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A Modern Framework for Measuring Poverty and Basic Economic Security

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April 2010

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Acknowledgments

The author thanks Dean Baker, Annette Case, Indivar Dutta-Gupta, Shawn McMahon, Zoë Neuberger, and John Quinterno for their helpful comments and critiques of drafts of this paper. I've also benefited from discussions and correspondence with Melissa Boteach, Heather Boushey, Desmond Brown, Tim Casey, Nancy Cauthen, Reid Cramer, Aaron Graham, Doug Hall, Jeff Lubell, Diana Pearce, Danilo Pelletiere, Arloc Sherman, Keith Wardrip, and Michael Wiseman, and from a December 2010 round-table meeting on poverty and economic security measurement sponsored by Strategies to Eliminate Poverty. Finally, CEPR wishes to thank the Annie E. Casey Foundation for financial support. The responsibility for any errors of judgment or fact rests solely on the author.

List of Recommendations

Recommendation 1—A New National Statistical Framework for Measuring Poverty and Basic Economic Security. The federal government should adopt a new national statistical framework for measuring poverty and basic economic security. Instead of being limited to the "extremely-low-income-only" approach the current poverty line and administration's proposed Supplemental Income Poverty Measure (SIPM) represent, this framework should utilize measures of low income and other forms of economic hardship related to low income. At the core of this framework should be two or three measures that, taken together, best balance accuracy and succinctness in providing an accurate picture of poverty and basic economic security, and provide both an income lens and a multi-dimensional lens on economic deprivation.

Recommendation 1.1—A "Low-Income" or "At-Risk-of-Poverty" Income Standard. The first of the two or three national statistical measures in this new framework should be an "At-Risk-of-Poverty" or "Low-Income" measure. As the label makes clear, this threshold should reflect a "low" level of income—a level roughly in the range of $45,000 to $50,000 for a family of four—rather than an "extremely low" level of income.

Recommendation 1.2—A Low-Income-Plus-Deprivation Measure of Poverty and Basic Economic Security. The second of the two or three national statistical measures in this framework should be a "Low Income-Plus-Hardship" or "Low Income-Plus-Deprivation" measure of basic economic security. Rather than relying solely on income (or consumption) as a proxy for poverty or basic economic security, this measure would define someone as experiencing poverty or lacking the most basic level of economic security if they were both low-income (using the standard described in Recommendation 1) and experiencing a heightened level of economic deprivation or hardship. Deprivation would be measured directly using an index of deprivation or "basic economic security" indicators, including hunger and food insecurity, substandard housing, lack of affordable and adequate health insurance, savings, and various other items that are viewed as necessities of modern living by most Americans.

Recommendation 1.3—Development of a List of Modern Necessities. Instead of assuming that only certain traditional goods are necessities of contemporary modern living—e.g., only food, shelter, clothing, utilities—the list of necessities to include in the index should be developed based on both community and expert input on current social necessities, as well as survey research that asks the American public to identify, from a list of goods and services, those items that are necessities and that no one in the United States should be without today.

Recommendation 2—Restoration of the Family Budgets Program at the Department of Labor. The administration should reestablish the Family Budgets Program at the U.S. Department of Labor to produce state- and local-level "American Family Budget Standards" including a Basic Budget Standard that is consistent with the minimum amount most Americans believe is needed to "make ends meet" at a basic level. Despite the longstanding official development and use of family budget standards by the federal government for most of the 20th century, some have recommended further external study of family budget standards before any restoration of the Family Budgets Program. Such external study would likely delay restoration of the Family Budgets Program and official use of family budget standards for many years, if not

indefinitely, and should not precede restoration. However, it may be useful at some later point, say five or ten years after restoration.

Recommendation 3—Use of Adjustments for Geographic Differences in Living Standards. Because of the anomalous results produced by currently available methods of geographic adjustments in poverty thresholds, the "low-income" income standard detailed in Recommendation 1.1 should not be adjusted using these methods, except for upward adjustments in certain high-cost areas. When used for state and local purposes, the Family Budgets detailed in Recommendation 2 may include adjustments, although they should be as broadly based as possible (e.g., not limited to housing) and also take into account, to the extent possible, regional differences in amenities, including public infrastructure and service, and quality of life.

Recommendation 4—Role of Proposed Supplemental Income Poverty Measure Should Be Limited and Measure Should Be Accurately Labeled as a Measure of "Extremely Low Income." If the SIPM proposed by the administration is adopted, it should be labeled and presented in a way that aides, rather than hinders, public understanding of poverty and basic economic security. In particular, the SIPM should be described as a measure of "Extremely Low Income" rather than as a measure of "poverty." In addition, if used by Census, particularly in the annual report on income and poverty, the SIPM should always be put in the context of a low-income measure.

Recommendation 4.1—Setting the Initial SIPM Thresholds and Adjusting them for Changes in Living Standards. The SIPM Thresholds should be tied to a percentage of median income or based on expenditures on a modern basket of necessities (one not limited to food, clothing, shelter and utilities).

Recommendation 5—Public Consultation Processes. The public should be given the opportunity to provide input into the development of the SIPM and other proposed measures.

> "…while it is widely appreciated that poverty is an inherently multi-dimensional concept, this multi-dimensionality has been lost, weakened or distorted when poverty is measured…The partial measures used to date necessarily fail adequately to do justice to the experience of [people experiencing poverty] and, to the extent that they distort through omission, may result in implementation of inappropriate policies."
> —Mark Tomlinson, Robert Walker, Glenn Williams (2007)

> "…multiple measures of economic deprivation may avoid some of the intense debates about measurement that are inevitable when everything comes down to a single number."
> —Rebecca Blank (2008)

Introduction and Recommendations

The dominant framework for understanding and measuring poverty in the United States has become an ideologically conservative one. It conceptualizes poverty *only* in terms of having an *extremely low* level of annual income, and utilizes poverty thresholds that are adjusted only for inflation rather than for changes in overall living standards. As a result, the official poverty measure has effectively defined deprivation down over the last four decades, moving it further and further away from mainstream living standards over time, as well as from majority public opinion of the minimum amount needed to "get along" at a basic level. While the Supplemental Income Poverty Measure (SIPM) proposed by the Obama administration makes some important improvements to the current poverty measure, it appears likely to lock in this defining down of the poverty standard in a measure that would remain the focal measure of basic economic security. As a result, the SIPM would do little to re-center poverty measurement from its current marginal and conservative framework to a more modern and mainstream one.

The extent to which the current poverty measure has defined deprivation down can be seen by comparing the poverty line's movement over time with public opinion on the minimum income families need to make ends meet. For several decades, Gallup has asked adults: "What is the smallest amount of money a family of four (husband, wife, and two children) needs each week to get along in this community?" When it was initially developed, the official poverty line was equal to about 72 percent of the average response to this "minimum get-along" question.[1] By 2007, it had fallen to 41 percent of the average response to the get-along question.[2] If it kept pace with public opinion on the minimum get-along amount (that is, remained equal to 72 percent of that amount), the poverty line would have been $37,500 in 2007 rather than $21,500. (See **Figure 1**.)

The beginnings of the shift toward and ideologically conservative approach to measuring poverty date to the late 1960s. In 1968, the Johnson administration prohibited the Social Security Administration from "tak[ing] a very modest step toward raising the poverty thresholds to reflect increases in the general standard of living."[3] This decision appears to have been an ad hoc one, driven by the administration's short-term political need to avoid reporting an increase in poverty five

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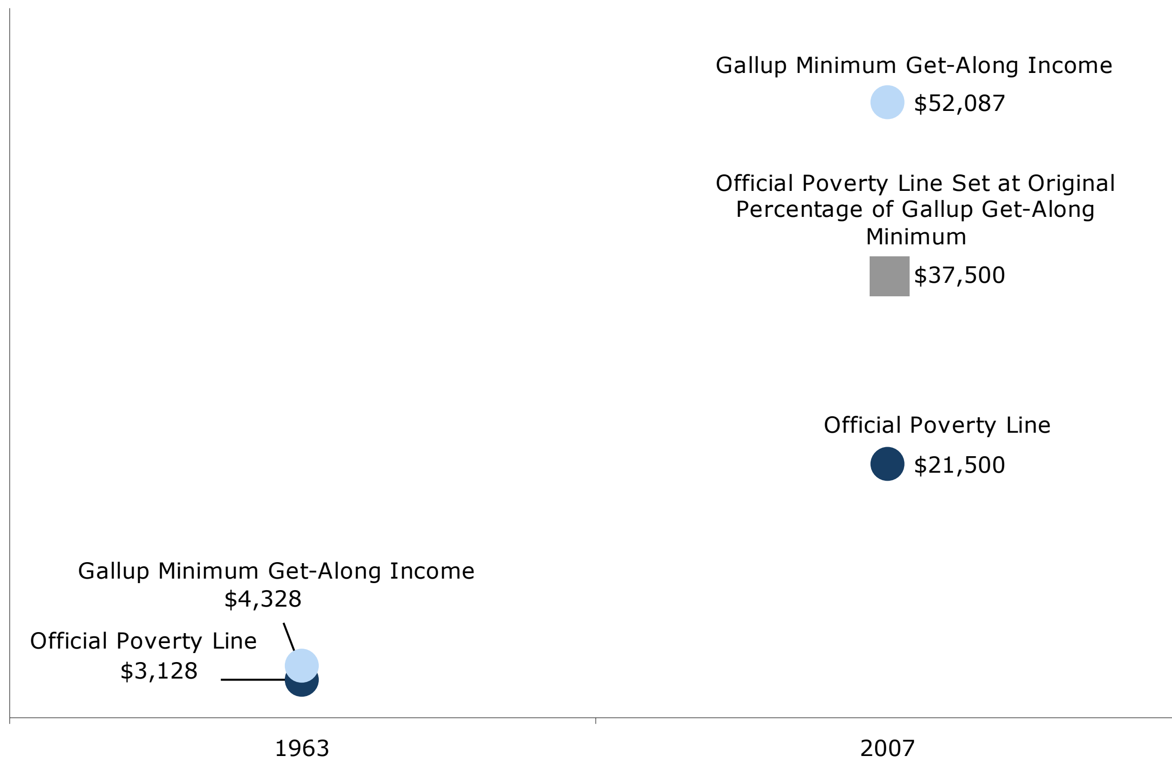
1 Vaughn (1993).
2 Jones (2007).
3 Fisher (1997). During the last year of that administration, an interagency committee recommended updating the measure in a way that would have increased the poverty line by 8 percent in real terms.

years after declaring "war" on it.[4] However, when the Nixon administration adopted the poverty measure as an official statistic in 1969, it formalized the disconnection between poverty and living standards by tying the official measure to the Consumer Price Index, without making any allowance for real increases in living standards. The disconnection was further solidified when the administration failed to act on recommendations made by a federal interagency task force in 1973 to update the measure for changes in living standards.

FIGURE 1
Official Poverty Line Compared to Gallup Minimum Get-Along Income, Family of Four, 1963 and 2007



Source: Author's analysis of Vaughn (1993) and Census Historical Poverty Table 1.

When the decision to only update the poverty line for inflation was made in 1969 it may not have seemed as consequential as it does in retrospect. At that time, the poverty line wasn't the only federal measure of basic income security. For much of the 20th century, the federal government had also used and published "family budget standards"—similar to ones produced today by various non-governmental organizations and researchers—that better reflected the minimum income needed to "make ends meet" at a basic level.[5] Most notably, the Bureau of Labor Statistics at the Department of Labor operated a Family Budgets Program for some three decades after World War II. The

4 Fisher (1995) notes: "Having proclaimed a War on Poverty in 1964, the Johnson Administration was in 1968 able to boast of a three-year drop in the poverty population of 5.6 million persons. In that context it would have been politically embarrassing to have reported a 2.8 million "increase" in the poverty population resulting from raising the poverty line in real terms …."

5 For a history of the governmental development and use of these budgets, see Johnson, Rogers, and Tan (2001).

program had its origin in a request Congress made to the Bureau of Labor Statistics to determine "what it costs a worker's family to live in the large cities of the United States."[6] Using expenditure data, BLS produced budget standards that defined both a "modest but adequate" low-income budget standard and a somewhat higher "intermediate" budget standard. In 1959, DOL's basic standard, one it called "Modest but Adequate" was $5,180, or about 85 percent of median income that same year.

The Family Budgets program continued to operate through the 1970s. In 1980, an Expert Committee, one similar to a National Academy of Sciences panel, made recommendations for updating the methodology.[7] But instead of adopting those recommendations, the program was eliminated in 1981 during the first year of the Reagan Administration. In essence, between 1969 and 1981, a narrowly conservative conceptualization and measure of poverty as extremely low income had securely taken root and effectively displaced a more mainstream and multifaceted understanding of poverty and basic income security.

The Too-Low and Too-Narrow Problems with the Poverty Line

There are two major and widely recognized problems with this now narrowly conservative approach to measuring poverty and basic economic security: the "too-low" problem and "too-narrow" problem. Any new approach to measuring poverty and basic economic security should be judged by how well it addresses these fundamental problems.

The Too-Low Problem: The conservative approach has resulted in an income-poverty threshold that is *too low* to provide an accurate measure of the resources needed to "obtain a minimally adequate standard of living, defined appropriately for the United States today."[8] As Doug Nelson, the former CEO and President of the Annie E. Casey Foundation, has said in Congressional testimony: "[t]here is ample evidence that the poverty threshold would be higher, and would convey a far more accurate sense of real need, if the poverty measurement objectively reflected how much a family needs to 'get by' or 'make ends meet' in America today."[9] Even if one holds that a poverty measure should reflect an amount that is somewhat below a socially customary minimum "get-along" amount—say, the roughly two-thirds to three-quarters of that amount the official poverty line was originally equal to—the official poverty line, at its current value of roughly 40 to 50 percent of the get-along amount, has now lost substantial ground compared even to this less exacting standard.

The too-low problem has its origins in the decision made in the late 1960s to adjust the poverty line only for inflation, and not for improvements in living standards. As Gordon Fisher has noted, "in the light of this extensive American evidence from standard budgets, the Gallup Poll, and the common knowledge of experts, it becomes clear that the 1968-1969 decision to adjust the official poverty thresholds only for price changes (and not for changes in the general standard of living) represents a single major historical anomaly."[10]

The Too-Narrow Problem: The current poverty measure is too narrow in at least two ways. First and most importantly, it measures poverty only in terms of having income above or below a particular

6 Sherwood (1977).
7 Expert Committee on Family Budget Revisions (1980).
8 Citro and Michael (1995).
9 Nelson (2008).
10 Fisher (2005).

line, even though poverty is now widely understood as a multidimensional phenomenon. Second, the current measure's definition of income excludes important benefits that clearly help alleviate economic hardship, including the Earned Income Tax Credit and means-tested food and nutrition assistance. As a result, the current conservative approach to poverty measurement is too narrow to provide an accurate measure of what Doug Nelson has called "the true scope, dimension, and dynamics" of poverty.[11]

The combination of the too-low and too-narrow problems has resulted in a grossly inaccurate poverty measure, one that is extraordinarily underinclusive as a measure of economic hardship. In fact, as this report will show, *most* low-income American households who experience concrete forms of severe economic hardship—such as food insecurity and hunger—now have incomes that are *above* the current poverty line.

Addressing these problems shouldn't involve shifting from a narrowly conservative approach to a narrowly liberal one, but rather adopting a balanced framework, one that re-centers the official statistical measurement of poverty and basic economic security from its current marginal and ideologically conservative framework to a more modern and mainstream one.

Does the Proposed Supplemental Income Poverty Measure (SIPM) Adequately Address these Problems?

In its FY2011 Budget, the Obama administration requested $7.5 million in ongoing, annual funding to adopt a "supplemental statistical [income] poverty measure…to complement the current official measure."[12] The proposed measure is based on recommendations made 15 years ago by a panel of the National Academy of Sciences (NAS). According to the Census Bureau, this new measure "would not replace the official poverty measure" and the current official poverty measure "will continue to be produced and updated every year."[13]

As proposed, the Supplemental Income Poverty Measure (SIPM) includes some important improvements over the official poverty measure. Most notably, it counts certain benefits that are not counted by the current poverty measure, including the Earned Income Tax Credit and nutrition assistance; these benefits clearly reduce economic deprivation, so a poverty measure should reflect the difference they make. Other elements of the SIPM could be real improvements with some modifications. For example, instead of anchoring the SIPM thresholds only to spending on food, clothing, utilities, and shelter—a narrow understanding of necessities that seems more appropriate to the early 20th century rather than the early 21st—a modern measure should define minimum income adequacy in modern terms. This would ensure that deprivation isn't defined down over time if, as historically been the case, typical living standards outpace spending on the most basic goods.

While the SIPM makes some important improvements to the current poverty measure, it only modestly addresses the *too-low* problem with the current poverty measure, and only partially addresses the *too-narrow* one. The NAS panel that devised the SIPM opted to revise the poverty

11 Nelson (2008).

12 U.S. Department of Commerce, Census Bureau (2010), Exhibit 13, p. Cen-60. The administration refers to the measure as the Supplemental Poverty Measure; to be more precise, and distinguish the proposed income-only measure from modern, multi-dimensional measures of real poverty, I refer to it as the Supplemental *Income* Poverty Measure (SIPM).

13 U.S. Department of Commerce, Census Bureau (2010b).

thresholds "in a conservative manner."[14] As a result, the SIPM is, as Rebecca Blank, the current Under Secretary of Commerce for Economic Affairs, recently described it, an "extreme poverty" standard and not a measure of even a "lower living standard."[15] Thus, the SIPM would do little by itself to re-center poverty measurement from its current marginal and conservative framework to a more modern and mainstream one.

Moreover, the proposed replacement would likely be a *less accurate measure of material deprivation and basic economic security* than other more recently developed modern alternatives, including official measures now used by the governments of Ireland and the United Kingdom. In certain important ways, the SIPM may even be less accurate than the current poverty measure, as this paper will explain. Even Under Secretary Blank has said, comparing the current measure with the proposed one: "it's hard to say one is better or worse."[16]

The Census Bureau has correctly noted that the current official poverty measure "is based on outdated assumptions and fails to accurately measure economic deprivation."[17] Yet, a similar critique can reasonably be leveled against the SIPM. A key question here is whether the SIPM is based on *sufficiently updated assumptions*, ones that take economic changes since the 1960s, as well as post-1994 advances in poverty and measurement research, into account.

Despite these limitations, the SIPM could be, with several crucial modifications, *part* of a modern approach to measuring poverty and basic economic security, and certain of the SIPM's technical improvements should be incorporated into such an approach. However, given the narrow and conservative nature of the SIPM, the federal government should not adopt it by itself without also adopting more accurate measures of low income (and not just "extremely" low income) and basic economic security.

Recommendations

Congress should provide funding to the Department of Commerce and the Department of Labor to develop a truly modern, multi-dimensional approach, one that provides a more accurate picture of poverty and basic economic security than the current poverty measure or the SIPM alone. The best alternative would be an approach consistent with the following recommendations.

RECOMMENDATION 1—A NEW NATIONAL STATISTICAL FRAMEWORK FOR MEASURING POVERTY AND BASIC ECONOMIC SECURITY. The federal government should adopt a new national statistical framework for measuring poverty and basic economic security. Instead of being limited to the "extremely-low-income-only" approach the current poverty line and SIPM represent, this framework should utilize measures of low income and other forms of economic hardship related to low income. The core of this framework would be two or three measures that, taken together, best balance accuracy and succinctness in providing an accurate picture of poverty and basic economic security, and provide both an income lens and a multi-dimensional lens on economic deprivation.

