

The Research Supplemental Poverty Measure

Webinar on SPM release
Technical Background

November 4, 2011

Presenters

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Resources for Today's News Conference

Come to www.census.gov and click on Newsroom at the top left corner to obtain –

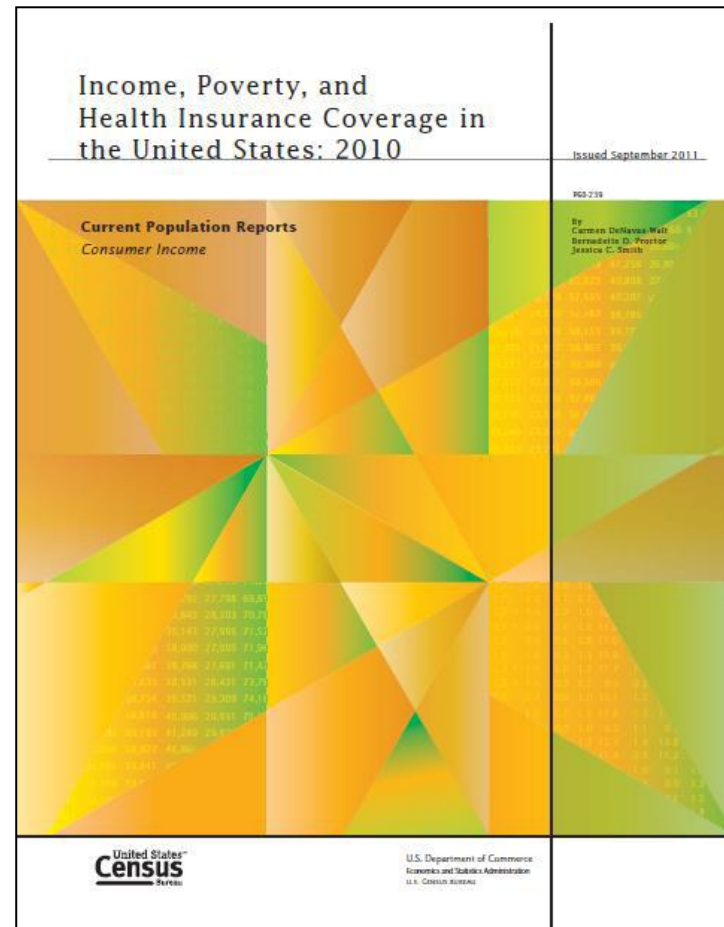
- Today's PowerPoint Presentation
- Background material on the Supplemental Poverty Measure

Topics

- Background
- Overview of poverty measurement concepts
- Official compared with Supplemental Poverty Measure (SPM)
 - Poverty thresholds
 - Resources available to meet needs
- SPM estimates for 2009 previously released (revised)
 - Poverty rates
 - Distribution of poverty population across groups
 - Effects of taxes and in-kind benefits
 - Resource-to-poverty threshold ratios

Official Poverty Measure

- First adopted in 1969
- Continues under OMB Statistical Directive 14
- The 2010 official poverty rate for the nation was 15.1 percent
- Up from 14.3 percent in 2009
- 46.2 million people in poverty
- An increase of 2.6 million since 2009.



National Academy of Sciences Panel on Poverty and Family Assistance

May 1995 report, *Measuring Poverty: A New Approach*

The official measure does not account for

- Provision of in-kind benefits
- Necessary expenses (taxes, health care, work)
- Changes in family or household structure
- Higher standards and levels of living since 1965
- Geographic price differences among regions

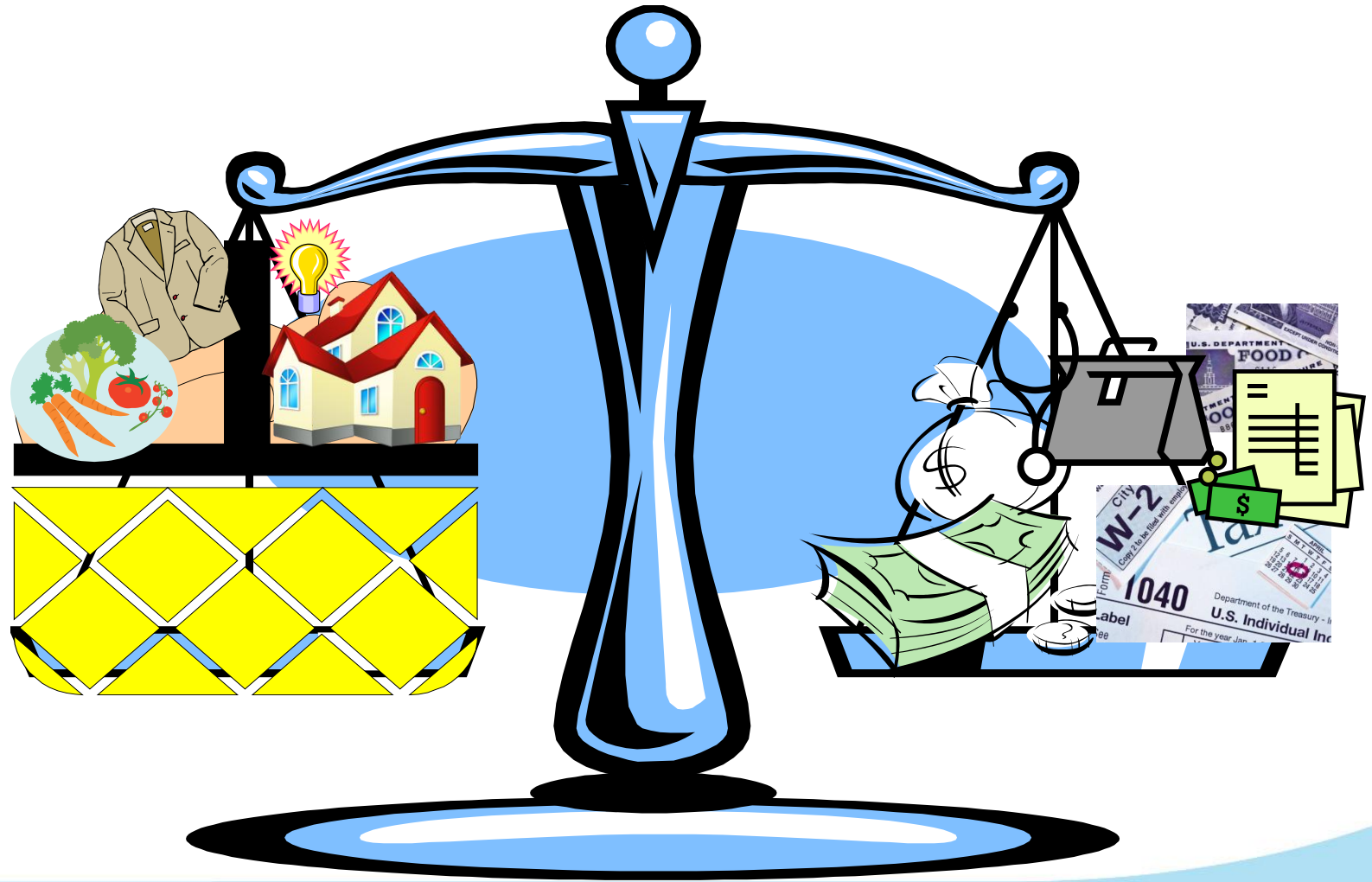
Recommended Changes to Improve the Measure of
Poverty in the U.S.

