

Impact on the Supplemental Poverty Measure: 2016

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Population Association of America Annual Meeting
April 9, 2019

SEHSD Working Paper #2019-23

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Supplemental Poverty Measure (SPM)

The Supplemental Poverty Measure: 2016
Current Population Reports

By Liana Fox
 Issued September 2017
 p60-261

INTRODUCTION

Since the publication of the first official U.S. poverty estimates, researchers and policymakers have continued to discuss the best approach to measure income and poverty in the United States. Beginning in 2011, the U.S. Census Bureau began publishing the Supplemental Poverty Measure (SPM), which extends the official poverty measure by taking account of many of the government programs designed to assist low-income families and individuals that are not included in the official poverty measure. This is the seventh report describing the SPM released by the Census Bureau, with support from the Bureau of Labor Statistics (BLS). This report presents updated estimates of the prevalence of poverty in the United States using the official measure and the SPM based on information collected in 2017 and earlier Current Population Survey Annual Social and Economic Supplements (CPS ASEC).

HIGHLIGHTS

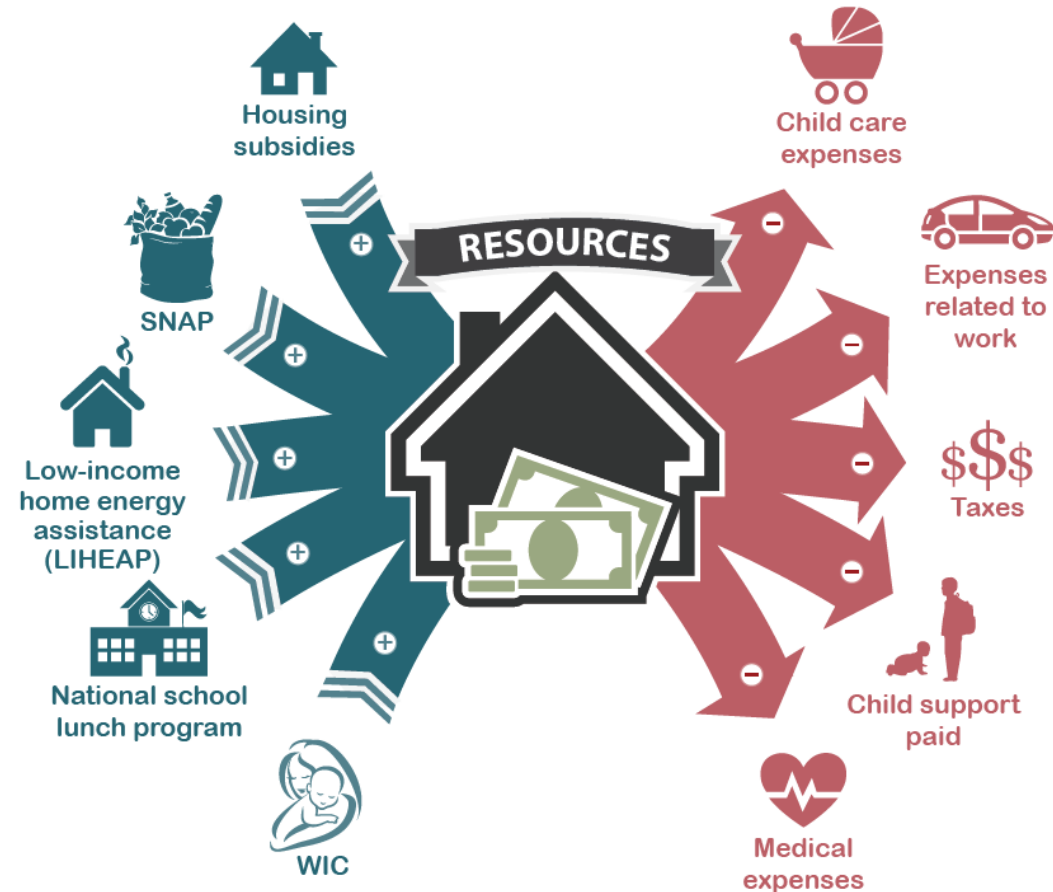
- In 2016, the overall SPM rate was 13.9 percent. This was 0.6 percentage points lower than the 2015 SPM rate of 14.5 (Figure 1 and Figure 2).
- SPM rates were down for children under age 18 and adults aged 18 to 64. SPM rates for individuals aged 65 and older were up, from 13.7 percent in 2015 to 14.5 percent in 2016 (Figure 1 and Figure 2).
- The SPM rate for 2016 was 1.2 percentage points higher than the official poverty rate of 12.7 percent (Figure 3).
- There were 13 states plus the District of Columbia for which SPM rates were higher than official poverty rates, 20 states with lower rates, and 17 states for

