

CNSTAT Study on Panel on Evaluation and Improvements to the Supplemental Poverty Measure

Agenda Measuring Resources Session

January 14, 2022
12:30 – 4:00 PM (U.S. ET)

MEETING GOALS: The charge to the panel is to assist the Census Bureau in making modifications to the SPM to ensure that it is providing information on the population's levels of economic need in a way that optimally informs public understanding of economic conditions and trends affecting people with lower incomes. The panel is focusing much of its attention on factors affecting economic wellbeing for which conceptual and measurement questions have proven most difficult to resolve. The panel has, for example, held sessions on the SPM's treatment of medical care and of housing, areas that make a big difference when determining who is counted as poor. This meeting covers a somewhat more dispersed set of topics related to measurement of SPM resources—that is, what counts toward a household's ability to meet basic (FCSU+) needs, including both resources and subtractions of necessary expenses? This meeting is intended to help inform the panel's deliberations on these topics.

12:30 **Welcome, Introductions, Meeting Plan** (10 minutes)
– **Jim Ziliak**, University of Kentucky, *Panel Chair*

Presentation and Discussion Topics. The plan for each session will be to have brief (~15 minutes) presentations followed by comments and informal Q&A, and then discussion of the listed questions.

12:35 **Treatment of Assets and Liabilities in Determining Income** (moderated by panel member **David Johnson**)

- Assets and liabilities can be central to the ability of households to smooth consumption when income is erratic. How should they be treated in SPM estimates of family resources? Should there be a complementary poverty measure that takes account of resources (i.e., separate from the SPM)?
- Do low-income families have enough savings and other assets to make smoothing an important issue? The main relevance of assets for SPM is probably for measuring retirement income. Capital gains, realized or unrealized, may not be large for the population of interest. (The CPS ASEC, and therefore the SPM, capture retirement income of the form of lump-sum payments in addition to annuities.)
- Should interest paid on debts (e.g., medical, credit cards) be subtracted from income? Although the SPM does not consider education loans as a part of income

(the CPS ASEC explicitly excludes loans), should repayment of student loans be considered a deduction in income?

- To what extent should financial assets be treated in a parallel fashion with owner occupied housing (owners)?

Presenters/comments

- **Robert Joyce** (Institute for Fiscal Studies). Overview of UK Social Metrics Commission treatment of assets and debt in the determination of resources available for a new experimental poverty measure.
- **Jordan Matsudaira** (panel member), to provide thoughts on treatment of student loans/debts

Background papers

- A pretty good description of what is included in the definition of resources (and money income from ASEC) can be found here:
<https://www.nap.edu/read/13525/chapter/6#54> (see also Citro Table on SPM Components of Resources)
- *Measuring Poverty 2020: Report of the Social Metrics Commission* (UK).
<https://socialmetricscommission.org.uk/measuring-poverty-2020/>
- *Asset-Based Measurement of Poverty*, by Andrea Brandolini, Silvia Magri and Timothy M. Smeeding.
https://www.istor.org/stable/20685183?seq=1#metadata_info_tab_contents

1:20 **Commuting/Transportation**; there are both threshold and resource issues here (moderated by panel member **David Johnson**)

- What are the (methodological and data) options for estimating commuting and other transportation costs? [Currently, SPM accounts for work-related expenses (excluding child-care) using a flat weekly income deduction applied to all individuals based on the number of weeks they reported working over the year in the CPS ASEC. The deduction is calculated from SIPP data on commuting expenses as well as other miscellaneous work expenses.]
- Should transportation be added as an explicit part of the household needs threshold in the SPM? [Nonwork-related transportation is currently included in the extra 20% added to FCSU]. As a point of comparison, consumer spending on transportation is several times higher than is spending on clothing.
- Should variation in transportation costs faced by families in different geographic locations, with different housing and job situations, etc., be incorporated into the SPM?

Presenters/comments

- **Michael Burrows** (Census Bureau, Journey to Work branch) to discuss the American Housing Survey and recent research into estimating commuting costs, as well as pros and cons of different data sources.
- **Alexandra Murphy** (National Poverty Center, University of Michigan) to inform the panel about her team's research on transportation in the context of "the new suburban poverty" (something that has not come up much during our

meetings, except during discussions of differential amenity levels and costs within metro areas).

