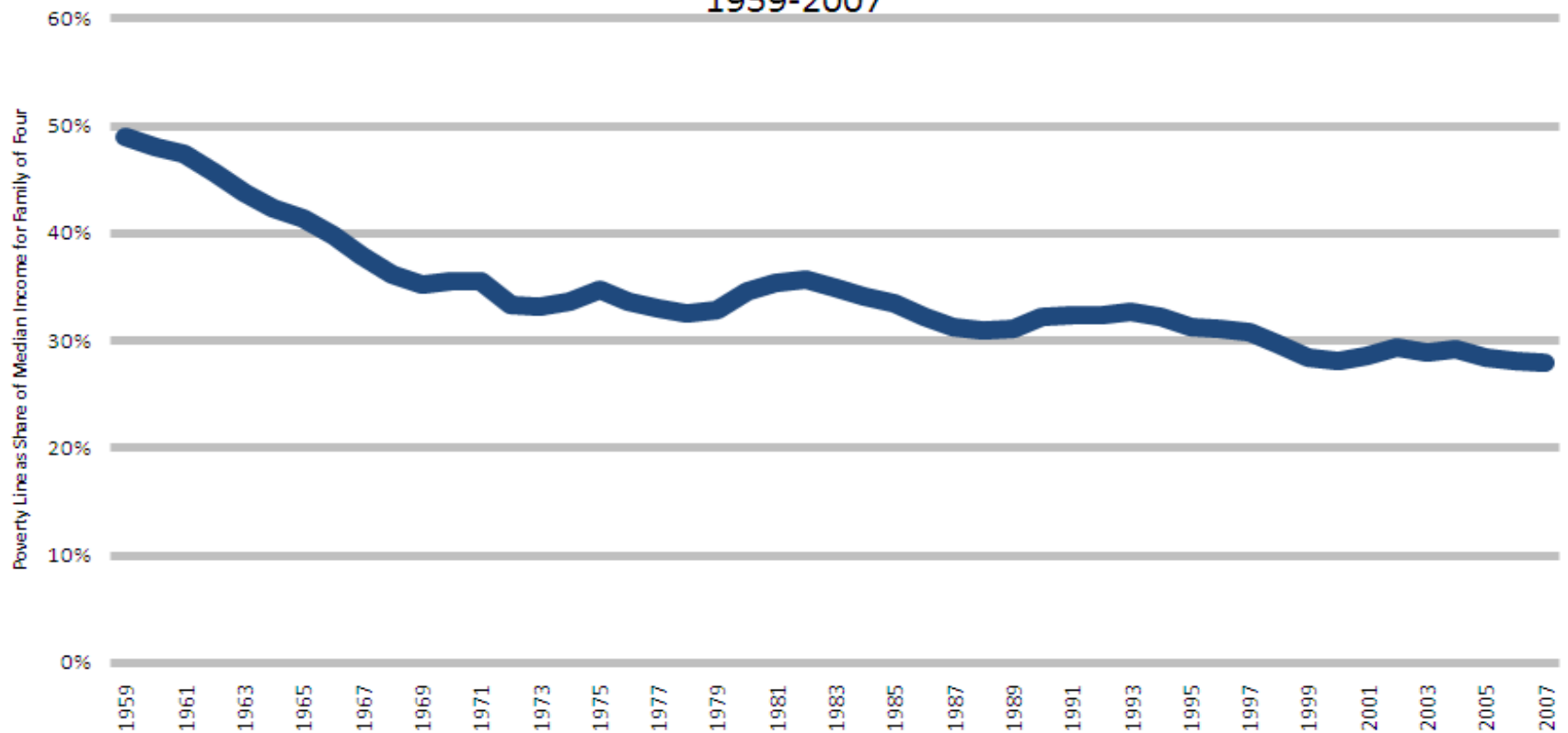
- Second, the current **measure** has important **limitations...**
 - **Threshold** has less and less **meaning** and does not appropriately account for some **variations** in **needs**

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Why Establish a New Measure?