14 Citro and Michael (1995) p. 106.
15 National Public Radio (2010).
16 Ibid.
17 U.S. Department of Commerce, Census Bureau (2010).

There is now broad consensus that poverty is a multi-dimensional phenomenon, one that cannot be reduced to a single income or consumption measure.[18] As Blank has explained: "…it is a heroic assumption to believe that a single [income] poverty measure can reflect all aspects of economic need."[19] Even in 1969, when the current poverty measure was officially adopted, economist Lester Thurow noted that "the search for a single [income] poverty line is utopian at best."[20] Yet, the SIPM would continue to define poverty in largely one-dimensional terms and reduce it down to a "single number." A fundamental problem with this reductionist approach to poverty measurement is that partial measures of poverty "necessarily fail adequately to do justice to the experience of [people experiencing poverty] and, to the extent that they distort through omission, may result in implementation of inappropriate policies."[21]

The answer isn't to go to the other extreme by adopting a long list of measures, one that turns the federal reporting on poverty into a unwieldy "data dump." Instead, the federal government should adopt a new national statistical framework for measuring poverty and basic economic security that has at its core two or three measures that, when taken together, best balance accuracy and succinctness in providing a relatively full picture of poverty and basic economic security. As described below, this framework should include: 1) a measure of "low income" that is consistent with the minimum amount that most Americans think is needed to "get along" at a basic level as well as many low-income indicators already used for programmatic and research purposes, and 2) a "low-income-plus-hardship" measure of basic economic security. Additional measures could be included in this framework, but they should be considered secondary rather than primary measures of poverty and basic economic security. The core measures should be adjusted over time to reflect improvements in living standards; measures that are only adjusted for inflation should be treated as secondary indicators, and always presented in "base-year" specific terms.

This balanced approach would have an added benefit. As Blank has noted, "part of the argument over the U.S. measure has occurred because different people want it to reflect different things."[22] A balanced framework of two to three measures "may avoid some of the intense debates about measurement that are inevitable when everything comes down to a single number,"[23] especially if it incorporates a low-income-plus-hardship measure that consolidates a range of deprivation indicators into a single statistic.

RECOMMENDATION 1.1—A "LOW-INCOME" OR "AT-RISK-OF-POVERTY" INCOME STANDARD. The first of the two or three national statistical measures in this new framework should be an "At-Risk-of-Poverty" or "Low-Income" measure. As the label makes clear, this threshold should reflect a "low" level of income—a level roughly in the range of $45,000 to $50,000 for a family of four—rather than an "extremely low" level of income.

The thresholds for the low-income standard should be set at a dollar amount that is roughly consistent with the general public understanding of the minimum income needed to "make ends

18 See, e.g., the papers presented at the 2005 International Conference on the Many Dimensions of Poverty, sponsored by International Poverty Centre of the United Nations Development Programme, http://www.undp-povertycentre.org/md-poverty/papers.htm.
19 Blank (2008).
20 Thurow (1969).
21 Tomlinson, Walker, and Williams (2007).
22 Blank (2008).
23 Ibid.

meet" or "get along" ($45,000 in 2007 according the most recent Gallup survey) as well as various other indicators of low income used in federal law and by researchers and others. These other indicators include:

- federal program standards that are tied to a percentage of median income and reflect a common-sense understanding of low income, such as the "very-low" income standard used in federal rental housing assistance programs, which is set at 50 percent of median income (these programs also use an extremely low-income standard set at 30 percent of median income and a low-income standard set at 80 percent of median income);
- the point at which a working family with children loses eligibility for the Earned Income Tax Credit (just over $45,000 for a two-parent, two-child family), the nation's largest and most important employment benefit for low-income workers;
- the amount that basic family budget research suggests is needed to live at a "modest, but safe" or "modest, but adequate" level ($48,778 on average nationwide, according to the Economic Policy Institute[24]);
- the Commerce Department's lowest estimate of a "middle-class family budget" for married-couple families with two school-age children ($51,000);[25] and
- the 200-percent-of-poverty measure that is commonly used today by researchers as a low-income measure (roughly $44,000).

So that it doesn't decline over time from a low-income standard to an extremely low-income one, as has happened with the current official poverty measure, the low-income standard should be adjusted annually in a manner that keeps pace with mainstream living standards. Setting the measure at a percentage of median income and adjusting it annually so that it continues to reflect this percentage would be the most straightforward and transparent way to accomplish this goal. Alternatively the measure could be set and adjusted annually to reflect a percentage of overall consumption expenditures, although if this is done some allowance should be added for savings and investment (for retirement, a "rainy day" and children's education).

Recommendation 1.2—A Low-Income-Plus-Deprivation Measure of Poverty and Basic Economic Security. The second of the two or three national statistical measures in this framework should be a "Low Income-Plus-Hardship" or "Low Income-Plus-Deprivation" measure of basic economic security. Rather than relying solely on income as a proxy for poverty or basic economic security, this measure would define someone as experiencing poverty or lacking the most basic level of economic security if they were both low-income (using the standard described in Recommendation 1) and experiencing a heightened level of economic deprivation or hardship. Deprivation would be measured directly using an index of deprivation or "basic economic security" indicators, including hunger and food insecurity, substandard housing, lack of affordable and adequate health insurance, savings, and various other items that are viewed as necessities of modern living by most Americans.

A measure that defines poverty only in terms of having annual income below an extremely low-income threshold will be both over- and under-inclusive. In other words, it will count some people as poor who are not "living poorly" in terms of their real standards of living, and many people as

24 Lin and Bernstein (2008).
25 U.S. Department of Commerce (2010), p. 9.

not poor who are living poorly in real terms. Extremely low income-only measures are over-inclusive because some of the people with incomes below the thresholds in a particular year will have substantial non-income resources, including financial and other assets; as a result, despite having a temporarily reduced income, they will not experience poverty in the real sense of the term. At the same time, however, extremely low income-only poverty measures are under-inclusive because many people with incomes that are "low" but still above the extremely-low threshold of the measure, are living poorly, that is, experiencing concrete forms of economic hardship and deprivation, including hunger and housing-related hardships. Of these two problems, under-inclusiveness is the bigger one with the current poverty measure and the SIPM. This is because the thresholds of the current poverty measure and the SIPM are so low and because considerably more low-income people live above the extremely low thresholds of these measures than below them.

The under-inclusiveness of the current poverty measure can be seen by looking at hunger and food insecurity data, and other hardship data. While the rate of food insecurity is higher among those with incomes below the official poverty line, *most* households experiencing hunger and food insecurity in the United States have incomes that are low but *above* the extremely low threshold set by the current poverty line. The findings of research conducted by economist Heather Boushey using multiple indicators of economic hardship are similar.[26]

To address both the under- and over-inclusiveness problems in a balanced way we need a measure that combines a low-income threshold with direct indicators of economic hardship. Both the United Kingdom and Ireland have recently adopted poverty measurement frameworks that are based in part on this kind of modern "low-income-and-deprivation" approach, and that are consistent with public consensus on the minimum income needed to "get along" and the items that are necessities of modern life. An interim U.S. version of an income-plus-deprivation measure of basic economy security could be constructed using the Survey of Income and Program Participation (SIPP), a dataset that includes a variety of deprivation and well-being indicators. A final official statistical measure should be based on data that is available annually (such as the American Community Survey or an annual SIPP).

A low-income-plus-deprivation measure has the added benefit of being more consistent with public understanding of poverty as something involving concrete forms of economic hardship. Thus, this kind of measure would likely increase public understanding and acceptance of official poverty statistics.

RECOMMENDATION 1.3—DEVELOPMENT OF A LIST OF MODERN NECESSITIES. Instead of assuming that only certain traditional goods are necessities of contemporary modern living—e.g., only food, shelter, clothing, utilities—the list of necessities to include in the index should be developed based on both community and expert input on current social necessities, as well as survey research that asks the American public to identify, from a list of goods and services, those items that are necessities and that no one in the United States should be without today.

The current poverty measure and SIPM are based on outdated and unscientific assumptions about the goods and services that are necessities of contemporary life in the United States. As the NAS panel itself noted, the SIPM is based on a "narrow conceptualization of poverty" and an assumption

26 See Boushey and others (2001).

that the "function of [the current] measure should be retained much as it is now."[27] The panel provided almost no argument for this foundational assumption. Instead, they merely noted, without providing any data or scientifically based justification, that such a narrow definition was "a familiar concept" and accorded "with political rhetoric as least as far back as Franklin D. Roosevelt's concern for Americans who were ill-housed, ill-clad, and ill-nourished" and "traditional public concerns for the needy, whether expressed in provisions for homeless shelters, soup kitchens, and clothing drives, or the provision of cash or in-kind benefits for basic consumption."[28]

Yet, "public concerns for the needy"—both traditional and contemporary ones—haven't been limited to homeless shelters and soup kitchens. The fastest-growing means-tested program over the last several decades—and today the single largest non-health one—is the Earned Income Tax Credit program, with an income eligibility limit of just over $45,000 for a two-parent, two-child family. The Health Care and Education Affordability Reconciliation Act of 2010, the health care reform legislation signed into law last month, provides subsidies to individuals and families with incomes of up to 400 percent of the official poverty line, or more than $80,000 for a family of four. Similarly, both post-secondary education and training, and savings are central to public concerns about basic economic security and poverty. The federal government now provides refundable tax credits for both of these purposes.

Moreover, there is little question that public understanding of what items are necessities changes over time, as living standards increase and technologies and infrastructures change.[29] FDR's statement about the "ill-housed, ill-clad, and ill-nourished" comes from a speech given in 1937,[30] nearly 75 years ago and during the Great Depression. Given the extraordinary economic growth, and technological and social change, that has occurred since then, it is reasonable to ask whether a modern understanding of necessities should be somewhat, if not considerably, more expansive. And, as the text box below explains, the NAS adopts a fairly conservative interpretation of FDR's understanding of economic deprivation.

By contrast, a more scientific approach to poverty measurement taken by the United Kingdom and Ireland in recent years has looked to evidence rather than tradition and guesswork to determine which items are correctly categorized as necessities. As David Gordon describes it, the UK approach involves "combin[ing] social consensus in determining what should be considered as necessities with scientific methods of using this information to define poverty."[31] The first step in this approach involves asking a representative sample of the public to indicate which items in a long list of ordinary household goods and activities they thought were necessities that no household or family

27 Citro and Michael (1995), p. 20.
28 Ibid, p. 22.
29 As Fisher (2006) elaborates: "As technology progresses and the general standard of living rises, new consumption items are introduced. They may at first be purchased and used only by upper-income families; however, they gradually diffuse to middle- and lower-income levels. Things originally viewed as luxuries--for instance, indoor plumbing, telephones, and automobiles—come to be seen as conveniences and then as necessities. In addition, changes in the ways in which society is organized (sometimes in response to new "necessities") may make it more expensive for the poor to accomplish a given goal—as when widespread car ownership and increasing suburbanization lead to a deterioration in public transportation, and the poor are forced to buy cars or hire taxis in order to get to places where public transit used to take them. Finally, the general upgrading of social standards can make things more expensive for the poor-—as when housing code requirements that all houses have indoor plumbing added to the cost of housing."
30 Franklin D. Roosevelt, Second Inaugural Address, January 20, 1937.
31 Gordon et al (2000), p. 10.

FDR's Understanding of Economic Deprivation

President Franklin D. Roosevelt's 1937 conception of economic deprivation was more expansive than suggested by the terms "ill-housed, ill-clad, ill-nourished" that the NAS panel pointed to in recommending a conservative definition of poverty and economic necessities. Reading the full passage of FDR's Second Inaugural Address makes this clear:

> …. here is the challenge to our democracy: In this nation I see tens of millions of its citizens—a substantial part of its whole population—who at this very moment are denied the greater part of what the very lowest standards of today call the necessities of life.
>
> I see millions of families trying to live on incomes so meager that the pall of family disaster hangs over them day by day.
>
> I see millions whose daily lives in city and on farm continue under conditions labeled indecent by a so-called polite society half a century ago.
>
> I see millions denied education, recreation, and the opportunity to better their lot and the lot of their children.
>
> I see millions lacking the means to buy the products of farm and factory and by their poverty denying work and productiveness to many other millions.
>
> I see one-third of a nation ill-housed, ill-clad, ill-nourished.
>
> ….
>
> The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

In essence, the concern expressed here, even in 1937 during the Great Depression, wasn't limited to food, shelter, and clothing, or to poverty as just extreme deprivation, but more generally with the "necessities of life," including things like "education, recreation, and the opportunity to better their lot and the lot of their children." FDR's concern wasn't simply with those living below the bare subsistence levels needed for food and shelter but with the "one-third of the nation" who had what he called "too little." This "bottom-third" conception of those who have "too little" is consistent with modern-day understandings of what it means to have a low income. For example, roughly 1/3 (31.9 percent) of Americans had incomes below 200 percent of the current federal poverty line in 2008. This 200 percent standard has come to be commonly used as a low-income indicator as the poverty line failed to keep pace with the growth in mainstream living standards.

should be without. The Administration should emulate this more empirical approach to developing a list of modern necessities that need to be included in a new framework for measuring poverty and basic economic security.

RECOMMENDATION 2—RESTORATION OF THE FAMILY BUDGETS PROGRAM AT THE DEPARTMENT OF LABOR*. *The Administration should reestablish the Family Budgets Program at the U.S. Department of Labor to produce state- and local-level "American Family Budget Standards" including a Basic Budget Standard that is consistent with the minimum amount most Americans believe is needed to "make ends meet" at a basic level. Despite the longstanding

official development and use of family budget standards by the federal government for most of the 20th century, some have recommended further external study of family budget standards before any restoration of the Family Budgets Program. Such external study would likely delay restoration of the Family Budgets Program and official use of family budget standards for many years, if not indefinitely, and should not precede restoration. However, it may be useful at some later point, say five or ten years after restoration.

Before being terminated in 1981 during the Reagan Administration, the Family Budgets Program, housed in the Bureau of Labor Statistics (BLS) at the U.S. Department of Labor, developed family budget standards for several decades. These standards were "among the most popular of the BLS statistical series, and [were] widely used for analytic as well as administrative, legislative, and programmatic purposes."[32] The standards were similar to the basic family budgets and "Self-Sufficiency Standards" currently produced by non-governmental organizations and researchers.[33] During the 20th century in the United States, family budget standards were the most common official approach to setting income standards. Family budgets standards rarely used the term "poverty," and instead were generally designed to reflect a "modest, but adequate" or a "lower" standard of living for working-class families.

The federal government continued to use and refine family budget standards after the poverty line was developed in the 1960s. In 1967, for example, it published three standards: a lower, intermediate, and higher budget standard. Over time, however, the poverty line effectively displaced these measures. This displacement was complete by 1981, when President Reagan's Labor Department discontinued the Family Budgets Program. However, the elimination of the federal program has not reduced the need for these standards. Since the FLS program was discontinued, the task of developing family budget standards has fallen to non-governmental organizations and state/local-level agencies. These "unofficial" standards are widely used for policy and other public purposes. In fact, two recently enacted federal laws—the 2006 Carl Perkins Career and Technical Education Act (Perkins IV) and the Green Jobs Act of 2007—require that training leads to "economic self-sufficiency" and point to family budget standards as indicators of economic self-sufficiency.[34]

Given the clear public demand for official family living standards, the role of the federal government in producing them should be restored without delay. Poverty-measurement legislation introduced last year by Rep. Jim McDermott and Sen. Christopher Dodd includes a provision authorizing funding for the National Academy of Sciences to study and make recommendations for the

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32 Expert Committee on Family Budget Revisions. 1980, p. 1.

33 For more information on the Self-Sufficiency Standard, see http://www.selfsufficiencystandard.org/ and http://www.wowonline.org/ourprograms/fess/sss.asp. The Center for Women's Welfare at the University of Washington has calculated Self-Sufficiency Standards for 37 states. Similarly, the Economic Policy Institute has an online calculator that produces basic family budgets for six family types (1-2 parent families with 1-3 children) for all metro and rural areas in the United States: http://www.epi.org/content/budget_calculator/. The National Center for Children in Poverty provides both an online Basic Needs Budget calculator for 14 states and a Family Resource Simulator that shows how the Earned Income Tax Credit and other employment benefits can help families meet the basic budget standard. CEPR and the Center for Social Policy used the EPI's budget standards (and also calculated additional ones) for the Bridging the Gaps project. See Albelda and Boushey (2007), Fremstad et al. (2008) and Fremstad, Ray, and Rho (2008).

34 For the use in the Perkins Act, see Wider Opportunities for Women (2008). For the Green Jobs Act, see 29 U.S.C. 2916(e). For additional state and local uses of the Self-Sufficiency Standard, see http://www.selfsufficiencystandard.org/standard.html.

development of "decent living standards." It would be preferable to allocate this funding directly to the Department of Labor (DOL) so that they can restore the Family Budgets program in fiscal year 2011, rather than deferring restoration for further study.

While it may make sense for the NAS to review scientific issues related to the basic family living standards produced by DOL, the initial development of such standards is not clearly within the core scientific competence of the NAS, and would likely delay the restoration of the Family Budgets program for many years, if not indefinitely. The experience with the NAS poverty measure study is instructive here: the funding for the NAS study was appropriated by Congress in the fall of 1990; the NAS panel started meeting in 1992 and produced a report in 1995. Thus, it isn't unreasonable to think that merely having the NAS study family budget standards could defer their actual use by the federal government until 2030 or later. Similarly, the Reagan administration opted to eliminate the Family Budgets program a year after an Expert Committee made recommendations for updating the program. A study by itself will do little to ensure or bring about the reestablishment of the Family Budgets program, and is not necessarily as a prior step to adopting such standards.

RECOMMENDATION 3—USE OF ADJUSTMENTS FOR GEOGRAPHIC DIFFERENCES IN LIVING STANDARDS. Because of the anomalous results produced by currently available methods of geographic adjustments in poverty thresholds, the "low-income" income standard detailed in Recommendation 1.1 should not be adjusted using these methods, except for upward adjustments in certain high-cost areas. When used for state and local purposes, the Family Budgets detailed in Recommendation 2 may include adjustments, although they should be as broadly based as possible (e.g., not limited to housing) and also take into account, to the extent possible, regional differences in amenities, including public infrastructure and service, and quality of life.

The current federal poverty line does not include any adjustments for geographic differences in the living standards; when it was terminated in 1981, DOL's Family Budgets Program included regional (multi-state) adjustments. As proposed by the Administration, the SIPM would include adjustments for geographic differences in housing prices. However, evidence discussed later in this paper suggests that adjusting *only* for geographic differences in housing costs could result in a measure that is actually *less accurate* as a measure of economic deprivation than even the federal poverty measure. Moreover, adjusting for housing cost differences would likely result in many of the most economically disadvantaged states—mostly in Appalachia and the South—having poverty thresholds and rates that are lower than other considerably richer states, and the United States as a whole.

This raises a larger question for national policy: should the goal of national policy be to lift up people in poor states, and the economies of the states they live in, to a national standard or should we opt for poorer standards for poorer states? Just as we wouldn't be content to set lower standards for racial and ethnic groups that have below-average incomes, or support setting the federal minimum wage or Earned Income Tax Credit at a lower level in poorer states, we should not adopt "sub-minimum" poverty lines for poorer states and regions.

This isn't to say that geographic and other differences have no impact on poverty and hardship. But the best way to account for the impact that these differences have on the ability to convert income into meeting basic needs is to measure housing, food, and other forms of economic hardship directly, rather than relying only on an income proxy. Thus, the low-income-plus-deprivation

measure of poverty recommended above offers a better approach to accounting for geographic differences in living costs and other factors.