Background papers

- *Research on Commuting Expenditures and Geographic Adjustments in the Supplemental Poverty Measure* (2011), by Rapino, McKenzie, and Marlay. <https://www.census.gov/library/working-papers/2011/demo/SEHSD-WP2011-25.html>
- *Measuring the Cost of Employment: Work-Related Expenses in the Supplemental Poverty Measure* (2017), by Mohanty, Edwards, and Fox. https://cps.ipums.org/cps/resources/other_docs/SEHSD-WP2017-43.pdf
- *What Are U.S. Households Paying To Commute?* New American Housing Survey findings highlight the links between where householders live and their commuting behavior and costs. <https://www.huduser.gov/portal/pdrEDGE/pdrEDGE-frm-asst-sec-060120.html>.

2:00 *Break*

2:10 **Childcare** (moderated by panel member **Jane Waldfogel**)

- Should childcare costs be deducted from resources as is done now or treated more analogously to a Health-Inclusive Poverty Measures approach, where both needs thresholds and resources are adjusted? How would adjustments vary by age and number of children (observed work status/preferences of parents)?
- To what extent does a (circular) methodology that deducts actual expenditures from a family's income underestimate unmet need (given that some with inadequate resources go without, and therefore have little to "deduct")? How, for example, should SPM treat a family who needs childcare, but isn't able to pay for it out-of-pocket and doesn't receive free or subsidized public care?
- Should early learning be considered a basic need (and not necessarily related to parents' work status?)
- How well do various data sources (e.g., the CPS) capture out-of-pocket expenditures on childcare?

Presenters/comments

- **Caroline Danielson** (Public Policy Institute of California) to discuss work on childcare in the context of the ACS-based SPM in California.
- Comments: **Liana Fox** (Census Bureau) and **Mary Beth Mattingly** (Federal Reserve Bank of Boston)

Background papers:

- *The Impact of Expanding Public Preschool on Child Poverty in California*, by Danielson and Thorman. <https://www.ppic.org/publication/the-impact-of-expanding-public-preschool-on-child-poverty-in-california/>
- *Child Care Expenses Push Many Families Into Poverty* (2017), by Mattingly and Wimer. <https://carsey.unh.edu/publication/child-care-expenses>
- *Using Administrative Records to Evaluate Child Care Expense Reporting Among Child Care Subsidy Recipients* (2019), by Kathryn Shantz.

<https://www.census.gov/library/working-papers/2019/demo/SEHSD-WP2019-11.html>

- *Paying for child care to work? Sometimes it just doesn't add up*, by Robert Hartley, Marybeth J. Mattingly, Jane Waldfogel, and Christopher Wimer

3:00 **Under-reporting of Benefits and Income** (moderated by panel member **Shelly Ver Ploeg**)

- How to correct for underreporting of benefits in surveys? Should some programs be jointly estimated (e.g., TANF, SNAP, Medicaid)?
- How can measurement of unreported income (e.g., under the table, some self-employed) be improved?
- Use of administrative data to sharpen estimates of income—for example, linking admin SNAP records to ACS to assess underreporting; or tax data to address underreporting (e.g., to adjust for IRA 401(k), very little of which is picked up as “regular” income in the CPS ASEC.
- Should income and transfers be jointly estimated? How can models such as TRIM or those used by CBO or Census be used?
- Estimating timing of transfers/taxes. [For example, EITC and the Child Tax Credit are not received by families until after mid-February of the calendar year after the tax year in which they are earned. SPM treats them as being received in the tax year they are earned.]

Presenters

- **Jon Rothbaum, Liana Fox** (Census Bureau) on (1) the Bureau’s data linkage initiatives [the Bureau now houses SNAP and WIC admin records for a number of states, in addition to other programs; and (2) model-based imputation to correct estimates of SNAP (and other benefits), in the absence of a complete universe of administrative records.
- **Laura Wheaton, Linda Giannarelli** (Urban Institute) will provide an overview of the TRIM3 approach and insights from results from linked data analyses for correcting for underreporting.
- **Chris Bollinger** (University of Kentucky) to discuss nonresponse and other measurement issues with the CPS, and income matching to administrative data to adjust income and benefits estimates.

