

Welcome. You're listening to Poverty and Focus. The Center for Poverty Research Podcast Series brings together experts in their fields to discuss new poverty research in public policy. I'm Anne Stevens, director of the Center of Poverty Research at U.C. Davis. Today it's my pleasure to speak with Kathleen Short.

She's an economist at the U.S. Census Bureau, where from 1991 to 1999 she served as Chief of the Poverty and Health Statistics branch. Over her career at the Census Bureau, Short has worked primarily in the area of measuring economic well being. And has published reports and journal articles on measuring material hardship, poverty and housing, poverty and medical expenses, and methods of measuring poverty.

Kathleen, thank you joining me today. One of Kathleen's recent projects has been a great deal of work on developing and working with the new Census Bureau Supplemental Poverty Measure. I wonder if we could start by having you Kathleen, just talk a little bit about what the supplemental poverty measure is and why it's so important?

>> Sure and I'm happy to be here. It's nice to be talking with you about this. The supplemental poverty measure is important because we have an official poverty measure in the United States. And that measure was designed originally in the 1960s and has virtually not been changed since that time.

So it's based on information from a 1955 food consumption survey to establish the poverty lines that we use for our official measure. And we basically update those dollar amounts from 1960s using the consumer price index, so we're only looking at changes in prices. The other thing that's important about this supplemental poverty measure is that since the 1960s.

The government has introduced important anti poverty programs and most of those are not cash programs. So we have food stamps, housing subsidies benefits for paying for energy assistance. And the official poverty measure only takes account of cash benefits. So we could give everyone in, in the United States food stamps, and it wouldn't change the official poverty measure one bit.

So, these are important criticisms of the official measure and the supplemental poverty measure attempts to fix a lot of those issues.

>> Right, I wonder, another, another way in which the supplemental poverty measure responds to policy changes is we now provide a lot of assistance to low-income households through the tax system.

I wonder if you could just say a little bit about that as well?

>> Right, again the official measure uses cash income and it's before tax. So, any kind of taxes that you pay are not taken account of in the official poverty measure. But our po, our i, our tax policies also include tax credits for families with low income especially families with children.

Things like the earned income tax credit. And so with the supplemental poverty measure we're taking account of taxes and by doing that, including the earned income tax credits that help those families and that plays a big part in our policy reducing programs.

>> Right, right. So, I know the supplemental poverty measure has now been around officially well not it's not an official measure but has been introduced for a couple of years.

How do you see it gaining attention? Among researchers agencies policy makers. How is that changed and, and over the last couple of years?

>> So a lot of people now know about the supplemental poverty measure. We do get a lot of attention when we release our report. We're addressing a lot of the criticisms that many people have had over the past many years with the official measures.

So there's a lot of people who see this as a really important improvement. wh, so we think that it's taking hold that people are becoming interested, a lot of people will note that. They have official poverty statistics but we need to be aware that there's another measure and that things would look different with that measure.

So I think it's, it's taking hold it's a little bit of a complicated measure. So, we're trying to reach out to people and, and work on improving understanding of that supplemental measure.

>> Right. And what, what are some of the groups that you, that you work with in doing that.

What are, who are the, the people who are interested in this and that you're trying to do a, you know more education and, and get better understanding? Is that at the federal level states or is it, is it all over the place?

>> So we're here today at a nice university and talking about the supplemental measure to young researchers who will be perhaps using these measures in their work.

We are spending a lot of time going to conferences. So we'll be at the Association for Public Policy and Management in a couple of days. That conference attracts a lot of policy makers and researchers on policies. And I was here I think last year, in Sacramento testifying at a committee.

>> Right.

>> At your capital trying to explain what we're trying to do with the really high poverty rates that we see for California with the SPM. And we've been to places like New York City, where there implementing their own supplemental poverty measure like thing for this, for there city, using the American Community survey so they can look at differences in the boroughs and small geographic areas.

So, we spent a lot of time talking to people like that. Explaining how we calculate the measure and what are the important elements.