Supplemental Poverty Measure (SPM)

Observations from the Interagency Technical Working Group - March 2, 2010

- Will not replace the official poverty measure
- Will not be used for resource allocation or program eligibility
- Census Bureau and BLS responsible for improving and updating the measure
- Continued research and improvement
- Based on NAS panel 1995 recommendations

Poverty Threshold and Resources



Comparing the Official Measure and SPM Threshold Concept

Official Measure

- Cost of a minimum food basket
- Food expenditures as a percentage of after-tax money income: 1/3rd
- Families of three or more persons
- 1955 Food Consumption Survey
- 1963 as base
- Updated each year with the CPI

Supplemental Measure

- 33rd percentile of sum of expenditures for food, clothing, and shelter, and utilities (FCSU)
- Consumer units with 2 children and any number of adults
- Consumer Expenditure Interview Survey (CE)
- Most recent 5 years of CE data
- Updated each year with most recent 5 years of data

Threshold Adjustments: by Shelter Type

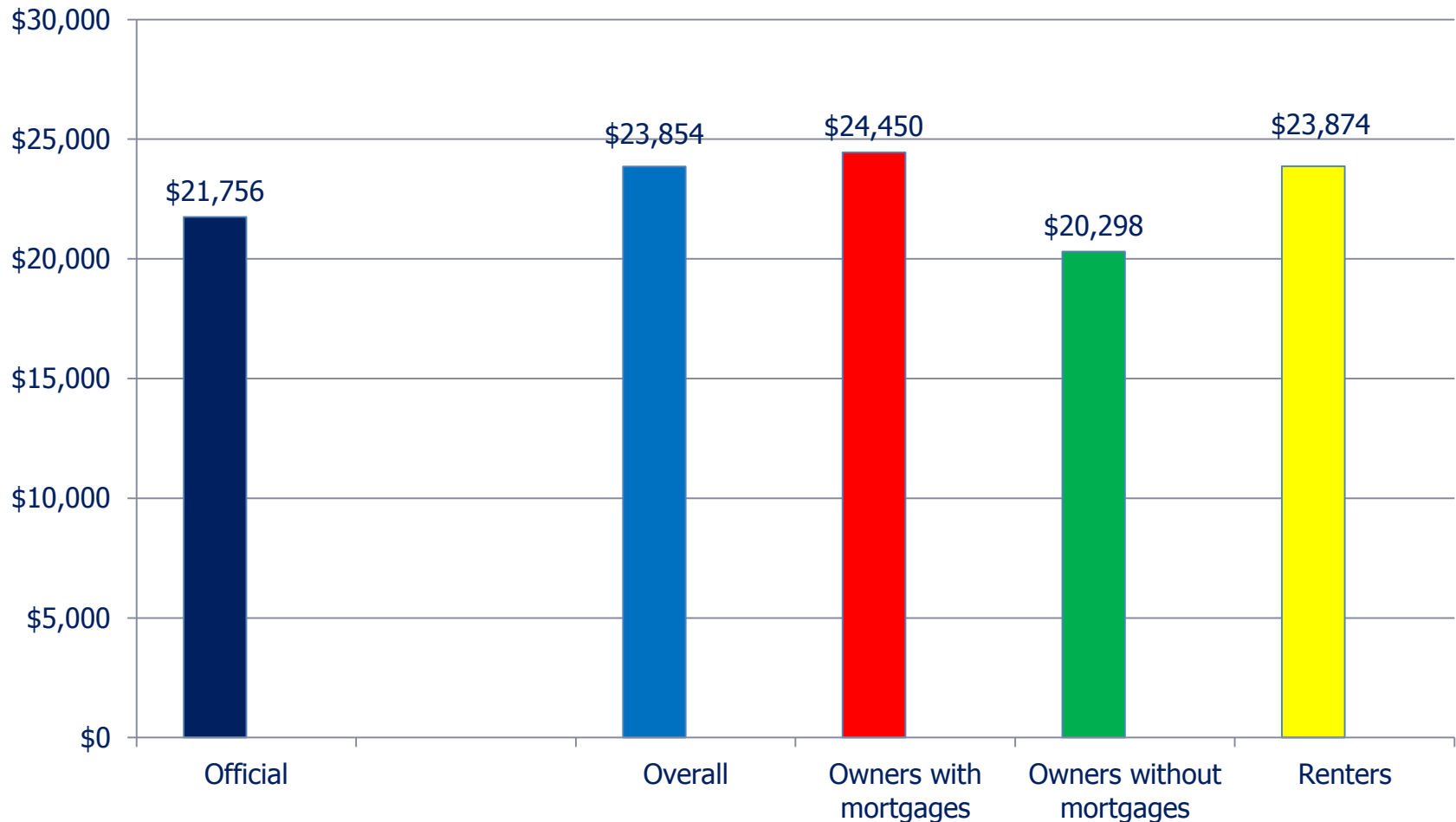
Official

- No adjustments

Supplemental

- Adjust by differences in shelter expenditures by
 - ▶ renters
 - ▶ owners with a mortgage
 - ▶ owners without a mortgage

Official and Research SPM Thresholds for 2 Adults and 2 Children Economic Units: 2009



Economic Unit of Analysis

Official

- All related individuals who live at the same address

Supplemental

- All related individuals who live at the same address
- Coresident unrelated children who are cared for by the family (such as foster children)
- Cohabitators and their relatives

Threshold Adjustments: by geographic area

Official

- No adjustments

Supplemental

- Adjust for housing cost differences using five years of ACS data on rental costs
- Make adjustments by MSA and non-MSAs in each state

Family Resource Definition

Official

- Gross (before-tax) cash income from all sources

Supplemental

Gross cash income:

- PLUS value of near-money federal in-kind benefits for FCSU (Includes tax credits)
- MINUS income and payroll taxes and other nondiscretionary expenses

Benefits included

- Cash benefits in the official measure and SPM
 - Temporary Assistance to Needy Families (TANF)
 - Social Security
 - Supplemental Security Income
 - Unemployment Insurance
- In-kind benefits only in the SPM
 - Supplemental Nutritional Assistance Program (SNAP)
 - National School Lunch Program
 - Special Supplemental Nutrition Program for Women Infants and Children (WIC)
 - Low Income Energy Assistance Program (LIHEAP)
 - Housing subsidies

Nondiscretionary Expenses

Payroll and state and federal income taxes

- Current methods to calculate federal and state income tax, payroll tax
- Tax credits

Child care and other work related expenses

- New CPS ASEC questions on child care expenses paid
- SIPP for other expenses

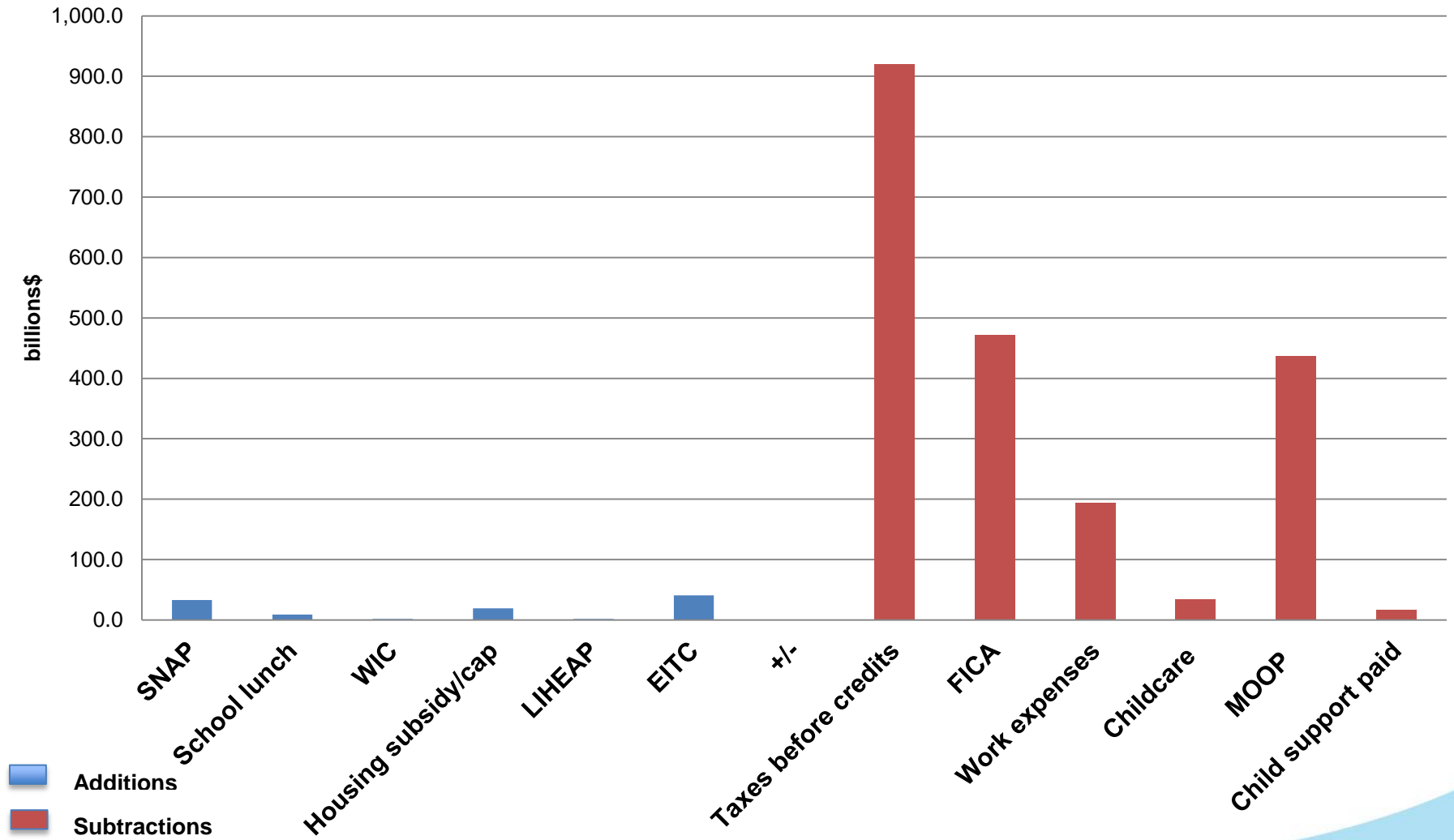
Medical Out of Pocket Expenditures (MOOP)