There is a stronger case for making geographic adjustments to the Family Budgets detailed in Recommendation 2. Family Budgets are even more normative in nature than statistical measures of poverty and low income, and they have generally not been used to calculate statistical estimates of the number of people experiencing poverty. Geographically adjusted family budgets have proved useful for various state and local purposes, including setting standards for job training and career and technical education for adults.[35] Still, caution should be used in making downward geographic adjustments to Family Budgets to avoid the establishment of "sub-minimum" standards for economically depressed and persistently poor areas.

RECOMMENDATION 4—ROLE OF PROPOSED SUPPLEMENTAL INCOME POVERTY MEASURE SHOULD BE LIMITED AND MEASURE SHOULD BE ACCURATELY LABELED AS A MEASURE OF "EXTREMELY LOW INCOME." If the SIPM proposed by the Administration is adopted, it should be labeled and presented in a way that aides, rather than hinders, public understanding of poverty and basic economic security. In particular, the SIPM should be described as a measure of "Extremely Low Income" rather than as a measure of "poverty." In addition, if used by Census, particularly in the annual report on income and poverty, the SIPM should always be put in the context of a low-income measure.

The Administration's proposed measure isn't necessarily inconsistent with the more modern framework for poverty and basic economic security recommended in this report. However, if the SIPM is adopted, it should be labeled and presented in a way that aides, rather than hinders, public understanding of basic economic security. In particular, the measure should be described as a measure of "Extremely Low Income" rather than as a measure of "poverty" or "economic deprivation." This would make clear that the measure isn't a modern multi-dimensional measure of poverty or economic deprivation, and that many low-income people with incomes above its extremely low thresholds experience various forms of material deprivation associated with real poverty, including hunger and food insecurity, and substandard housing and homelessness.

RECOMMENDATION 4.1—SETTING THE INITIAL SIPM TREHSOLDS AND ADJUSTING THEM FOR CHANGES IN LIVING STANDARDS. The SIPM thresholds should be tied to a percentage of median income or based on expenditures on a modern basket of necessities.

In its report, the NAS panel explained that "specifying a poverty line is the most judgmental of all the aspects of a poverty measure, and we did not think it appropriate for us to make that final, ultimately political, judgment."[36] Instead, the NAS suggested what it viewed as a "reasonable range" but noted that it "cannot claim scientific backing for the ranges of values that we conclude are reasonable…or for the reasonableness of the ranges we suggest both in terms of what these amounts would buy and in comparison with other thresholds."[37] Instead of exercising this judgment in a reasoned fashion, the administration has simply selected the mid-point of the NAS ranges. (It may be reasonable to set the threshold at this mid-point, but doing so still requires some reasoned judgment of why it should be set there, and, at least from the documents it has provided, no such

35 For examples of state and local uses, see http://www.selfsufficiencystandard.org/standard.html.
36 Citro and Michael (1995), p. 106.
37 Ibid, pp. 152-53.

judgment is apparent.) Moreover, in its most recent proposal for the SIPM, the Census Bureau announced that it would set the thresholds in a way that actually deviates substantively from what the NAS panel recommended (specifically, by disconnecting it from mainstream living standards), without providing any policy or technical justification for the deviation.

Before making the "political judgment" involved in setting initial thresholds for the SIPM, the administration should solicit public input in a structured fashion on where to set the thresholds and how to adjust them over time. Based on this input and other evidence, the administration should develop its own final informed and reasoned judgment on where to set the initial thresholds. The range suggested as reasonable by the NAS should be viewed as advisory only and not given any more weight than public input and other evidence.

My own view is that the SIPM thresholds should be set to a percentage of median income, so that they keep pace with mainstream living standards over time. A measure set at 50 percent of median income would be roughly equal to value of poverty line when it was initially set in the early 1960s. An alternative would be to develop a more modern list of necessities to either incorporate into the thresholds or use to develop a more reasonable multiplier than 1.2. The following necessary goods and services are of particular concern and need to be better incorporated into the SIPM and related measures: 1) education and child care services for children; 2) transportation expenses (other than commuting to work); 3) computer and internet access; and 4) basic savings for "a rainy day", retirement, and children's post-secondary education. Of these items, only child care and non-work transportation are incorporated in any way into the SIPM, and then only in a very limited fashion that is likely to bias poverty estimates in particular ways. (Unlike the poverty measures used in the United Kingdom, no deductions are made for retirement plan contributions or repayment of student loans.) The SIPM subtracts the amount that employed parents spend on child care from income, but makes no allowance for the child care needs of parents who cannot afford it in the first place. Non-work transportation expenses are one of the needs bundled into the multiplier, but this multiplier is too small to adequately account for them, particularly for rural and suburban families, along with the other goods and services it is meant to represent.

RECOMMENDATION 5—PUBLIC CONSULTATION PROCESSES. The public should be given the opportunity to provide meaningful input into the development of the SIPM and other proposed measures.

Developing a poverty measure is not simply a technical exercise. Complex and non-transparent measures like the SIPM require officials to make literally dozens of policy judgments. When it made its recommendations, the NAS panel made many policy judgments—most notably, that the thresholds should be based more on a "traditional" than a modern conceptualization of poverty, and that they should be updated "conservatively"—and left many other ones to be made by the federal government.

As discussed above, with the SIPM, the most basic example involves where to ultimately set the poverty thresholds. These and similar policy judgments would benefit from input from the public and outside experts. In addition, providing opportunity for public input would be consistent with the Obama Administration's recent Open Government Directive, which requires agencies to promote the principles of transparency, participation, and collaboration. According to the directive, "participation allows members of the public to contribute ideas and expertise so that their

government can make policies with the benefit of information that is widely dispersed in society."[38]

That said, providing the public the opportunity to provide input and comment on proposed poverty measures need not (and should not) follow the formal process that is used for administrative agency rulemaking. Instead, the Administration could utilize the kind of public-input processes that it has used to develop its Federal Strategic Plan to Prevent and End Homelessness[39] as well as the public process the U.S. Department of Agriculture recently used to develop a plan to end childhood hunger by 2015.[40] The United Kingdom used just such a public "consultation" process to develop its new poverty measure. The UK government invited general comment on an initial "White Paper" that laid out a proposed measure or measures, and held public forums and meetings to facilitate further discussion and input.

These recommendations would re-center poverty and economic-security measurement from its current marginal and extremely conservative framework to a more modern, mainstream, and balanced one. Moreover, as a companion piece to this analysis details, there are workable, real-world examples of this approach that we can draw on in designing a such measure for the United States, including the poverty measures used by the United Kingdom and Ireland as well as non-governmental measures developed for Australia and other wealthy nations.[41]

Measuring Poverty: The Current Measure and the Proposed Supplemental Income Poverty Measure

The Official Poverty Measure

The current poverty measure was developed by Mollie Orshansky, a Social Security Administration economist, in the early 1960s. The Orshansky measure was cited in the 1964 Economic Report of the President, in a chapter that laid the groundwork for the "War on Poverty," and used as a working definition of poverty by the Office of Economic Opportunity from 1965 and 1969. It was adopted with various modifications by the Nixon Administration as the federal government's official statistical definition of poverty in August 1969.[42] Only a handful of significant modifications have been made to the measure since its official adoption.

The official measure has two main components:

- **Income Thresholds**: The official measure uses income thresholds that are compared with a family's resources. If a family's resources fall below the income threshold, they are considered to be living in poverty.

38 Orszag (2009).
39 See http://fsp.uservoice.com/forums/41991-how-can-the-local-community-contribute-to-the-visi
40 See http://www.fns.usda.gov/FNS/ech/default.htm
41 Fremstad (forthcoming 2010).
42 See U.S. Bureau of the Budget (1969) and Office of Management and Budget (1978).

- **Resources Definition**: The official measure compares a family's "money income" with the thresholds to determine whether a family is experiencing poverty.

To construct income thresholds, Orshansky used the economy and low-cost food plans developed by the Department of Agriculture based on data from a 1955 food consumption survey.[43] The low-cost food plan reflected the food consumption of families in the bottom third of the income distribution; the economy plan reflected a lower standard, about 75 to 80 percent of the low-cost plan, for "temporary or emergency use when funds are low." She then multiplied the costs of these plans by three, based on a finding in the 1955 survey that all families on average spend about a third of after-tax income on food.[44] The lower thresholds based on the economy plan were ultimately adopted as the poverty line, although the higher thresholds based on the low-cost plan were Orshansky's preferred measure.[45]

Orshansky defined resources as gross money income, that is, cash income before taxes. This decision seems to be a pragmatic one based on the data available at that time being limited to money income. The limitations of this definition were recognized even at the time the measure was developed. In the 1964 Economic Report of the President, it was noted that poverty "depends not only on [a family's] money income, but also on its income in kind, its savings, its property, and its ability to borrow."[46] And, while many of the current means-tested programs providing in-kind or tax-based benefits, including the Earned Income Tax Credit, were non-existent at the time, other in-kind benefit programs were either well established (such as federal public housing) or had operated on a large scale for temporary periods during the first half of the 20th century (the initial, temporary version of the federal food stamp program).[47]In setting the initial poverty thresholds, the government seems to have taken into account the limited nature of the resources definition. For example, in the 1964 Economic Report of the President, it was noted that the thresholds would need to be adjusted upward if non-money resources were added in.[48]

When the Nixon Administration formally adopted the poverty measure as the official statistical measure of poverty, they also specified that the measure would be adjusted for annual changes in the Consumer Price Index. At the time, Mollie Orshansky noted that this would "freeze the poverty line despite changes in buying habits and changes in acceptable living standards."[49]

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43 For a detailed history of the development of the poverty line, see Fisher (1997).

44 Note that the multiplier was based on the fact that *all* families on average spent about a third of after-tax income on food; thus, the income base that was used to derive the multiplier was not limited to some narrow list of "necessities" but rather included all of the things average families consume. By contrast, although the SIPM expands the threshold calculation in certain ways—by moving in the initial step of the calculation from food to food, shelter, and clothing, and not making any distinction between necessary and non-necessary expenditures in these four categories—it uses a more limited multiplier (1.2 rather than 3).

45 Fisher (1997).

46 Ibid, p. 58.

47 This precursor of the current food stamp program (recently renamed the Supplemental Nutrition Assistance Program) operated from 1939 to 1943 in roughly half of the counties in the Untied States and provided benefits to some 4 million people a month at its peak. See Richardson (1979).

48 The Report explained that "estimates of total incomes—including non-money elements" would be preferable to money income, but not possible (in that era at least) to obtain, and that "the total of money plus non-money income that would correspond to [the poverty thresholds used then] would be somewhat higher …." p. 59.

49 See Fisher (2007) citing Eaton, William J. "The Poverty Line", *New York Post*, April 4, 1970, p. 24. Fisher also notes that "Orshansky made a very similar comment in a 1971 Congressional hearing when she referred to 'the decisions...made in 1969 to formalize and, in a sense, freeze the index, except for price change.'"

Since the early 1970s, government research panels and committees have made recommendations to change the thresholds and the resource definition. In 1973, for example, the Interagency Committee on Poverty Statistics recommended updating the thresholds every ten years to reflect changes in food consumption. Despite these and other studies, few changes have been made to the current measure. (Of the limited changes, the most significant are the elimination in 1981 of separate lower thresholds for farm households and female-headed households). Most notably, the thresholds have not been updated to fully take into account increases in mainstream living standards since the 1960s.

The National Academy of Sciences' 1995 Recommendations and the Administration's Proposed Supplemental Income Poverty Measure (SIPM)

In 1990, Congress directed the Department of Labor's Bureau of Labor Statistics to work with the National Academy of Sciences[50] to develop appropriate methods of revising the official poverty measure. In 1992, the NAS Committee on National Statistics convened a panel of academics to develop recommendations for a revised measure. These recommendations were published in a 1995 report.[51]

The NAS panel concluded that a new poverty measure was needed and made twenty-five recommendations related to that measure. The most important recommendations (summarized in **Table 1**) address the development of poverty thresholds and the definition of resources. The recommendations were not adopted during the Clinton Administration or the subsequent G.W. Bush Administration, although both administrations issued experimental poverty measures based in full or in part on the recommendations. The G.W. Bush Administration also issued a controversial set of alternative poverty measures in 2006 that did not follow the NAS recommendations in a consistent fashion.[52]

The Obama Administration's FY2011 Budget included a request for $7.5 million in annual funding to adopt a "supplemental statistical [income] poverty measure…to complement the current official measure." On March 2, 2010, the Commerce Department issued a press release on the proposed measure and additional details in a short document posted on the Census Bureau website.[53] In this report, I'll refer to the latter document as the SIPM Working Group Document.

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50 The National Academy of Sciences is one of about 100 congressionally chartered nonprofit organizations. The chartering process is "honorific in character" and tends to "provide an 'official' imprimatur and ... prestige" to the activities of a chartered organization. However, the charter "does not award any material governmental status to the nonprofit" nor signify "U.S. government approval" or supervision of the organization's activities (Moe 2004, p 5).

51 Citro and Michael (1995). Since then, researchers in several government agencies have conducted research on the NAS approach to poverty measurement, including estimates of poverty under measures that implement the approach. In 2004, at the instigation of the Chief Statistician of the Office of Management and Budget and with funding from the Census Bureau, the NAS held a workshop to discuss the state of research on the alternative measure. For a summary of the workshop, see Iceland (2005). Papers presented at the workshop are available at: http://www7.nationalacademies.org/cnstat/Workshop_on_Experimental_Poverty_Measures.html.

52 See Bernstein and Sherman (2006).

53 U.S. Department of Commerce, Census Bureau (2010b).

TABLE 1
Major Differences Between the Current Poverty Measure, the NAS Alternative, and SIPM

	Current Measure	NAS Recommendations	SIPM as Proposed March 2010
Poverty Threshold	Initial thresholds set based on "economy food plan" (derived from 1955 food consumption data) multiplied by three. Subsequent thresholds updated annually using the Consumer Price Index.	Thresholds based on a budget for food, clothing, shelter (including utilities and telephone), and an additional amount to allow for other needs (household supplies, personal care, and transportation not related to work). Threshold should be developed using consumer expenditure data and updated annually to reflect changes in expenditures on food, clothing, and shelter over the previous three years. The panel did not recommend a specific dollar amount to set the thresholds, but concluded that a "reasonable range" was a dollar amount set at somewhere between 78 to 83 percent of median expenditures for food, clothing, and shelter for a family of four, with a multiplier of between 1.15 and 1.25 for other needed expenditures.	Same as NAS, but based on five years of expenditure data rather than three. Sets threshold at 33rd percentile of the distribution of expenditures on food, clothing, and shelter, with a multiplier of 1.2 for other necessities. Reference sample would include all family units with exactly two children (not just two-adult-two-child ones). Also adjusts thresholds for housing status, distinguishing between renters, owners with a mortgage, and owners without a mortgage.
Resources Definition	Gross money income: Includes pre-tax earnings, unemployment compensation, workers' compensation, Social Security, Supplemental Security Income, public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, income from estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous sources. Excludes: non-cash benefits, including food stamps and housing assistance, Earned Income Tax Credit, capital gains and losses.	Money and near-money disposable income: 1) money income included in current measure, *plus* 2) near-money, non-medical in-kind benefits (including food stamps, housing assistance, school lunch, energy assistance), *less* 3) out-of-pocket medical care expenditures (including health insurance premiums), income taxes and Social Security payroll taxes, actual child care costs for families in which there is no non-working parent, a flat amount per week worked to account for work-related transportation and miscellaneous expenses for each working adult, child support payments from the income of the payer.	Same as NAS, with some difference in how expenses would be calculated.

Thresholds: Instead of relying solely on food consumption and a broad multiplier, the NAS panel recommended basing poverty thresholds on a budget for three goods—food, shelter (including utilities), and clothing—and a small additional amount for certain other goods (it specifically mentioned non-work-related transportation, household supplies, and personal care). The expenditures the budget is based on are sometimes described as representing necessities, but this isn't strictly accurate. As Nancy Folbre has noted, some expenditures on food and clothing represent "luxuries" (or, at least, non-necessities), including expensive restaurant meals and "fashionable athletic shoes."[54] The NAS panel made no recommendation to distinguish between necessary and non-necessary expenditures on food, clothing and housing. Conversely, as Folbre notes, the thresholds effectively treat certain services, especially health and education services for children, as non-necessities, even though broad agreement exists that they are necessities.

The NAS panel did not recommend a specific budget amount for these goods in the threshold. It did, however, suggest a "reasonable range" informed by "analysis of consumer expenditure data, consideration of the values of other thresholds developed in recent years on the basis of alternative concepts, and our judgment."[55] The range recommended by the NAS panel for food, shelter, clothing, and utilities for a family of four (two parents and two children) was 78 to 83 percent of the median expenditures on these items by all two-adult-two-children families. To allow for other basic expenditures like non-work-related transportation and personal care items, the panel concluded that adding between 0.15 and 0.25 of the budget for clothing, shelter, and food was reasonable. In the SIPM Working Group document, Census selected an adjustment factor of 0.2 for these items.

The NAS also recommended that the thresholds be adjusted for differences in the cost of housing across geographic areas. To make the adjustment, they suggested applying a cost-of-housing index to the housing portion of the thresholds. In the NAS-based measures estimated to date by Census, this adjustment has been made by using the Department of Housing and Urban Development's Fair Market Rents (FMRs), although there seems to be broad agreement about the limitations of using FMRs for this purpose.[56] The SIPM notes that American Community Survey (ACS) data appear to be the best data currently available to create a housing-price index, and that "it would be good to differentiate this price index by Metropolitan Statistical Areas (MSAs) and by non-MSA areas in each State if possible."

The SIPM departs in several significant ways from the NAS recommendations on the thresholds. Most notably, the NAS panel recommended that the "food, clothing, and shelter component of the reference family poverty threshold…must be expressed *as a percentage of median expenditures* on these categories."[57] The SIPM departed from this recommendation by instead setting the threshold at the 33rd percentile of the distribution of expenditures on these items. No explanation is provided for this deviation from the NAS recommendations. A consequence of the deviation is that the SIPM standard is no longer linked in any direct way to mainstream living standards. Thus, while the 33rd percentile is currently roughly equivalent to 80 percent of median expenditures, the SIPM standard could fall further behind the mainstream level of spending on food and shelter over time than a measure tied to a percentage of median spending.

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54 Folbre (2008), p. 55.
55 Citro and Michael (1995), p. 146.
56 See Iceland (2005), pp. 14-16.
57 Citro and Michael (1995), p. 148 (emphasis added).

In another notable departure, the SIPM would adjust thresholds for three types of housing status: renting, owning a home with a mortgage, and owning a home without a mortgage. According to the SIPM Working Group Document, this deviation is made because "[s]ince the NAS report was issued, it has become clear that a significant number of low-income families own a home without a mortgage and therefore have quite low shelter expense requirements."[58]

A final notable departure is the use of a "three-parameter equivalence scale" to adjust the thresholds for family size instead of the two-parameter scale recommended by the NAS. The key difference between the two scales is that the three-parameter scale treats the addition of a child to a one-adult household more like the addition of an adult to a one-adult household. The SIPM Working Group Document doesn't discuss the reasons for this change, but it is a well-justified improvement based on substantial research.[59] That said, further adjustments may be needed in the SIPM thresholds (and/or the resources definition) to adequately account for the developmental needs of children in all family types.

