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The Defining Down of Economic Deprivation: Why We Need to Reset the Poverty Line

SEPTEMBER 23, 2020 — SHAWN FREMSTAD

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The federal government currently uses two statistical measures of poverty: the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM). In 2019, the OPM's "poverty line"—the minimum amount of income a family unit must have to not be counted as poor—was $25,926 for a two-adult, two-child family unit.[1] The SPM's poverty line for the same family was $28,881 (assuming they rented and lived somewhere with average housing costs).[2]

Both these poverty lines are too low, particularly for households with adults caring for minor children, households that include people with disabilities, people with high student-debt obligations, and various other groups, but really for everybody in 2020. The root of the problem is the federal government's failure to update the OPM for increases in average real income and mainstream living standards since the early 1960s. As a result, the OPM has defined deprivation down over the past fifty-seven years. As currently designed, the SPM has largely locked into place the OPM's defining down of the poverty line.

In order to "provide a sound efficient basis for decisions and actions by governments, businesses, households, and other organizations," government statistics must be relevant, credible, and accurate.[3] The OPM fails all these tests, both as a measure of "income" and as a measure of "poverty." The picture it paints of poverty is understated, distorted, and misleading. The federal government should immediately stop using it as a statistical measure of poverty. The SPM improves in many respects on the OPM; in particular, it uses a much better measure of income. However, because the SPM also sets the poverty line too low, it is not currently relevant, credible, or accurate enough to use as an official statistical measure of poverty.

What follows in this report is an analysis of the current crisis in poverty measurement, with a particular focus on the poverty lines established by the OPM and SPM, and on households that include children. This report makes five recommendations that, if adopted, would improve the relevance, credibility, and accuracy of federal poverty measurement.

The first recommendation is to **immediately discontinue the Official Poverty Measure** as a statistical measure, given the serious fundamental problems with the measure such as its extremely low threshold and its failure to take in-kind benefits and taxes into account. The second recommendation is to **adopt a new relative poverty measure** that is tied to a fairly simple and tangible indicator, such as half of median disposable income, adjusted for family size and economies of scale. The third recommendation is to **improve the Supplemental Poverty Measure's thresholds** to establish a reasonable consumption-based poverty line that accounts for a broad array of goods and services. The fourth recommendation is to **factor the cost of necessities in health care, child care, and social participation** needs into the poverty threshold equation to better address today's care needs. The fifth and final recommendation is to **review how the Supplemental Poverty Measure treats refundable tax credits** such as the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) and determine whether it makes sense for the SPM to treat such credits as being received in the tax year they are earned, rather than in the payment year they are actually received.

The Federal Government's Two Statistical Measures of Poverty

The OPM and SPM are both annual income-poverty measures, meaning they compare a household's annual income with an annual dollar amount (a poverty line, sometimes referred to as a poverty threshold or standard) and do not take assets or debt into account. Beyond this basic similarity, the two measures vary considerably and have different histories. In addition to these two "statistical" measures of poverty, the U.S. Department of Health and Human Services (HHS) also produces a set of "programmatic" poverty lines, the HHS Poverty Guidelines, which are derived from the OPM's poverty lines.[4]

The Official Poverty Measure

President Nixon's Bureau of the Budget adopted the OPM as the federal government's official statistical measure of poverty in 1969. The measure that became the OPM was the more conservative version of two poverty measures developed by Mollie Orshansky, an economist at the Social Security Administration (SSA), in the early 1960s, and used by President Johnson's Office of Economic Opportunity (OEO) as its working definition of poverty. Notably, Orshansky's "original purpose was not to introduce a new general measure of poverty; instead, she was trying to develop a measure to assess the relative risks of low economic status (or, more broadly, the differentials in opportunity) among different demographic groups of families with children."[5]

Since 1963, the OPM's thresholds—the poverty line as we know it—have only been adjusted for inflation. This means that the thresholds have never been adjusted for increases in real median and average incomes, changes in consumption patterns, or changes in the public's understanding of the income needed to avoid poverty.[6]

Before the OPM existed, programmatic poverty lines and minimum-income standards were typically based on budget studies that calculated the amount of money needed to purchase the basket of goods and services needed for a specified standard of living. In a review of budget studies conducted in the United States in the late nineteenth century and most of the twentieth century, researchers at the Bureau of Labor Statistics (BLS) note, "budget standards and family budgets were based on two different methodologies: expert decisions were devised to ascertain how much income a family might require to reach a certain standard of living, and estimates were obtained on the actual purchasing power of particular families."[7]

The Bureau of Labor Statistics used a combination of these prescriptive and descriptive methods to produce "family budgets" between 1947 and 1979. Typically, these budgets estimated the minimum income a family needed to live at a "modest but adequate" level, a level that would have been viewed as somewhat higher than poverty, at least as defined by the OPM when initially set. For example, in 1966, BLS described its "City Worker's Family Budget" as representing a "moderate living standard" that "provides for the maintenance of health and social well-being, the nurture of children, and participation in community activities."[8] According to BLS, this "moderate" living standard was higher than "subsistence" but lower than "the standard of living . . . enjoyed by a majority of American families..."[9]

The OPM largely departed from the BLS family-budget approach. In designing the measure that eventually became the OPM, Orshansky started with two of the 1962 food plans established by the U.S. Department of Agriculture (USDA): its standard "low-cost" food plan and a newly developed "economy plan for emergency use." The economy/emergency plan cost 20 percent less than USDA's standard "low-cost" plan.[10] It was meant for "temporary or emergency use when funds are low."[11] By contrast, the standard low-cost food plan was the plan "most often used by social welfare and public health agencies for calculating allotments and planning family food budgets."[12] All of the USDA plans were based on 1958 nutritional recommendations and USDA's 1955 Household Food Consumption Survey.

Both the low-cost and economy/emergency plans, if followed to the letter, would provide what was considered adequate nutrition based on 1958 nutritional standards. Both also assumed, as Orshansky noted at the time, that the household included not just a "housewife," but a very specific kind of ideal 1950s housewife: "a careful shopper, a skillful cook, and a good manager who will prepare all the family's meals at home."[13] As a practical matter, the economy/emergency plan was more difficult to adhere to, so a family that only had income sufficient for it was more likely to be at nutritional risk.

Instead of costing out each of the various other elements of a basic living standard (housing, utilities, clothing, transportation, and so on), Orshansky multiplied the amount of money needed to purchase each food plan by three, reasoning that "[r]ecent studies of food consumed by families . . . showed that, on an average, the expenditures for food came to one-third of family money income (after taxes)."[14] The most recent study was USDA's 1955 Household Food Consumption Survey, which showed that for families of three or more, the average weekly dollar value of food consumed was about one third of after-tax income.[15]

Orshansky described the resulting range of poverty estimates—the lower one based on the economy/emergency food plan and the higher one based on the national low-cost food plan—as ranging from "those undeniably in poverty status to those who risk deprivation because income is uncomfortably low."[16] In a 1964 memo, she described the measure using the low-cost food plan as "probably more realistic" than the one using the economy plan. After she had left government, she confirmed that the low-cost-plan-based measure was her preferred measure of poverty.[17]

In May 1965, however, the Office of Economic Opportunity adopted the measure based on the economy plan as "a working definition of poverty for statistical, planning and budget purposes."[18] An internal OEO briefing memorandum explained that the lower thresholds were adopted "on the premise that the first order task of the War Against Poverty is to get at the hard-core poor."[19] Although the OPM is commonly described, including by the 1996 NAS panel, as a measure of "economic deprivation," the use of the stereotypical term "hard-core poor" by the initial adopters of the OPM suggests the OPM was also kept low to target what some elite liberals at the time viewed as a "culture of poverty."[20]

In 1966, Orshansky, writing about trends in poverty between 1959-64, and using both of her poverty measures wrote: "no upward adjustment was made over the 1959-1964 period in either of the poverty measures to take account of the higher standard of living that a rising real income makes possible for the majority."[21]

SSA decided to take rising real incomes into account by increasing the thresholds in 1967. The decision was based on the increased cost (8 percent) of USDA's economy/emergency food plan.[22] SSA also considered increasing the multiplier based on findings from USDA's 1965 Household Food Consumption Survey, the first one since 1955.[23] This would have increased the thresholds by an additional 17 percent or more, but SSA ultimately decided changing the multiplier needed more study. President Johnson's Bureau of the Budget overruled SSA's decision to increase the thresholds by 8 percent and announced an inter-agency task force to study the issue. It's likely that this election-year decision was driven by political considerations.[24]

In 1969, President Nixon's Bureau of the Budget directed updating the thresholds annually for inflation only, using the CPI-W, and required federal agencies to use the resulting poverty measure for statistical purposes.[25] It was this latter decision that established the OPM as the single "official" measure of poverty and put it on a downward path compared to mainstream living standards. As Orshansky commented at the time, adjusting only for inflation "tends to freeze the poverty line despite changes in buying habits and changes in acceptable living standards."[26]

The OPM compares its base-1963, after-tax threshold with a family's before-tax money income. At the time it was developed, there was no existing method for calculating taxes owed by people in the Current Population Survey, which was, and still is, the primary household survey used for calculating poverty rates. As a measure of "money income," the OPM excludes in-kind income and benefits, including in-kind benefits such as SNAP, in-kind employee benefits, and tax benefits, including the EITC.[27] Except for annual updates for inflation, the OPM has changed little over the past fifty-seven years.[28]

The Supplemental Poverty Measure

The SPM is based on recommendations made by an Interagency Technical Working Group (SPM-ITWG) convened by President Obama's Office of Management and Budget (OMB) in 2009. These recommendations were in turn largely based on recommendations made by a panel of the National Academy of Sciences (NAS) that was convened in 1992 and funded by a Congressional appropriation. The NAS panel's recommendations were published in 1995 in a lengthy report.[29] The SPM-ITWG's recommendations deviated in some important respects from the NAS panel's recommendations, including, as discussed further below, in at least one fundamental way that has had the effect of pushing the SPM's poverty lines down.

The Census Bureau has published separate annual reports on poverty using the SPM since 2011. According to the Census Bureau's SPM webpage: "[b]oth the Census Bureau and the Interagency Technical Working Group consider the Supplemental Poverty Measure a work in progress and expect that there will be improvements to the statistic over time."[30]

Unlike the OPM, the SPM is a disposable-income measure that counts certain in-kind benefits (including SNAP and means-tested rental housing assistance) as income, and subtracts certain "non-discretionary" expenses from income. These include taxes (whether paid or not), a flat weekly amount for commuting and certain other work expenses (only for weeks in which a person works), actual ("out-of-pocket") spending of a family on health care and child care, and child support payments. While there are various other types of non-discretionary expenses, including payments on student loans and payments on public fines and fees, these are not subtracted from income.