- New CPS ASEC questions

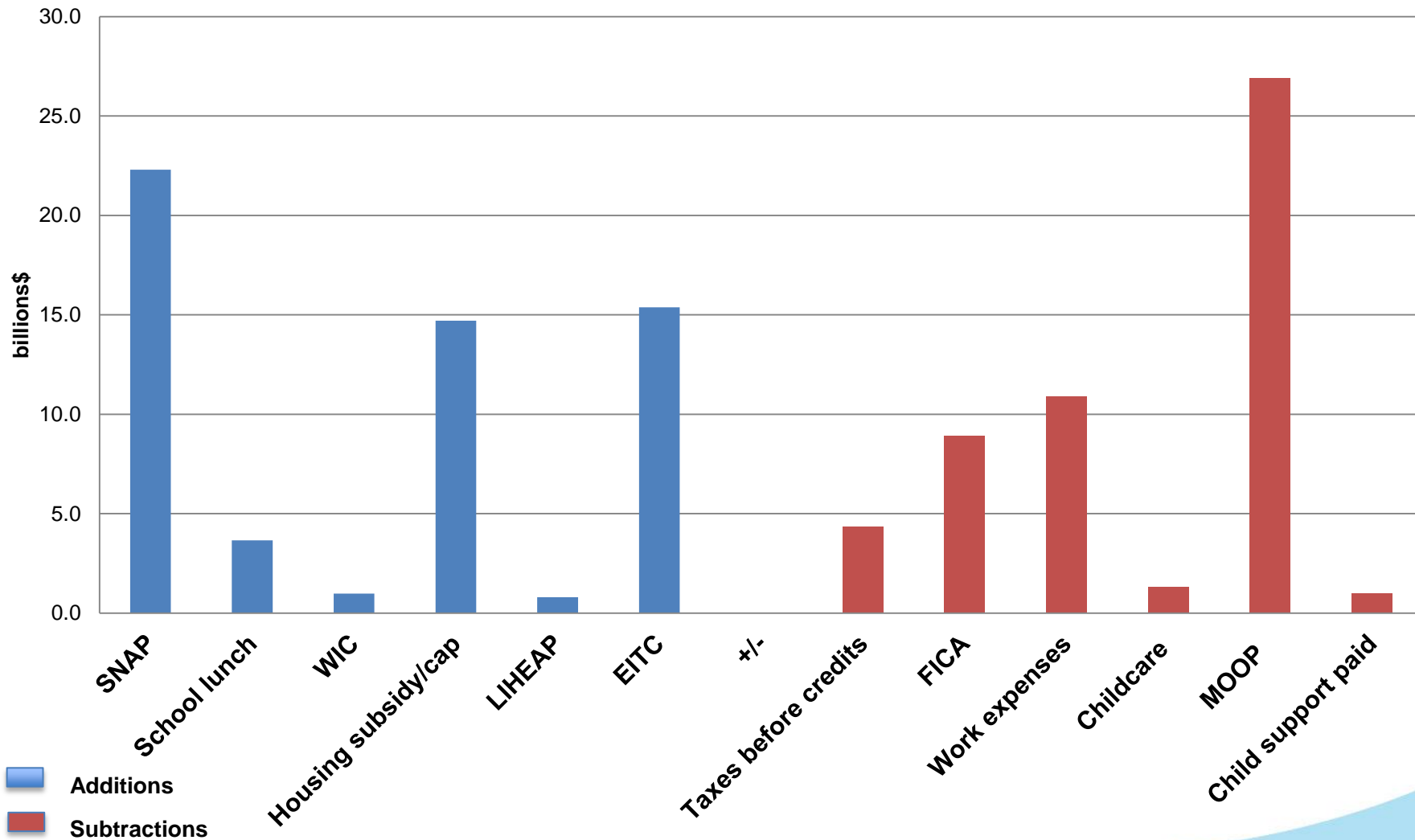
Child Support Paid

- New CPS ASEC questions to subtract child support paid from income

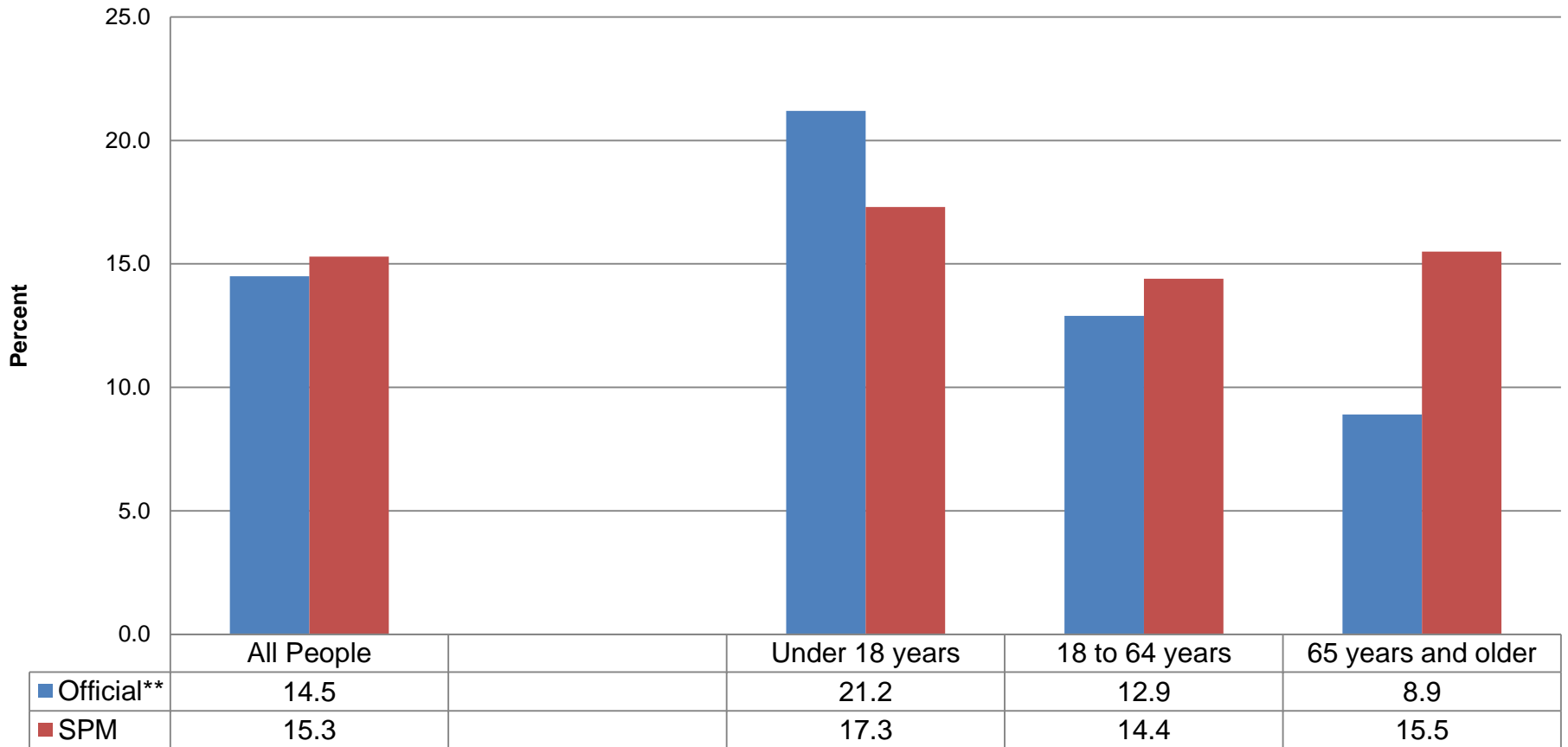
Aggregate Additions and Subtractions for All SPM Family Groups: 2009