Figure 1. SPM Poverty Rates for Total Population and by Age Group: 2015 and 2016
 (In percent)

Age Group	2015 (%)	2016 (%)
All people	14.5	13.9
Under 18 years	16.2	15.1
18 to 64 years	14.1	13.3
65 years and over	13.7	14.5

Note: For information on confidentiality protection, sampling error, nonsampling error, and definitions, see www2.census.gov/programs-surveys/cps/techdocs/cpsr17.pdf. Source: U.S. Census Bureau, Current Population Survey, 2016-2017 Annual Social and Economic Supplements.

United States Census Bureau
 U.S. Department of Commerce
 Economics and Statistics Administration
 U.S. CENSUS BUREAU
census.gov



Source: U.S. Census Bureau, Current Population Survey, 2017 Annual Social and Economic Supplement. www2.census.gov/library/publications/2017/demo/p60-261.html.

Poverty Measure Concepts: Official and Supplemental

	Official Poverty Measure	Supplemental Poverty Measure
Measurement Units	Families (individuals related by birth, marriage or adoption) or unrelated individuals	Resource units (official family definition plus any coresident unrelated children, foster children, unmarried partners and their relatives) or unrelated individuals
Poverty Thresholds	Three times the cost of a minimum food diet in 1963	Based on expenditures of food, clothing, shelter, and utilities (FCSU)
Threshold Adjustments	Vary by family size, composition, and age of householder	Vary by family size and composition, as well as geographic adjustments for differences in housing costs by tenure
Updating Thresholds	Consumer Price Index: all items	5-year moving average of expenditures on FCSU
Resource Measure	Gross before-tax cash income	Sum of cash income, plus noncash benefits that resource units can use to meet their FCSU needs, minus taxes (or plus tax credits), minus work expenses, medical expenses, and child support paid to another household

2017 CPS ASEC Research File Changes

- Improved Income Imputations
- Means-Tested Program Benefit Caps Removed
- Additional Retirement Income Questions
- Household Relationships
 - No impact on SPM rates, but changes composition of sub-groups
 - Same-sex married couples still considered same SPM unit, but now classified as “Married couples” rather than “Cohabiting partners” in tables
- Health Insurance Changes
 - Mostly changes composition of sub-groups (fewer “not insured” units)
 - On-going research on medical expenditure imputations (MOOP2)

Highlights

The Supplemental Poverty Measure: 2016

Current Population Reports

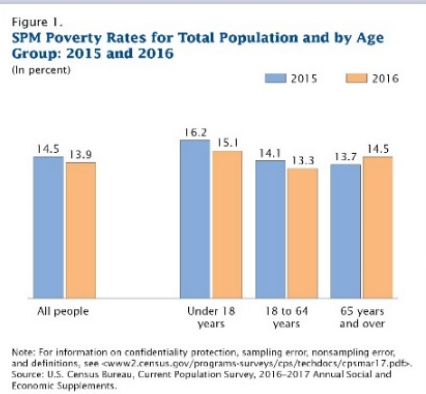
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HIGHLIGHTS

- In 2016, the overall SPM rate was 13.9 percent. This was 0.6 percentage points lower than the 2015 SPM rate of 14.5 percent (Figure 1 and Figure 2).