In contrast to the OPM, the SPM's thresholds are not directly set using any of the USDA's food plans. Instead the SPM-ITWG recommended setting them equal to the thirty-third percentile of what households report spending on shelter, certain utilities, food, and clothing, multiplied by 1.2. (There are additional adjustments for family size, housing tenure, and geographic variation in housing costs. However, to keep things simple, this report largely focuses on the "national" SPM renter threshold for a family of two adults and two children before adjustments are made for geographic differences in shelter and utilities costs.) This means that the SPM thresholds have implicit budget standards for these four specifically included items as well as an implicit budget standard for all other items (20 percent of the sum of the shelter, certain utilities, food, and clothing standards).

The SPM deviates from the NAS recommendations for setting and updating poverty thresholds in a fundamental way. The 1995 NAS report recommended setting and updating the thresholds to keep them equal to a percentage of median annual spending on food, clothing, shelter, and utilities multiplied by 1.2, rather than to a specific percentile of spending on these items multiplied by 1.2. Household spending on basics is constrained by household income, with low-income households constrained the most.[31] So tying the SPM's thresholds to the thirty-third percentile of spending on shelter, certain utilities, food, and clothing introduces a kind of circularity into the SPM. As a result, the SPM is less responsive to changes in typical living standards—which are less constrained by economic deprivation—than the NAS measure. Of course, even many households with typical or median incomes struggle to make ends meet. But they still face fewer constraints than low-income families.

The NAS panel emphasized the importance of using the same percentage of median consumption and the same multiplier to update the thresholds each year.[32] Technically, the NAS panel did not "recommend" what specific percentage of median spending on food, clothing, shelter, and utilities should be used to set and annually update a new poverty measure. In fact, they noted that this was "the most judgmental of all the aspects of poverty measure" and required making a "final, ultimately political, judgment." However, they did "offer a conclusion" that setting the threshold equal to somewhere in the range of 78-83 percent of median spending on food, clothing, shelter, and utilities multiplied by 1.2 was both "reasonable" and, compared to other approaches, "conservative."[33]

Before the SPM was adopted, and until 2017, Census and BLS produced and published NAS poverty thresholds using this methodology. Table 1 shows the SPM thresholds for renters and the most directly comparable NAS poverty thresholds. On average, the SPM for renters was about 10 percent lower than the NAS thresholds during this period.

It's unclear why Census Bureau and BLS did not follow what was one of the most important recommendations of the NAS panel. It seems most likely that the deviation was a matter of political rather than scientific judgement, with the rationale of making the SPM an even more conservative measure of poverty than the NAS measure.

Of course, it is inevitable that executive branch officials will make political and normative decisions when setting income thresholds designated as "poverty" lines. The NAS panel acknowledged this. But political and normative decisions should be based on rationales that are transparent, and that give the public an opportunity to comment on them. The SPM-ITWG, by contrast, "hid the ball," providing neither a transparent rationale nor any meaningful opportunity for public comment on the political decision that was made.[34]

Assessing the OPM's and SPM's Poverty Lines

Table 2 shows the OPM and SPM's poverty lines for a two-adult, two-child family, and another conventional

TABLE 1. SUPPLEMENTAL POVERTY MEASURE THRESHOLD FOR RENTERS, COMPARED TO NATIONAL ACADEMY OF SCIENCES THRESHOLDS, 2005 TO 2017

Year	NAS	SPM	DIFFERENCE ($)	DIFFERENCE (%)
2005	$22,769	$20,641	-$2,128	-9.3%
2006	$24,026	$21,278	-$2,748	-11.4%
2007	$25,680	$22,418	-$3,262	-12.7%
2008	$27,043	$23,472	-$3,571	-13.2%
2009	$26,778	$23,874	-$2,904	-10.8%
2010	$26,528	$24,391	-$2,138	-8.1%
2011	$26,685	$25,222	-$1,463	-5.5%
2012	$26,731	$25,105	-$1,626	-6.1%
2013	$27,047	$25,144	-$1,903	-7.0%
2014	$27,656	$25,460	-$2,196	-7.9%
2015	$28,307	$25,583	-$2,724	-9.6%
2016	$29,380	$26,104	-$3,276	-11.1%
2017	$30,189	$27,005	-$3,184	-10.5%

Source: "Tables of NAS-Based Poverty Estimates: 2017," Table 5, U.S. Bureau of the Census, https://www.census.gov/data/tables/2017/demo/supplemental-poverty-measure/nas-2017.html.
Note: NAS thresholds for 2007 forward reflect implementation of questionnaire improvements about expenditures on food away from home and type of mortgage in the Consumer Expenditures Interview Survey beginning in quarter 2 of 2007.

poverty standard, 50 percent of median disposable income, equivalized for family size, referred to here as the conventional poverty measure or CPM.[35] When initially set, the OPM was equal to half of median income for families of four.[36] The CPM and similar standards tied to higher percentages of median income are commonly used by statistical agencies in other wealthy countries and researchers. The United Kingdom and the European Commission generally use 60 percent of median income; OECD generally uses 50 percent of median income.[38] Canada uses 50 percent of median income and two other measures.[38]

Despite being roughly equal to the CPM in the early 1960s, the OPM is now substantially lower than the CPM, as shown in Table 2. All of the SPM standards are also substantially lower than the CPM. The SPMs for homeowners with mortgages and renters are about 20–25 percent lower than the CPM. The SPM for homeowners without a mortgage is even lower than the OPM and much lower than the CPM.[39]

To further judge whether the poverty lines set by the OPM and SPM are reasonable measures of the amount of income needed not to live in poverty today, it is useful to: (1) compare them with the American public's views on both "minimum necessary incomes" and "poverty incomes," and (2) examine the implicit budget standards the SPM creates for food, clothing, shelter, utilities, transportation, and other goods and services.

Public Standards

In surveys going back as far as the 1930s, Gallup asked nationally representative samples of adults questions about their views on the income levels families need to avoid poverty. The answers to these questions—and to similar questions asked more recently by other organizations—help establish a measure of what the public perceives it means to be poor. One of the questions Gallup asked was (words in parentheses are variants of wording used in the later years of

TABLE 2. POVERTY LINES FOR A TWO-ADULT, TWO-CHILD FAMILY

	OPM	SPM for Renters	SPM for Homeowners with a Mortgage	SPM for Homeowners without a Mortgage	CPM (50% of Median Disposable Income, Equalized for Family Size)
2005	$19,806	$20,641	$21,064	$17,643	$27,674
2006	$20,444	$21,278	$22,010	$18,301	$28,630
2007	$21,027	$22,418	$22,772	$19,206	$29,745
2008	$21,834	$23,472	$24,259	$20,386	$30,038
2009	$21,756	$23,874	$24,450	$20,298	$30,142
2010	$22,113	$24,391	$25,018	$20,590	$30,315
2011	$22,811	$25,222	$25,703	$21,175	$30,809
2012	$23,283	$25,105	$25,784	$21,400	$31,669
201	$23,624	$25,144	$25,639	$21,397	$32,062
2014	$24,008	$25,460	$25,844	$21,380	$32,258
2015	$24,036	$25,583	$25,930	$21,806	$33,356
2016	$24,300	$26,104	$26,336	$22,298	$35,952
2017	$24,858	$26,987	$27,087	$23,285	$37,021
2018	$25,465	$28,166	$28,342	$24,173	$39,828

Sources: OPM thresholds from Poverty Thresholds by Size of Family and Number of Children, U.S. Census Bureau, https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html; SPM thresholds from U.S. Bureau of Labor Statistics, Research Experimental Supplemental Poverty Measure (SPM) Thresholds, https://www.bls.gov/pir/spmhome.htm#threshold and U.S. Bureau of Labor Statistics, 2017 Supplemental Poverty Measure Thresholds Changes After CE Reprocessing, ttps://www.bls.gov/pir/spm/spm_2017_changes.htm. CPM poverty thresholds calculated using Median Equivalised Income figures for United States from Inequality and Poverty Key Figures, The Luxembourg Income Study, https://www.lisdatacenter.org/lis-ikf-webapp/app/search-ikf-figures.

the surveys):

What is the smallest amount of money a family of four needs each week (annually) to get-along (get by) in this (your) community?

This report refers to the mean responses to this question as the "public's minimum necessary income standard," or PMI for short. In the early 1990s, Denton Vaughn, a researcher at the Division of Economic Research at the Social Security Administration, compared all of the responses to the Gallup PMI question between 1947 and 1989 with the OPM and median four-person family income. In a 1993 paper published in the Social Security Bulletin, Vaughn showed that the OPM was equal to about 71–72 percent of the PMI in the early 1960s, when it was first developed, but that by the late 1980s, it had fallen to about 59 percent of the PMI.[40]

Since then, the OPM has fallen even further below the PMI. The most recent publicly available responses to the Gallup PMI question are for 2007 and 2013.[41] As shown in Table 3, the mean response was $52,087 in 2007 and $58,000 in 2013.[43] Thus, by the late 2000s and early 2010s, the OPM had fallen to 40.6 percent of the PMI (the average of 40.4 percent in 2007 and 40.7 percent in 2013).

The SPM does only slightly better. The SPM for renters was equal to 43.2 percent of the PMI in the late 2000s and early 2010s (the average of 43 percent in 2007 and 43.3 percent of the PMI in 2013). In short, the OPM has defined poverty down substantially over time, and the SPM appears to have mostly endorsed this defining down of poverty.

One can also compare the OPM and SPM with the public's view of the income needed to avoid "poverty." Unfortunately, unlike the minimum-necessary-income question, questions about "poverty" have been asked much less frequently and more inconsistently in nationally representative surveys. Still the few examples we have are instructive.

In 1989, Gallup asked the following question:

People who have income below a certain level can be considered poor. That level is called the "poverty line." What amount of weekly income would you use as a poverty line for a family of four (husband, wife and two children) in this community?