Aggregate Additions and Subtractions for Poor SPM Groups: 2009



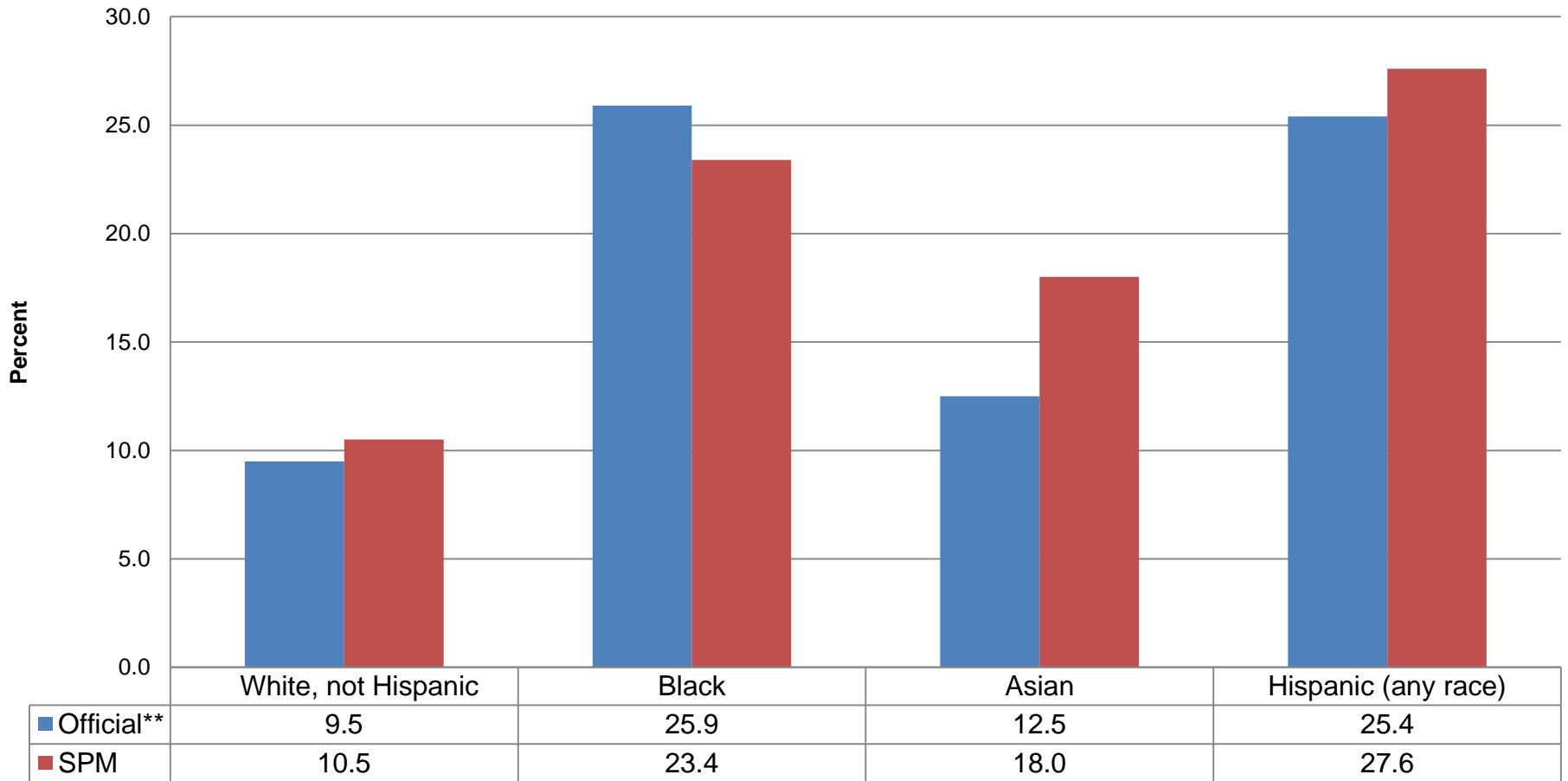
Poverty rates for all people and by age group: 2009



**Includes unrelated individuals under age 15.

Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

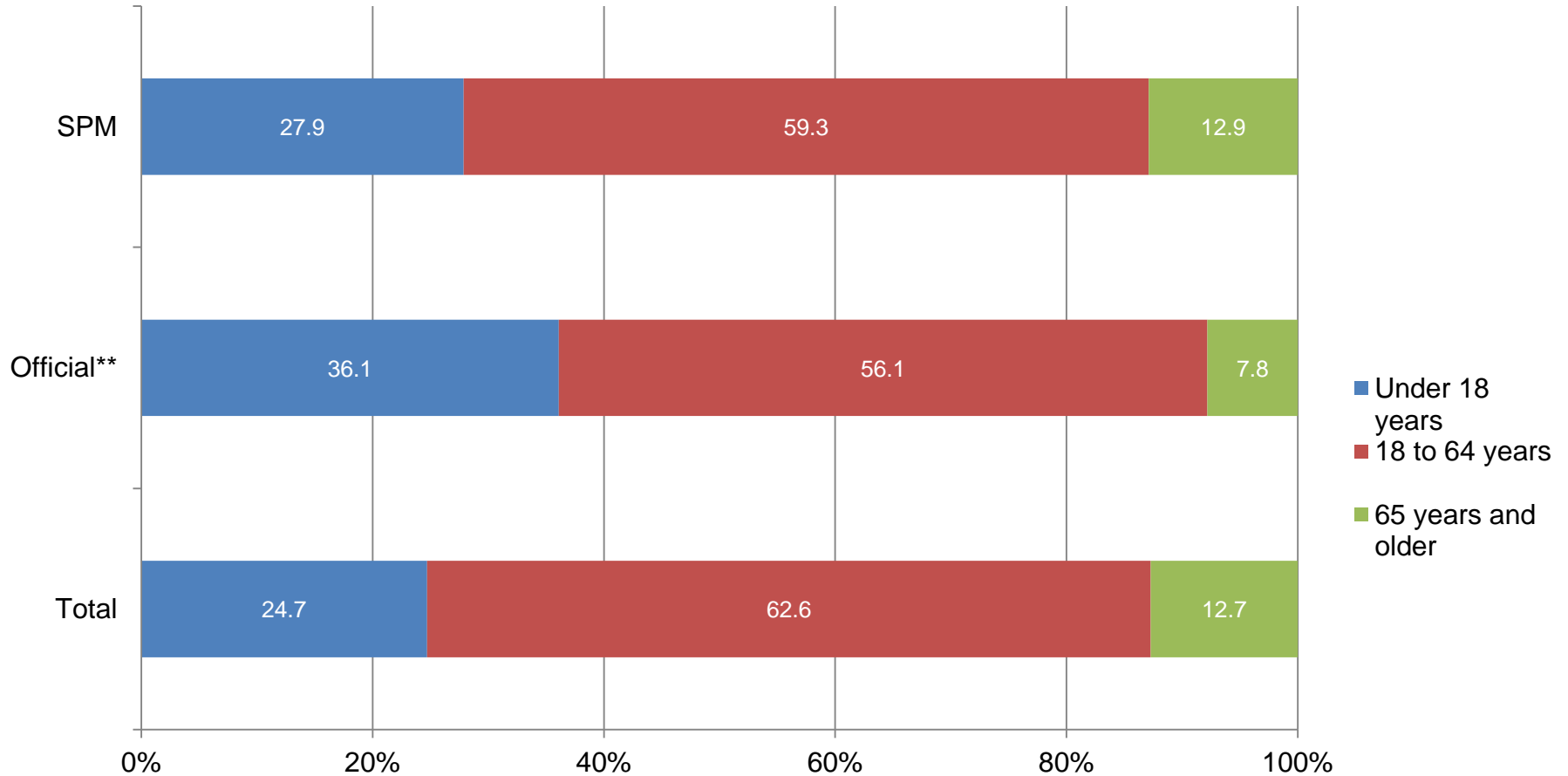
Poverty rates by race and ethnicity: 2009