- SPM rates were down for children under age 18 and adults aged 18 to 64. SPM rates for individuals aged 65 and older were up, from 13.7 percent in 2015 to 14.5 percent in 2016 (Figure 1 and Figure 2).
- The SPM rate for 2016 was 1.2 percentage points higher than the official poverty rate of 12.7 percent (Figure 3).
- The percentage of individuals aged 65 and older with SPM resources below half their SPM threshold increased from 4.5 percent in 2015 to 5.2 percent in 2016 (Figure 6 and Appendix Table A-4).
- There were 13 states plus the District of Columbia for which SPM rates were higher than official poverty rates, 20 states with lower rates, and 17 states for

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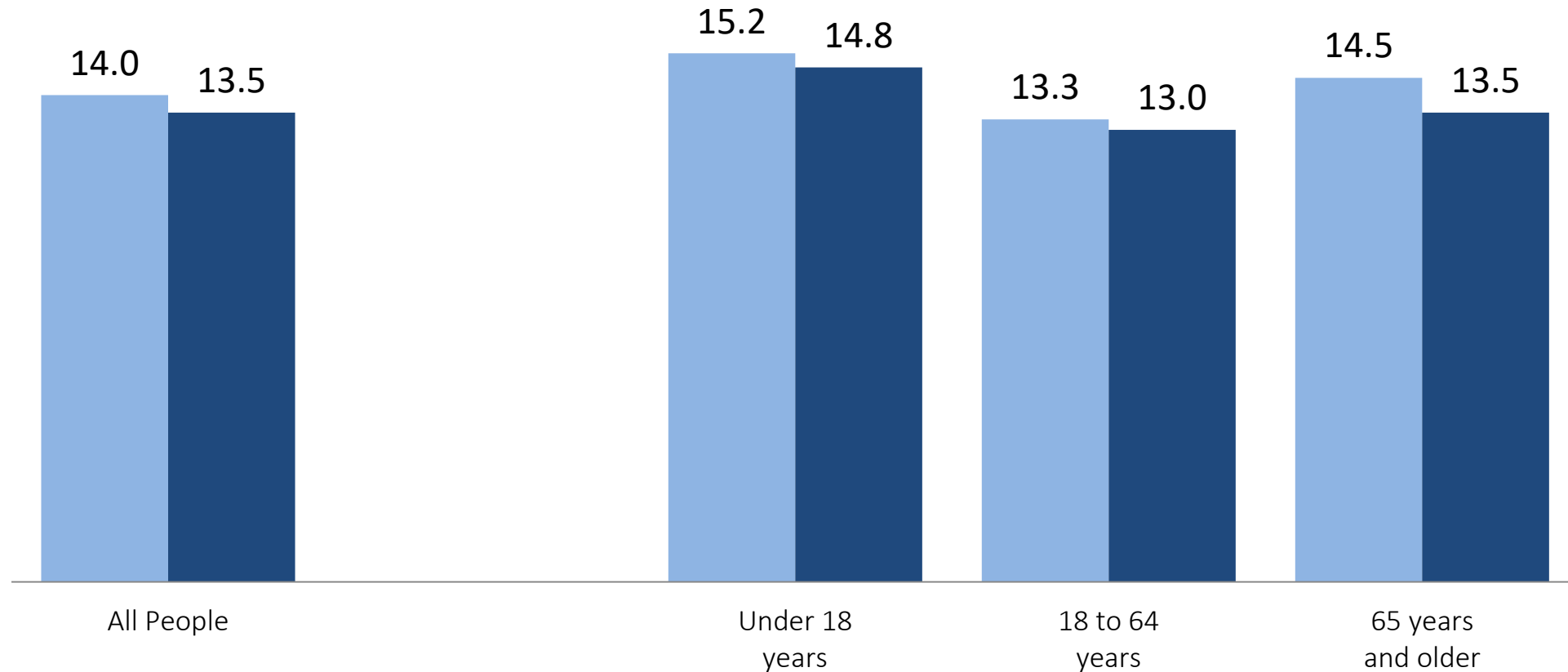
U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU
census.gov

- Using the new 2017 ASEC Research File, the Supplemental Poverty Measure (SPM) rate in 2016 was 13.5 percent. This was 0.5 pts lower than the published 2016 SPM rate of 14.0 percent.
- The SPM rate for 2016 was 0.7 percentage points higher than the official poverty rate of 12.8 percent. This overall gap was smaller than the published gap of 1.3 pts.