The average response was $15,646, which was 19 percent higher than the OPM in 1989. Gallup also asked the PMI

TABLE 3. THE PUBLIC'S VIEW OF INCOME NEEDS, COMPARED WITH OPM AND SPM

	Public's View			Federal Government		Half of Median Disposable Income, Equalized for Family Size
Year	Where Public Thinks Government Sets the Poverty Line: Mean	Where Public Thinks the Poverty Line Should Be Set: Mean	Smallest Amount Public Thinks Is Necessary to Get By: Gallup PMI	OPM	SPM for Renters	
1963	n/a	n/a	$4,328	$3,128	n/a	n/a
1989	n/a	$15,646	$21,788	$12,675	n/a	n/a [$16,914 in 1991]
2007	n/a	n/a	$52,087	$21,027	$22,418	$29,745
2013	$30,009	n/a	$58,000	$23,624	$25,105	$32,062
2016	$33,293	n/a	n/a	$24,300	$26,104	$35,952

Source: John Halpin and Karl Agne, "50 Years After LBJ's War on Poverty: A Study of American Attitudes About Work, Economic Opportunity, and the Social Safety Net," Center for American Progress, January 2014; "2016 Poverty Survey: Attitudes Towards Poor, Poverty, and Welfare in the United States," American Enterprise Institute and Los Angeles Times, August 18, 2016, https://www.aei.org/research-products/report/2016-poverty-survey/; Jeffrey M. Jones, "Public: Family of Four Needs to Earn Average of $52,000 to Get By," Gallup, February 2007; Lydia Saad, "Americans Say Family of Four Needs Nearly $60k to 'Get By,'" Gallup, May 2013, and Denton R. Vaughan, "Exploring the Use of Public's Views to Set Income Poverty Thresholds and Adjust Them Over Time," Social Security Bulletin 56, No. 2, 1993. Figures in the last three columns are the same as in Table 2.

question in 1989, to which the average response was $21,788. Thus, the average of the Gallup poverty responses was equal to 71.8 percent of the average to the Gallup PMI responses in 1989. Notably, this was roughly the same amount as the ratio of the official poverty line (the OPM) to the average Gallup PMI responses in the early 1960s. By 1989, however, the OPM threshold had fallen to 58.2 percent of the PMI, according to Gallup's polling.

Two recent surveys ask the public a different, but related question about where they think the government sets the poverty line for a family of four. In 2013, the Center for American Progress sponsored a survey that asked:[43]

> *The poverty line is the income level below which an individual or family is classified as poor by the government. In terms of annual household income, what do you think the poverty line is for a family of four in America today?*

According to this survey, Americans thought the government set the poverty line at $30,009, on average, for a family of four in 2013, an amount about 21 percent higher than the OPM that year ($23,624) and about 16 percent higher than the SPM ($25,105).

In 2016, the *Los Angeles Times* and the American Enterprise Institute sponsored a survey that asked a similar question:[44]

> *Now think about a family of four with two adults and two children. What do you think is the highest annual income this family of four can have and still be considered poor by the federal government.*

According to this survey, Americans thought the federal government considered a family of four to be poor if their income was $32,293 or less, on average, in 2016. This was 27 percent higher than the OPM ($24,300) and 21.6 percent higher than the SPM ($26,104) in 2016.

Taken together, the most straightforward interpretation of these responses is that the OPM and SPM are unreasonably low when compared to the public's understanding of the income it takes to not live in poverty.[45]

Comparisons with Standards from Budget Studies and Expert Plans

As noted above, the SPM thresholds are currently set equal to the thirty-third percentile of what households report spending on shelter, utilities, food, and clothing, multiplied by 1.2. This means that the SPM thresholds have implicit budget standards for these four specifically included items, as well as an implicit budget standard for all other items that are part of a non-poor standard of living (20 percent of the sum of the shelter, utilities, food, and clothing standards, and 16 percent of the SPM threshold).

Table 4 shows the shares and annual and monthly dollar amounts for the 2018 SPM for a family of four that rents housing. A family with after-tax income (including in-kind benefits) equal to the threshold amount and spending the amounts in the table on shelter, utilities, and food would be spending 50 percent of its income on shelter and utilities, and 80 percent of its income on shelter, utilities, and food.

These implicit standards can be compared with more explicit market-basket standards.

TABLE 4. EXPENDITURE SHARES FOR TWO-ADULT TWO-CHILD SPM RENTER THRESHOLD, 2018

	Share of Threshold	Annual	Monthly
Shelter	36%	$10,264	$855
Utilities	13%	$3,732	$311
Food	30%	$8,365	$697
Clothing	4%	$1,190	$99
Other	16%	$4,615	$385
SPM Renter Threshold	100%	$28,166	$2,347

Source: Author's calculations from https://www.bls.gov/pir/spmhome.htm#-threshold

FOOD

The SPM's implicit food standard is equal to $697 a month for a two-adult, two-child family. The food component of the SPM can be compared to the cost of USDA's current plans for food prepared and consumed at home: the thrifty, low-cost, moderate-cost, and liberal food plans.[46] The USDA's Thrifty Food Plan (TFP) is the lowest-cost plan and the successor to the Economy Food Plan the OPM was originally based on.[47] Like the poverty thresholds of the OPM, USDA's updates of the TFP "are done subject to the binding constraint that the total cost of the basket remain constant in inflation-adjusted terms."[48] In June 2018, the TFP cost $642 for a four-person family composed of one male adult, one female adult, one 6–8 year old child, and one 9–11 year old child.[49] The low-cost plan for that same month cost $846.

The TFP assumes that most meals are prepared at home using raw ingredients. By contrast, the SPM implicitly, and quite reasonably, includes some food away from home. In 2018, the average "consumer unit" (similar to a family or household unit) spent 44 percent of its food dollars on food away from home.[50] However reasonable it was to assume most meals were prepared at home using raw ingredients in the 1960s, when USDA assumed the typical family included a "housewife" who didn't work outside the home, it seems very unreasonable today when most women—including most mothers of children under age 6—are employed.[51] In addition, several million mothers today are going to college, especially younger and solo mothers, and often combine work, school, care, and household production.[52]

USDA researchers have estimated that "low-income households spent about 125 percent of the calculated cost of the TFP if food consumed both at home and away from home was considered."[53] Another study by USDA researchers notes that "eating one meal per week away from home would increase the cost of the TFP by 7 percent," and furthermore, "allowing for SNAP benefits to be spent on food away from home, which is generally nutritionally inferior to food at home, may help SNAP participants balance time constraints and other needs, but could also make eating healthy even more challenging."[54]

As Table 5 shows, the SPM food portion is somewhat higher than the TFP with no allowance for food away from home. By contrast, if the TFP is adjusted to include an allowance for food away from home, it is higher than the SPM food portion, especially for two adults living with two older children. Compared to the low-cost food plan, the SPM food portion is lower, regardless of the age of children and whether any allowance is made for food away from home.

The SPM's implicit food standard is a key component of its overall "poverty" standard. Determining whether $697 is reasonable in this context requires making both normative and scientific judgements. According to a 2013 National

TABLE 5. THRIFTY AND LOW-COST FOOD STANDARDS AS PERCENTAGES OF SPM FOOD EXPENDITURE SHARE FOR A FAMILY OF TWO ADULTS AND TWO CHILDREN, 2018

Ages of Children	SPM Food	Thrifty, with No Food away from Home	% of SPM Food	Thrifty, with 25% Increase for Food away from Home	% of SPM Food	Low-cost, with No Food away from Home	% of SPM Food	Low-cost, with 25% Increase for Food away from Home	% of SPM Food
2–3 and 4–5 years	$697	$561	80%	$701	101%	$715	103%	$894	128%
6–8 and 9–11 years	$697	$642	92%	$803	115%	$846	121%	$1058	152%

Sources: SPM food shares are author's calculations from https://www.bls.gov/pir/spmhome.htm#threshold. Food-plan figures are from "Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, June 2018," United States Department of Agriculture, July 2018

Academy of Science report on the adequacy of food resources and SNAP allotments, the TFP does not account for "evidence on individual, household, and environmental factors" that constrain the purchasing power of SNAP allotments set equal to it.[55] The "most robust" evidence, as cited in the report, shows:

- "the time requirements implicitly assumed by the TFP are inconsistent with the time available for most households at all income levels, particularly those with a single working head";
- "low-income households face higher transaction costs in achieving food security and access to a healthy diet relative to higher-income households";
- "skills are a limiting factor" in the ability of some people to maximize purchasing power in the way assumed by TFP; and
- "food prices . . . vary substantially across geographic regions of the country and between rural and urban areas," but the TFP assumes they are the same (with exception of Alaska and Hawaii).

Given these factors, the TFP with no food away from home is unreasonable, even as a "poverty" standard. The TFP with a 25 percent increase for food away from home is less unreasonable, but still below the minimum range of reasonableness. The two low-cost standards (one with an explicit allowance for food away from home, one without it) provide a more reasonable range for the food portion in a measure like the SPM. If the difference is split, then the SPM food portion would need to be increased by $2,175 in 2018 ($181.25 a month) to provide a reasonable food standard for the SPM. [56]

SHELTER AND UTILITIES

The SPM's thresholds vary by housing tenure (renter, homeowner with mortgage, homeowner without mortgage). For renters, the shelter and utilities components are based on expenditures on rent, renters insurance, maintenance and repairs paid by the tenant, and certain utilities. For homeowners with mortgages, they are based on mortgage payments, insurance, property taxes, maintenance and repairs, and certain utilities. For homeowners without mortgages, they include insurance, property taxes, maintenance and repairs, and certain utilities.

In all of the SPM thresholds, utilities are based on expenditures on natural gas, electricity, fuel oil and other fuels, telephone service, and water and sewer services. The threshold does not include spending on home internet service or cable television service. For a two-adult, two-child family that rents housing, the SPM's implicit standards are $855 for shelter and $311 for utilities, for a total of $1,166 for shelter and utilities.

These amounts can be compared to HUD's Fair Market Rents (FMRs), which include rent and some utilities, but don't include any allowance for renters insurance or telephone. FMRs are typically set at the fortieth percentile of standard quality rental housing units in individual metro areas and non-metropolitan counties. Public housing units, newly built units, and substandard units are excluded.[57]

In 2018, the nationwide weighted-average of HUD fair market rent and utilities was $1,149 for a two-bedroom apartment.[58] By comparison, the SPM national standard for shelter and utilities (including telephone, renters insurance, and maintenance and repairs made by tenants) was $1,166, or only $17 more. On average, two-parent, two-child families reported spending $162 a month on telephone service in 2018. If we subtract $100 for telephone services and another $20 a month for tenants insurance from the SPM standard, that leaves $1,046 a month for rent for a two-bedroom apartment and utilities adequate for a two-adult, two-child family, or $103 less than HUD FMR.

Is the housing, utilities, and telephone portion of the SPM a reasonable poverty standard? One major concern is that the SPM actually sets the poverty line lower than the OPM for many families. These sub-OPM poverty lines are due to the interaction of three factors: (1) setting the reference threshold equal to the thirty-third percentile of shelter, utilities, food, and clothing, multiplied by 1.2; (2) adjusting the shelter and utilities portions of the thresholds downward in lower-cost geographic differences; and (3) establishing a separate, lower threshold for homeowners without mortgages.