Poverty Line Less Connected to Standard of Living

1959-2007



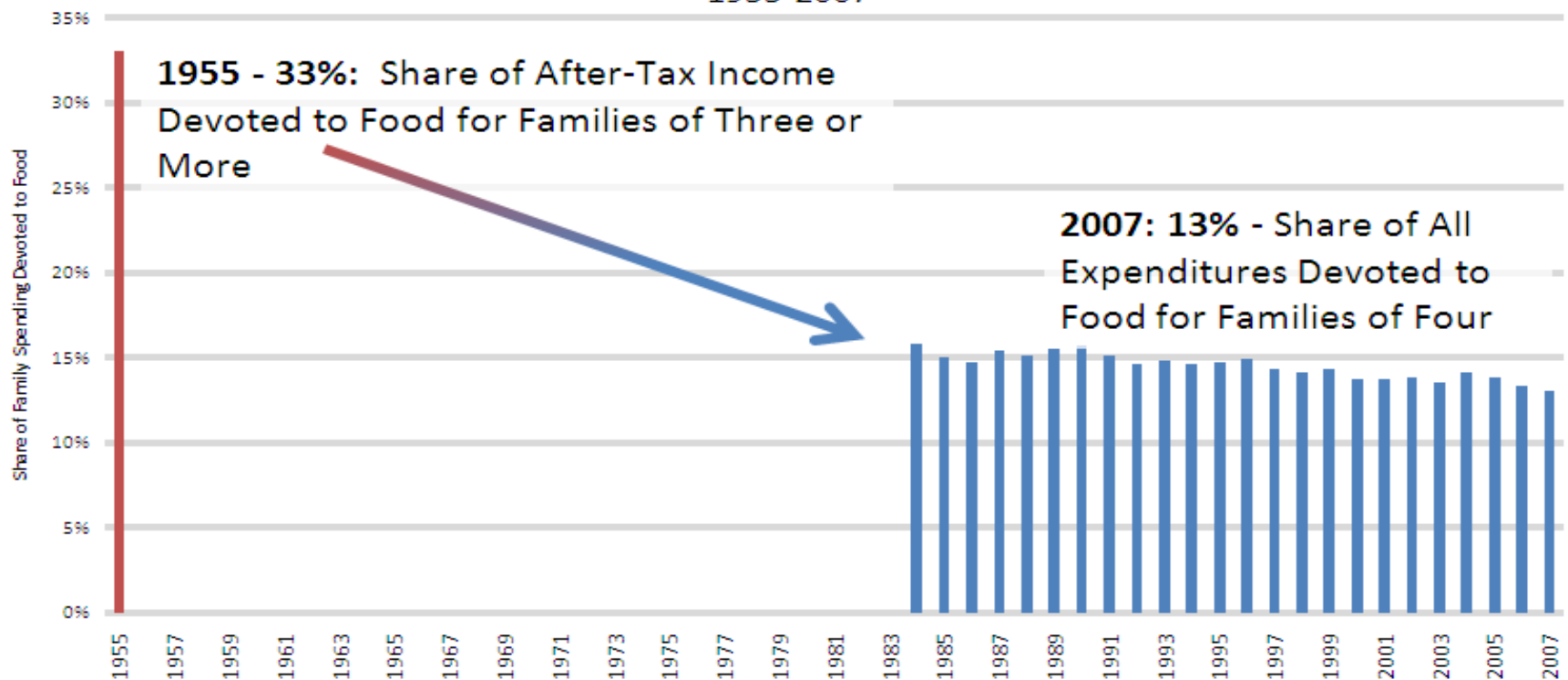
Source: Calculations based on money income (income before taxes, excluding the value of noncash benefits such as SNAP, Medicare, Medicaid, public housing, and employer-provided fringe benefits) data from the Bureau of the Census. Income in CPI-U-RS adjusted dollars. Prepared by the Staff of the Committee on Ways and Means, 21 May 2009.