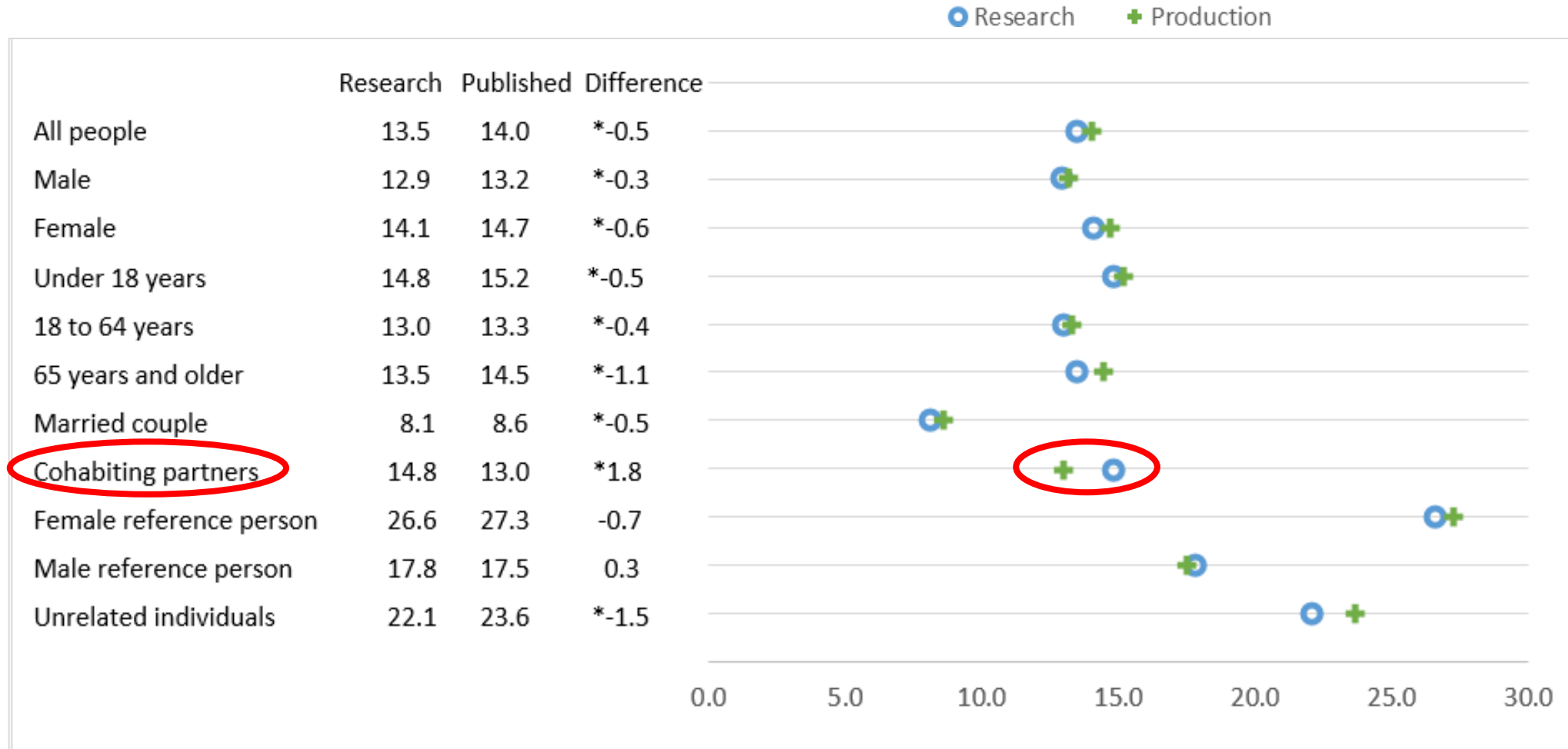
Comparison of SPM Poverty Estimates for 2016

(In Percent)