Resources: The NAS recommended defining resources as cash and near-cash disposable income. This definition includes most in-kind benefits, the refundable portion of the EITC, and other tax credits. They also recommended subtracting the following from resources: income taxes, payroll taxes, child-care expenses (for families with no non-working parents), work-related transportation expenses, and certain non-discretionary expenses, including out-of-pocket medical expenses.

The SIPM adopts these recommendations and provide brief descriptions of how out-of-pocket expenses would ideally be calculated. Child-care expenses would "ideally" be based on actual reported expenses, but in the absence of such data, would be based on the "best imputation possible of actual expenses." For other work expenses, the document recommends that the Census Bureau "investigate the comparative advantages and disadvantages of trying to measure actual expenses versus assigning an average amount to all working adults." Finally, the SIPM document notes that the recommendation to only subtract for out-of-pocket medical expenditures "has been debated, with some arguing that medical expenses belong in the threshold." This is a particularly important issue for persons without adequate or affordable health insurance, who may not be able to afford needed care, and, therefore, be worse off when compared to persons with similar incomes who have health insurance. For example, at a 2005 NAS workshop, participants seemed to favor an approach that both subtracted out-of-pocket expenses and provided an adjustment (to out-of-pocket expenses) for those without health insurance.[60] The SIPM document decided against adjusting the thresholds, but did conclude that Census should investigate the pros and cons of an adjustment in expenses for the uninsured.

There is no discussion in the SIPM document of other out-of-pocket expenses that would be reasonably treated as necessary subtractions from resources, including contributions to retirement savings accounts and student loan repayments. The United Kingdom deducts both of these expenses from the income definition of its income poverty measures.

58 U.S. Department of Commerce, Census Bureau (2010b).
59 See Iceland (2005), pp. 11-13.
60 Iceland (2005), pp. 17-20.

The McDermott/Dodd Legislation

In September 2008, Representative Jim McDermott (D-WA) and Senator Christopher Dodd (D-CT) introduced legislation directing the Census Bureau, in collaboration with the Bureau of Labor Statistics, to develop an income poverty measure based on the NAS recommendations. The legislation was reintroduced in 2009 (H.R. 2909 and S. 1625). The legislation describes the measure as one that measures "the extent to which families and individuals have sufficient income to allow a minimal level of consumption spending that meets their basic physical needs, including food, shelter (including utilities), clothing and other necessary items."

The measure proposed in H.R. 2909/S. 1525 differs little from the SIPM, although a few nuances are worth noting. The legislation notes that adjustments for family sizes and compositions should include consideration of "any special needs of children, including young children." In addition, the legislation requires the Census Bureau to consult with "other relevant federal statistical agencies and outside experts" on ways to improve the measure, including making adjustments for persons with "greater income needs (such as persons with disabilities)" and to report to Congress on the need for such improvements. These are all helpful improvements that should be adopted by the Administration.

Finally, the legislation directs the Census Bureau and BLS to contract with the NAS to develop and publish a method of calculating a "decent living standard threshold" defined as "the amount of annual income that would allow an individual to live beyond deprivation at a safe and decent, but modest, standard of living." Based solely on the legislative language, the nature of the difference between this "decency" standard and the poverty measure specified in the legislation is somewhat ambiguous. In particular, the use of the term "decent" to distinguish this "modest" living standard from the new poverty measure is confusing. Poverty measures have historically been described as measures of the minimum income needed to lead a minimally *decent* life, including by Adam Smith, the Johnson Administration, and Under Secretary Blank.[61] Confusing verbiage aside, the intent is clearly to have the NAS made recommendations for a standard that is higher than the current poverty standard or the SIPM.

61 Blank, for example, has defined poverty in terms of lacking the goods and services needed for a "minimally decent life" (Blank, 2008, p. 234, emphasis added). The similar definitions used by the Johnson Administration and Adam Smith are noted in the next section.

Clarifying Terms: "Absolute" vs. "Relative" or "Abstract" vs. "Actual"?

Poverty measures are often classified as either "absolute" or "relative," but this distinction tends to confuse more than it clarifies and is probably best avoided. As Fisher (1992) explains, "one of the essential characteristics of a purely 'absolute' definition is that is it derived without any reference to consumption patterns or income levels of the population as a whole." There are no serious proposals in the United States to adopt an absolute measure that abstracts from reality in this way, and it is difficult to even imagine what such a measure would look like in the United States or what relevance it would have to modern policy or research. (One possible exception is what might be called the "potato" standard—"how many potatoes can you buy"— championed by conservative polemicist Glenn Beck (Media Matters, 2010). However, the Great Irish Famine of 1845 to 1852, often referred to as the Potato Famine, demonstrates the limitations of this approach).

A fundamental problem with the distinction between relative and absolute is that it contributes to the mistaken impression that the term "absolute" implies a measure that is more objective or concrete than a measure referred to as relative. Yet, so-called relative measures are tied to very objective and concrete consumption patterns and income levels. A better distinction might be between "abstracted" and "actual" measures of poverty. An abstracted measure is one that has no relationship to actual, contemporary living standards. An actual measure measures poverty and deprivation as things connected to real-world living standards, social context and community norms.

Adding to the confusion around relative and absolute is that when people use the terms in talking about poverty measures in the United States they are almost always describing the procedures used for *adjusting the thresholds over time*, rather than those used to *set the initial thresholds* in the first place. In this sense, relative is often used to describe a measure that is adjusted over time in a manner that reflects improvements in living standards, while absolute is often used to describe a measure that is only adjusted for changes in a price index.

This is why the current poverty line, which is derived from consumption patterns, and was clearly a relative measure when it was adopted, is commonly described as an absolute one. But this use of the term absolute points to another oddity with the absolute-relative distinction—so-called absolute measures are actually relative to the specific past base year in which they are established. Thus, the current-year value of a supposedly absolute measure will vary depending on the base year it was initially set in. Suppose, for example, that the unofficial poverty line used by the Subcommittee on Low-Income Families in 1949, which was equal in constant dollars to about 85 percent of the official poverty line in 1964 (Fisher 1995), had been adopted at that time as the nation's official poverty measure and adjusted for inflation in subsequent years. In 2010, the threshold for this "base-1949" poverty line would be considerably lower than the thresholds for the actual official ("base-1963") line. Most would agree that the base-1963 line better reflects a current poverty-level income than the base-1949 line, but this then begs the question of why the measure for the current poverty level should be based on any particular previous year.

Here, again, the so-called relative approach better reflects actual poverty than an abstract approach. As conservatives Ron Haskins and Isabel Sawhill (2009, p. 37) recently explained: "relative poverty is a better measure of individual well-being than absolute poverty, because social context and community norms about what it means to be poor change over time, implying that the poverty line should be adjusted as economic growth makes everyone better off. ..." This isn't to say that income-poverty measures adjusted only for inflation only don't have their statistical uses, but they should be thought of as secondary measures of poverty, and only used statistically for tracking progress over limited time frames, such as five to ten years.

The "Too Low" Problem

As the introduction explained, there are two major and widely recognized problems with the current official poverty measure, ones that any new approach to measuring poverty and basic economic security should address. First, the income threshold of the current measure is *too low*. Second, the measure itself is *too narrow* to provide an accurate measure of poverty in today's United States. This section discusses the too low problem; the too narrow problem is discussed in the next section.

At the time the current poverty line was developed, the 1964 Economic Report of the President, in a chapter that laid out the Johnson Administration's rationale for the War on Poverty, explained: "By the poor we mean those who are not now maintaining a decent standard of living—those whose basic needs exceed their means to satisfy them."[62] Measured by this standard, the poverty measure was arguably a relatively conservative one when it was developed in the 1960s. It relied on USDA's economy food plan, rather than the somewhat higher low-cost one, and applied before-tax income to after-tax thresholds (resulting in what Orshansky called a "conservative underestimate" of poverty).[63] If the official standard started out as perhaps modestly "too low," this limitation intensified over time as a result of the failure to update the measure for economic growth and improvements in mainstream living standards.

This can be see in **Figure 2** which compares the poverty threshold for a family of four between 1959-2008 with trends in two commonly used alternative poverty thresholds that are anchored to percentages of median income (both 50 and 60 percent of median income are shown). The poverty line was roughly equal to 50 percent of median income when it was initially set in the 1960s, but by 2008 had declined to about 28 percent of median income. In today's dollars, the 2008 poverty line for a family of four fell some $16,200 below an alternative poverty line set at 50 percent of median income ($38,235).

One way to distinguish between these income levels is to adopt the terminology used in federal law for the income limits for the major federal public and rental housing programs. Federal law limits rental housing assistance to "low-income" families, and sets the low-income threshold at 80 percent of median income. For targeting and other purposes, it also defines two subcategories of low-income families: 1) "very low-income families" who have incomes below 50 percent of median income; and 2) "extremely low-income families" who have incomes below 30 percent of median income. Using this terminology, we can say that the current federal poverty measure started out as a measure of *very low income* and ended up as a measure of *extremely low income*. In essence, economic deprivation as measured by the current poverty line has been defined down as a result of the

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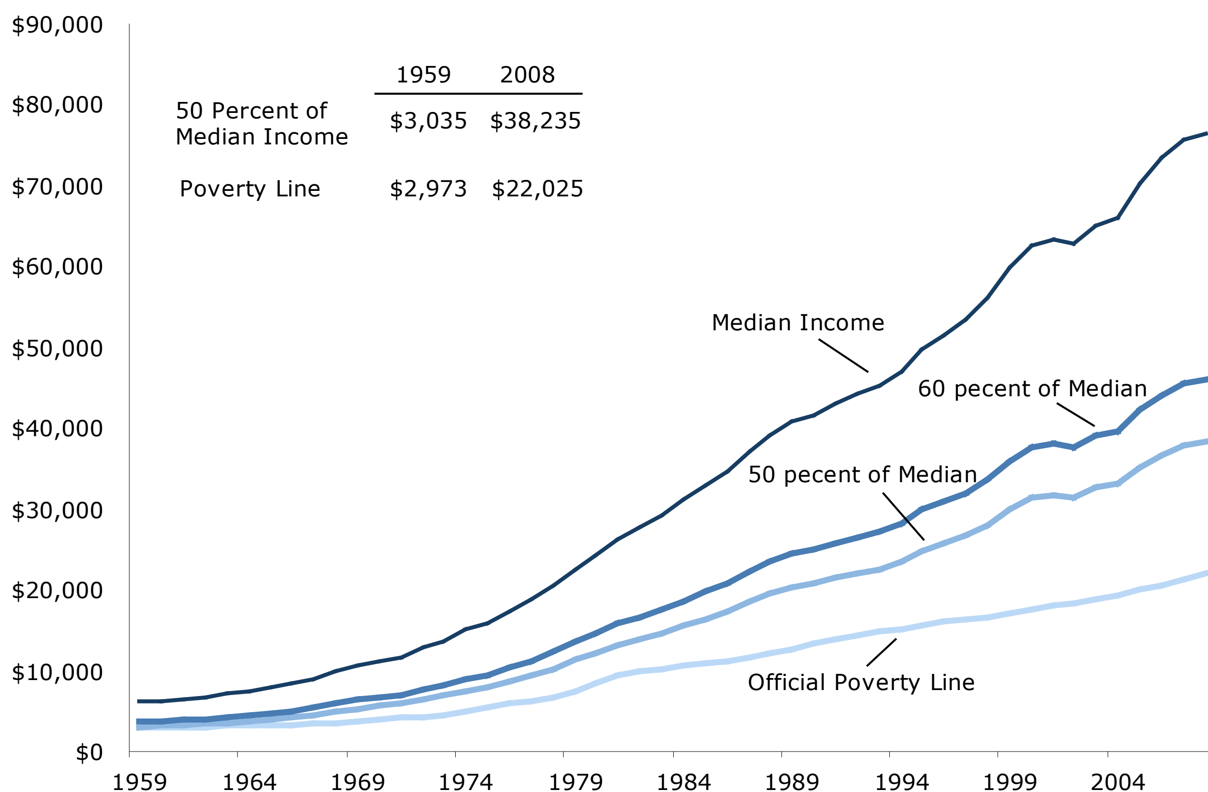
62 Council of Economic Advisors (1964), p. 57 (emphasis added). This definition echoes Adam Smith's classic definition of poverty, which dates to the period of the American Revolution: "By necessaries I understand not only the commodities which are indispensably necessary for the support of life, but what ever the custom of the country renders it indecent for creditable people, even the lowest order, to be without. A linen shirt, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably, though they had no linen. But in present times, through the greater part of Europe, a creditable day labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote [a] disgraceful degree of poverty..." (*The Wealth of Nations*, pp. 1102-1103). Despite his current status as conservative icon, Smith was clearly a "relativist" when it came to defining poverty—he notes, for example, that while leather shoes were a necessity of life in England at that time, they were not in France: "the lowest rank of both sexes appearing there publicly, without any discredit, sometimes in wooden shoes, and sometimes barefooted." (p. 1103).

63 Fisher (1992).

decision to adjust it only for inflation and not take the considerable increase in mainstream living standards since then into account.

Another way to judge the adequacy and deterioration of the official poverty line is by reference to family budget standards that reflect the amount of income a family needs to "make ends meet" at a basic level. In a 2008 paper, James Lin and Jared Bernstein of the Economic Policy Institute (EPI), using a family budget standard methodology, estimated that on average nationwide, working families with two parents and two children need an income of $48,778 to maintain a "safe but modest standard of living."[64] This amount is equal to about 65 percent of median income for a family of four.

FIGURE 2
Median Income, Alternative Income Poverty Lines and Official Poverty Line Four-Person Families, 1959-2008



Source: CEPR calculations from Census Historical Income Data.

This family budget standard is consistent with public opinion on the minimum income needed to make ends meet. For several decades, Gallup has asked adults: "What is the smallest amount of money a family of four (husband, wife, and two children) needs each week to get along in this community?" In 2007, the median response to this question was $45,000, just slightly below the EPI family budget standard estimate, and the average of the responses was $52,087.[65]

64 Lin and Bernstein (2008).
65 Jones (2007).

When it developed in the early 1960s, the official poverty line was equal to 72 percent of the average Gallup "get-along" standard.[66] This somewhat lower level is consistent with the notion that the poverty measure, when it was initially developed, was a relatively conservative underestimate of amount needed for a minimally decent standard of living—using the housing program terminology again, a "very-low" rather than "low" standard. But, here again, the poverty line's value deteriorated considerably over the next several decades. By 2007, it had fallen to 41 percent of the public's minimum "get-along" income. As Figure 1 (on page 2) shows, if it had kept pace with the get-along standard, the poverty line would have been $37,500 in 2007 rather than $21,500.

How a Too-Low Measure Produces a Picture of Poverty that is Out of Focus

Some advocates of the NAS/SIPM approach have largely dismissed the too-low problem. Blank, for example, argues that "whether changes in poverty measurement will increase or decrease poverty rates should not be a primary focus" of analysis of a new measure.[67] But she also argues, along with Mark Greenberg, that a revised measure should give us "a far better picture of who is poor" and a "far better understanding of the economic conditions of millions of Americans."[68] If the goal is producing a better "picture" of poverty than the one provided by the current measure, it is hard to fathom why the changes in the poverty thresholds and rates that such a measure produces, and how they relate to poverty as experienced in the real world by real people, should not be a primary focus of analysis.

This is not to say that higher or lower rates have some intrinsic importance, or that liberals should always argue for higher ones and conservatives for lower. Rather, the important point is that it does matter, quite legitimately, whether a new measure results in changes in poverty rates (and thresholds)—both overall and for geographic and demographic subgroups—that actually do give us "a far better picture of who is poor" and a "better understanding of economic conditions." Poverty measurement matters, not simply because it helps track changes in the incidence of poverty over time, but also because, at a point in time, it provides a "picture" of who is experiencing poverty, one that can be more or less "in focus" relative to other pictures.

The fundamental problem with measures that define poverty solely in terms of having an extremely low income in a particular year—as the current poverty line and, as the next section will show, the SIPM do—is that they are under-inclusive. An extremely low-income poverty measure is under-inclusive because many people with incomes that are "low" but still above the extremely low threshold of the measure, will be "living poorly," that is, they will experience concrete forms of hardship and deprivation, including hunger and housing-related hardship.[69]

The current federal poverty level, for example, now *excludes the majority of low-income Americans who experience food insecurity, including the most form of food insecurity, and majorities or near-majorities of low-income*

66 See Vaughan (1993), Table 1b.

67 Blank (2008), p. 252.

68 Blank and Greenberg (2009).

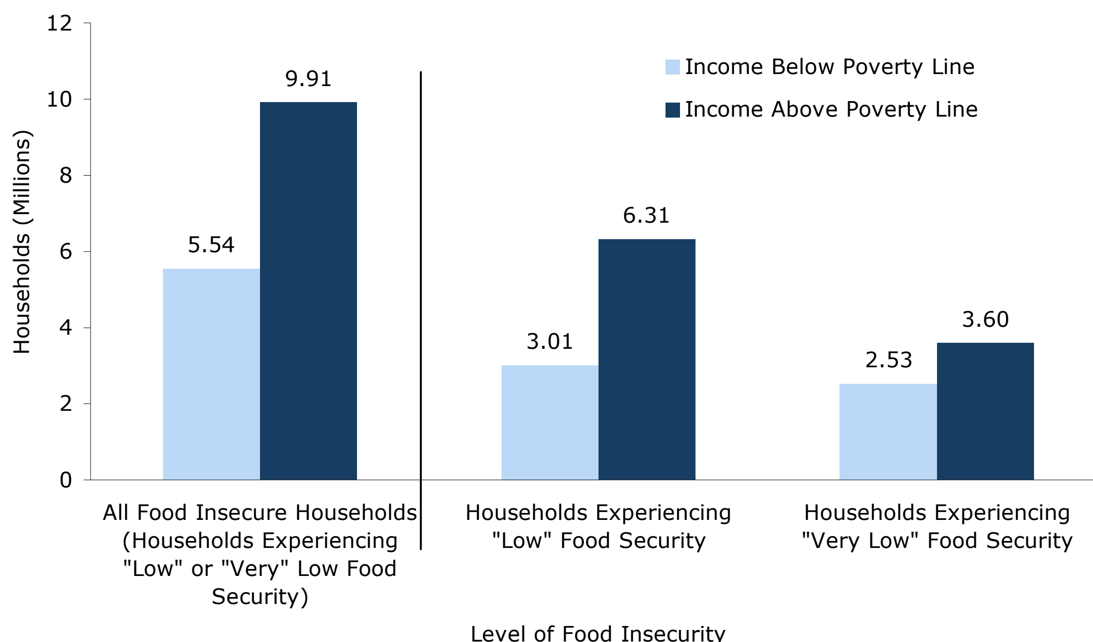
69 An extremely low, income-only poverty measure will also be overinclusive for reasons related to the too-narrow problem. Some of the people with incomes below even extremely low income thresholds in a particular year will have substantial non-income resources, including financial and other assets; as a result, despite having a temporarily reduced income, they will not experience poverty in the real sense of "living poorly." However, under-inclusiveness is the bigger problem with the current poverty measure and the SIPM. This is because the thresholds of the current poverty measure and the SIPM are so low and because considerably more low-income people live above the extremely low thresholds of these measures than below them.

Americans who experiencing various other forms of economic hardship. Most low-income Americans who experience these hardships have incomes that put them *above* the current official poverty line.

Consider food insecurity and hunger. The federal government measures food insecurity by a set of questions to categorize families as either *food secure* or *food insecure*. Food-insecure households are further categorized as having *low* food security or *very low* food security. According to the federal government, very low food security, the most severe form of food insecurity, "identifies households in which food intake of one or more members was reduced and eating patterns disrupted because of insufficient money and other resources for food."[70] The less severe form of food insecurity, low food security, identifies those households that report multiple problems accessing food, but few, if any, indications of reduced food intake.