As a result, renters and homeowners with mortgages living in lower-cost areas, and homeowners without mortgages living in average and lower-cost areas, can have poverty thresholds that are lower than the current thresholds. Given the growth in the public's views about minimum-necessary-income, and the amount of time (fifty-seven years) that the OPM has existed without any revision for living standards, it seems unreasonable to think that any renters or homeowners need less today to not be poor than they did in the early 1960s.

Of course, housing costs vary depending on neighborhood characteristics, including by access to jobs, services, transit and amenities. But living in a low-income, low-amenity area, especially a relatively isolated or segregated one, can be an indicator of economic deprivation. Even if the rent is relatively low, a family may end up "paying" in other ways for the absence of opportunities and amenities.

Similarly, it is widely acknowledged that FMRs in many metro areas are so low that they effectively steer Black families and other minority families with housing vouchers into low-opportunity neighborhoods. In 2011, HUD settled a fair housing lawsuit in Dallas by replacing the Dallas metro-wide FMRs with smaller zip-code based ones known as Small-Area FMRs.[59] In 2016, HUD finalized a regulation that required the use of Small-Area FMRs in twenty-four metro areas in order to increase "access to areas of high opportunity and lower poverty areas by providing a subsidy that is adequate to cover rents in those areas, thereby reducing the number of voucher families that reside in areas of high poverty concentration."[60]

In short, if not living in poverty means having more opportunities for both adults and children, then the SPM's implicit standard shelter and utilities is too low, especially in many areas of the United States with histories of segregation.

TRANSPORTATION AND OTHER GOODS AND SERVICES

According to the Consumer Expenditure Survey, transportation is the second-largest area of household spending after shelter. In 2018, two-adult, two-children families spent $14,704 on transportation, on average. This amount is equal to roughly half of the entire SPM renter threshold in 2018. Yet, transportation is not one of the four bundles of goods and services (food, clothing, shelter, and utilities) used to set the SPM's poverty lines. In fact, the SPM-ITWG doesn't even use the word "transportation" in its recommendations.

The SPM does take account of work-related transportation costs, however, by subtracting from family income a flat amount per week worked for certain work expenses, including commuting costs. In 2018, this work-expense deduction was $43.65 per week.[61] The amount is not adjusted for geographic or other differences in any of the work expenses it covers.

Basic non-work transportation includes transportation to buy food and household supplies, take children to school, attend school as an adult, travel to visit family and friends, and travel to take other trips away from home. Although non-work transportation is not mentioned by the SPM-ITWG, the 1995 NAS panel did implicitly take it into account in setting what it considered to be a reasonable range for the multiplier (1.15 to 1.25). In setting the low end of the multiplier range (1.15), the NAS panel appears to have considered expenditures on non-work transportation and personal care items in the 1989–1991 CEX Interview Survey; in setting the high end of the range (1.25), it appears to have considered expenditures on these same items plus education expenses and reading materials from the same survey and time period.

The SPM-ITWG chose to set the SPM's multiplier (1.2) in the middle of the NAS's multiplier range, so it seems reasonable to assume that some amount of non-work transportation is meant to be covered by the SPM's multiplier portion ($385 per month in 2018 for a family of two adults and two children). In effect, they seem to have decided that, at most, the SPM includes non-work transportation, personal care items, education expenses, and reading materials (again based on 1989–1991 CEX shares of those items) at reduced levels compared to if they had set the multiplier at 1.25. That said, the SPM-ITWG also deviated from the NAS's recommendation for setting the core threshold, in a way that had the effect of pushing the SPM's threshold down. They could have opted for a higher multiplier to offset some of this downward pressure, but they did not.

Even if these amounts are sufficient for the goods and services that are implicitly included, the multiplier appears to be based on expenditure data that is now roughly three decades old. Moreover, since the NAS panel published its recommendations twenty-five years ago, there has been no reappraisal of whether the multiplier is sufficient for use in a contemporary poverty standard.

Other typical aspects of a basic, working-class living standard that could reasonably be included in a poverty measure in 2020 include:

- goods and services related to home computers, including home internet services;
- household goods and services (including housekeeping supplies, postage, furniture, sheets and towels, housewares, appliances, floor coverings) to the extent not already included;
- age-appropriate goods and services related to child opportunity and development, including play, hobbies, tricycles/bicycles, and sports;
- goods and services related to social and cultural participation of adults and children (to extent not covered elsewhere in this list);
- television and other basic entertainment and leisure (to extent not covered elsewhere in this list);
- education (other than free public education) to the extent not already included, including payments on student loans;
- goods and services needed by persons with disabilities for equal access (potentially covered by deduction for out-of-pocket spending on medical care, but only for those can afford to pay out-of-pocket for them);
- life insurance and other personal insurance;
- retirement and other precautionary savings;
- tithes and other basic donations;
- gifts;
- all other payments on installment debt; and
- pet food and pet care.

One likely objection to the list above is that some of these goods and services aren't part of a non-poor standard of living. But this is a decision that needs to be made transparently in the here and now, rather than based on 1995 recommendations that relied on spending data from over three decades ago.[62]

Ultimately, determining whether $385 is sufficient to purchase non-work transportation, personal care services, and other goods and services that are necessary for a non-poor standard of living in 2020 is a normative one. My own judgment is that it is almost certainly not, especially once the importance of children's development and opportunity is taken into account.

HEALTH CARE AND CHILD CARE

Finally, the SPM thresholds do not include any allowance for health care and child care. Instead, the SPM deducts actual health care and work-related child care payments made by an individual family (out-of-pocket payments) from their income before comparing it to the family's SPM poverty line. As discussed in Recommendation 4 below, this approach is deeply flawed because so many families aren't able to pay for needed health care and child care out-of-pocket, and those who aren't able to pay are generally more disadvantaged than those who are able to pay.

Poverty Measurement in Canada and the United Kingdom

For U.S. policymakers seeking a better way to measure poverty, Canada and the United Kingdom are useful comparisons. Both countries use multiple measures of poverty and low-income status. But the designation (and to some extent the design) of a primary poverty measure has been viewed as a policy decision in both countries.

Canada's measures include a conventional poverty measure (known as the low-income measure, or LIM) set at half of median after-tax income as well as its Market Basket Measure (MBM). Designed in the late 1990s and early 2000s, the MBM is a measure of the cost of "a basket of goods and services representing a modest, basic standard of living."[63] The MBM was updated between 2008 and 2010 after a "first comprehensive review."[64]

In 2018, Prime Minister Trudeau's government committed to adopting the MBM as Canada's "official poverty line." Both the LIM and MBM are tracked, along with ten other indicators, on Canada's Official Poverty Dashboard (see Figure 1 below).[65] Other measures include deep income poverty, set at 75 percent of the MBM, the poverty gap, the bottom fortieth percent income share, unmet health and

FIGURE 1. CANADA'S OFFICIAL POVERTY DASHBOARD

	Indicator	Most recent value	Previous value	Trend	Percentage change	Reference periods
Dignity	**Deep income poverty** (Persons with income below 75% of Canada's Official Poverty Line)	5.4%	5.9%	▼	-8.5%	2017 to 2018
	Unmet Housing Needs and Chronic Homelessness					
	- Unmet housing needs	12.7%	12.5%	▲	1.6%	2011 to 2016
	Unmet health needs (Persons 12 years and older who reported not receiving health care when they felt they needed it)	11.2%	12.5%	▼	-10.4%	2000/2001 to 2014
	Food insecurity (Households that reported food insecurity)	8.7%	8.3%	▲	4.8%	2011/2012 to 2017/2018
Opportunity and Inclusion	**Relative low income** (Persons who had less than half the median after-tax income)	12.3%	12.6%	▼	-2.4%	2017 to 2018
	Bottom 40 percent income share (Percentage of total after-tax income that went to the bottom 40% of the income distribution)	20.8%	20.4%	▲	2.0%	2017 to 2018
	Youth engagement (Persons aged 15 to 24 who were not in employment, education or training)	11.7%	9.5%	▲	23.2%	2019 to 2020
	Literacy and numeracy					
	- Low literacy (15-year-olds)	13.8%	10.7%	▲	29.0%	2015 to 2018
	- Low numeracy (15-year-olds)	16.3%	14.4%	▲	13.2%	2015 to 2018
Resilience and Security	**Median hourly wage**					
	- All	$24.04	$23.53	▲	2.2%	2018 to 2019
	- Women	$22.00	$21.92	▲	0.4%	2018 to 2019
	- Men	$26.00	$25.49	▲	2.0%	2018 to 2019
	Average poverty gap (For those living below the poverty line, the poverty gap ratio is the amount that the person's family disposable income is below the poverty line, expressed as a percentage of the poverty line)	33.4%	32.9%	▲	1.5%	2017 to 2018
	Asset resilience (Persons who had enough savings to maintain well-being for three months)	51.2%	46.2%	▲	10.8%	2005 to 2012
	Low income entry and exit rates					
	- Entry rates (All Canadians)	4.1%	3.9%	▲	5.1%	2015/2016 to 2016/2017
	- Exit rates (Low-income Canadians)	27.9%	27.6%	▲	1.1%	2015/2016 to 2016/2017

Canada's Official Poverty Dashboard will be updated as new data become available. The indicators based on the Market Basket Measure (MBM) were updated using the 2018 base.
Note: The concepts and dimensions of poverty are defined in detail in *Opportunity for All – Canada's First Poverty Reduction Strategy*, available for download at canada.ca/publicentre-ESDC.

Source: "Canada's Official Poverty Dashboard of Indicators: Trends, September 2020," Statistics Canada, September 2020, https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2020066-eng.htm.

housing needs, and "asset resilience."

Under Canada's 2019 Poverty Reduction Act, the MBM, now referred to as the Official Poverty Line, "is to be reviewed, on a regular basis as determined by Statistics Canada, to ensure that it reflects the up-to-date cost of a basket of goods and services representing a modest, basic standard of living in Canada."[66] In February 2020, Statistics Canada released a report on their second comprehensive review of the measure, which detailed proposed changes to the market basket, included a public review period, and encouraged feedback and questions.[67]

Similarly, the United Kingdom has generally used "a range of measures of low income, income inequality, and material deprivation to capture different aspects of changes to living standards."[68] To measure low income, they generally use a conventional (relative) poverty measure set at 60 percent of median disposable income, equivalized for family size. As Figure 2 (from the most recent U.K. report on household incomes) shows, low income is tracked over time in both a "relative" way (adjusting each year for changes in median income) and an "absolute" way (adjusting the same initial threshold for inflation only, over a period of time).[69]
As Figure 2 also shows, the United Kingdom tracks children's material deprivation based on whether children have access to a list of twenty-one goods and services. (Material deprivation is also tracked for "pensioners" using a different list of fifteen goods and services.) The United States has some individual indicators of material deprivation. However, with one exception, the two annual surveys used to track poverty in the United States, the Current Population Survey (CPS) and the American Community Survey (ACS), do not include material deprivation indicators. The one exception is food insecurity, which is tracked using data collected in the December supplement to the CPS.