Production Research

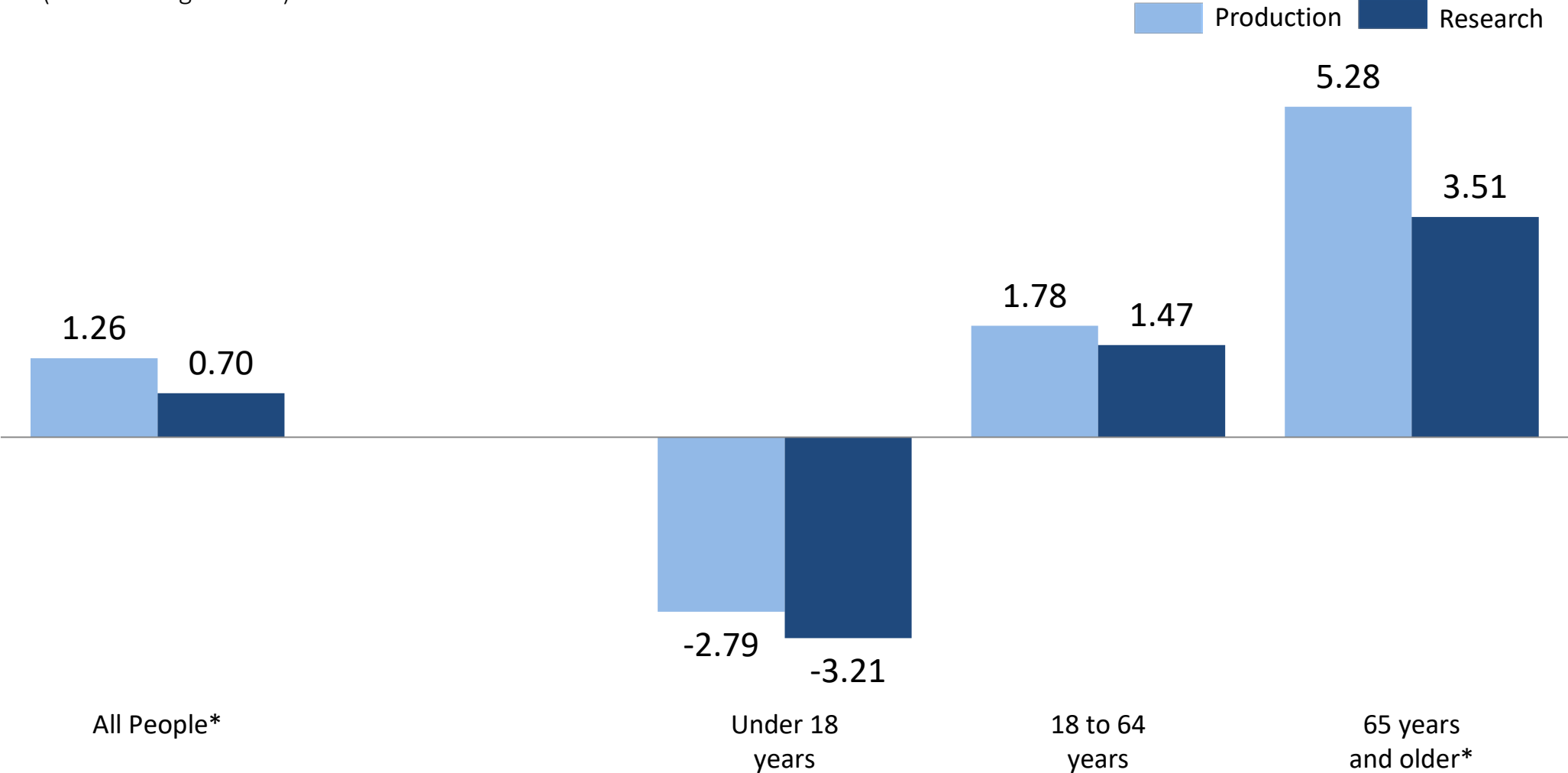


Percentage of People in Poverty by ASEC File: 2016



Gap Between SPM and Official Poverty Estimates: 2016

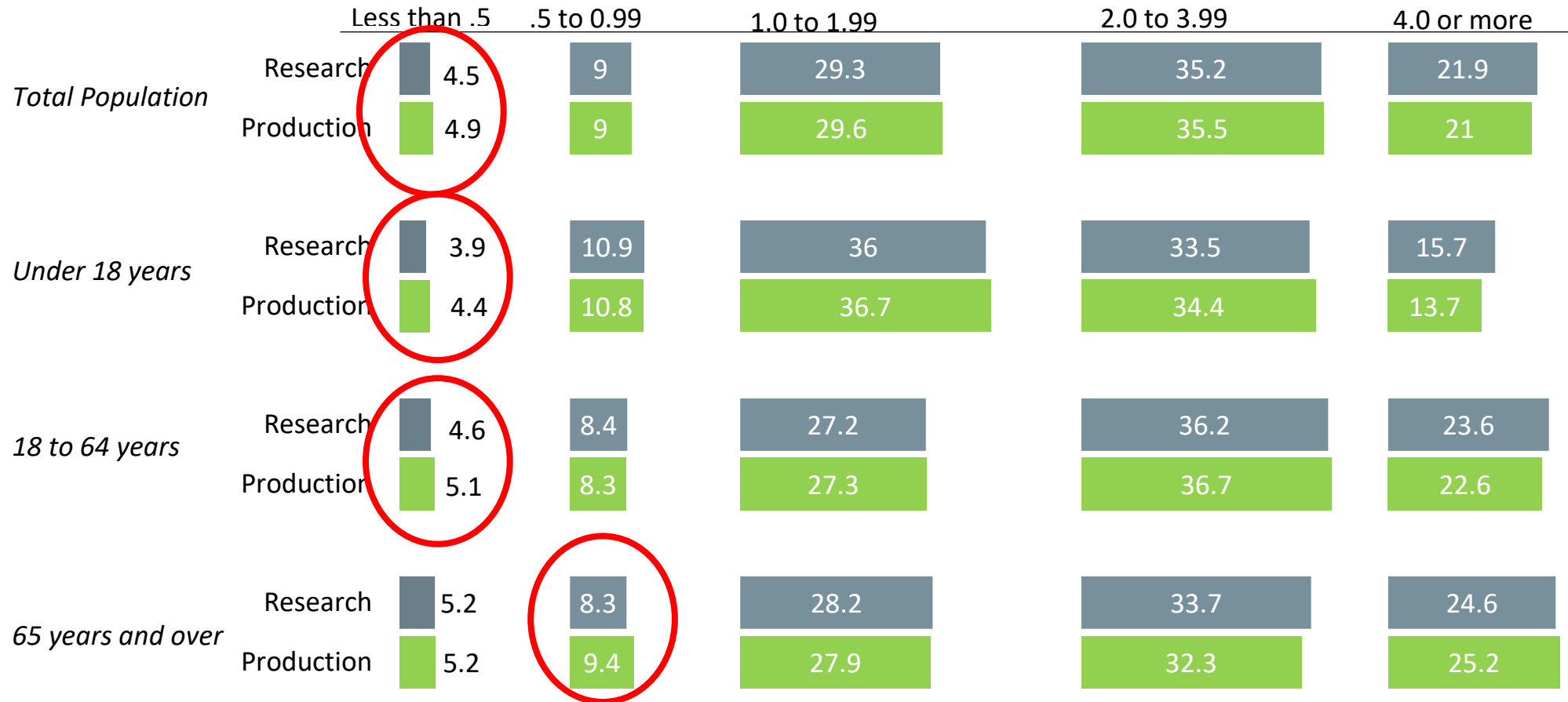
(In Percentage Points)



* Size of gap between SPM and official poverty estimates is statistically different.
Source: U.S. Census Bureau, Current Population Survey, 2017 Annual Social and Economic Supplements.

