

Workshop on Experimental Poverty Measures

The Melrose Hotel
2430 Pennsylvania Avenue, NW
Washington, DC
June 15-16, 2004

Day 1 Tuesday, June 15, 2004

8:30 am Continental Breakfast

9:00 **Welcome and Opening Remarks**

Timothy Smeeding, Syracuse University
Katherine Wallman, Office of Management and Budget

9:10 **Session 1: Overview of What Has Happened Since the 1995 NRC Study**

Chair: *Timothy Smeeding, Syracuse University*

Nancy Gordon, U.S. Census Bureau
Katherine Wallman, Office of Management and Budget

9:30 **Session 2: Work-related and Childcare Expenses**

The bureau has explored the use of multiple methods to account for work-related and childcare expenses. Is there one approach that should be carried forward? Discussion of alternatives and future research priorities may prove helpful.

Chair: *Rebecca Blank, University of Michigan*
Presenter: *Kathleen Short, U.S. Census Bureau*
Discussants: *Sandra Danziger, University of Michigan*
Doug Besharov, American Enterprise Institute and
University of Maryland

10:30 Break

10:45 **Session 3: Incorporating Medical Out-of-Pocket Expenses (MOOP)**

Recent reports that have published experimental poverty measures, P60-219 and P60-222, have used three approaches to incorporating MOOP. The first subtracts MOOP from income, the second incorporates MOOP into the thresholds, and the third combines the first two, adjusting both income and the threshold.

Chair: *Barbara Wolfe, University of Wisconsin-Madison*

Presenter: *Jessica Banthin, Agency for Healthcare Quality and Research, DHHS*

Discussants: *Richard Bavier, Office of Management and Budget*
David Betson, Notre Dame University
Gary Burtless, The Brookings Institution

12:45 Lunch

2:00 **Session 4: Equivalence Scales**

The bureau appears to have adopted a three-parameter equivalence scale to adjust thresholds for differences in family size. A quick overview of why the three-parameter scaled was chosen and a discussion of related research priorities for the future may be helpful. Units of analysis for the measure will be discussed in this session, including the question of how to treat cohabitators, foster children, and roomers and boarders.

Chair: *Timothy Smeeding, Syracuse University*

Presenters: *David Betson, Notre Dame University*

Discussants: *David Johnson, Bureau of Labor Statistics*

3:00 Break

3:15

Session 5: Geographic Adjustments

The bureau has been producing estimates that are adjusted for geographic differences based on differential housing costs and that are not adjusted for geographic differences. Is the Fair Market Rents method the most appropriate? Are there viable alternatives to Fair Market Rents as a basis for the adjustment? Are the methods used to adjust for geographic differences technically sound?

Chair: *Graham Kalton, Westat*

Presenter: *Charles Nelson, U.S. Census Bureau*

Discussants: *John Ruser, Bureau of Economic Analysis*

Mark Shroder, Department of Housing and Urban Development

4:15

Session 6: Incorporating the Value of Housing

- a) Imputing Rent for Owner-Occupied Housing
- b) Valuing Housing Subsidies

The NAS report stressed the importance of accounting for the flow of services home owners obtain from their home in counting resources, but noted limitations in data and measurement that made this impractical for poverty measurement. What new data and methods are available to impute rent or otherwise account for home ownership?

The second experimental poverty measure report, P60-216, includes measures using two alternative approaches to valuing housing subsidies, one based on Fair Market Rents and the other based on the 1999 American Housing Survey. What are the strengths and limitations of these approaches?

Chair: *Barbara Wolfe, University of Wisconsin-Madison*

Presenters: *Thesia Garner, Bureau of Labor Statistics (imputing rent)*

Sharon Stern, U.S. Census Bureau (valuing housing subsidies)

Discussants:

*Stephen Malpezzi, University of Wisconsin-Madison
(on imputing rent)*

*Ronald Sepanik, Department of Housing and Urban Development
(on valuing housing subsidies)*

5:15 Open discussion

5:30 Adjourn

Day 2 – Wednesday, June 16, 2004

8:30 am Continental Breakfast

9:00 **Session 7: Issues for the Poverty Thresholds**

What are the different methodological options for setting the thresholds? What are the technical implications for each option? How do alternative methods to account for other components of the poverty measure interact with these options for setting the threshold? What are the implications of these options for the different uses of poverty measures (e.g., for administrative and policy purposes or for statistical purposes)?