Although further discussion of material deprivation indicators is beyond the scope of this report's focus on income poverty, the United States should adopt U.K.-style material hardship

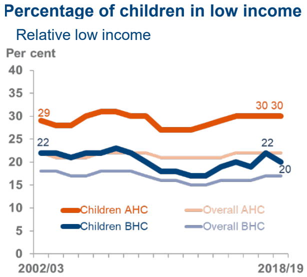
FIGURE 2. THE UNITED KINGDOM'S CHILD POVERTY TRACKER

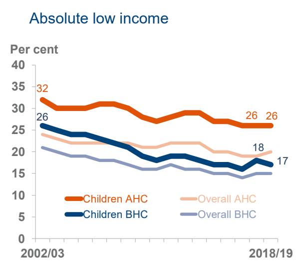
Children in Low Income Households

Three low income measures for children from HBAI are included in section 4 of the Welfare Reform and Work Act 2016 – a 60% threshold relative low income measure, a 60% threshold absolute low income measure, and a combined 70% threshold low income and material deprivation measure. See **Tables 4.1tr, 4.2tr** and **4.5tr** for full data.

Relative and absolute low income BHC fell, while AHC levels were stable

Percentage of children in low income





Main Findings

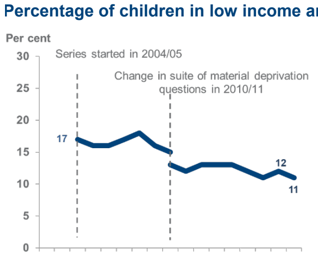
Between 2017/18 and 2018/19, BHC relative low income for children fell, partially reversing the spike in 2017/18, with 2018/19 rates around 2009/10 levels. AHC levels were the same in 2018/19 as 2017/18, following increases since around 2010 and are roughly at levels seen in 2005/06 to 2009/10.

Absolute low income for children BHC fell from 18 per cent to 17 per cent between 2017/18 and 2018/19, while AHC absolute low income has remained stable at 26 per cent. The percentage of children in absolute low income AHC remains at a historic low

Compared to the overall population, children remain more likely to be in low income households.

Low Income and Material Deprivation decreased following an increase in 2017/18

Percentage of children in low income and material deprivation



Interpretation

Child Low Income & Material Deprivation – respondents are asked whether they have access to a list of 21 goods and services. If they can't afford a given item, this is scored in the material deprivation measure, with items more commonly owned in the population given a higher weighted score. A child is considered to be in low income and material deprivation if they live in a family that has a total score of 25 or more out of 100 and an equivalised household income BHC below 70 per cent of median. More details are available in the HBAI Quality and Methodology Information Report.

Main Findings

The percentage of children in low income and material deprivation decreased to 11 per cent in 2018/19, however movements since 2010/11 have been small.

Source: "Households Below Average Income: An Analysis of the UK Income Distribution: 1994/95-2018/19," United Kingdom: Department for Work and Pensions, 2, indicators and track them at least annually in the CPS and ACS. Notably, the Census Bureau's Household Pulse Survey, an experimental data product being used to "help understand the experiences of American households during the coronavirus pandemic," tracks a number of material hardship indicators, including food and housing insecurity, educational disruptions, and physical and mental well-being.[70]

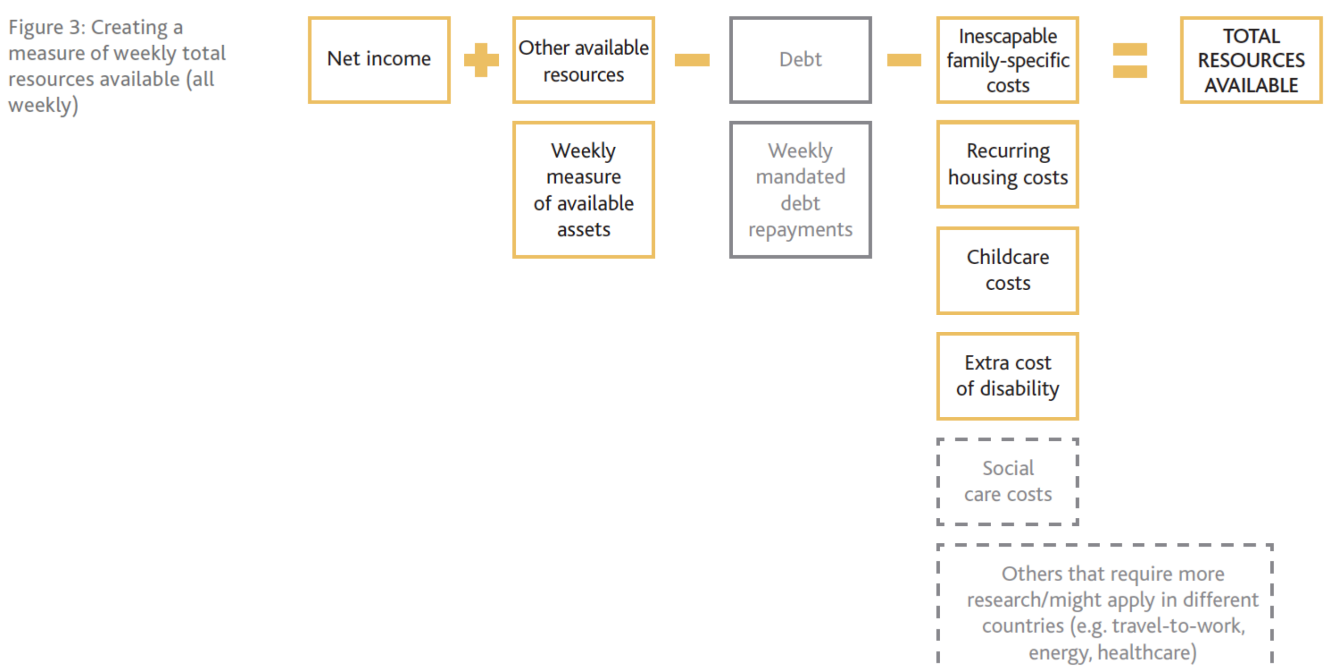
More recently, the United Kingdom's Social Metrics Commission (SMC), which describes itself as "an independent and rigorously non-partisan organisation" whose "members have been drawn from a wide range of backgrounds" and include "thinkers from the left and right" has developed a single poverty measure that builds on these low-income measures.[71] The current U.K. Conservative government is using the SMC's recommendations to develop a new experimental measure of poverty, and ultimately a national statistic. As proposed, this poverty line for the SMC measure is set at 54 percent of median "total resources available" (a similar, but somewhat different concept than disposable income, see Figure 3, that includes some assets and debt, and certain care costs).[72]

The question of whether and how to include debt and assets in U.S. poverty measures is beyond the scope of this report. Yet, it's important to note that not taking any debt or assets into account almost certainly reduces the accuracy and relevance of our current poverty measures, including by understating racial disparities in poverty.[73]

Recommendations

Addressing the disconnection between the SPM's thresholds and the actual income needed not to be poor in the United States today—based on the public's view, budget standards, and common sense—should be the first priority in adopting a new income-poverty measure. Government statistics should be relevant, credible, and accurate. A single poverty measure that sets the poverty line below mainstream public estimates, and in a way that doesn't keep pace with changes in mainstream living standards, should not be adopted absent very compelling reasons. A related issue, rarely discussed or acknowledged, involves the importance of

FIGURE 3. HOW SMC'S U.K. POVERTY MEASURE DETERMINES TOTAL RESOURCES AVAILABLE



Source: "Measuring Poverty 2020: A Report of the Social Metrics Commission," Social Metrics Commission, July 2020, 20, https://socialmetricscommission.org.uk/wp-content/uploads/2020/06/Measuring-Poverty-2020-Web.pdf.

transparency and what might be called "truth-in-statistical-labeling." The various measures a statistical agency uses should be accurately and descriptively labeled.

The following five recommendations would improve the accuracy, reliability, and relevance of poverty measurement in the United States.

Recommendation 1: Immediately Discontinue Use of the OPM as a Statistical Measure of Poverty

The OPM is an outmoded statistical measure that should be discontinued immediately. Among the fundamental problems with the OPM: (1) its income threshold has become far too low to serve as a contemporary measure of poverty, and (2) it doesn't count important in-kind benefits (including SNAP and HUD rental housing assistance) as income or take taxes (including payroll taxes, federal taxes owed, and tax benefits like the EITC and CTC) into account.

The quickest way to end the OPM would be for the Office of Management of Budget to revise Statistical Policy Directive #14 to specify that the OPM is no longer an "official poverty measure for statistical purposes."[74] Because the OPM is so deeply flawed, this should be done even if no alternative statistical poverty measures are contemporaneously adopted. If the OPM is retained in any way, it should be accurately labeled—say as a "base-1963 income-poverty measure"—and accompanied by boilerplate text that describes its deficiencies as a contemporary measure of income and poverty, especially for children and various other groups.

One complication with immediately discontinuing the use of the OPM is that various programs use (1) the HHS Poverty Guidelines to determine program eligibility or benefit amounts,[75] or (2) use poverty counts, determined using "the poverty level," to allocate federal funds between states, localities, or other entities.[76] The HHS Poverty Guidelines are based on the OPM thresholds and, unlike the OPM, are statutory. The poverty counts required to allocate federal funds are also statutory. Thus, if OMB immediately discontinued the use of the current OPM for statistical purposes, and did not adopt a replacement set of "official poverty lines" for programmatic purposes, it would need to specify that the OPM will remain the "official poverty line" for programmatic purposes until new programmatic poverty lines are adopted. This would also have the effect of sending a message to Congress that the current OPM's days are numbered, so they should discontinue its use in new federal laws and review its use in existing ones.

Recommendation 2: Adopt a Conventional (Relative) Poverty Measure as a Core Indicator of Income Poverty

When set in the early 1960s, the OPM for a family of four was roughly equal to one-half of median income for a family of four. Poverty standards tied to similar percentages of median income are commonly used by statistical agencies in other wealthy countries and by researchers. The United Kingdom, for example, uses 60 percent of median income, and the European Union and OECD generally use half of median income. Measures like these have several advantages:

- They tend to be relatively simple and transparent, especially compared to the SPM, and minimize the number of normative and other judgements that need to be made by statistical agencies.
- They minimize reliance on inflation measures, which are also extremely complex and require the making of normative and other judgments by statistical agencies.
- If set somewhere in the range of 50-60 percent of median income, they better represent the American public's view on the disposable income necessary to not be poor, although they fall below the public's average view on "minimum-necessary income."