Distribution of People by Income-to-Threshold Ratios: 2016

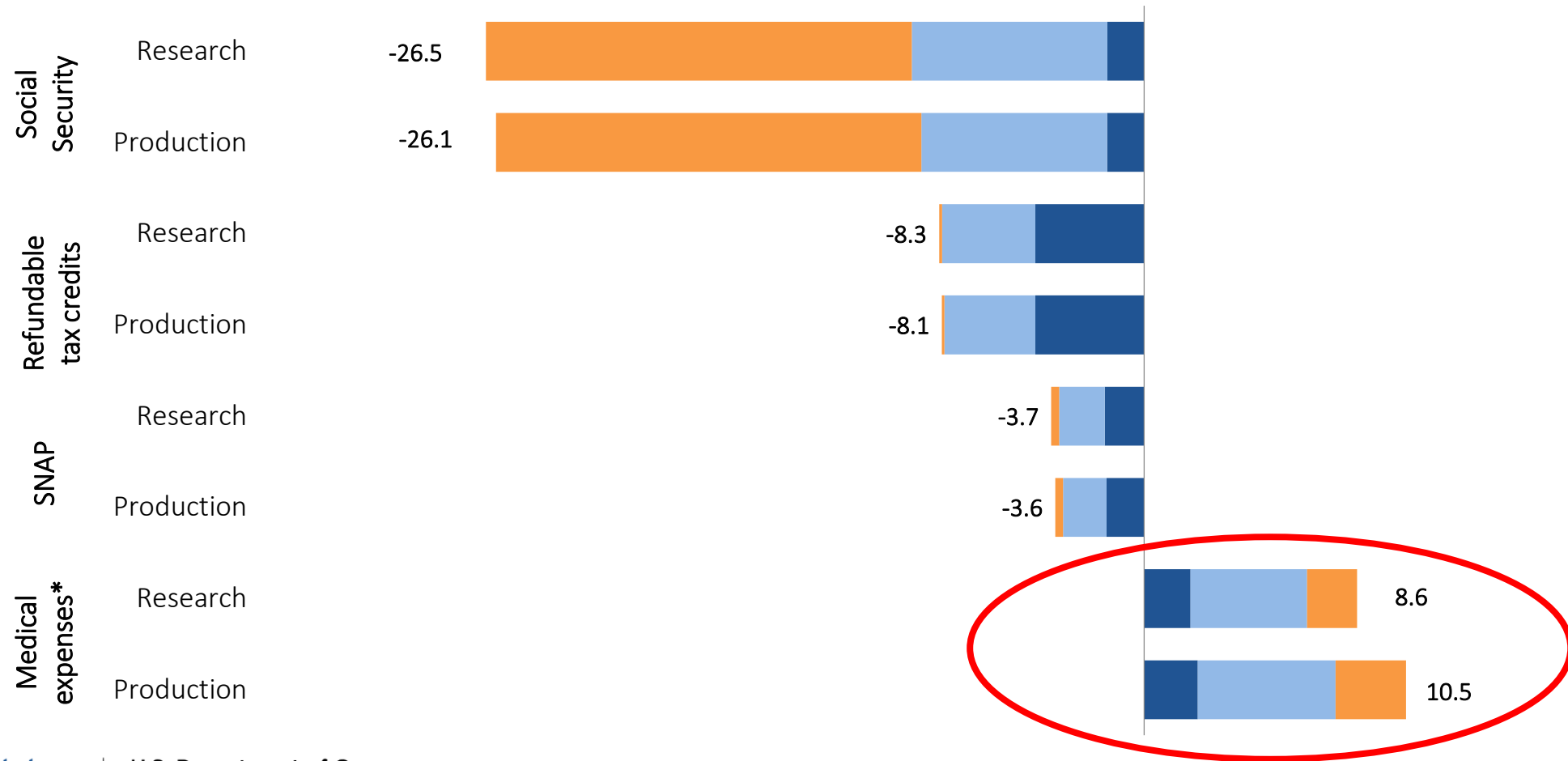
(In percent)



Change in Number of People in Poverty After Including Each Element: 2016

Numbers in millions

■ Under 18 years ■ 18 to 64 years ■ 65 years and over



For more information:

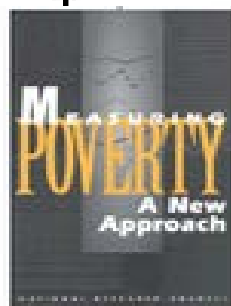
[<https://www.census.gov/data/datasets/time-series/demo/income-poverty/data-extracts.html>](https://www.census.gov/data/datasets/time-series/demo/income-poverty/data-extracts.html)

History of the SPM



National Academy of Sciences convenes a panel of experts to conduct a study of statistical issues in the measurement and understanding of poverty, *June 1992*.