Background papers

- *Fixing Errors in a SNAP: Addressing SNAP Under-reporting to Evaluate Poverty*, by Jonathan Rothbaum, Liana Fox, Kathryn Shantz (October 18, 2021)
<https://www.bls.gov/cex/fixing-errors-in-a-snap-addressing-snap-under-reporting-to-evaluate-poverty.htm>
- *The Role of CPS Nonresponse in the Measurement of Poverty*, by Charles Hokayem, Christopher Bollinger, and James P. Ziliak.
<https://www.tandfonline.com/doi/abs/10.1080/01621459.2015.1029576>
- *Linking Administrative and Survey Data Provides a More Complete Picture of Whether SNAP Benefits Reach the Poorest Households*, by Erik Scherpf
<https://www.ers.usda.gov/amber-waves/2015/september/linking->

administrative-and-survey-data-provides-a-more-complete-picture-of-whether-snap-benefits-reach-the-poorest-households/

- *The Effect of Different Tax Calculators on the Supplemental Poverty Measure* (2016), by Laura Wheaton and Kathryn Stevens, Urban Institute. [Main findings: the tax filing unit definition matters more than specific tax model used. If Census uses any tax model other than their own, they wouldn't be able to include EIP in the current year SPM report.] <https://www.census.gov/library/working-papers/2016/demo/wheaton-stevens-2016.html>.
- *Imputing 2020 Economic Impact Payments in the 2021 CPS ASEC* (2021). By Bee, Hokayem and Lin. <https://www.census.gov/library/working-papers/2021/demo/SEHSD-WP2021-18.html>.
- *Supplemental Nutrition Assistance Program (SNAP) Access at the State and County Levels: Evidence From Texas SNAP Administrative Records and the American Community Survey*, by Constance Newman and Erik Scherpf. <https://www.ers.usda.gov/publications/pub-details/?pubid=45139>
- *Factors Contributing to High Estimated SNAP Participation Rates: Insights from Microsimulation Model Comparisons and Analysis of CPS-Linked SNAP Administrative Records Data* by Laura Wheaton, Nancy Wemmerus, and Thomas Godfrey. [Microsoft Word - SNAPSubgroups FinalRpt.333LB18P00000060 \(copafs.org\)](https://www.copafs.org/microsoft-word-snapsubgroups-finalrpt.333lb18p00000060)

4:00 Adjourn

Panel Statement of Task

The National Academies of Sciences, Engineering, and Medicine will convene an expert consensus panel to evaluate the Supplemental Poverty Measure (SPM) and recommend improvements to the measure. The intent of the panel is to assist the Census Bureau and the Bureau of Labor Statistics to ensure that the SPM is fulfilling its mandate to provide information on aggregate levels of economic need that informs public understanding of economic conditions and trends affecting people with lower incomes. After reviewing the strengths and weaknesses of the SPM in its current form, the panel will consider modifications that would increase its value to policy makers and researchers for the uses to which it is, or potentially could be, applied.

The panel will focus its attention on factors affecting economic wellbeing for which conceptual and measurement questions have proven most difficult to resolve. Factors that the panel may review in this regard include, but are not limited to: medical care, child and other dependent care, housing/shelter, taxes, non-health and non-housing in-kind transfers, and assets/debts. Such factors present challenges in establishing what constitutes people's "basic needs" and in determining the resources on hand to meet those needs. The panel will also review methods for adjusting poverty thresholds (e.g., for family size, price changes, or geographic variation in cost of living), survey quality issues, and the potential role of alternative data sources for poverty measurement purposes.

The panel will note instances where its recommendations for improving the SPM are consistent with or, if such cases arise, diverge from guidance proposed by other expert groups. The panel may also evaluate the process whereby the SPM is periodically updated to incorporate methodological advances or improvements in source data.

At the conclusion of the 24-month study, the panel will issue a consensus report with conclusions and recommendations. The focus of the report will be on changes that may be considered for revision cycles beyond 2021, after recommendations issued by the SPM Interagency Technical Working Group are expected to have been implemented (although the panel may comment on those changes in terms of their usefulness going forward).