The main limitation of these measures is how they respond to downturns that push median income down in real and current dollars. For example, during the great recession (2008),[77] median family income was lower for three years

(2009–2011) than it was at the beginning of the recession (2008). If adjusted annually in response to changes in median income, the poverty threshold would have been lower (both in current and real dollars) in these three years than in 2008. The SPM is also sensitive to downturns, but somewhat less so, in part because it's threshold is based on the average of five years of consumption data, rather than a single year. A similar approach could be used to reduce the short-term volatility of poverty measure tied to a percentage of median income.

This new measure should not be the sole "official" measure of income poverty for statistical purposes. Instead, it should be one of a set of measures that includes a modern version of the SPM and a set of material deprivation indicators.

Should this measure be adjusted for geographic variation in housing and other prices? This is typically not done in other countries that use it, but given the size of the United States, it should be considered. I tend to think that it should be adjusted using state and metropolitan area regional price parities (RPPs) developed by the Bureau of Economic Analysis, but it is an issue that needs further study.[78]

Recommendation 3: Improve the SPM's Thresholds

What goods and services to explicitly include in an income-poverty measure like the SPM is a normative decision. Similarly, where to set the implicit budget standards for explicitly included items as well as the amount for all other items is a normative decision. This is one reason why the public's views on minimum income and poverty are relevant to the setting of these standards. As experts at the Population Reference Bureau, Families USA, and the Center on Budget and Policy Priorities noted in a 1990 report: decisions like this "cannot be settled by technical analysis alone" because "[no] technical methodology can determine" what it takes to "live in a manner considered acceptable in a society."[79]

Unfortunately, the SPM-ITWG made the normative decisions it made without being transparent about its reasons for making those decisions. The 1996 NAS panel also made various normative decisions, but it generally provided reasons for those decisions, and sometimes suggested options or ranges, instead of making final judgements.

In some cases, the SPM-ITWG rejected the NAS recommendation and adopted a different approach without providing any rationale. As noted above, the most fundamental deviation was setting the core SPM thresholds equal to the thirty-third percentile of spending on food, clothing, shelter, and utilities, even though the NAS recommended setting the core thresholds equal to a percentage of median spending on food, clothing, shelter, and utilities. No rationale was provided for this change, and no public comment was specifically requested on it.

As discussed in the previous section, the SPM sets the poverty threshold substantially lower than where it would be set based on the view of the American public. Moreover, both the OPM and SPM are much lower today than they would be if set at the same percentage of the public's minimum-necessary-income standard as they equaled in the early 1960s. However, this doesn't tell us what specific elements of the SPM (housing, food, or the many goods and services included in "other") are too low, and how the public's views on what should be included (and at what quality level) in a poverty line has changed over time.

Establishing a more reasonable SPM poverty line could be done in a number of ways, including by increasing the multiplier to better account for additional goods and services; directly adding in the cost of additional goods, such as transportation and goods related to child development and inclusion; or simply tying the threshold to a percentage of median consumption on a much broader basket of goods and services.

Recommendation 4: Take Health Care, Child Care, and Social and Cultural Participation Needs Seriously

The SPM's approach to human beings' fundamental need for care is deeply flawed. It would take another report at least as long as this one to fully discuss and address the issues related to care. In lieu of that, this report makes recommendations to address three major care-related issues: health care, child care, and the basic participation and developmental needs of minor children, a group that parents and public agencies have legal obligations to care for.

RECOMMENDATION 4.1: HEALTH CARE

The NAS panel recommended deducting out-of-pocket medical care expenditures, including health insurance premiums from income, rather than including medical care as a minimum need in the thresholds. At the same time, the panel acknowledged that an objection to their proposed measure was that it "does not explicitly acknowledge a basic necessity . . . that is just as important as food or housing" and "devalues the benefits of having health insurance."[80] In response, the panel cited "operational and conceptual difficulties" in including the cost of health insurance in the thresholds and instead recommended the development of one or more "medical care risk" indexes that measure the economic risk of having no or inadequate health insurance coverage.

The SPM followed the NAS approach. However, since the NAS and SPM-ITWG made their recommendations, researchers have "developed [a] health-inclusive poverty measure (HIPM) that overcomes the long-standing difficulties in measuring the poverty effects of health insurance benefits."[81] The HIPM starts with the SPM and makes the following adjustments: (1) the cost of health insurance is added to the threshold (using the cost of the unsubsidized premium of the second-least-expensive silver plan in the ACA marketplace where the family resides, or, for Medicare beneficiaries, the cost of the least expensive Medicare Advantage prescription drug plan in the their area); (2) out-of-pocket expenditures on health insurance premiums are not deducted from income; (3) the value of health insurance benefits is added to resources, and (4) the remaining deduction of out-of-pocket expenditures on health care, including copayments and deductibles, is capped. These changes are shown in Table 6 below.

For a family of two adults and two children, the weighted average HIPM threshold in 2015 would be $36,734 compared to a weighted average SPM threshold of $25,956 that same year, a difference of $10,778. The HIPM threshold is then compared with family income, including any health insurance benefits a family receives. If a family receives free health insurance, either from an employer or the government, health insurance "income" is the same as the health insurance portion of the SPM, minus any required out-of-pocket premium payments. If the family purchases

TABLE 6. OVERVIEW OF POVERTY MEASURES: OPM, SPM, AND HIPM

	OPM	SMP	HIPM
Needs threshold	3x basic food needs, in 1960s, updated for inflation with CPI	33rd percentile of spending on food, shelter, clothing, and utilities, plus a bit	33rd percentile of spending on food, shelter, clothing, and utilities, plus a bit **+ cost of basic health insurance**
Resources	Pretax cash income	After-tax cash income: + tax credits + in-kind benefits (non-health insurance)	After-tax cash income: + tax credits + in-kind benefits (non-health insurance) **+ health insurance benefits**
Subtractions from resources		Work and childcare expenses: Out-of-pocket expenditures on care (non-premium MOOP) Out-of-pocket expenditures on insurance (premium MOOP)	Work and Childcare expenses; Capped out-of-pocket expenditures on care (non-premium MOOP)

Source: Taken from Sanders Korenman, Dahlia K. Remler, Rosemary T. Hyson, Medicaid Expansions and Poverty: Comparing Supplemental and Health-Inclusive Poverty Measures, Social Science Review 93, no. 3, September 2019, https://www.journals.uchicago.edu/doi/abs/10.1086/705319?mobileUi=0&journalCode=ssr.

health insurance on the ACA marketplace, any premium subsidies the family is eligible for are added to income.

In adopting the HIPM approach for public statistical use, statistical agencies and OMB would need to review the various decisions made by the researchers who developed the HIPM. Analyzing these decisions is beyond the scope of this report, but the key take-away is that the SPM can and should explicitly include the cost of health insurance in its thresholds.

RECOMMENDATION 4.2: CHILD CARE

The NAS panel recommended subtracting out-of-pocket spending on child care from family income before comparing it to the poverty threshold, unless there was a non-employed parent in the family. The SPM-ITWG followed this recommendation. While better than nothing, this approach means that a person who needs child care to work, but isn't able to pay for it out-of-pocket and doesn't receive free or subsidized public care, is treated as having no need for child care. Similarly, if a parent is able to work or go to school because of a child care benefit, that benefit is treated as having no economic value when it comes to the parent's poverty status.

Child care is, somewhat surprisingly, the most underdeveloped and least researched component of the SPM (and poverty measurement more generally). Most of the research to date has focused on assessing how well the CPS captures out-of-pocket expenditures on child care.[82] Unlike health care, there is currently no "off the shelf" approach like the HIPM that could be used to quickly address the problem. Most budget standards developed by experts today assume all parents work and need child care that is purchased at market rates. For example, the family budgets developed by the Economic Policy Institute start with this assumption and then develop different thresholds for families with children based on children's ages and whether the family lives in a metro or non-metro area. All families in urban areas are assumed to use center-based care and all families in rural areas are assumed to use care provided in a more informal home-based setting.[83] This approach seems reasonable for the purpose of developing illustrative family budgets, but more research would be needed to determine if it makes sense for a statistical measure of poverty.

One basic consideration is that children's "care needs" are not limited to child care for working parents, but also include the daily unpaid care provided by parents as well as unpaid care provided by relatives and friends.[84] In addition, primary and secondary public schools provide daily care when school is in session. All of these forms of care have an economic value, although it is rarely acknowledged as such. Unpaid care also has corresponding rarely acknowledged costs, borne largely by women. If a child's grandparent provides unpaid care so the parent can work, the parent is receiving something of value, while the grandparent is incurring costs, which may or may not be offset by intrinsic rewards (gratitude, love and affection, and so on).

RECOMMENDATION 4.3: CHILDREN'S DEVELOPMENTAL AND PARTICIPATION NEEDS

The NAS panel and the SPM-ITWG did not explicitly address children's developmental needs (beyond their need for food, clothing, and shelter) or their related social and cultural participation needs. A child is essentially treated as equivalent to an adult when it comes to goods and services necessary to not be poor. By contrast, the family budgets produced by BLS for 1967 all "assume that maintenance of health and social well-being, the nurture of children, and participation in community activities are both desirable and necessary social goals for all families of the type for which the budgets were constructed."[85] These assumptions were not explicitly part of the OPM in the early 1960s. Given changing understandings and norms related to children's development and well-being over the past nearly six decades, they should be an explicit part of a contemporary poverty measure.

Recommendation 5: Review the Treatment of Refundable Tax Credits

In general, measuring available income to meet basic needs by using after-tax income (as the SPM does) is an improvement on measures that use before-tax income. Employed people generally receive wages net of payroll taxes and deductions for federal and state income taxes. Property taxes for homeowners are generally paid annually or semiannually each year, and sales taxes are paid at the point of purchase. It makes sense to subtract all of these taxes in the year they are actually paid.

But lump-sum, refundable tax credits, which play an oversized role in the U.S. social state, are different. The bulk of specific refundable tax benefits, including the Earned Income Tax Credit and Child Tax Credit, are not actually received by families until after mid-February of the calendar year after the tax year in which they are earned. Yet, the SPM treats them as being received in the tax year they are earned, rather than in the payment year they are actually received.