An **Interagency** Technical Working Group on Developing a Supplemental Poverty Measure is formed by Commerce Under Secretary Rebecca Blank and Office of Management and Budget Chief Statistician Katherine Wallman and charged with developing a set of initial starting points to permit the U.S. Census Bureau, in cooperation with the Bureau of Labor Statistics, to produce a Supplemental Poverty Measure, *December 2009*

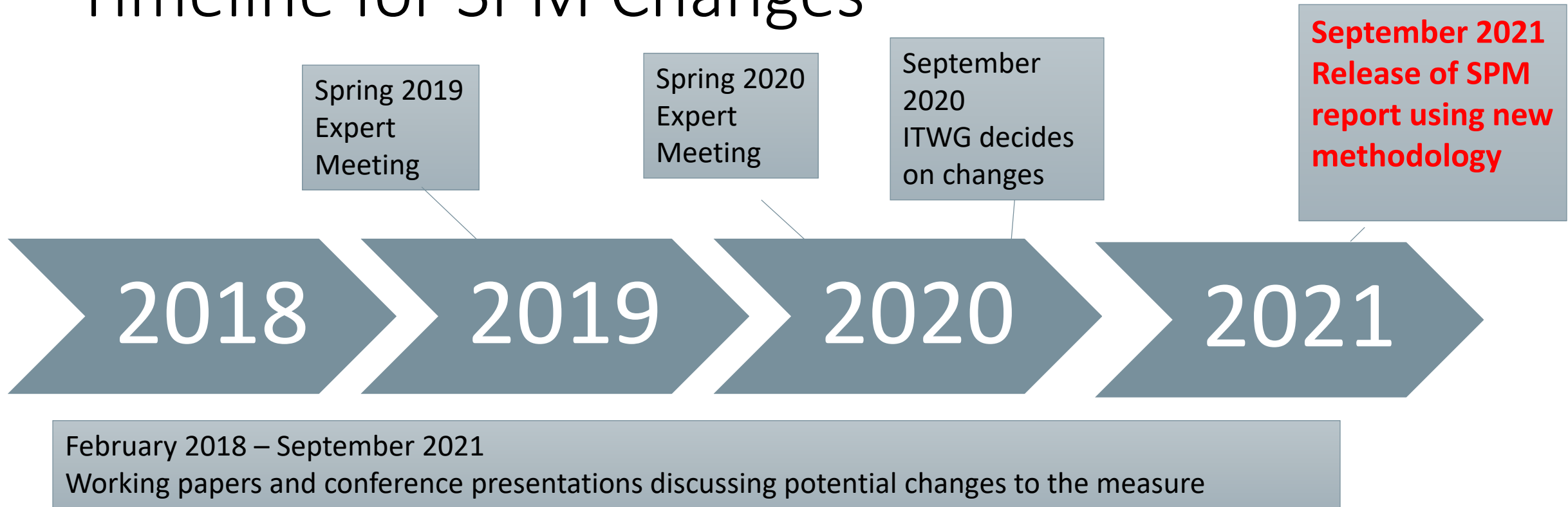


The Panel on Poverty and Family Assistance publishes a report proposing a new approach for measuring poverty.

Constance F. Citro and Robert T. Michael (editors), *Measuring*

Poverty: A New Approach, Washington, D.C., National Academy Press, 1995.

Timeline for SPM Changes



Spring 2019
Expert
Meeting

Spring 2020
Expert
Meeting

September
2020
ITWG decides
on changes

**September 2021
Release of SPM
report using new
methodology**

2018

2019

2020

2021

February 2018 – September 2021

Working papers and conference presentations discussing potential changes to the measure

September 2020 – September 2021

Research showing the impact of the changes on 2019 SPM rates - including research file.