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Why Establish a New Measure?

Less Spending Devoted to Food

1955-2007



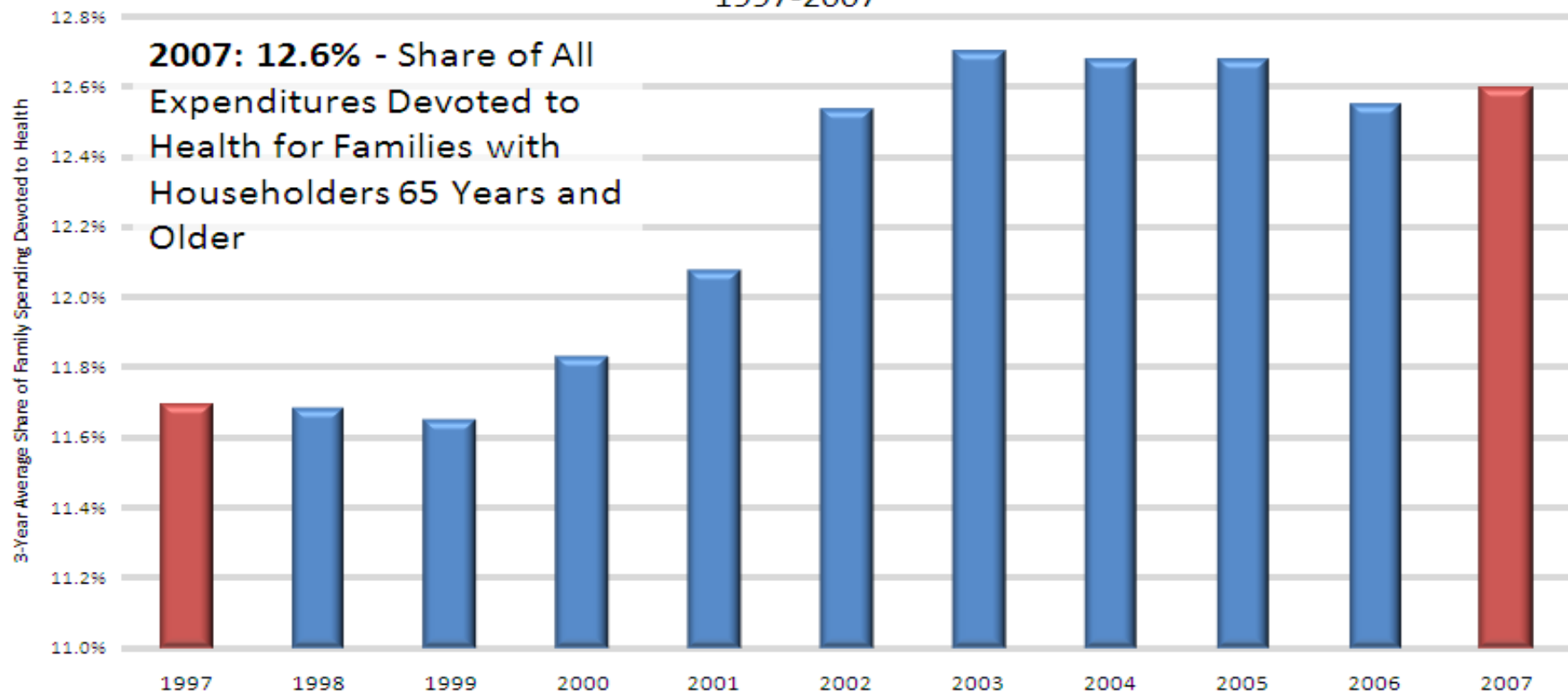
Source: 1955 data is from Social Security Administration. Calculations based on data from Bureau of Labor Statistics. Exactly comparable historical data is not available, but the trend and its approximate magnitude are not in doubt. Prepared by the Staff of the Committee on Ways and Means, 21 May 2009.

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Why Establish a New Measure?