**Includes unrelated individuals under age 15.

Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

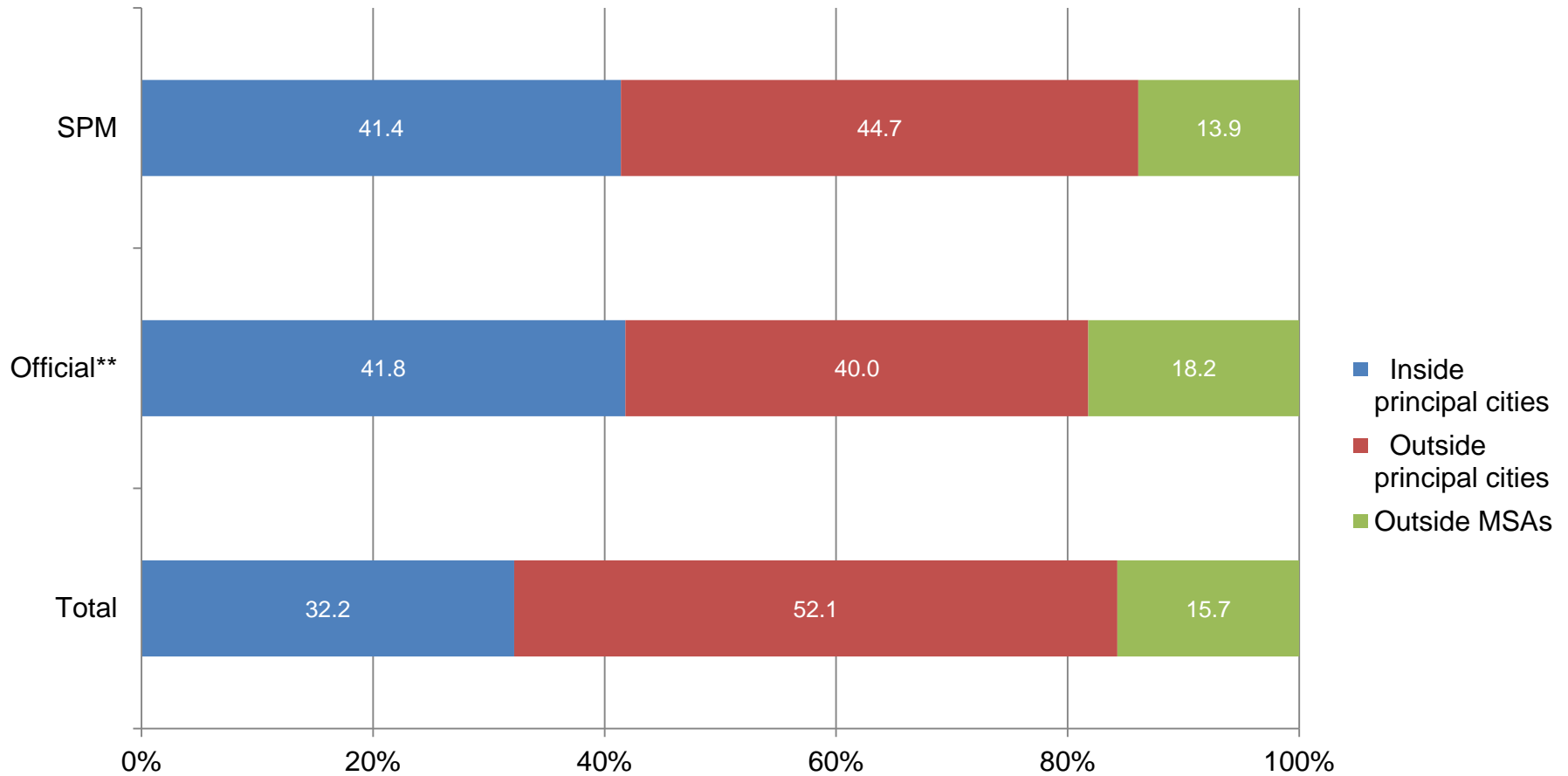
Composition of total and poverty populations by age group: 2009



** Includes unrelated individuals under age 15

Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

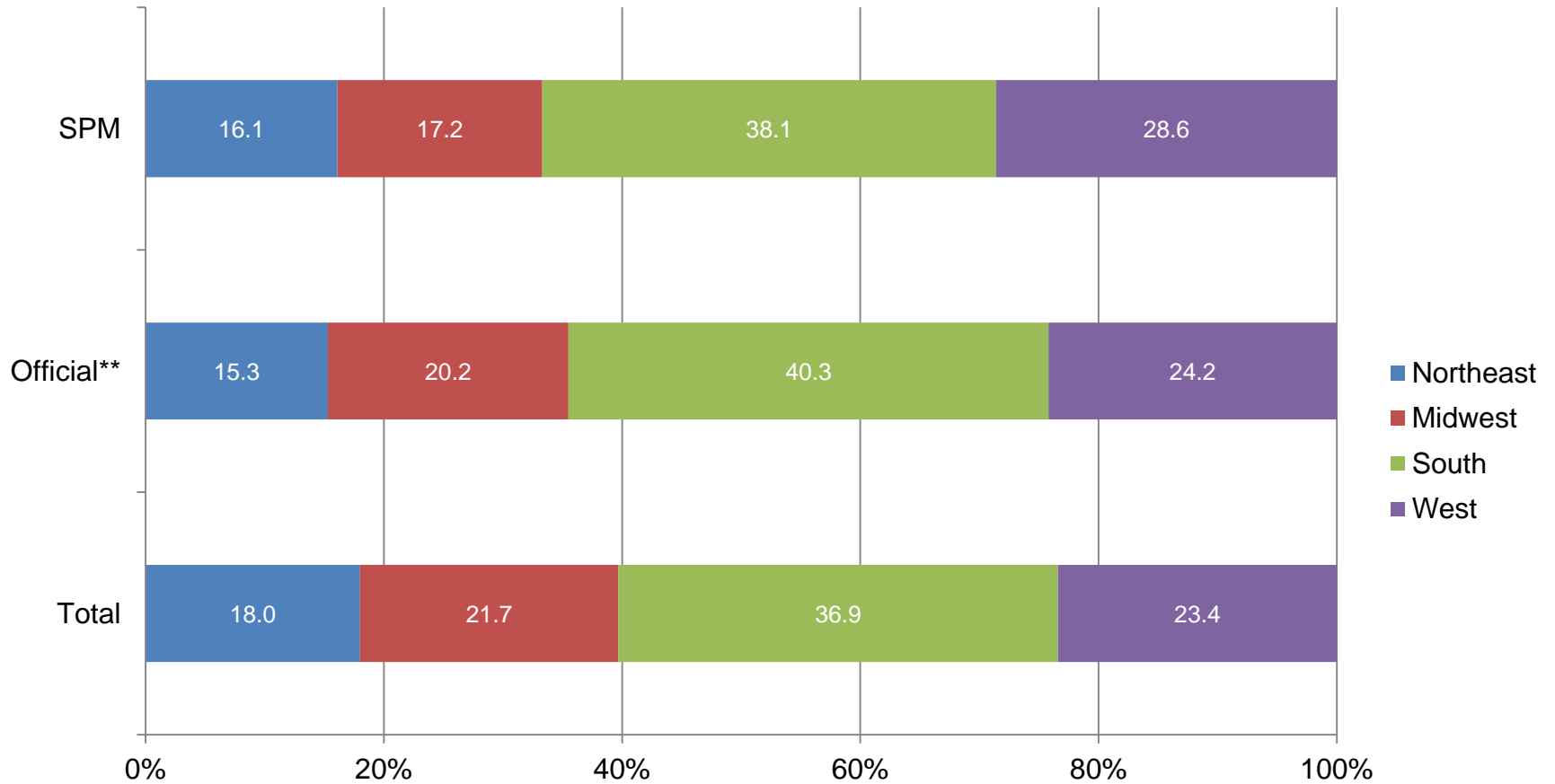
Composition of total and poverty populations by residence: 2009