In 2019, the average EITC benefit payment was $2,829, an amount equal to just over ten months of the average monthly SNAP benefit that year ($262 per household).[86] For low-income families with children, the average benefit payment is even higher, and the EITC and CTC can easily amount to a quarter or more of annual disposable income. This is a very large amount to assume is available to a family in the year before it is actually received, and almost certainly reduces the accuracy of the SPM (and other after-tax measures) as measures of income available to meet basic needs.

There are two additional issues related to refundable tax credits that are worth considering. First, taxes are not directly counted in the SPM. Instead they are simulated by the U.S. Bureau of the Census in a way that assumes 100 percent take-up, which is likely unreasonable. According to the IRS and Census Bureau, about 21 to 22 percent of tax units eligible for the EITC do not claim it.[87] Second, filing taxes, including to claim a tax benefit, imposes costs on filers. In addition to time costs, these often include the monetary costs of private tax preparation services. According to the IRS, about 60 percent of returns claiming the EITC are filed by paid tax return preparers.[88] Moreover, many EITC filers pay additional fees and interest charges to receive "refund-anticipation loans."[89] All of these costs reduce the value of any benefits received, but are not recognized in the SPM. The People's Policy Project has estimated that the SPM poverty rate would be 0.7 percent higher—nearly 3 million more people in 2018—if various adjustments were made that took these three issues into account.[90]

The Bureau of the Census, the Treasury Department, and academic researchers should conduct further research to determine whether the SPM's treatment of refundable tax credits is reasonably accurate. If not, this should be disclosed and alternatives should be considered. Consideration should also be given to developing additional indicators of the monthly or quarterly volatility of income.

Conclusion

The poverty line has needed a reset for a long time. Until that happens, the federal government should discontinue the use of the OPM for public statistical purposes. As a statistical measure, the SPM is a significant improvement on the OPM in most ways, but it doesn't provide a reasonable reset of the antiquated poverty line. The federal government should report poverty statistics using both a conventional (relative) poverty measure like those used in Canada and the United Kingdom, as well as an improved, more inclusive market-basket measure that builds on the SPM.

Will resetting the poverty line in a reasonable fashion mean that more Americans will be counted as having resources below it? Yes, but that's only because a reasonable reset will provide a more accurate picture of who is economically deprived by today's standards of housing, child development, child care, transportation, and other basics, and not those of 1963.

NOTES

1. The OPM determines poverty status by looking at the income of all people in the family unit and comparing it to thresholds that vary by the number of adults and children in the unit. It defines "family" in narrow terms as "people related by birth, marriage, or adoption living in the same housing unit." The SPM also determines poverty status for family units, but includes "boyfriends, girlfriends, or partners" living in the same housing unit as family members. By contrast, most countries and international organizations, including Canada, the United Kingdom, and the European Union, measure income and poverty for "households." The United Kingdom defines a household as "[o]ne person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area." See "Households Below Average Income (HBAI) Quality and Methodology Information Report, 2017/18," Department for Work and Pensions (United Kingdom), 44, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789756/households-below-average-income-quality-methodology-2017-2018.pdf.

2. The OPM and SPM thresholds vary by the number of adults and children in the family unit. The SPM thresholds also vary by housing status and geographic area.

3. According to federal statistical policy: "[s]tatistics produced by the Federal Government . . . must meet high standards of reliability, accuracy, timeliness, and objectivity in order to provide a sound efficient basis for decisions and actions by governments, businesses, households, and other organizations." (Office of Management and Budget, Statistical Policy Directive No. 4, Federal Register 73, no. 46 [March 7, 2008]: 12,622–26.) Similarly, the Committee on National Statistics (CNSTAT) at the National Academies of Sciences, states that: "[a] federal statistical agency must be in a position to provide objective, accurate, and timely information that is relevant to issues of public policy." "Part II: Principles for a Federal Statistical Agency," in Principles and Practices for a Federal Statistical Agency, 6th ed., ed. Constance F. Citro (Washington, D.C.: The National Academies of Sciences, Engineering, and Medicine, 2017), https://www.nap.edu/catalog/24810/principles-and-practices-for-a-federal-statistical-agency-sixth-edition.

4. The HHS guidelines are discussed further in the section "Recommendations" of this report.

5. Gordon M. Fisher, "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure," U.S. Bureau of the Census working paper, September 1997, 2, https://www.census.gov/library/working-papers/1997/demo/fisher-02.html.

6. Thus, it effectively measures the amount of income a family today would need to purchase the 1962 Economy Food Plan and additional goods and services included in the multiplier, making only the minor assumption that the family can travel back in time to 1963 and use the early 1963 equivalent of its 2020 dollars to not be poor.

7. David S. Johnson, John M. Rogers, Lucilla Tan, "A century of family budgets in the United States," Monthly Labor Review, May 2001, https://www.bls.gov/opub/mlr/2001/article/century-of-family-budgets-in-the-united-states.htm.

8. "City Worker's Family Budget for a Moderate Living Standard: Autumn 1966: Bulletin of the United States Bureau of Labor Statistics, No. 1570-1," U.S. Department of Labor, Bureau of Labor Statistics, 1966, https://fraser.stlouisfed.org/title/4945, accessed on September 16, 2020.

9. Ibid.

10. The standard low-cost plan was for nationwide use. The other low-income plan was for families who are "high consumers of cereal products" and, according to USDA, was "[e]specially suitable for food habits of families in the Southeastern States." (Eloise Cofer, Evelyn Grossman, and Faith Clark, "Family Food Plans and Food Costs: For Nutritionists and Other Leaders Who Develop or Use Food Plans," Home Economics Research Report 20, [Washington, D.C.: United States Department of Agriculture, November, 1962]: 8, https://archive.org/details/familyfoodplansf20cofe/mode/2up.) It included less meat, poultry, fish, dairy products, and potatoes than the standard low-cost plan, and more dry beans, peas, nuts, flour, cereals, and baked goods. None of the other USDA plans included a southeastern-specific variant, which raises the question of whether political and racial considerations play a role in its development.

11. An interesting, but to my knowledge, unexplored question, is whether political considerations, including ones related to race, were a factor in USDA's decision to publish an "economy plan for emergency use" in 1962. The two preceding USDA plans, published in 1941 and 1948, did not include an "economy plan for emergency use." The USDA plans published in 1933 did include a "restricted diet for emergency use", but this was at the height of the Great Depression. As Johnson and his colleagues (2001) note, "[b]y the end of World War II, the U.S. economy had improved to the point where norms for maintenance and subsistence levels were no longer as important." There was also concern in Congress that some employers had "used the relief-type budgets as leverage against wage adjustments for 'average' workers." So the development of a subsistence-style food plan in 1962 seems somewhat surprising. One notable trend during the postwar period was the increase in the percentage of Black families receiving Aid to Families with Dependent Children. See "The Temporary Assistance for Needy Families (TANF) Block Grant: A Legislative History," Congressional Research Service, July 21, 2020, note 4, https://fas.org/sgp/crs/misc/R44668.pdf. A related factor that may have entered into USDA's decision to produce an economy/emergency food plan was the passage of legislation in 1959 to give USDA the authority to operate a food-stamp program through 1962—which the Eisenhower administration did not use—and President Kennedy's subsequent Executive Order, in February 1961, establishing food-stamp pilot programs. See "A Short History of SNAP," U.S. Department of Agriculture, Food and Nutrition Service, September 11, 2018, https://www.fns.usda.gov/snap/short-history-snap#1961.

12. Cofer, Grossman, and Clark, "Family Food Plans and Food Costs: For Nutritionists and Other Leaders Who Develop or Use Food Plans," 6.

13. Mollie Orshansky, "Children of the Poor," Social Security Bulletin (July 1963), https://www.ssa.gov/policy/docs/ssb/v26n7/v26n7p3.pdf.

14. Ibid.

15. See Fisher, "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure," 4. As Fisher notes: "Orshansky's 'multiplier' methodology for deriving the thresholds was normative, not empirical, that is, it was based on a normative assumption involving . . . consumption patterns of the population as a whole [in 1955], and not on the empirical consumption behavior of lower-income groups."

16. Orshansky, "Children of the Poor," 9

17. Fisher "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure," 9.

18. Ibid., 12.

19. Ibid., 12.

20. The idea that there was a distinct "hard-core" of people living in poverty was not uncommon at the time, even among liberals and some democratic socialists. In The Other America (New York: Macmillan, 1962), a book that is often credited with moving President Johnson to declare "war on poverty," Michael Harrington wrote "[t]he poor are not like everyone else. They are a different kind of people. They think and feel differently." As later observed, "The Other America popularized the phrase 'culture of poverty,' which went on to shape the main thrust of Johnson's war on poverty." See Maurice Isserman, "50 Years Later: Poverty and The Other America," Dissent, Winter 2012, https://www.dissentmagazine.org/article/50-years-later-poverty-and-the-other-america. But "Harrington's culture-of-poverty thesis was at best ambiguous, at worst an impediment to making the case for what he regarded as the real solution" and "[i]n later books, he made no use of the term." (Maurice Isserman, "Michael Harrington: Warrior on Poverty," New York Times, June 19, 2009.)

21. In "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure," Fisher also notes: "The context indicates that 'upward adjustment' refers to a raising of the real level of the poverty line—not just adjustment for price changes." See Mollie Oshansky, "Recounting the Poor—A Five-Year Review," Social Security Bulletin, April 1966, https://www.ssa.gov/policy/docs/ssb/v29n4/v29n4p20.pdf.

22. Fisher, "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure," 13.

23. Ibid., 14.

24. As Fisher puts it: [h]aving 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." (Gordon M. Fisher, "Is There Such Thing As a Poverty Line Over Time? Evidence from the United States, Britain, Canada, and Australia on the Income Elasticity of the Poverty Line—Summary," U.S. Bureau of the Census working paper, August 1995, 25, https://www.census.gov/content/dam/Census/library/working-papers/1995/demo/fisher3.pdf.)

25. Fisher "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure," 21.

26. Fisher, "Is There Such Thing As a Poverty Line Over Time? Evidence from the United States, Britain, Canada, and Australia on the Income Elasticity of the Poverty Line," 27.

27. U.S. Census Bureau Glossary, "Money Income," https://www.census.gov/glossary/#term_Income

28. The OPM initially had lower thresholds for families who lived on farms and for "female-headed households" than "male-headed" ones. These were eliminated in 1981. In addition, the inflation index used to update the measure was changed from the CPI-W to the CPI-U starting with the 1979 thresholds. Fisher, "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure."

29. National Research Council, Measuring Poverty: A New Approach (Washington D.C.: The National Academies Press, 1995), https://doi.org/10.17226/4759.

30. "About," The United States Census Bureau, updated March, 2017, https://www.census.gov/topics/income-poverty/supplemental-poverty-measure/about.html.