More Spending Devoted to Health

1997-2007



Source: Calculations based on data from Bureau of Labor Statistics. Prepared by the Staff of the Committee on Ways and Means, 15 May 2009.

Why Establish a New Measure?

- Second, the current **measure** has important **limitations...**
 - **Threshold** has less and less **meaning** and does not appropriately account for some **variations** in **needs**
 - **Resource** definition is less and less **comprehensive**, wrongly indicating the failure of substantial government spending

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Why Establish a New Measure?

Type of Change	Reflected in Current Official Measure?	Estimated Annual Payments (FY 2010 Levels)
		\$1,465.5 billion (CY2007)
Change in federal , state, or local income taxes	No	
Change in Earned Income Tax Credit	No	\$48.9 billion
Change in Child Tax Credit	No	\$44.8 billion
Change in Social Security payroll taxes	No	\$747.3 billion
Change in SNAP (formerly Food Stamp) receipt or benefits	No	\$65.0 billion
Change in housing assistance receipt or benefits	No	\$33.08 billion
Change in home energy assistance receipt or benefits	No	\$3.79 billion
Change in child care subsidies	No	\$7.04 billion
Change in child support awards and enforcement	Partly	\$27.91 billion
Change in Social Security benefits	Yes	\$690.6 billion
Change in receipt or benefits under TANF	Yes	\$17.1 billion
Proposed Creation of Climate Rebate to Help Households Shift to Clean Energy	Maybe	≈ \$5-\$100 billion

Why Establish a New Measure?

- Second, the current **measure** has important **limitations...**
 - **Threshold** has less and less **meaning** and does not appropriately account for some **variations** in **needs**
 - **Resource** definition is less and less **comprehensive**, wrongly indicating the failure of substantial government spending
 - Measure is not easily **updated** and without **Congressional** involvement, measurement has not been **improved** in US

What is the MAP Act?

- *Measuring American Poverty Act of 2009* by Rep. Jim **McDermott** (HR 2909; 111th Congress) and Sen. Chris **Dodd** (S 1625; 111th Congress)
- “**Modern Poverty Measure**” based on **National Academy of Sciences** (NAS) 1995 report recommendations
- “**Decent Living Standard**” & “**Medical Risk Measure**” panels
- Official measure re-named “**Traditional**” measure
- **NO impact** on eligibility or distribution of funds

What is the MAP Act?

- **Shifts authority** to statistical agencies; requires periodic **updates**
- Authorizes adequate **funding**
- **Addresses** major concerns
- Balanced, **consensus-based** approach builds on **15 years** of research and analysis
- Need to **focus public** attention, for **common understandings** & benchmarks

What is the Modern Poverty Measure?

- Based on **National Academy of Sciences (NAS)** 1995 report, but with improvements
- **Threshold** based on modest spending on food, clothing & shelter
- Thresholds adjusted for **shelter** status
- **Income** defined as resources for meeting those needs, minus work & medical expenses
- **Pre- *and* post-tax and transfer** measures included
- Geographically-adjusted measures **complement** unadjusted measures

Should we have multiple measures?

We should have multiple measures

- Well-being is multidimensional
- Poverty-a component of well-being is itself multi-dimensional
- Single “measure” can be used to produce multiple viewpoints (e.g. headcount, gap, persistence, concentration, etc...)
- Measures serve varied purposes (e.g. eligibility v. statistics)

We should highlight a few measures

- Need to focus public attention
- Need for common understandings and benchmarks
- Resource limitations and technical difficulties
- Pre- and post-tax & transfer poverty measures must coexist
- Geographically-adjusted poverty measures complement unadjusted measures

What's next?

- Engagement with **Appropriations** Committees, as **Administration's budget** includes funding request for measure—Supplemental Poverty Measure (SPM)—similar to MAP Act's Modern Poverty Measure
- **Technical** work and improvements also needed
- **Census Bureau** has proven ability to quickly produce NAS-based measures and has added relevant questions to March CPS
- Engagement with public officials and **staff**, **researchers** and advocates