** Includes unrelated individuals under age 15

Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

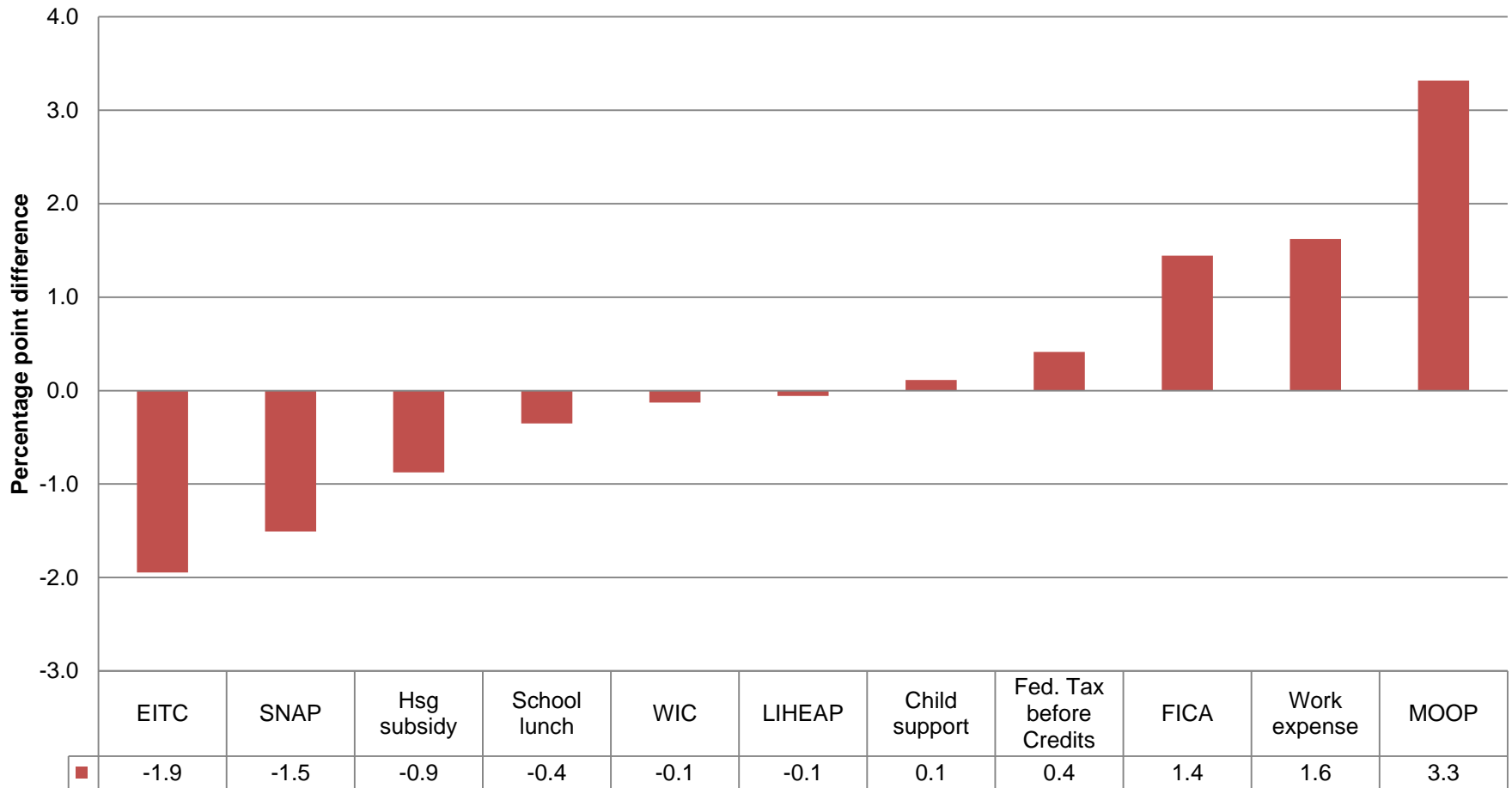
Composition of total and poverty populations by region: 2009



** Includes unrelated individuals under age 15

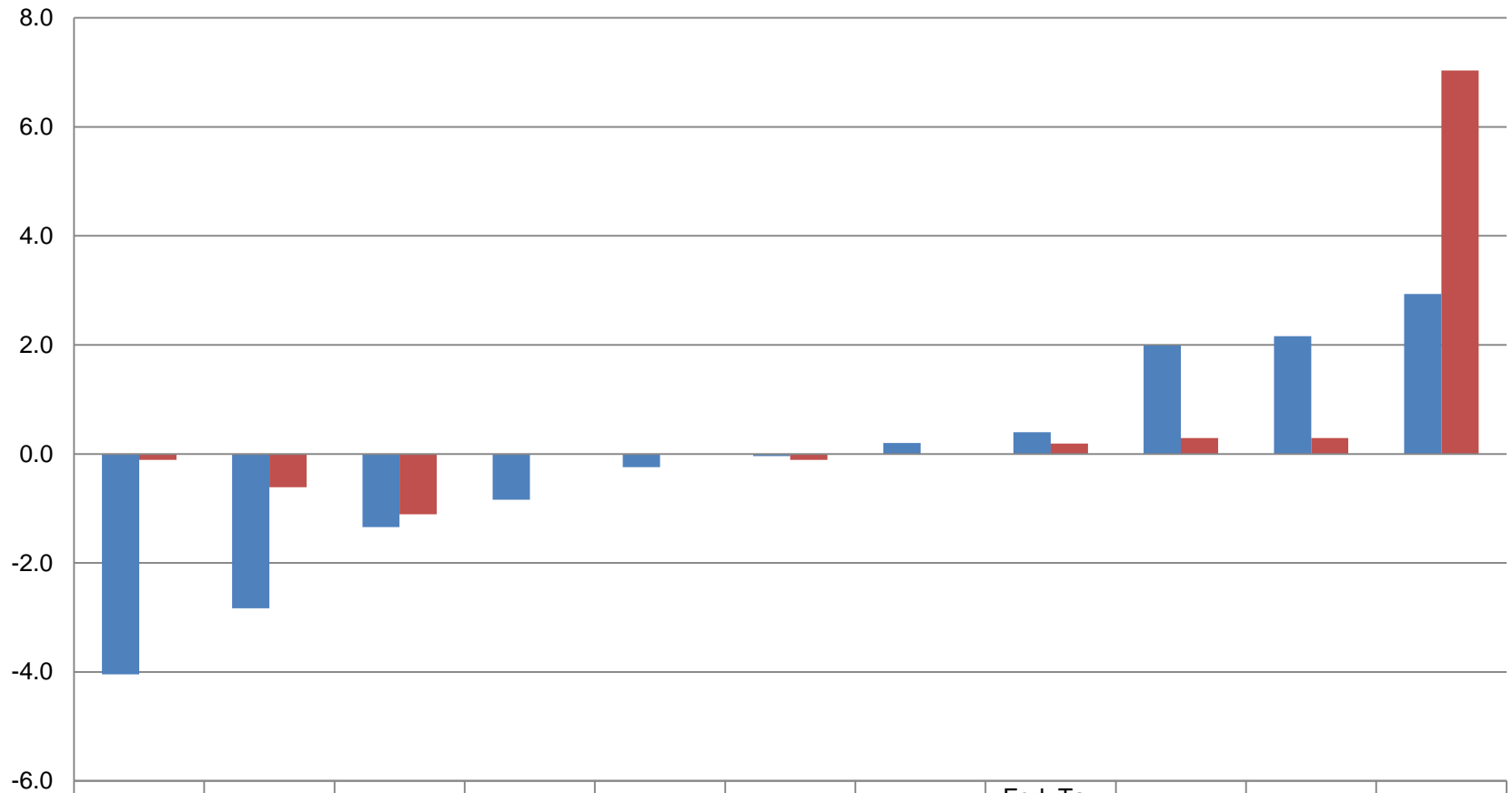
Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