Given these different options, how can the thresholds be updated? Should CPI or CE or other surveys be used for updating the poverty thresholds? How often should the thresholds be updated?

Chair: *David Betson, University of Notre Dame*

Presenter: *Constance Citro, Committee on National Statistics,
The National Academies*

Discussants: *June O’Neill, Baruch College
Nancy Folbre, University of Massachusetts*

10:15 Break

10:30 **Session 8: Data Issues**

- a) What adjustments ought to be considered for SIPP, if we were to consider moving away from CPS as the source of official poverty statistics in the future?

- b) What are the strengths and weaknesses of applying CE data to poverty measurement?
- c) How often do other data sources used in alternative poverty measures (the CE and the MEPS) need to be updated?
- d) What are the data needs for non-income surveys that also collect data relevant for poverty measurement research?
- e) How can the American Community Survey be used to estimate poverty at the state and local levels and what are the complications involved with using the ACS?
- f) What are the issues raised by the need for state-level estimates?
- g) How does the problem of underreporting of income interplay with alternative methods?

Chair: *Graham Kalton, Westat*

Presenter: *Daniel Weinberg, U.S. Census Bureau*

Discussant: *John Czajka, Mathematica Policy Research*

11:30 **Session 9: Leftover topics**

Chair: *Rebecca Blank, University of Michigan*

This session will be devoted to the discussion of topics that have arisen during the workshop and that are important overall, but were not precisely relevant to the sessions in which they arose.

12:00 **Wrap-up and Discussion: Overview of the workshop and a look forward**

Rebecca Blank, University of Michigan

12:30 Adjourn

Note on Sessions:

Time will be reserved at the end of each session for open discussion and wrap up. The chair of each session will emphasize key points of consensus and of disagreement.

Experimental Poverty Reports

U.S. Census Bureau. 1999. *Experimental Poverty Measures: 1990 to 1997*. Current Population Reports, Consumer Income, Series P60-201. Washington, D.C.: U.S. Department of Commerce.

U.S. Census Bureau. 2001. *Experimental Poverty Measures: 1999*. Current Population Reports, Consumer Income, Series P60-216. Washington, D.C.: U.S. Department of Commerce.

Recent Census Bureau Working Papers and Other Related Work

Bavier, Richard, "Medical Out-of-Pocket Spending in Poverty Thresholds," Poverty Measurement Working Paper, Census Bureau, October 2000.

Bavier, Richard, "Three False Steps: The National Research Council's report: *Measuring Poverty: A New Approach*, will inspire vigorous debate about the best way to measure poverty." Poverty Measurement Working Paper, Census Bureau, June 1999.

Betson, David, "Effect of Home Ownership on Poverty Measurement," University of Notre Dame, Poverty Measurement Working Paper, Census Bureau, 1995a.

Betson, David, "Is Everything Relative? The Role of Equivalence Scales in Poverty Measurement," University of Notre Dame, Poverty Measurement Working Paper, Census Bureau, 1996.

Betson, David M., "Imputation of Medical Out of Pocket (MOOP) Spending to CPS Records." University of Notre Dame, Poverty Measurement Working Paper, U.S. Census Bureau, February 2001.

Garner, Thesia I. and Patricia Rozaklis. 2001. "Owner-Occupied Housing: An Input for Experimental Poverty Measures."

Garner, Thesia I. and Kathleen Short. 2001. "Owner-Occupied Housing in Experimental Poverty Measures."

Iceland, John, "The 'Family/Couple/Household' Unit of Analysis in Poverty Measurement", U.S. Census Bureau, Poverty Measurement Working Paper, August 22, 2000.

Iceland, John and David Ribar, "Childcare Expenditures in a New Measure of Poverty", Paper presented at the annual meeting of the Population Association, Washington, D.C., March 2001.

Johnson, David, Stephanie Shipp, Thesia I. Garner, “Developing Poverty Thresholds Using Expenditure Data,” in *Proceedings of the Government and Social Statistics Section*. Alexandria, VA: American Statistical Association, August 1997, pp. 28-37.