One might assume that most people experiencing food insecurity, and especially the most severe form of it, live below the poverty line. But, in fact, the majority of food-insecure households, roughly two-thirds, live above the federal poverty line. As **Figure 3** below shows, in 2008, some 9.9 million households experiencing food insecurity had incomes above the federal poverty line, compared to 5.54 million with incomes below it. While the gap narrows somewhat when looking only at very-low food security, a majority of households experiencing this most severe form of food insecurity also have incomes above the federal poverty line.

FIGURE 3
Most Households Experiencing Food Insecurity Have Incomes Above the Poverty Line



Source: CEPR Calculations from USDA, Household Food Security, 2008

70 This is often referred to as "hunger" and was initially labeled as such by USDA. However, as a technical matter, not all persons experiencing very low food insecurity report experiencing hunger, and the USDA has stopped using the term "hunger" in 2006 based on a recommendation made by a National Academy of Sciences panel. See Nord, Andrews, and Carlson (2008), p. 4. For a critique of this decision, see Berg (2008), locations 719-740 in the Kindle edition.

Of course, the rate of food insecurity generally declines as income increases. So why are there more very food-insecure people above the current poverty line than below it? For two reasons: first, the rate of food insecurity is still quite high among those people with incomes above the poverty line but below the make-ends-meet threshold; second, there are substantially more low-income people living above the current poverty line than below it. In 2008, for example, there were nearly 16.4 million more people living between 100 and 200 percent of the poverty line than below 100 percent of it (39.8 million people lived below 100 percent of poverty that year, compared to 52.2 million people living between 100 and 200 percent of the poverty line).

Research conducted by Heather Boushey provides some additional insight into the extent of a somewhat broader range of economic hardship experienced by low-income families with children both below and above the current poverty line.[71] Boushey constructs two hardship indices that capture certain food, housing, health care, and child-care-related hardships: an index of "critical" hardships and an index of "serious" hardships. Separate versions of each index are calculated using data from the National Survey of American Families (for 1997) and the Survey of Income and Program Participation (for 1995). The index of critical hardship includes:

- Whether anyone in the family goes without necessary medical care (NSAF and SIPP);
- Whether anyone in the family did not have enough to eat sometimes or often (NSAF and SIPP); and
- Whether the family has been either evicted and/or had utilities disconnected (SIPP) or whether the family doubled-up with friends or family because it could not afford its housing payments (NSAF).

The index of serious hardships includes:

- Whether a family worries that food will run out before it can buy more (NSAF) or whether a family lacked the kind of food it liked to eat (SIPP);
- Whether there was a time in the past 12 months that an individual's household was not able to pay the mortgage, rent, or utility bill (NSAF and SIPP);
- Whether there was a time in the past 12 months that an individual's household did not have telephone service because payments were not made to the telephone company (NSAF and SIPP);
- Whether any individual in the family does not have health insurance (NSAF and SIPP);
- Whether any individual in the family used the emergency room as his or her usual place of health care (NSAF and SIPP);
- Whether the child-to-adult ratio at the child's child care center or program is less than recommended by the American Academy of Pediatrics and the American Public Health Association (NSAF);
- Whether a child has cared for himself or herself in the past month or stayed alone with a sibling under 13 years old (NSAF and SIPP); and
- Whether a child was involved in any enrichment activities (NSAF).

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71 Boushey et al (2001).

Both of the indices are unweighted and simply count the number of critical and serious hardships that a family experiences.[72]

Table 2 summarizes Boushey's results using the NSAF data—which she notes is better designed to study hardships than the SIPP—for families below 100 percent of the official poverty line and those between 100 and 200 percent of the poverty line. This table shows us that families with incomes between 100 and 200 percent of the poverty line—who have low but not "extremely low" incomes—still experience quite high levels of economic hardship. More than one in four low-income families between 100 and 200 percent of poverty experienced a "critical" hardship during the year, and nearly two-thirds experienced a "severe" one. While low-income families with below-poverty incomes had somewhat higher rates of hardship than low-income families with incomes between 100 and 200 percent of poverty, the differences are not large.

TABLE 2
Percent of Low-Income Families Experiencing Economic Hardships, 1996

	One or More Hardships	Two or More Hardships
"Critical" Hardships		
Below 100% of Poverty (FPL)	29.4%	6.8%
Between 100-200% of FPL	24.5%	4.6%
"Serious" Hardships		
Below 100% of FPL	74.1%	44.1%
Between 100-200% of FPL	63.2%	33.9%

Source: Boushey (2001) analysis of National Survey of American Families.

Moreover, as with food insecurity, more low-income families with children experiencing hardship have incomes above the poverty line than below it. If these hardship percentages are applied to the current numbers of low-income families with children, the number of low-income families between 100 and 200 percent of poverty who experience one or more critical hardships exceeds the number of below-poverty families by almost a million.

Income Poverty Thresholds as Signals to Policymakers and the Public

Federal poverty thresholds are not simply statistical instruments; policy makers and others have tended to treat them as "standard setting," that is, as officially setting a non-arbitrary standard of the minimum amount of income that is needed to avoid economic deprivation. Even if not strictly viewed as standards by policymakers and the public, poverty thresholds likely have a signaling effect. That is, the publication of "poverty thresholds" by the federal government sends a signal to state and local governments, policymakers, and others about the amount of income needed to maintain a minimally decent living standard.[73]

While the NAS poverty measure would not directly determine or change benefit levels or funding allocations in particular programs – including those that use the current income-poverty measure – it is hard to argue that as a standard with the imprimatur of the federal government it wouldn't have an impact on many of them over time. This is particularly the case with a standard that is explicitly labeled as a "poverty" standard. The term "poverty" is an evocative one that carries the normative

72 In designing an official statistic, it would likely be preferable to use only one index and weight the indicators for prevalence and severity. This is the approach taken by the United Kingdom.

73 On the role of signaling and the law, see generally Posner (1998).

implication (at least for some) of a level of deprivation so severe that something must be done immediately, while also suggesting that deprivation that falls short of that standard is of a lesser nature.

Along these lines, it's worth noting that when a poverty threshold similar to the Orshansky threshold was discussed in the 1964 Economic Report of the President, the authors were careful to note that "no measure of poverty as simple as the one used here, would be suitable for determining eligibility for particular benefits or participation in particular programs."[74] Despite that warning, the official poverty measure is now used in some 39 federal programs to allocate federal funds and in 57 programs to determine program eligibility.[75]

Does the SIPM Address the Too-Low Problem?

In October 2009, the Census Bureau posted a set of four thresholds (for the years 1999 to 2008) for a poverty measure based on the NAS recommendations. The thresholds are all for a two-adult-two-child family and range in 2006 from $21,818 to $25,834. The ranges reflect two basic variations: 1) whether repayment of mortgage principle for owned housing is included in expenditure estimates that the thresholds are based on; and 2) whether health care expenditures are included in the expenditures that the thresholds are based on. The lowest threshold ($21,818) excludes both mortgage principle repayment and health care expenditures; the highest threshold ($25,834) includes both. The threshold that most resembles the SIPM, which includes mortgage-principle repayment and excludes health-care expenditures, falls in the middle of the range at $24,026.

Various changes proposed in the SIPM Working Group Document will likely push the SIPM poverty thresholds downward from these estimates. This is, in part, because the estimated NAS thresholds for recent years appear to be biased upward by the housing bubble, an issue discussed further in the next section. The SIPM would reduce this housing-bubble bias in part by moving to a threshold based on the past five years of expenditure data, rather than the past three as used the NAS estimates made by Census to data.[76] Although it could change, a soon-to-be-released Census Bureau estimate of the 2008 SIMP threshold ($24,355)[77] comes in only a few hundred dollars higher than *2006* NAS amount, and would be equal to roughly 112 percent of the official poverty threshold for 2008 ($21,834).

While this threshold is modestly higher than the poverty threshold, it is still an "extremely-low" income standard rather than a "low" or even the kind of "very-low" income standard that the federal poverty line originally represented. In terms of median income, the threshold is equal to 32 percent of median income, and thus closer to HUD's extremely low-income standard (30 percent of median income) than its very low-income standard (50 percent of median income). Similarly, it is equal to only 47 percent of the public's average minimum "get-along" income in the most recent Gallup survey; by comparison, when the official poverty measure was established in the early 1960s, it was equal to 72 percent of the public's minimum get-along income at that time.

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74 Council of Economic Advisors (1964), p. 58.

75 See Congressional Research Service (2007).

76 Various Census working papers released earlier this year include estimates of thresholds that include various changes to the NAS recommendations that were subsequently adopted by Census in the SIPM Working Group document, but they do not include the shift from a three-year expenditure base to a five-year one. See, e.g., Short (2010). As a result, the thresholds in these papers are likely higher than the SIPM thresholds.

77 E-mail from Arloc Sherman, Center on Budget and Policy Priorities (April 15, 2010).

In sum, over the last five decades, the official poverty measure went from being a measure of very-low income when it was adopted in the 1960s to the measure of extremely low income that it is today. Absent increases in the threshold, the SIPM is likely to lock that change in going forward.

It is important to note that the SIPM thresholds are not directly comparable with the current poverty thresholds because of differences in how the SIPM defines income and treats certain out-of-pocket expenditures. However, taking these differences into account does not change the ultimate conclusion that the SIPM is an extremely low-income measure, in part because many of the changes are offsetting, especially for families with children. The SIPM would count benefits like the EITC and food stamps that aren't currently counted. This change effectively discounts the value of the SIPM thresholds relative to the current ones, especially for families with children who may receive several thousand dollars a year in those benefits (the average EITC for a family with children was $2,488 in 2007). On the other hand, the new approach would subtract payroll taxes from a family's income as well as amounts that are spent out-of-pocket on child care and health care. This change will effectively raise the value of thresholds for people with those expenses. As a practical matter, once all of these additions and deductions are taken into account, the relative "value" of the SIPM compared to the current poverty measure will probably not be much different than it is before taking them into account.[78]

Even if the average national SIPM threshold remains modestly higher than the current official poverty threshold, it is important to remember that the actual SIPM threshold for many families will be either higher or lower than the overall national SIPM threshold (the reference threshold that is adjusted to obtain thresholds that vary by family size and composition, location, and housing status). In fact, the SIPM could be lower in some states and regions than even the current federal poverty thresholds (depending on whether and how geographic adjustment is done, an issue discussed below), and for certain groups (such as homeowners without mortgages, who will have their own much lower threshold under the proposed approach), and higher in certain other states and possibly for certain groups (perhaps homeowners with mortgages, who also will have their own threshold).

For many groups, the reduction in the thresholds will be very large. For example, in a March 2010 BLS working paper, Thesia Garner and David Betson estimate that an NAS threshold for homeowners without mortgages will be only $14,833 in 2007, some 58 percent of the overall NAS threshold.[79] More recent unreleased Census estimates are higher for these families, but still remain about $5,000 lower than the overall NAS thresholds. Almost one in every four households currently living below the poverty line own homes without mortgages, so this change is not a minor one.[80]

78 The effects of the various income additions and deductions can be roughly gauged by looking at the effect of the various NAS/SIPM changes on New York City's NAS poverty rate: netting out taxes (counting the EITC and deducting payroll taxes) reduces the NAS poverty rate by .7 of a percentage point, counting food stamps and other nutritional assistance reduces the rate by 2.5 percentage points, adjusting for housing subsidies and home ownership without a mortgage reduces the rate by 5.7 percentage points, counting work expenses increases the rate by 2.6 percentage points, and counting out-of-pocket medical expenditures increases the poverty rate by 3.3 percentage points. Thus, the value of the incomes additions appear to be somewhat higher than the value of the income deductions. See Center for Economic Opportunity (2010).

79 Garner and Betson (2010), p. 3.

80 CEPR calculation from 2007 American Housing Survey Tables 2-12 and 3-15.

Should We Expect the SIPM Thresholds to Increase Over Time at a Greater Rate than the Current Poverty Thresholds?

Some may argue that we should be less concerned about the extremely low value of the proposed SIPM thresholds because they may increase at a faster rate in the future than the current poverty thresholds. A related claim is that the SIPM will better track improvements in mainstream living standards than the current measure, which, because it is only adjusted for inflation does not track improvements in living standards. While it is impossible to predict the future movement of the SIPM thresholds, looking at the past behavior of the thresholds does not provide much support for this argument.

A 2002 paper by Kathleen Short of the Census Bureau and Thesia Garner of the Bureau of Labor Statistics tracks changes in NAS thresholds between 1990 and 2000, and found only a minor difference in the thresholds over the decade.[81] In 1990, the official poverty threshold for a four-person reference family was $13,254 and the NAS threshold was $13,398. In 2000, the official threshold ($17,463) was 31.8 percent higher than the 1990 official threshold. By comparison, the NAS threshold in 2000 ($17,884) was 33.5 percent higher than the NAS poverty threshold in 1990. Moreover, while the NAS thresholds grew at a slightly higher rate over the decade than the official ones, there was a distinct pattern to annual changes within this period. In all but one of the years between 1990 and 1997, the Consumer Price Index, and, therefore, the official poverty thresholds, grew at a faster rate than the NAS thresholds. By contrast, NAS thresholds outpaced the official thresholds in all three of the years at the end of the decade. It was during this same period of the late 1990s that home prices began to increase at a substantially faster rate than the overall rate of inflation and home prices began to sharply diverge from rental costs.[82]

In a 2008 paper, Garner and Short track changes in the thresholds between 1996 and 2005.[83] (The NAS methodology used in this paper differs somewhat from the 2002 paper, most notably by including mortgage principle payments in the shelter expenditures used to calculate the thresholds, a change that is included in the SIPM). In 1996, the official poverty threshold for a four-person reference family was $15,911 and the NAS threshold was $16,749. Between 1996 and 2005, the official poverty threshold increased by 24.5 percent (to $19,806) and the NAS threshold increased by 35.9 percent (to $22,769). Short notes that this increase was largely driven by an especially large increase in shelter expenditures, which grew by 55.6 percent between 1996 and 2005, more than double the rate of overall inflation; by contrast, expenditures on food, the second largest component of the thresholds grew at approximately the same rate as inflation.[84]

Thus, while there was a notable recent divergence between the official poverty thresholds and the NAS thresholds, this seems due in large part to the housing bubble, and likely not reflective of how

81 Short and Garner (2002).
82 Baker (2002).
83 Garner and Short (2009).
84 Ibid. p. 20 and Table 6. It should be noted that the NAS measure reflected in these estimates is especially susceptible to housing-bubble-related bias. As Garner and Short explain, the two-parent, two-children families used as the reference families for the NAS measure have a much higher rate of homeownership with a mortgage (90 percent had mortgages in 2005) than consumer units in the CPI (66 percent were homeowners in 2005). The 90-percent mortgage rate is also considerably higher than the rate of homeownership among low-income families—less than 40 percent of families in the bottom income quintile are homeowners—and similar to the homeownership rate among the top income quintile. See Bostic and Lee (2008).

an NAS approach will behave over time. Now that housing prices have fallen by more than 30 percent since their 2006 peak and with the costs of homeownership falling back into their historic relationship with rents, it seems likely that future NAS thresholds will behave more like they did in the early 1990s.[85] In fact, it would not be surprising to see some decline in the thresholds relative to inflation over the next decade. Moreover, over the longer term, it's not inconceivable that the thresholds could fall behind inflation over time if combined expenditures on food, clothing and shelter decline as a share of consumption (as happened during the 20th century). Between 1950 and 2002-3, for example, the combined share of these expenditures fell from 68.4 percent to 57.4 percent as a share of consumption (the expenditure share for food fell from 29.7 percent to 13.1 percent, the housing share increased from 27.2 percent to 32.8 percent, and clothing (apparel and services) fell from 11.5 to 4.2 percent).[86]

The "Too Narrow" Problem

The current poverty measure is too narrow in at least two ways. First and most importantly, it measures poverty only in terms of having income above or below a particular line, even though poverty is now widely understood as a multidimensional phenomenon. Second, in measuring income it excludes important benefits that clearly help alleviate economic hardship, including the Earned Income Tax Credit and means-tested food and nutrition assistance. The second aspect of the too-narrow problem is well understood and largely reflected in the NAS recommendations, which call for counting these and other "near-cash" benefits as income for purposes of poverty measurement.

The first and more fundamental aspect of the problem is less commonly acknowledged by contemporary U.S. poverty experts, even though, as Nobel laureate economist Amartya Sen writes in his most recent book, "there is, by now, quite a substantial literature on [the] inadequacies" of identifying poverty solely with income.[87] As Sen explains, a primary inadequacy is that "the relationship between [income] and poverty is both variable and deeply contingent on the characteristics of the respective people and the environment in which they live—both natural and social."

One of the few U.S. anti-poverty experts to note the limitation of reducing poverty down to income only is economist Robert Havemann, a former director of the Institute for Research on Poverty at the University of Wisconsin. In a recent paper, Haveman notes that "command-over-resource concepts of poverty increasingly fail to find acceptance among social scientists other than economists and among western industrialized countries other than the U.S."[88] According to Havemann, such measures "ignore many potential sources of well-being that are but weakly tied to cash income. Although people may experience hardship in many dimensions—education, housing, food, social contacts, security, environmental amenities—only a sufficiently low level of money income matters in determining who is poor."

85 See Pelletiere, Rho, and Baker (2009).
86 U.S. Department of Labor (2006); see also Jacobs and Shipp (1990).
87 Sen (2009).
88 Havemann (2008).

The limitations of an income-only measure of poverty are best understood by looking at specific factors that contribute to the contingency between income and poverty that Sen describes. One fundamental factor is market failure. Income-only poverty measures rest on an assumption that the variety of goods and services that are needed to avoid housing, health and the other basic forms of deprivation that constitute our common-sense understanding of poverty can be purchased in smoothly functioning and stable markets. Yet, as Rebecca Blank has noted, "market failure is pervasive in different markets and situations."[89] Three additional factors – disability, health insurance, and assets and debts – are discussed below.

Disability

For a variety of reasons, people with severe disabilities need more income than people without disabilities to achieve the same living standard. Amartya Sen describes the limitations of an income-only poverty measure for people with disabilities as follows:

> …Handicaps, such as age or disability or illness, reduce one's ability to earn an income. But they also make it harder to convert income into capability, since an older, or more disabled or more seriously ill person may need more income (for assistance, for prosthetics, for treatment) to achieve the same functionings (even if that achievement were, in fact, at all possible). Thus real poverty (in terms of capability deprivation) can easily be much more intense than we can deduce from income data.[90]

Recent research on the relationship between economic hardship and disability conducted by Peiyun She and Gina Livermore and published in the *Social Science Quarterly* helps quantify this relationship.[91] She and Livermore found that among working-age adults living below the poverty line, those reporting work disabilities experience much higher rates of material hardship than those not reporting any disabilities. This increased risk of hardship persists after controlling for income and other characteristics. In a logistic regression model that controls for income, age, various other demographic characteristics, and receipt of certain public benefits, She and Livermore find that people with work disabilities are 40 percent to 200 percent more likely to experience various material hardships than people without such disabilities. They estimate that among persons living below the current poverty line, a person with a disability would require income of roughly two to three times the poverty line to have the same lower risk of experiencing most material hardships as a person without a disability.

Similarly, recent research by Susan Parish and colleagues finds that families of children with disabilities experience significantly greater hardship than families with non-disabled children.[92] Hardship rates declined for families with non-disabled children as income increased. But for families with disabled children, there was little difference in hardship rates for families with below poverty income and incomes between 100 and 200 percent of poverty.