31. James Zilliak makes a similar point about the limitations of the USDA's Thrifty food plan, which like the OPM, has only been adjusted for inflation over the last several decades: "the consumption choices of the poor are an endogenous response to their low-income status. That is, they are selecting a consumption basket that fits within their limited budgets, but then the TFP process essentially restricts them to continue to consume these products….various coping strategies engaged in by the poor end up biasing the TFP calculations toward low cost or even charity foods." (James P. Ziliak, Modernizing SNAP Benefits (Washington D.C.: The Hamilton Project, May 2016), 13, https://www.hamiltonproject.org/assets/files/ziliak_modernizing_snap_benefits.pdf.)

32. See National Research Council, Measuring Poverty: A New Approach, 57. As they put it: "…. the key point of our procedure is how that level is updated over time. Each year, the updating procedure will use the same percentage of median expenditures on food, clothing, and shelter and the multiplier that were determined for the initial threshold and use them to update the threshold with newer expenditure data."

33. Ibid., 106.

34. In May 2010, the Census Bureau issued a notice requesting comments on the "approach to developing a Supplemental Poverty Measure (SPM) presented in a report entitled "Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure ….' (U.S. Census Bureau, Developing A Supplemental Policy Measure, Federal Register 75, no. 101 [May 26, 2010]: 29, 513–14, https://www.federalregister.gov/documents/2010/05/26/2010-12628/developing-a-supplemental-poverty-measure.) But the notice, like the underlying SPM-ITWG document, provided no rationale for any of decisions made by the SPM-ITWG, and did not specifically ask for comment on any of the substance of the recommendations. Instead, Census said it was specifically interested in "methods and data sources" used to geographically adjust poverty thresholds, adjust resources to account for child care and other work-related expenses, adjust resources to account for medical out-of-pocket expenses, and impute dollar values for in-kind benefits and taxes.

35. Measures like this are commonly referred to as "relative" poverty measures by experts, but this is not a helpful label when it comes to public understanding. The OPM, the SPM, and the CPM are all "relative" to something. As Orshanky acknowledged, the OPM was set in a relative fashion based on consumption patterns in 1955 and USDA's 1962 economy food plan. The SPM is relative to the 33rd percentile of certain kinds of spending over the last five years. The CPM is generally relative to median income in the year it is produced.

36. National Research Council, Measuring Poverty: A New Approach, 6.

37. "Poverty Rate (Indicator)" Organization for Economic Co-operation and Development, updated in 2020, doi: 10.1787/0fe1315d-en; "People at risk of poverty or social exclusion" Eurostat, September 2020, https://ec.europa.eu/eurostat/web/products-datasets/-/t2020_50&lang=en.

38. Income Statistics Division, Low Income Lines, 2013-2014, (Ottawa, Ont.: "Statistics Canada, December 2015), https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2015002-eng.htm; Xuelin Zhang, Children Living in Low-Income Households, (Ottawa, Ont: Statistics Canada, September 2017), https://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016012/98-200-x2016012-eng.cfm.

39. The SPMs threshold for renters and homeowners with a mortgage are generally about 4 to 10 percent higher than the OPM. The SPMs thresholds for homeowners without a mortgage are generally about 6 to 12 percent lower than the OPM. Most low-income households today (about 65 percent of those below 125% of OPM) rent, but of the 35 percent who own homes, nearly half do not have a mortgage. In the early 1960s, when the OPM was initially set and more families lived on farms, about half of low-income households owned homes.

40. Denton R. Vaughan, "Exploring the Use of Public's Views to Set Income Poverty Thresholds and Adjust Them Over Time," Social Security Bulletin 56, No. 2, 1993, 22-46, https://www.ssa.gov/policy/docs/ssb/v56n2/v56n2p22.pdf.

41. Jeffrey M. Jones, "Public: Family of Four Needs to Earn Average of $52,000 to Get By," Gallup, February 2007, https://news.gallup.com/poll/26467/Public-Family-Four-Needs-Earn-Average-52000-Get.aspx; Lydia Saad, "Americans Say Family of Four Needs Nearly $60k to 'Get By,'" Gallup, May 2013, https://news.gallup.com/poll/162587/americans-say-family-four-needs-nearly-60k.aspx.

42. Vaughn and earlier researchers used the mean response because median figures published by Gallup did not include all households and "in the early years of the Gallup series, there is evidence of instability in the medians due to rounding amounts by respondents." (National Research Council, Measuring Poverty: A New Approach, 137).

43. John Halpin and Karl Agne, 50 Years After LBJ's War on Poverty: A Study of American Attitudes About Work, Economic Opportunity, and the Social Safety Net, (Washington, D.C.: Center for American Progress, January 2014), 9, https://cdn.americanprogress.org/wp-content/uploads/2014/01/WOP-PollReport2.pdf.

44. American Enterprise Institute and Los Angeles Times, 2016 Population Survey: Attitudes Towards Poor, Poverty, and Welfare in the United States, (Washington D.C.: American Enterprise Institute, August 2016), 6, https://www.aei.org/research-products/report/2016-poverty-survey/.

45. One potential counter-argument might be that the views of higher-income people (who tend to set higher minimum-necessary-income lines than lower-income people) should be discounted in judging the reasonableness of a poverty standard. In other words, one might argue that taking the views of higher-income people into account results in minimum-income estimates and poverty standards that are "too high." A problem with this argument is that lower-income people may have "adapted" to their unfavorable circumstances, and provide minimum-income estimates that are "too low" to use as generally applicable community standards. See, e.g., Serene J. Khader, Adaptive Preferences and Women's Empowerment, (Oxford: Oxford University Press, 2011), https://global.oup.com/academic/product/adaptive-preferences-and-womens-empowerment-9780199777877?cc=us&lang=en&#.

46. "Low-Cost, Moderate-Cost, and Liberal Food Plans specify the types and quantities of foods that people could purchase and prepare at home to obtain a nutritious diet at three cost levels. For each food plan, there are 15 market baskets—one for each of 15 age-gender groups. The Low-Cost Food Plan represents food expenditures in the second from the bottom quartile of food spending; the Moderate-Cost Food Plan,food expenditures in the second from the top quartile of food spending; and the Liberal Food Plan, food expenditures in the top quartile of food spending." (Andrea Carlson, Mark Lino, and Thomas V. Fungwe, The Low-Cost, Moderate-Cost, and Liberal Food Plans, Center for Nutrition Policy and Promotion, November 2007, 1, https://fns-prod.azureedge.net/sites/default/files/usda_food_plans_cost_of_food/FoodPlans2007AdminReport.pdf.) The TFP "represents a nutritious, minimal-cost diet." (Andrea Carlson, et. al., Thrifty Food Plan, 2006, Center for Nutrition Policy and Promotion, April 2007, 5, https://fns-prod.azureedge.net/sites/default/files/usda_food_plans_cost_of_food/TFP2006Report.pdf.)

47. The low-cost plan is often used by bankruptcy courts to determine how much of a bankrupt person's income is allowable for necessary food expenses. The Department of Defense uses the value of the liberal plan to determine the Basic Allowance for Subsistence rates for all servicemembers.

48. Ziliak, Modernizing SNAP Benefits, 8.

49. United States Department of Agriculture, "Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, June 2018," July 2018, https://fns-prod.azureedge.net/sites/default/files/media/file/CostofFoodJun2018.pdf.

50. Geoffrey D. Paulin, "Meal Appeal: Patterns of Expenditures on Food Away from Home," U.S. Bureau of Labor Statistics, April 2020, https://www.bls.gov/spotlight/2020/food-away-from-home/pdf/food-away-from-home.pdf.

51. "Employment Characteristics of Families—2019," Bureau of Labor Statistics, April 2020, 2-3, https://www.bls.gov/news.release/pdf/famee.pdf. According to USDA, the current Thrifty Food Plan "allows more prepared foods and requires somewhat fewer preparations from scratch." But it is difficult to see this reflected in any meaningful way in the TFP market baskets. For example, the TFP market basket for a 9–11 year old includes 2.4 pounds per week of "orange vegetables," but only 0.01 pound per week of "frozen or refrigerated entrées (including pizza, fish sticks, and frozen meals)." Andrea Carlson, et. al., Thrifty Food Plan, 2006, Center for Nutrition Policy and Promotion, April 2007, The latter weight is equivalent to the weight of not quite two U.S. pennies.

52. Barbara Gault, et. al., 4,8 Million College Students are Raising Children, (Washington D.C.: Institute for Women's Policy Research, November 2014), 1-2, https://www.luminafoundation.org/files/resources/college-students-raising-children.pdf.

53. Institute of Medicine and National Research Council, Supplemental Nutrition

Assistance Program: Examining the Evidence to Define Benefit Adequacy. (Washington, DC: The National Academies Press, 2013), 41, https://doi.org/10.17226/13485.

54. Wen You, et. al., "Food Consumed Away from Home Can Be a Part of a Healthy and Affordable Diet," The Journal of Nutrition Vol. 139, October 2009, 1994-99,https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2853693/; Biing-Hwan Lin and Andrea Carlson, "SNAP Benefits and Eating Out: Wise Choices Required," Amber Waves, March 2010, https://www.ers.usda.gov/amber-waves/2010/march/snap-benefits-and-eating-out-wise-choices-required/

55. Institute of Medicine and National Research Council, Supplemental Nutrition Assistance Program: Examining the Evidence to Define Benefit Adequacy, 177-78.

56. The average of the two low-cost plans in Table 5 for two adults with two children under five years old is $804.50 a month; if the children are both over age five, the average is $952 a month. The average of these two figures is $878.25, or $181.25 more than the SPM monthly food share.

57. "24 CFR § 888.113—Fair market rents for existing housing: Methodology," Ithaca: Legal Information Institute, June 2020, https://www.law.cornell.edu/cfr/text/24/888.113.

58. Andrew Aurand, et. al., "Out of Reach 2018: The High Cost of Housing," National Low Income Housing Coalition, June, 2018, 2, https://nlihc.org/sites/default/files/oor/OOR_2018.pdf.

59. Vincent J. Reina, "Do Small Area Fair Market Rents Reduce Racial Disparities in the Voucher Program?" Housing Policy Debate 29, no. 5 (Jnuary 28, 2019): 820–34.

60. Department of Housing and Urban Development, "Establishing a More Effective Fair Market Rent System," Federal Register 81, no. 221 (November 2016): 80, 567, https://www.nhlp.org/wp-content/uploads/2018/02/7-SAFMR-Final-Regulations.pdf. The Trump administration suspended the rule in August 2017, but subsequently lifted the suspension after a court found the suspension was illegal.

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