Nelson, Charles, and Kathleen Short, *The Distributional Implications of [Geographic Adjustment of Poverty Thresholds](#)*, presented at annual meeting of ASSA, January 2004.

“Open Letter on Revising the Official Measure of Poverty,” Conveners of the Working Group on Revising the Poverty Measure, August 2, 2000.

Proctor, Bernadette D. and Joseph Dalaker, *Poverty in the United States: 2002*, U.S. Census Bureau, Current Population Reports, Consumer Income, P60-222, U.S. Government Printing Office Washington, D.C., September 2003.

Short, Kathleen, John Iceland and Joseph Dalaker. 2002. “Defining and Redefining Poverty”

Short, Kathleen and Thesia I. Garner. 2002. “A Decade of Experimental Poverty Thresholds 1990 to 2000”

Short, Kathleen and Thesia I. Garner. 2002. “Experimental Poverty Measures Under Alternate Treatments of Medical Out-of-Pocket Expenditures”

Short, Kathleen. 2001. “Where We Live – Geographic Differences in Poverty Thresholds”

Short, Kathleen. 2001. “Experimental Poverty Measures in the Survey of Income and Program Participation”

Stern, Sharon. 2000. “Valuing Housing Subsidies in a New Measure of Poverty: A Statistical Match of the American Housing Survey to the Current Population Survey.”

Stern, Sharon. 2000. “Valuing Housing Subsidies: A Revised Method for Quantifying Benefits in a New Measure of Poverty.”

Workshop Invitees

Joseph Altonji	David Johnson
E.R. Anderson	Graham Kalton
Anthony Atkinson (1995)	Louis Kincannon
Dean Baker	Steve Landefeld
Jessica Banthin	Michael Laracy
Richard Bavier	Stephen Malpezzi
David Beede	Donald Marron
Barbara Bergmann	Susan Mayer
Doug Besharov	Benita Melton
David M. Betson (1995)	Robert T. Michael (1995)
Laura Bevers	Jane Molloy
Rebecca M. Blank (1995)	Brent Moulton
Lawrence D. Bobo (1995)	Charles Nelson
Heather Boushey	Julie Nelson
Patricia Buckley	Don Oellerich
Paul Bugg	William O'Hare
Gary Burtless	June O'Neill
Maria Cancia	Diana Pearce
John Cogan (1995)	Samuel Preston (NAS)
Kathleen Cooper	Wendell Primus
Thomas Corbett	Robert Rector
John Czajka	Robert Reischauer
Joseph Dalaker	David Ribar
Sandra Danziger	Patricia Ruggles
Sheldon H. Danziger (1995)	John Ruser
Martin David	Gary D. Sandefur
Angus S. Deaton (1995)	Isabel Sawhill
Nick Eberstadt	Susan Schechter
Kathryn Edin	Kathleen Scholl
David T. Ellwood (1995)	John Karl Scholz
Gordon Fisher	Ronald Sepanik
Charles Fluharty	Kathleen Short
Nancy Folbre	Mark Shroder
Thesia Garner	Daniel Slesnick
Nancy Gordon	Timothy Smeeding
Nick Gwyn	Eugene Smolensky
Hermann Habermann	Sharon Stern
Ron Haskins	Marta Tienda
Robert M. Hauser (NAS) (1995)	Kathleen Utgoff
Robert Haveman	Denny Vaughan
Bill Hoagland	Jane Waldfogel
John Iceland	Katherine Wallman
Julie Isaacs	Bruce Weber
Christopher Jencks (NAS)	John Weicher

Matt Weidinger
Daniel Weinberg
Walter Williams
Franklin D. Wilson (1995)
William Julius Wilson (NAS)
Barbara Wolfe
James Ziliak

(NAS) = National Academy of Sciences
Member
(1995) = 1995 NRC Poverty Panel Member

CNSTAT Workshop Planning Group

Members:

David Betson
Rebecca Blank
Graham Kalton
Timothy Smeeding
Barbara Wolfe

CNSTAT Staff

Constance Citro, Director, Committee on
National Statistics
Shelly Ver Ploeg, Study Director
Tanya Lee, Project Assistant
John Iceland, Consultant and Workshop
Rapporteur