Similar results have been found in research conducted in other nations, including the United Kingdom and Australia. A 2005 review of research on the costs of disability conducted by the UK

89 Blank (2009).
90 Sen (2009), p. 254.
91 She and Livermore (2007).
92 Parish et al (2008).

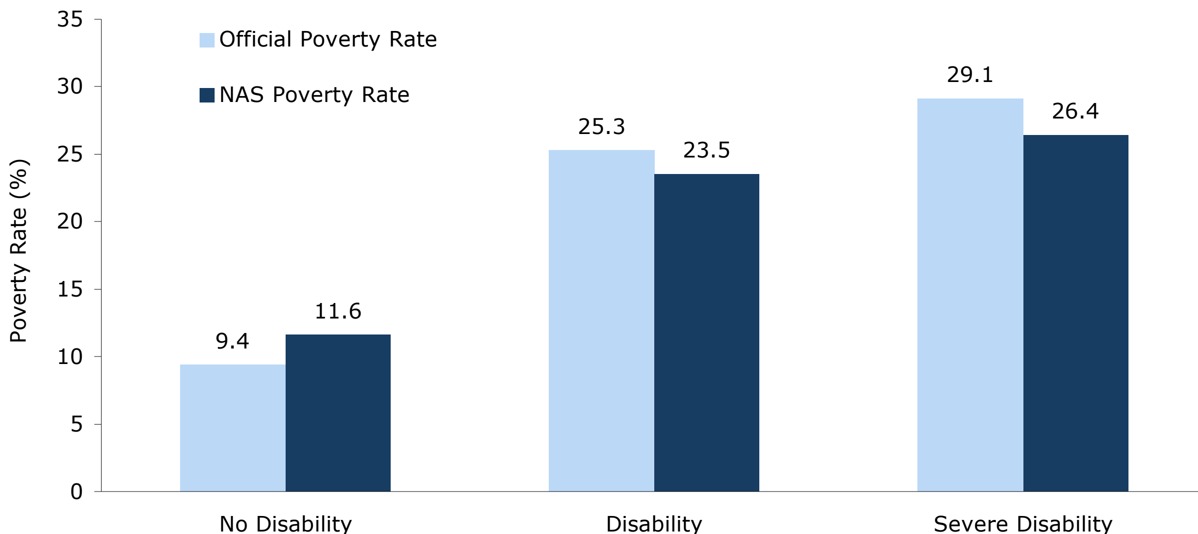
government supports finds that:

> …all studies conducted to date have concluded that there are extra costs incurred by disability. Most studies conclude that disabled people's needs are not fully met through services, and the cost of private provision to meet needs is not fully covered by extra costs benefits.[93]

As an example, one of the studies cited in the review finds "that the extra costs of disability are substantial, especially for disabled people living alone, and that these costs rise with severity of disability" and that "unadjusted incomes significantly understate the problem of low income amongst disabled people, and thereby in the population as a whole."[94] Recent research conducted in Australia has reached similar conclusions.[95]

Despite these findings and other recent research consistently finding that people with disabilities need higher levels of income to achieve the same living standards as non-disabled people, available evidence suggests that the SIPM would result in income poverty rates for people with disabilities that are lower than the current measure, and that the difference in poverty rates between people with disabilities and those without would narrow. (See **Figure 4**.) Earlier research found that the poverty rate for persons with disabilities would decline using an NAS-style measure and the poverty rate for persons without disabilities would increase. The increase in poverty for the non-disabled is primarily due to the inclusion of work-related expenses.[96] The decrease in poverty for people with disabilities is most likely due to counting food stamps and other in-kind benefits as income. In general, people with disabilities are more likely to receive such benefits than people without disabilities.

FIGURE 4
Official and NAS Poverty Rates by Disability Status, 1997



Source: Short et al (1999)

93 Tibble (2005), p. 1.
94 Zaidi and Burchardt (2003).
95 See Saunders (2006).
96 Short et al. (1999) and Short and Iceland (2000).

Some have discounted the relevance of disability for poverty measurement by suggesting that only a small share of people experiencing poverty have disabilities. Yet, recent research finds that as many as half of all working-age adults who experience poverty have a disability, and almost two-thirds of adults experiencing persistent poverty have a disability.[97] Thus, people with disabilities account for a larger share of those experiencing income poverty than people in any single minority or ethnic group (or, in fact, all minority ethnic and racial groups combined); they also, despite the recent fixation on all matters marital in certain anti-poverty policy circles, account for a larger share of the income poor than single parents.[98] Other economic hardship data bolster the case for looking more closely at whether the SIPM would accurately measure poverty among people with disabilities. For example, HUD's measure of "worst-case housing needs" shows that almost half of non-elderly renter households with worst case needs for housing assistance include adults with disabilities.[99]

Health Insurance

Consider two different children: one in a family with an income of $18,309 and health insurance; the other in a family with $2 more in income, $18,311, but no health insurance. Under the current measure, the former is poor, the latter is not, even though, all else being equal, the latter is almost certainly considerably worse off. This common-sense notion is backed up by recent research. For example, Sharon K. Long of the Urban Institute has found that, controlling for low-income status, there is a "strong association between food and housing hardship and insurance coverage. The probability of being uninsured is significantly higher for low-income adults with food or housing hardship than for those with neither food or housing hardship."[100]

While the health insurance reform legislation enacted in March 2010 is projected to reduce the number of non-elderly people who are uninsured by about 30 million by 2016, roughly 21 million people will remain uninsured.[101] Moreover, many low-wage workers will continue to face challenges related to the affordability and adequacy of health insurance even after the law is fully phased in, and there will likely be considerable state-level differences in how reform is implemented (the law, for example, provides states with an option to expand Medicaid-like coverage to low-wage workers with incomes between 100 and 200 percent of the current poverty level).

Assets and Debt

The discussion of poverty measurement in the 1964 Economic Report of the President noted that asset ownership can have a significant impact on poverty. Assets may serve as "buffer stocks" that allow families to maintain consumption levels and avoid hardship during a temporary period of reduced income. And, as Robert Lerman and Signe-Mary McKernan they may "allow people to avoid paying extremely high interest rates by reducing the need to borrow and by providing

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97 She and Livermore (2009). For a review of recent research on the relationship between poverty and disability, see Fremstad (2009).

98 Of course, disability is experienced by all of these groups—the point here isn't that disparities between those with disabilities and those without are more important than racial, ethnic, or gender disparities, but rather that they deserve the same kind of attention as other important forms of disparity have received in anti-poverty research circles.

99 Nelson (n.d.).

100 Long (2003).

101 Congressional Budget Office (2010), Table 4. According to CBO projections, some 52 million people would have been uninsured in 2016 under the laws in place prior to the passage of health care reform.

sufficient collateral to be able to borrow at low or moderate interest rates."[102] Thus, all else equal, if one child lives in a family in which the parent is self-employed and has considerable asset holdings, while a second child works at a fast-food restaurant and has considerable debts from the hospitalization of a family member and an underwater mortgage, there is, again, little question that the latter is worse off. Recent research from the Urban Institute is instructive on this point. In a December 2009 paper, Signe-Mary McKernan and colleagues find that among both low- and middle-income families, "asset-poor" families experience more hardship than non-asset-poor families.[103]

The limitations of an income-only approach and the importance of factors such as assets have led some to call for a general shift away from an "income-based" paradigm of social policy to an "asset-based" one.[104] But this paints the shift that is needed in terms that are too stark and one-dimensional. Income remains fundamentally important as a means to obtaining well being,[105] and income and assets are inextricably linked as flows and stocks respectively of the same fundamental thing—money.[106] While an income-only approach to poverty measurement has serious limitations, acknowledging these limitations shouldn't lead one to conclude that income—and whether one has a higher or lower level of income—doesn't matter, or that some other specific thing, such as assets, should dethrone income and become the new sole lens for poverty measurement and policy. Thus, what is needed is a broader shift, one that includes both monetary and non-monetary factors in an overall framework for understanding and measuring poverty and basic economic security.

Geographic Adjustment for Housing Costs: The Impact on Poor States and Implications for the Accuracy of the SIPM

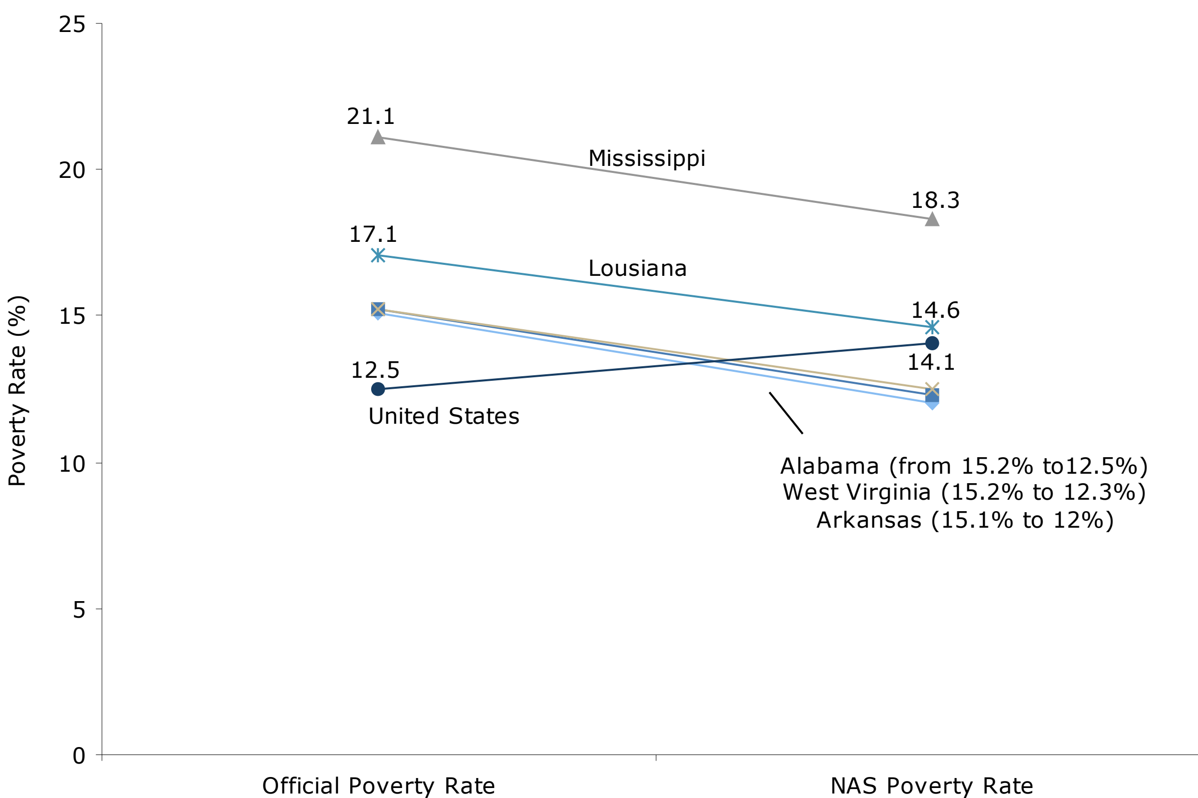
The NAS panel recommended adjusting poverty thresholds for geographic differences in housing costs, and the administration proposes to include these adjustments in the SIPM. This adjustment would have the effect of increasing poverty thresholds in states with above-average housing costs (partially addressing the "too-low" problem in these states), and decreasing thresholds in states with below-average housing costs (exacerbating the "too low" problem for them). An analysis conducted by the Center for Law and Social Policy, one that uses the Census Bureau's own online tool for developing alternative poverty estimates, suggests that poverty thresholds and rates could fall—relative to the current official poverty measure—in a *majority* of states (26 states) under a poverty measure that, like the SIPM, is based on the NAS recommendations.[107] While there may be good reasons to adjust national thresholds upward in certain high-cost areas, there is no reasonable justification for adopting new "sub-minimum" poverty thresholds, ones that would have the effect

102 Lerman and McKernan (2008).
103 McKernan, Ratcliffe, and Vinopal (2009).
104 See Sherraden (2005).
105 On this point generally, see Duncan and Brooks-Gunn (1997), pp. 597-610.
106 At least to the extent one defines assets, as remains conventionally the case in the U.S. policy discourse, in terms of financial assets and property that have value.
107 Smith (2009). These results were replicated by the author.

of reducing poverty thresholds in many states below a national floor or the already too-low official thresholds.

As **Figure 5** shows, Under an NAS measure, the largest percentage-point declines in poverty would occur in Arkansas, West Virginia, Mississippi, Alabama, and Louisiana. These states would go from having the 9th, 7th, 1st, 8rd, and 3rd highest state poverty rates to having the 27th, 24rd, 4th, 22th, and 8th highest rates, respectively. Such large declines in poverty—and apparent above-average state poverty rates—are surprising given these states' performance on other measures of human development. These same five states have the lowest rankings on the American Human Development Index (American HDI), a multi-dimensional index of well being based on health, education, and living standards.[108] Since the living standards component of a state's HDI score is based on median earnings without any adjustment for geographic differences in housing costs, some may argue that the HDI underestimates well being in states with low housing costs. However, if one calculates an HDI based on health and education alone, the same states remain at the bottom (only Arkansas moves out of the bottom five, to the sixth lowest position).

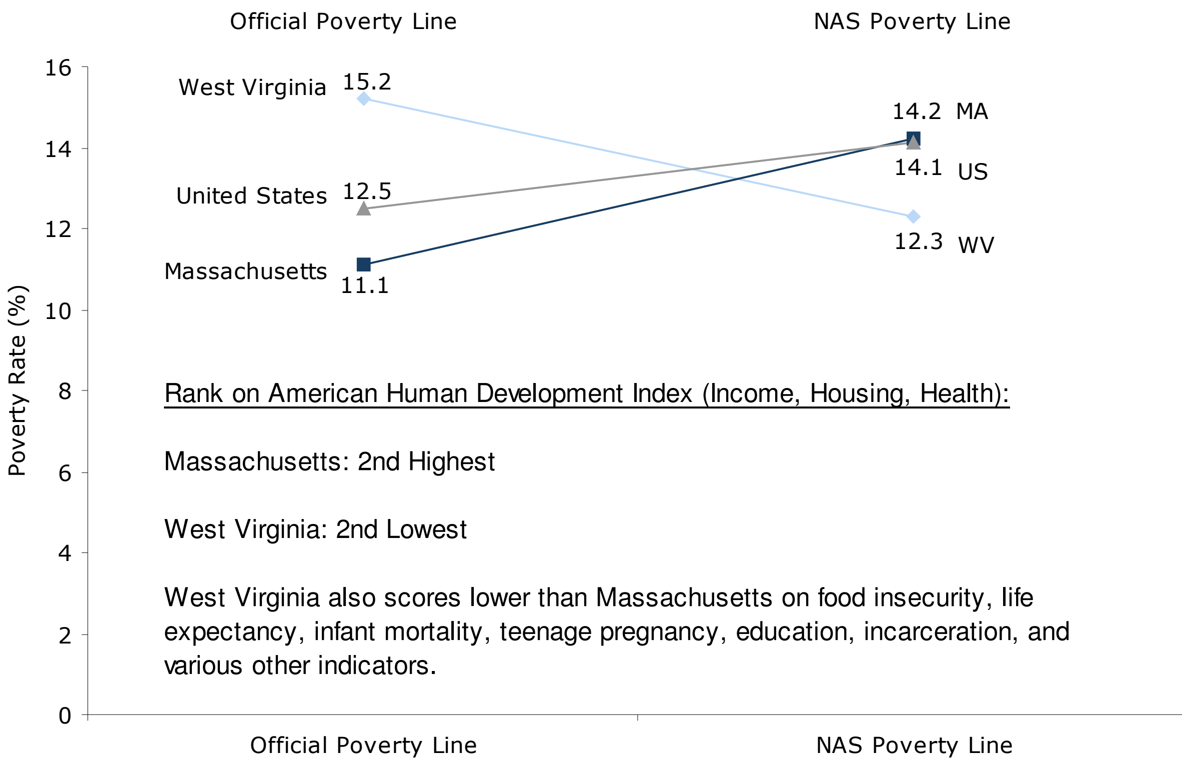
FIGURE 5
Official Poverty Rates Compared with NAS Poverty Rates in Five Poor States and the United States, 2005-2007



108 Health is measured using average life expectancy at birth, education is measured using educational-degree attainment for the population twenty-five years or older and school enrollment for the population age three or older, and living standards are measured using median earnings of all full-time workers sixteen years or older. For more on the HDI, see Burd-Sharps, Lewis, and Martins (2008) and the website of the American Human Development Project, http://measureofamerica.org/.

The anomalous nature of these results can be further illustrated by comparing a relatively rich state (Massachusetts) with a relatively poor one (West Virginia). Under an NAS alternative measure that includes the recommended housing cost adjustment, the number of people counted as experiencing poverty in West Virginia would decline by almost 20 percent (and more than 50,000 people). West Virginia would have a lower poverty rate than Massachusetts and the United States overall. Yet the rate of food insecurity in West Virginia is 12 percent, compared to only 8.7 percent in Massachusetts. Similarly, on the American Human Development Index for Education and Health, West Virginia has the second-worst score, while Massachusetts has the second-best. West Virginia also scores more poorly than Massachusetts on a host of other social indicators that are generally thought to be associated with poverty, including life expectancy, infant mortality, teenage pregnancy, education, and incarceration. Thus, a measure that shows that poverty is significantly higher in Massachusetts than West Virginia seems difficult to justify unless by "poverty" something very different is meant than what is conventionally understood by the term.

FIGURE 6
Massachusetts, West Virginia, and United States Official and NAS Poverty Rates, 2005-2007

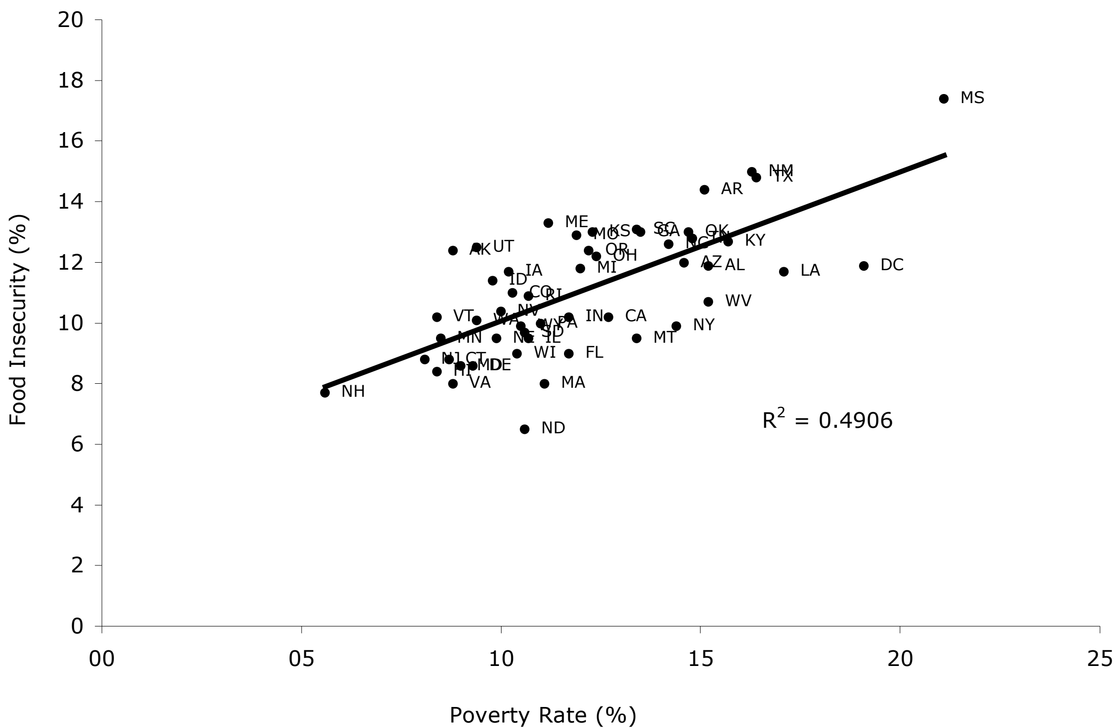


The following set of four scatterplots (Figures 7-10) looks at this issue more systematically by examining the relationships between state poverty rates, state food insecurity rates, and HDI scores, and showing how these relationships change when an NAS poverty measure that is adjusted for geographic differences in housing price levels is substituted. **Figure 7** shows a relatively linear positive relationship between food insecurity and poverty (the correlation is 0.49)—that is, as expected, state food insecurity rates increase as state poverty rates increase, although clearly other

factors also come into play. Similarly, **Figure 8** shows a relatively linear negative relationship (the correlation is 0.41) between state-level poverty and a Health-Education Index derived from the American HDI. Again, as expected, higher poverty rates are associated with lower levels of health and education.