Difference in SPM rate after including each element: 2009



Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

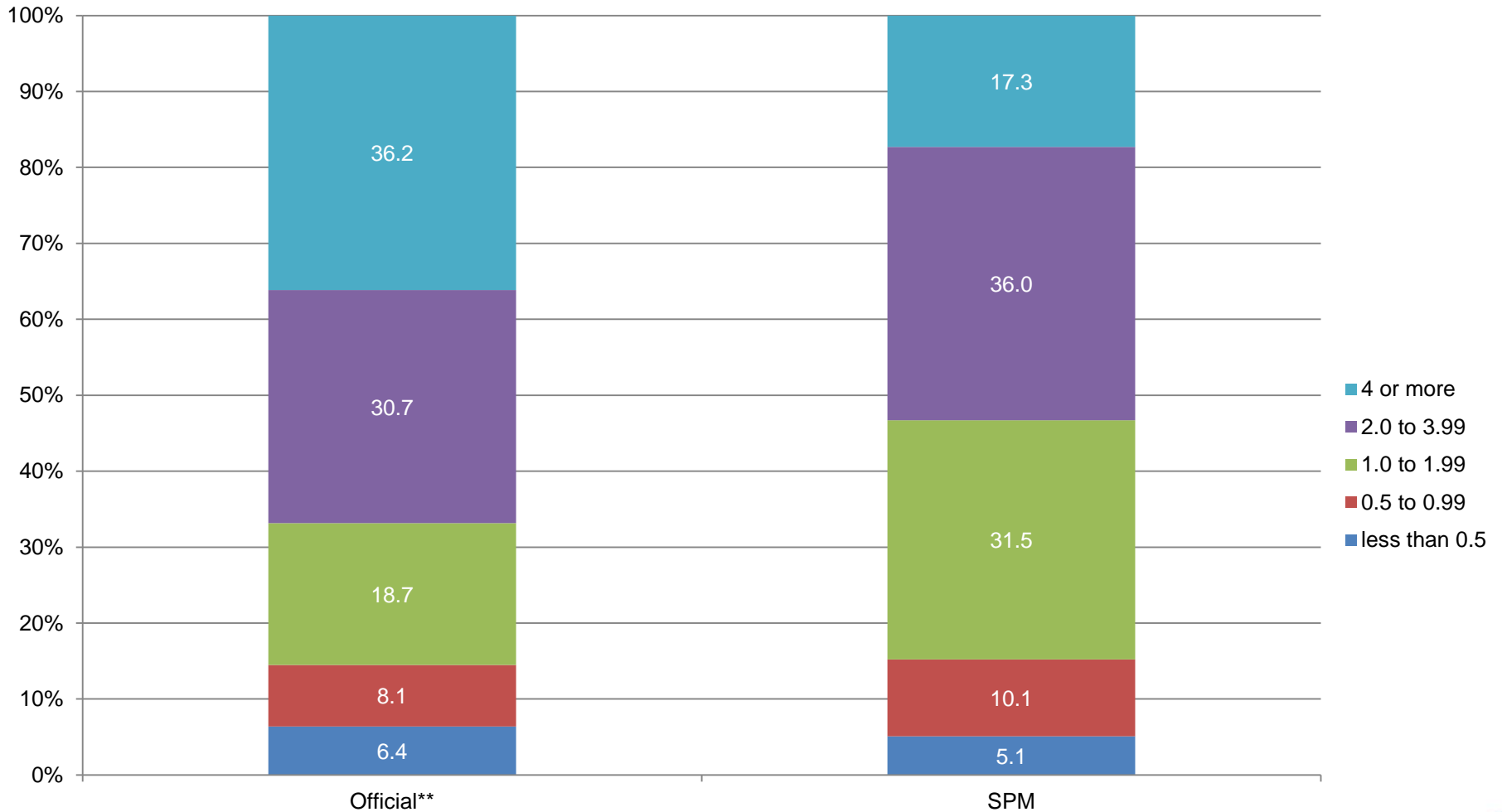
Difference in SPM rate after including each element for two age groups: 2009



	EITC	SNAP	Hsg subsidy	School lunch	WIC	LIHEAP	Child support	Fed. Tax before Credits	FICA	Work expense	MOOP
■ Under 18 years	-4.0	-2.8	-1.3	-0.8	-0.2	0.0	0.2	0.4	2.0	2.2	2.9
■ 65 years and older	-0.1	-0.6	-1.1	0.0	0.0	-0.1	0.0	0.2	0.3	0.3	7.0

Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

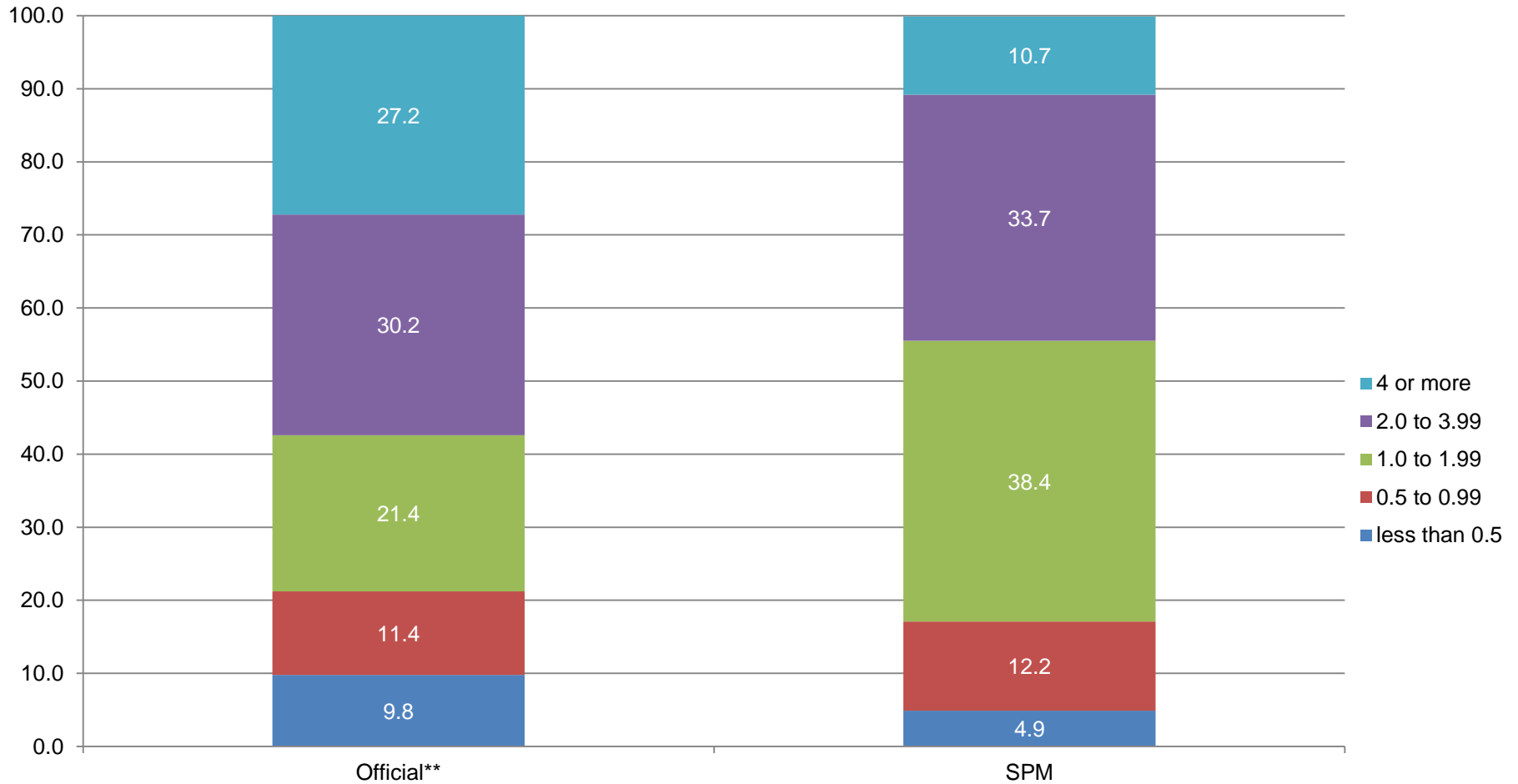
Distribution of People by Ratio of Income/Resources to Poverty Threshold: 2009