The next two scatterplots show what happens when an NAS poverty measure is substituted for the official poverty rates. In both cases, the associations weaken considerably when NAS poverty rates are substituted for official poverty rates. The correlation between state-level NAS poverty rates and food insecurity (**Figure 9**) falls to 0.11; while there is essentially no correlation between state-level NAS poverty rates and the Health-Education Index (**Figure 10**). If the same comparisons are done with an NAS-based poverty measure that does not include geographic adjustment, the original expected associations are restored (**Appendix Figures 1 and 2**), and even have somewhat higher correlations (0.54 for food insecurity and 0.58 for the HDI), suggesting that other elements of an NAS measure improve on the official one. These analyses are admittedly basic, but other research reaches similar conclusions. Using multivariate regression analysis, Short concludes that the NAS measure "fails to improve the relationship between income poverty and material hardship or financial hardship."[109]

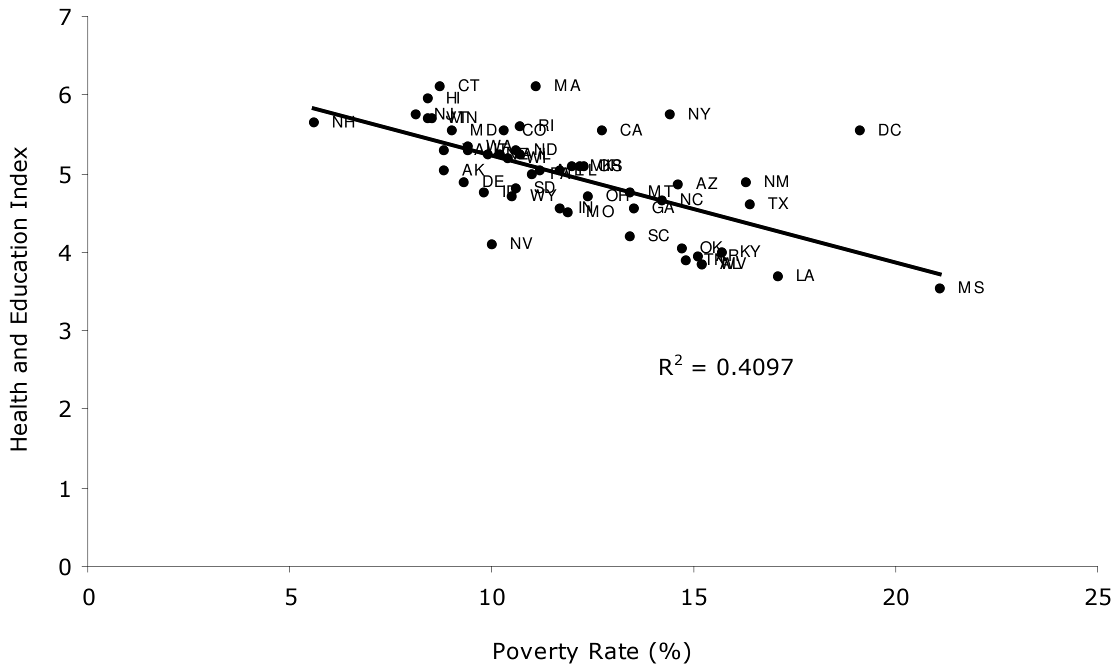
FIGURE 7
Food Insecurity and Income Poverty (Official Measure): 2005-2007



Source: CEPR analysis of USDA food insecurity data and Census poverty data.

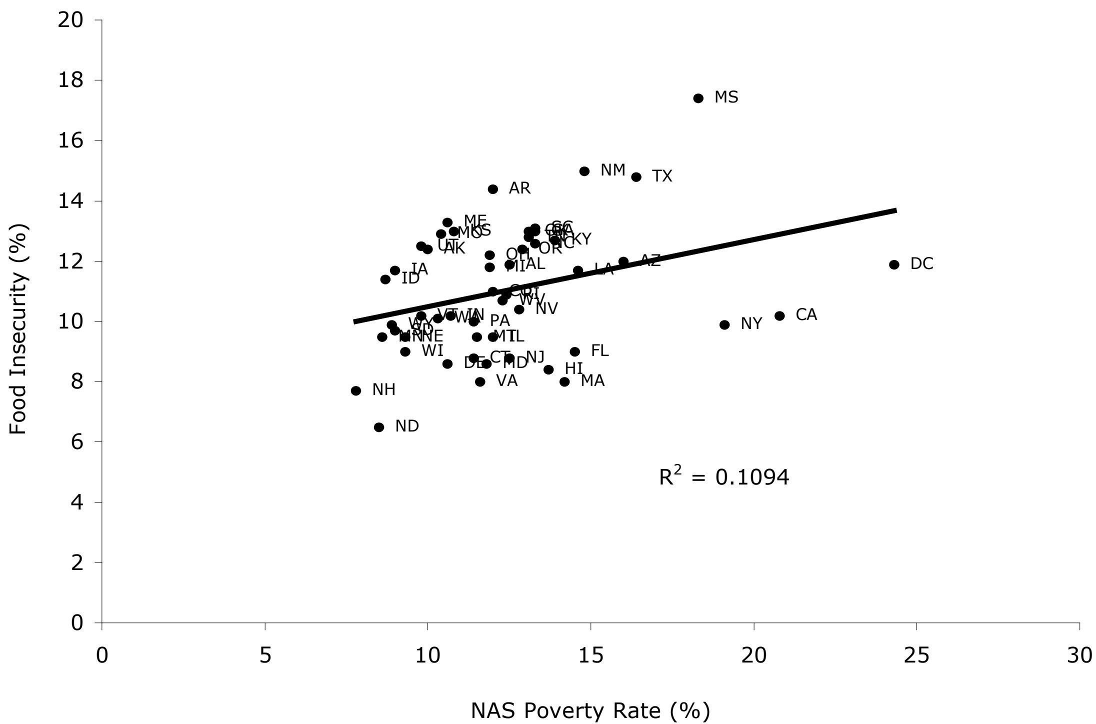
109 Short (2003), p. 24. Short models material hardship as a function of indicators of poverty, age, region, metro area residence, marital status, family size, presence of children, health, ethnicity, race, employment, education, and assets. In the model using the official poverty measure, the coefficient for poverty is .8629. In the model using the NAS measure, the poverty coefficient is .7812, but the difference between the two coefficients is not statistically significant.

FIGURE 8
Health-Education Index and Income Poverty (Official Measure): 2005-2007



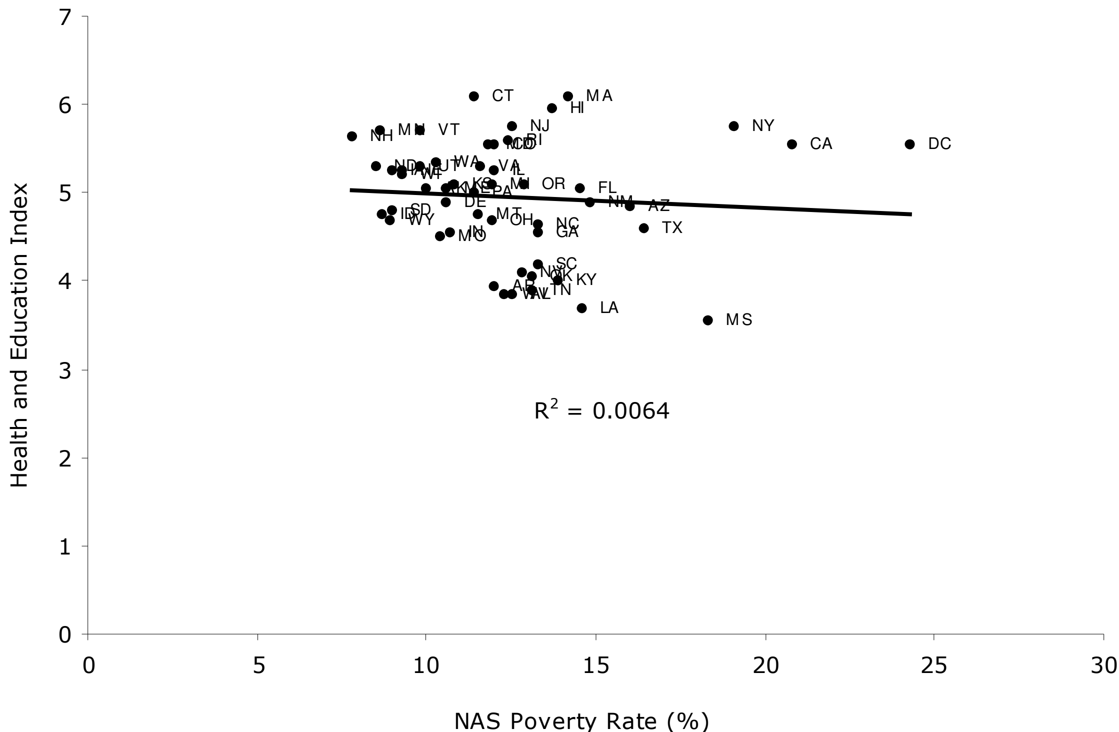
Source: CEPR Analysis of Census poverty data and American Human Development Index data.

FIGURE 9
Food Insecurity and NAS Alternative Income Poverty Rate (with Housing Cost Adjustment): 2005-2007



Source: CEPR analysis of USDA food insecurity data and NAS poverty rates calculated using Census Table Creator II.

FIGURE 10
Health-Education Index and NAS Alternative Income Poverty Rate (with Housing Cost Adjustment): 2005-2007



Source: CEPR analysis. NAS poverty rates calculated using Census Table Creator II and American Human Development Index data.

Why does adjusting an NAS poverty measure for geographic differences in housing costs produce a measure that is less consistent with indicators of "real poverty"? One possibility is the index used to make the adjustments (in this case, derived from HUD's Fair Market Rents) is flawed. The SIPM Working Group Document notes that housing price data from the American Community Survey appears to be the best data currently available. However, initial analysis using state-level poverty measures adjusted using ACS data produce roughly the same result as using FMRs.

A more likely answer is that other forms of geographic variation that matter for poverty measurement offset or systematically differ in their geographic distribution from housing costs. According to a Carsey Institute report on rural poverty: "rural families pay approximately 20 percent more for health care and 10 percent more on transportation, the cost of both of which is increasing rapidly."[110] Similarly, Julie Zimmerman and colleagues note that "sector specific research indicates that for some items, rural prices may…be higher" than urban ones.[111]

In the area of transportation, John Pucher and John Renne of Rutgers University have found that among households with income below $20,000, persons in rural and urban households made the same number of trips per day, but persons in rural households traveled nearly 60 percent more miles per day than persons in urban ones (28.5 miles for rural households compared to 17.9 miles for

110 O'Hare (2009).
111 Zimmerman, Ham, and Frank (2008).

urban ones).[112] Higher costs for these items may offset lower housing in rural areas to a substantial degree. Julie Zimmerman's research in Kentucky indicates that there was "no consistent patter of lower prices in the rural [Kentucky] counties." Zimmerman also noted that "differences in the material conditions of rural living meant that there were additional costs that price comparisons did not capture." These differences may have particular implications for the non-metro South. According to the Housing Assistance Council, "the rate of substandard housing in the non-metro South is more than double that of any region of the country, and 63 percent of all rural substandard housing units are located in the South."[113]

There is also evidence suggesting the relatively high housing cost in certain metro areas, including several in the northeastern United States, are offset by relatively lower transportation costs, while the opposite is the case in various urban areas in the South and Midwest. Using a new "Housing + Transportation Index," researchers at the Center for Neighborhood Technology, Virginia Tech, and Center for Housing Policy found that low-to-moderate income ($20,000-$50,000) families in 28 metropolitan areas spent a slightly higher share of their income on transportation (30 percent) than on housing (28 percent), and that there were notable regional variations in spending on housing and transportation.[114] For example, the families in New York City spent a larger share of their income on housing than the families in Houston, but the Houston families spent a considerably larger share of their incomes on transportation. As a result, the combined housing/transportation costs of Houston families were slightly higher (56 percent) than the combined housing/transportation costs of New York City families (55 percent).[115]

In addition to public transportation, urban areas also provide various amenities (museums, quality medical care, etc.) at low or no cost that may not be available to rural or surburan residents at any cost in their communities. The impact of these amenities on one's standard of living is difficult to measure (and, of course, they are offset at least in part by various disamenities, such as those related to crime and safety), but there is little question that they exist and complicate efforts to adjust poverty thresholds that rely only on housing-cost differences.

Some may argue that because income poverty is different from various other forms of economic hardship, we shouldn't expect an improved poverty measure to be a better (or even equal) indicator of material hardship than the current measure. Along these same lines, some proponents of the NAS measure point to its "internal consistency"—that is, the consistency between the concepts underlying the thresholds and the definition of resources—as the main reason to adopt it.

But if a supposedly better measure is actually less well-associated with other core indicators of hardship than the current measure, it is worth asking how we really know it is a better measure. Comparison with other hardship measures can help determine whether a new poverty measure

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112 Pucher, and Renne (2004).

113 Housing Assistance Council (2002), p. 30. See also Mosley and Miller (2004), p. 9: finding higher rates of housing-related hardship in the South and West among families below 200 percent of poverty.

114 Lipman (2006). See also Hass et al. (2006).

115 These differences may be explained in part by "location efficiency." According to the Center for Neighborhood Technology, differences in location efficiency can have major impacts on family budgets: "Compact neighborhoods with walkable streets, access to transit, and a wide variety of stores and services have high location efficiency. They require less time, money, and greenhouse gas emissions for residents to meet their everyday travel requirements. The savings add up for households and communities. Transportation costs can range from 15% of household income in location-efficient neighborhoods to over 28% in inefficient locations."

meets what might be called a standard of "external consistency"—that is, whether it is more or less consistent with other core indicators of economic hardship, particularly hardship related to the basic needs that the measure's threshold is based upon.

Finally, it is important to note that these state-level poverty estimates may change in ways that bring them either more or less in line with food insecurity and the HDI, since the SIPM methodology differs in some ways from the NAS recommendations, and may use somewhat different data to make the housing cost adjustments. However, to date, Census has not said that it plans to modify the SIPM methodology in ways that directly address this issue, or even use direct deprivation measures such as food insecurity to test the robustness of the SIPM and make necessary improvements that bring it more in line with other measures of deprivation.

A Better Alternative: A New National Statistical Framework for Measuring Poverty and Basic Economic Security

Addressing the Too-Low Problem

Is there an approach to poverty measurement that addresses both the *too-low* and *too-narrow* problems with the current measure? The too-low problem is easiest to solve. All that is needed is a more adequate income standard (or preferably, standard*s*), and more descriptive labeling of standards. Instead of a singular poverty standard, it would be better to have at least two "low-income" standards that are labeled, like the standards used in federal housing programs, using qualitative adjectives such as "very low" and "extremely low."

The foundational income measure in this new framework should be an "At-Risk of Poverty" or "Low-Income" measure. As the label makes clear, this threshold should reflect a "low" level of income—a level roughly in the range of $45,000 to $50,000 for a family of four—rather than an "extremely low" level of income. (If a measure like the current poverty line or the SIPM is included, it should be labeled as an extremely low income standard, a point discussed further below).

The thresholds for the low-income standard should be set at a dollar amount that is roughly consistent with the general public understanding of the minimum income needed to "make ends meet" or "get along" (a median amount of $45,000 in 2007 according to the most recent Gallup survey) as well as various other indicators of low income used in federal law and by researchers and others. These other indicators include:

- federal program standards that are tied to a percentage of median income and reflect a common-sense understanding of low income, particularly HUD's "very low" income standard, which is set at 50 percent of median income;[116]

116 The HUD standards are based on "area" median incomes, but for the reasons discussed in this report, an overall statistical approach to measuring low-income should not adopt poorer standards for poorer places.

- the point at which a working family with children loses eligibility for the Earned Income Tax Credit (just over $45,000 for a two-parent, two-child family), the nation's largest and most important employment benefit for low-income workers;
- the amount that "basic family budget" research suggests is needed to live at a modest, but safe level ($48,778 on average nationwide, according to the Economic Policy Institute);
- the Commerce Department's lowest estimate of a "middle-family budget" for married-couple families with two school-age children ($51,000); and
- the 200-percent-of-poverty measure that is commonly used today by researchers as a low-income measure (roughly $44,000).[117]

It's also worth noting that the Child Care and Development Fund sets an overall income limit equal to 85 percent of median income, and that, when initially adopted in 1974, Title XX Grants to States for Services (now the Social Services Block Grant) used the term "low income" rather than "poverty" or "poor" and set an income limit on services equal to 80 percent of median income.

So that a low-income or at-risk-of-poverty measure doesn't decline over time from a low-income standard to an extremely low-income one, as has happened with the current official poverty measure, the standard should be adjusted annually in a manner that keeps pace with mainstream living standards. Setting the measure at a percentage of median income and adjusting it annually so that it continues to reflect this percentage would be the most straightforward way to accomplish this goal. Alternatively, the measure could be set and adjusted annually to reflect a percentage of overall consumption expenditures.

An argument that is sometimes made against a median-income based poverty measure is that if median income declines during a recession, the poverty threshold will decline, and with it, the poverty rate (that is, the number of people living below the threshold might decline). This result is quite unlikely because lower-income families tend to experience higher rates of unemployment and larger drops in income than middle-income families during downturns. In fact, the percentage of people with incomes below a poverty line set at 50 percent of median income increased during each of the three recessions between 1981 and 2005.[118]

While the core measure should be updated to keep pace with mainstream living standards, alternative measures that are updated only for price changes or in a manner similar to that proposed for updating the SIPM may be worth considering as non-core measures for specific short-term purposes. For example, if the federal government were to set a goal to reduce income poverty by a specified percentage over ten years, it may be useful to track progress toward the goal using both a measure adjusted for mainstream living standards and one adjusted by the CPI or an index of a limited set of goods. The United Kingdom uses such a "tiered" approach in tracking progress toward its poverty reduction goal. However, measures that are not adjusted for changes in mainstream living standards should always be time-limited, and replaced at the end of the time period with a measure that is truly updated.