** Includes unrelated individuals under age 15.

Source: Current Population Survey, 2010 Annual Social and Economic

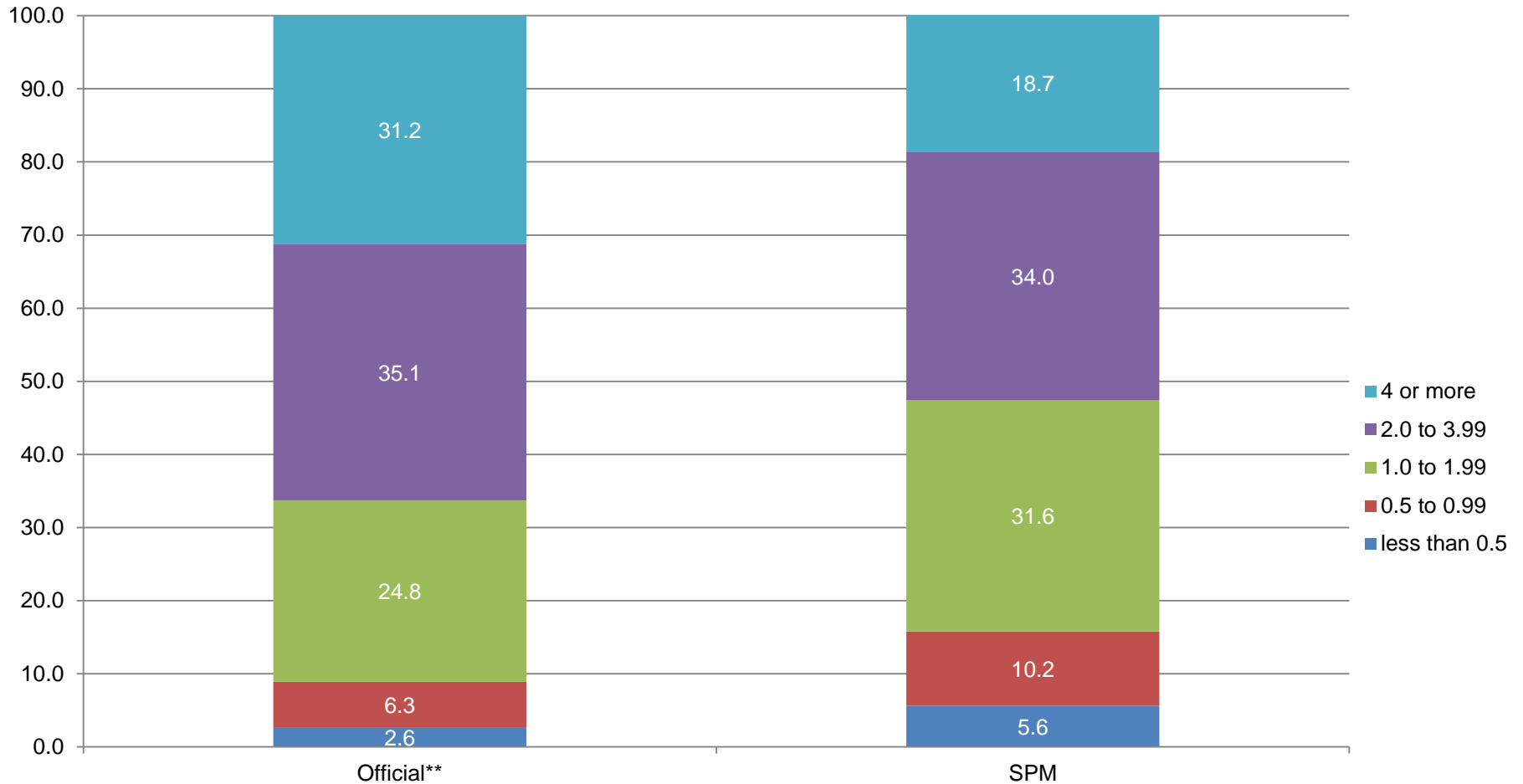
Distribution of People Under Age 18 by Ratio of Income/Resources to Poverty Threshold: 2009



** Includes unrelated individuals under age 15.

Source: Current Population Survey, 2010 Annual Social and Economic Supplement.

Distribution of People 65 Years of Age and Over by Ratio of Income/Resources to Poverty Threshold: 2009



** Includes unrelated individuals under age 15.

Source: Current Population Survey, 2010 Annual Social and Economic

Summary

- SPM rates were higher than official poverty rates in 2009, overall, and for most groups
- However, a few groups had lower rates
- Resource-to-poverty threshold ratio categories more concentrated in middle groups
- Percent of the population in “extreme poverty” is lower for most groups examined

Next Steps

- Continue research on elements of the SPM
 - Measurement of the poverty thresholds
 - Geographic adjustments
 - Collection of data on the receipt of in-kind benefits and necessary expenses, such as medical and commuting expenses
 - Adjustments for under-reporting of benefits, expenses, and the sources of cash income
- Consider production of public use micro data files
- Consider earlier release date

Poverty - Experimental Measures



Census.gov > People and Households > Poverty - Experimental Measures Main > Experimental Poverty Measures Publications > Working Papers and Conference Presentations: Arranged by Topic

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In this Section:

- [Experimental Poverty Measures Publications Main](#)
- [Supplemental Poverty Measure](#)
- [NAS-Based Poverty Measures](#)
- [Working Papers and Conference Presentations](#)
- [Related Census Bureau Reports on Poverty and Economic Wellbeing](#)
- [The Measure of Poverty \(1976\) and Technical Papers](#)
- [Williamsburg Conference and Technical Papers \(1985\)](#)

Working Papers and Conference Presentations: Arranged by Topic

- [Measuring Poverty - Historical Background \(before 1995\)](#)
- [Measuring Poverty - Overview and Background \(1995 and after\)](#)
- [Who are the Poor? Using Different Measures](#)
- [Poverty Thresholds](#)
- [Medical Expenditures](#)
- [Housing Costs](#)
- [Work-Related Expenses and Child Care](#)
- [Taxes and Unit of Analysis](#)
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- [Supplemental Poverty Measure: Latest Research](#)
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Price and Index Number Research

PINR FONT SIZE: PRINT:

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- PINR OVERVIEW
- PINR PUBLICATIONS
- PINR FAQs
- PINR EXPERIMENTAL POVERTY MEASURES
- CONTACT PINR

Experimental Poverty Measures

Since the mid-1990s, research within the Bureau of Labor Statistics (BLS) has focused on the development of new poverty thresholds. These thresholds are based on a 1995 National Academy of Sciences (NAS) report ([Measuring Poverty: A New Approach, Citro and Michael 1995](#)) and a 2010 Interagency Technical Working Group (ITWG) document with guidelines for Developing a Supplemental Poverty Measure (SPM) ([PDF](#)). Both documents refer to the U.S. Consumer Expenditure Survey (CE) as the basis for new expenditure-based poverty thresholds. Research on NAS and SPM thresholds has been conducted within the Division of Price and Index Number Research since 1995.

As noted in the ITWG document, the NAS recommendations provide the framework for a definition of the SPM; however, research over the years has suggested modifications to those recommendations in a number of cases. These are noted in the ITWG document. The SPM is not intended to replace the official poverty measure but is to be considered a work in progress, with the expectation that there will be improvements to it over time. The Census Bureau will update the SPM on an annual basis and improve it as new data, methods, and research become available. The ITWG noted that changes in the SPM over time are to be decided upon in a process lead by research economists, methodologists, and statisticians within the Census Bureau in consultation with BLS and with other appropriate data agencies and outside experts, and will be based on solid analytical evidence.

Both the NAS poverty measure and the SPM are experimental measures. As stated in the NAS report and again in the ITWG document, the role of the BLS is to conduct research on poverty thresholds and to provide these to the Census Bureau for use in its poverty measurement research.

The purpose of this web page is to provide access to recently produced expenditure-based poverty thresholds, many of the papers and presentations from this work, conducted in cooperation with Census Bureau and other academic researchers. The thresholds developed and described in the research articles, papers, and presentations are not produced using standard processing procedures at BLS. The Census Bureau website currently hosts the [research-based thresholds](#) and publications that focus on [NAS and SPM poverty statistics](#).

Questions?

SPM 2010

- We will be releasing new SPM estimates for 2010 on Monday, November 7, 2011.

Upcoming Releases from the U.S. Census Bureau

- 11/7- Supplemental Poverty Measure Research: 2010 Data to be released at the Brookings Institution
- Mid-November – Migration Data Products
- Late November – Older Population: 2010

Contact Information

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