In addition to this statistical measure of low-income, the administration should reestablish the Family Budgets Program at the U.S. Department of Labor to produce state- and local-level

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117 See, e.g., Newman and Tan Chen (2007) and National Center on Children in Poverty (2009).
118 See Meyer and Sullivan (2009), Table 5.

"American Family Budget Standards" including a basic budget standard that is consistent with the with the statistical measure of low income.

Addressing the Too-Narrow Problem

The too-narrow problem is more complex. In theory, the considerable heterogeneity in the amount of income that is needed to enjoy roughly similar standards of living could be addressed by adopting different poverty thresholds for different groups and areas. The SIPM, for example, adopts different poverty thresholds for different geographic areas and for different housing statuses. However, adjusting in this way for some sources of heterogeneity but not for others, especially ones that may be offsetting (such as transportation), can produce a more that is less accurate than one that makes no adjustments. The alternative is too adjust for as many factors as possible, but the sources of heterogeneity that can matter for purposes of poverty classification—including age, asset holding, disability, being a victim of crime or violence, including domestic violence, health insurance status, availability of amenities such as public transportation, and many more—are considerable. Adopting new thresholds to address all of these area of variation quickly becomes unwieldy, and many forms of variability are likely impossible to capture in income terms.

Still, a truly modern and accurate poverty measure is possible, but only if we take seriously Blank's argument that it is a "heroic assumption to believe that a single poverty measure can reflect all aspects of economic need."[119] Taking this argument seriously requires replacing a one-dimensional, "very-low-income-only" approach to poverty measurement with a more sophisticated multi-dimensional approach to poverty measurement.[120] Such a measure would recognize that a particular and very low level of income alone is not sufficient to "make ends meet" or escape the basic forms of deprivation that most Americans associate with poverty.

A "low-income-and-deprivation" approach addresses the too-low and too-narrow problems by using *direct* measures of poverty in addition to income, rather than relying solely on income as a proxy for deprivation. It both sets an income standard—one that represents the income a family needs to "get along" or "make ends meet" at a basic level—while also encompassing other forms of deprivation, including hunger, substandard housing, and lack of health insurance.[121] The hardship indices produced by Heather Boushey and discussed in the previous section provide a concrete example of what this approach might look like. It would measure economic deprivation directly as something experienced by low-income families, and not simply as having income below an extremely low threshold.

119 Blank (2008), p. 246.

120 An alternative way to address one aspect of the too-narrow problem is to adopt a measure that is based on consumption rather than income. (The NAS/SIPM moves modestly in this direction by using consumption data to establish the thresholds.) Consumption measures better account for the impact of assets and credit on well being, and, as Meyer and Sullivan (2003, 2007) have shown, are better associated with direct measures of material hardship. However, a consumption-based approach would do little to take into account many significant sources of heterogeneity that affect the ability to convert income into meeting basic needs and avoiding deprivation. Moreover, absent a broader shift away from income measures and toward consumption ones as indicators of economic security and mobility for Americans generally, consumption measures should not be substituted for income ones when looking specifically at the economic security of low-income families.

121 For an excellent discussion of the use of material deprivation indicators in OECD countries and how they can be combined with income indicators to produce a more accurate picture of poverty, see Boarini and Mira d'Ercole (2006).

As a forthcoming companion piece to this analysis details, both the United Kingdom and Ireland have recently adopted official statistical measures of poverty that are based on a modern "income-and-deprivation" approach, ones that are consistent with public consensus on the income needed to "make ends meet" and the items that are necessities of modern life. In both countries the modern approach has two basic components: 1) an income standard to determine the number of families who are "at risk of poverty" (Ireland) or have "low incomes" (United Kingdom); and 2) a direct measure of material deprivation due to low income.

In Ireland, there are two core measures of poverty. The first measure, "at-risk-of-poverty," is an income measure that uses a threshold set at 60 percent of median income. The threshold is adjusted annually for changes in median income. The second measure, "consistent poverty," is a measure of both income and deprivation. Consistent poverty is defined as having income below the at-risk-of-poverty threshold *and* lacking two or more items from an eleven-item index of material deprivation.

In the United Kingdom, there are three core measures of poverty. The first two measures are low-income measures set at 60 percent of median disposable income (net of taxes), but adjusted differently over time.[122] The first one is adjusted each year only for inflation (relative to a base year), the second is adjusted annually for changes in median income. The third measure combines income, using a slightly higher income standard (70 percent of median disposable income), *and* material deprivation (measured using an eleven-item index of deprivation). Legislation that became law in the United Kingdom in March 2010 provided a statutory basis for these measures (and the United Kingdom's poverty reduction targets) and added a measure of "persistent poverty."[123]

One of the benefits of these kinds of income-plus-deprivation poverty measures is that they would clearly give us a far better picture of who is poor and a better understanding of economic conditions than a very-low-income-only measure. The combination of low income and deprivation indicators also allows for more accurate identification of the "most disadvantage" or the "poorest of the poor." Moreover, the incorporation of direct indicators of deprivation would take some of the pressure for precision off of the income threshold because that single threshold wouldn't be the determining factor.

A U.S. income-plus-deprivation standard should use the kind of low-income standard recommended in the previous section (roughly equal to 60 percent of (pre-tax) median income or 200 percent of the current poverty line).[124] The key issue that needs to be addressed to develop an income-and-deprivation measure for the United States involves the indicators to use in the deprivation index and how to use the index to measure deprivation. Although this report does not recommend a particular deprivation index, Boushey's hardship indices as well as other ones developed by U.S. researchers

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122 The reference threshold is adjusted for family size and composition using the OECD equivalence scale. The definition of income includes transfers (including educational grants and scholarships) and subtracts taxes and certain other payments, including pension contributions (including voluntary contributions), parental contributions to students living away from home, and student loan repayments. See UK Department for Work and Pensions (2009), p. 175. For more on the UK's income-poverty measure, see Shwalb and Wiseman (2008).

123 United Kingdom, Child Poverty Act 2010. Persistent poverty is defined as having low income (below 60 percent of median income) in three of the last four years.

124 A percentage of post-tax median income could also be used to set the threshold, but then should be somewhat higher.

provide a good starting point.[125] Most of the indices constructed to date include some combination of indicators related to the following:

- housing security and conditions;
- food security;
- health insurance and ability to access health and dental care;
- ability to afford other basic expenses, including clothing utilities and telephone; and
- ownership of appliances and other durable goods

The Survey on Income and Program Participation (SIPP) includes a number of questions in each of these categories that could be used to develop the deprivation index. In addition, questions related to asset ownership, child well-being, neighborhood conditions, and community services could be drawn from the SIPP to produce the index. However, because the SIPP is not currently an annual survey, it would be important to include whatever questions are used in the index in annual surveys such as the Current Population Survey or the American Communities Survey.

Ideally, the Department of Labor and the Department of Commerce would also conduct a baseline survey, similar to the ones concluded in the United Kingdom, to determine what goods and services are "necessities" by most Americans.[126] As part of such a survey, it would be particularly important to include questions related to social deprivation due to low income, such as the ability to take a vacation away from home for at least one week a year or the ability to buy presents for family members. The results from UK surveys suggest that substantial majorities of the UK public views these as necessities, and there is little reason to believe that the U.S. public would differ in this regard.

A Deprivation Index or Multiple, Separate Indicators?

Some proponents of the NAS/SIPM approach, including Blank and Greenberg, acknowledge the importance of deprivation indicators, but stop short of calling for a deprivation index that combines the indicators into a single measure of economic deprivation.[127] In essence this approach would involve the reporting of multiple separate indicators of economic hardship, perhaps alongside the SIPM, but without combining these indicators into an index that becomes one of the two or three core elements of an overall statistical framework for measuring poverty and basic economic security.

This approach has a number of limitations. Instead of viewing poverty holistically and concretely in terms of the direct experience of economic deprivation due to low income, it would continue to present an extremely low, income-only measure as *the* measure of poverty (or, perhaps more accurately, given that the SIPM won't replace the current official poverty measure, *the supplemental* measure of poverty). If presented along with a long list of deprivation indicators, public attention will almost inevitably remain focused on extremely low, income-only measure, even though most low-income people experiencing economic hardship will be excluded from it. By contrast,

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125 See, e.g., Boushey et al (2001).

126 The Pew Research Center conducts a version of this kind of survey. See Taylor, Funk, and Clark (2006) and Morin and Taylor (2009). However, the range of the 13 items included in the survey is quite limited, including certain durable goods, a car, a cell phone, and a few other items. Still the findings are quite interesting: about 90 percent of Americans consider a car a necessity, and about half consider a home computer and a cell phone to be necessities.

127 For example, Blank (2008) recommends commissioning work to develop a list of key measures of economic deprivation beyond income poverty.

combining multiple hardship indicators into a single index places the resulting direct measure of economic deprivation on equal footing with the indirect (income-based) measure of deprivation, and makes it more likely that public will see them both as a core indicators. The limitations of the multiple indicator approach are apparent with how the federal government presents unemployment data, which includes both an official unemployment and six alternative measures of labor underutilization.[128] Despite the alternative measures, the single official measure of unemployment remains the nearly exclusive focal point for the media and policymakers, and the other measures receive relatively limited attention.

Another particularly important argument in favor of a deprivation index is that it will do a better job than any single one-dimensional indicator (including an income-only one) of identifying those who are the "most disadvantaged." As Jonathan Wolff and Avner De-Shalit argue, the most serious form of disadvantage occurs when "several disadvantages cluster together."[129] The only real way to directly measure this sort of clustered disadvantage is thru an index that combines the various indicators of disadvantage and deprivation. Extremely low income, at least as measured in official statistics, is merely a proxy for such clustered disadvantage, and as we know now from considerable research, a fairly inaccurate one by itself.

The extent to which an income-plus-deprivation measure can better identify the "most disadvantaged" than an income-only measure is seen in research conducted by Peter Saunders. Using data for Australia, Saunders compares an income-only measure with a deprivation index, and finds that "identified as deprived [using the index] have much lower levels of wellbeing" across all of the dimensions of wellbeing studied than identified as income-poor using only an income-poverty measure.[130]

Role of the SIPM and Other Extremely Low Income Measures

A measure like the income-poverty measure recommended by the NAS could be included as *part* of the modern framework to measuring poverty and basic economic security detailed above. If the threshold remains set at a level that reflects an extremely low level of income, it should be explicitly labeled as an "Extremely Low-Income" indicator so that it is clearly and objectively differentiated from other low-income measures included in the framework.

In addition, further improvements should be made to the SIPM. The SIPM's threshold is derived from the 33rd percentile of expenditures on food, clothing, shelter and utilities multiplied by 1.2, and doesn't incorporate any direct connection to mainstream living standards. A major concern here is that over the long-term the SIPM thresholds will simply track the current inflation-adjusted official thresholds, and, as a result, will continue to deteriorate over time like the current official thresholds.

The best solution to these problems would be to anchor the SIPM thresholds to a percentage of median income, so that they keep pace with mainstream living standards over time. The measure should be set at an income level that approximates what Rebecca Blank has described as the contemporary U.S. meaning of "living in poverty": lacking the "goods and services that are necessary" to have "adequate and stable housing, find and hold a job (if physically able), participate

128 See http://www.bls.gov/cps/lfcharacteristics.htm#altmeasures.
129 Wolff and De-Shalit (2007), locations 189-198 in Kindle edition.
130 Saunders (2009).

as a citizen in the community, keep oneself and one's family reasonably healthy, and provide the things that one's children need to participate effectively in school."[131] This includes not only the New-Deal era necessities included in the SIPM (food, clothing, shelter) but also the more contemporary ones, including: 1) education and child care services for children; 2) transportation expenses (other than commuting to work); 3) computer and internet access; and 4) basic savings for retirement and a "rainy day." Of these items, only child and non-work transportation are incorporated in any way into the SIPM, and then only as out-of-pocket spending subtracted from resources. The SIPM subtracts the amount that employed parents spend on child care from income (but makes no allowance for the child care needs of parents who cannot afford it in the first place). Non-work transportation expenses are one of the needs bundled into the 1.2 multiplier, but this multiplier is likely too small to adequately account for them.

Should We Adopt the NAS Measure Now and Delay Real Modernization of the Poverty Measure for Further Study?

Some may argue that the Administration should adopt the NAS poverty measurement as a first step, while taking several years to study and consider a more modern measurement approach. Rebecca Blank, for example, has argued that we should adopt the NAS measure now, while "commissioning work to develop a list of key measures of economic deprivation beyond income poverty."[132]

Such an approach would be inadvisable. In insightful commentary pieces for the *Spotlight on Poverty and Opportunity* website, Annette Case and John Quinterno, both former state-level researchers and advocates (Case in Washington State and Quinterno in North Carolina), who now consult regionally and nationally on anti-poverty and related policy, point to a number of problems. As Case argues, it would be a mistake to update the poverty measure without "advanc[ing] beyond the single-measure approach."[133] Similarly, as Quinterno notes, the benefits of a new single, very-income-only measure of poverty may not be worth the "considerable effort on the part of national and state advocates" required to replace the current measure, particularly if, as he argues, the new measure "does little to alter public understanding or shift the terms of the policy debate" or "reinforce[s] the idea that poverty and work somehow are disconnected phenomena."[134] Given the decades-long history of failed attempts to reform the current measure, and the fact that the last major "commissioned work" on poverty measurement was issued fifteen years ago and has yet to produce any change in the current official measure, Case and Quinterno are right to call on the Administration to complete a comprehensive modernization now, rather than adopting a half-measure and conducting further study. A related concern is that simply adopting the SIMP as opposed will be seen by many policy makers as "fixing the problem" with the poverty line, at least for another four to five decades, and thus, undercut efforts to adopt a better, modern framework for measuring poverty and basic economic security.

131 Blank (2008). As Under Secretary, Blank is ex officio the Administrator of the Economics and Statistics Administration, which includes the Bureau of Economic Analysis and the Census Bureau.
132 Blank (2008), p. 251.
133 Case (2009).
134 Quinterno (2009).

In favor of only adopting an NAS poverty measure and deferring other issues for further study, Rebecca Blank and Mark Greenberg have argued that the "NAS recommendations emerged from the work of an expert panel whose goal ... [was] to use the best scientific evidence to produce a recommendation about how to improve poverty measurement" and that "the findings of the NAS panel have now been discussed and debated for [over] a dozen years."[135] A problem with this line of reasoning is that since the issuance of the 1995 report, the fundamental assumptions and basic approach of the NAS recommendations have remained frozen in amber, despite the more than fifteen years of research on poverty measurement that has since taken place, and other statistical improvements (such as the development of an official federal measure of food insecurity). While subsequent research has been taken into account in various details of operationalizing the NAS recommendations, there has been no real reconsideration of the overall approach in light of subsequent evidence.

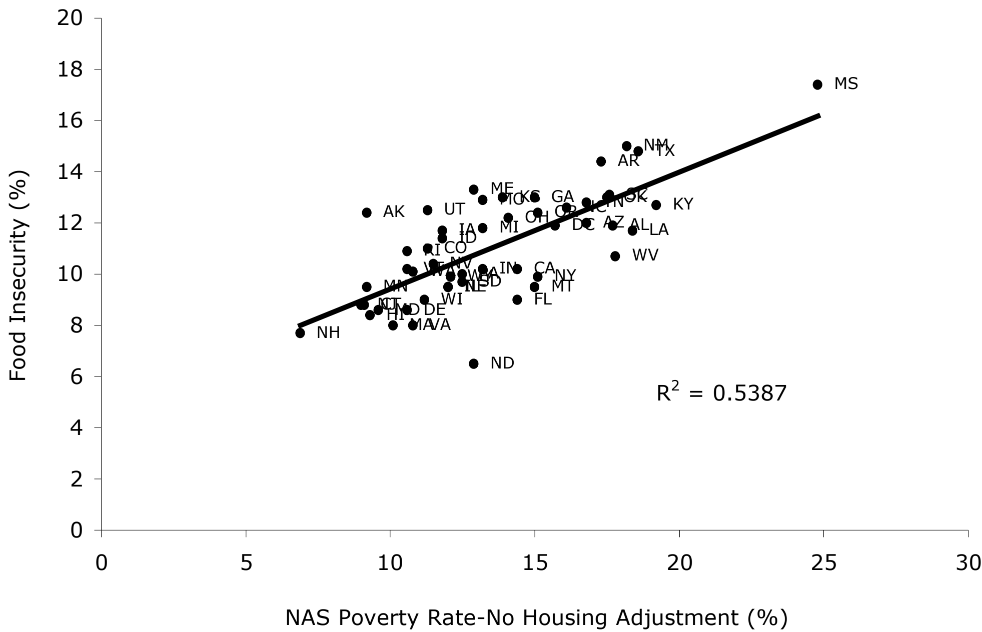
Conclusion

A new framework for measuring poverty and basic economic security proposed in this report would provide a more accurate and balanced picture of economic deprivation due to limited resources than the single extremely low, income-only measure proposed by the Administration. Addressing the problems with the current poverty measure and adopting better overall framework shouldn't involve shifting from a narrowly conservative approach to a narrowly liberal one, but rather adopting a balanced framework, one that re-centers the official statistical measurement of poverty and basic economic security from its current marginal and conservative framework to a more modern and mainstream one.

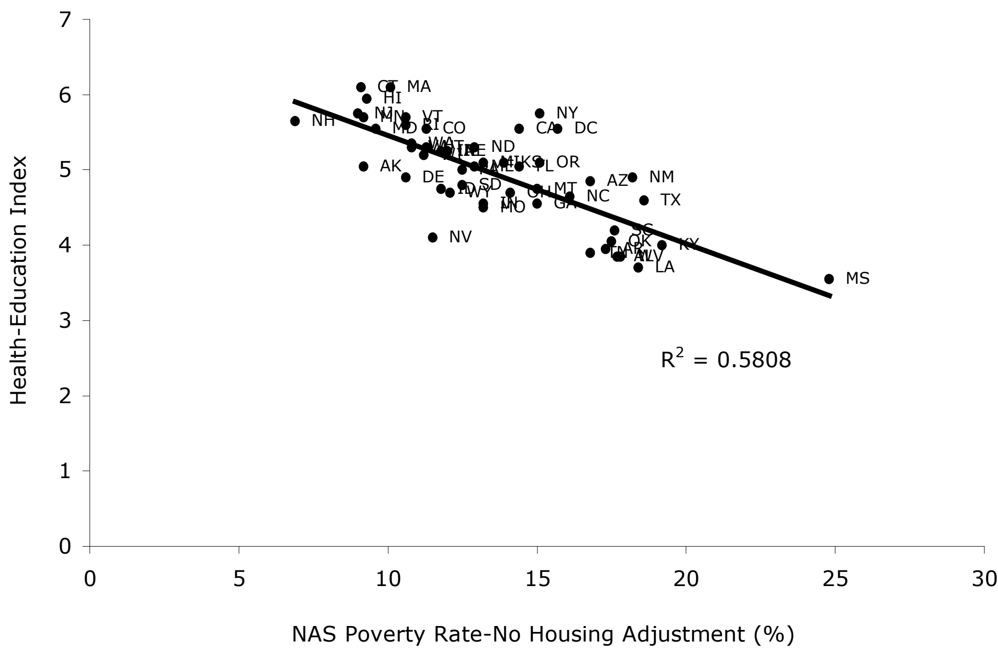
135 Blank and Greenberg (2009), p. 14.

Appendix

APPENDIX FIGURE 1
NAS State Poverty Rates (with no geographic adjustment for housing costs) compared to State Food Insecurity Rates



APPENDIX FIGURE 2
NAS State Poverty Rates (with no geographic adjustment for housing costs) compared to American Human Development Health-Education Index



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