>> Right. It's interesting you mention that in California there was a, a very strong reaction when this measure was first unveiled. Because the specifics of this measure meant that California unfortunately suddenly became among the highest poverty states in the country.

Can you explain a little bit about why that happened.

>> Well, so one of the improvements in the supplemental poverty measure is that we take account of differences in cost of living. The official poverty measure uses the same poverty line no matter where you live. And, that's been one of the main criticisms that we've had of the official poverty measure most people assume that it does take account of differences in costs of living and are surprised to find out that it doesn't.

So when we calculate an index we're adjusting for housing cost differences. We get a really high index for California.

>> Right, it is a, it is a little bit expensive to live in California. I think we all in this area know that. One thing you mentioned New York I know that our sister Poverty Research Center at Stanford has also been working to develop a California specific measure and they, they took a slightly different approach to doing some of the adjustments for cost of living in local areas.

But in the end found numbers very similar to the Census Bureau. So I think that was sort of a nice cross validation of that work and, and there's information available there through the Stanford Center on Poverty and Inequality, which is useful to a lot of Californians.

>> Right, right.

>> So now that the, the measure has been developed and is starting to be understand by more. What are the main challenges that you and, and your colleagues at census see to keeping the supplemental poverty measure going and perhaps refining it.

>> Yeah.

>> What are the areas you're working on?

>> So right the official measure of course one of the big criticisms was it did not change even though things around us were all changing the official measure didn't change. So, the Supplemental Poverty Measure at the Census Bureau

working with the Bureau of Labor Statistics,. We're following the guidelines from an inner agency technical working group and that group suggested strongly that the supplemental poverty measure being a statistical measure of poverty that we should be continually improving.

And there is no measure that can't stand some kind of improvement and this one certainly is one of those. There's almost every element of the SPM can be improved. Some of the things we're currently working on we're looking to refine the geographic adjustments that we are making to the thresholds.

Not an easy thing to do. We're looking at improving the way we measure commuting costs.

>> Right.

>> So one of the ways we, the, the way we do that now is we're basically using a single dollar amount for everybody in the country. And we're multiplying that by the number of weeks that people work.

So we get a weekly amount for everybody and we multiply that by the number of weeks you work. For commuting costs and we know that gasoline prices differ from place to place. Some places you have access to public transportation. Other places you're driving very long distances to go to work, and there is no public transportation available.

So we spent a little time working to refine the way we're unjusting for commuting expenses. Medical out of pocket expenses is also a challenge. Because we're basically asking people how much they spend for their healthcare costs. Out-of-pocket and that includes insurance premiums and other expenses. If you're uninsured and you're poor, you have very few healthcare expenses because you can't afford them.

>> Right.

>> And that doesn't mean you don't need those expenses. But you don't have them, and so we're not taking account of the fact that spending doesn't always represent need. So, there's just a lot of these pieces that can be improved.

>> Right. Have you found as you've, as you have talked to people and tried to educate people about the new measure, are there particular misconceptions about the goals of the supplemental poverty measure?

Or, how and why and when it's different, that you would want to address or have people understand? Well, the Center Agency Technical Working Group one of the most important things they said was that this measure, the SPM, would not replace the official measure and that's specifically in regard to allocating funds.

A lot of funds are allocated based on need as measured by the official poverty measure. And the poverty thresholds are often used in the form of the poverty guidelines to establish eligibility for programs. And the inter-agency group did not want the supplemental poverty measure to be used in those ways.

>> Right.

>> It's intended to be a statistical measure of poverty that's more accurate in reflecting the kinds of needs that people have. And are facing and to inform policy makers on the effectiveness of programs. So, there's just a lot of roles that the old official measures served.

The SPM can serve some of those better and, and then it doesn't necessarily make sense for it to be used in other ways.

>> Right? So, I know that I feel like I've sort of followed the supplemental poverty measure in the sense over my career. I remember, I was just finishing graduate school when the National Academy report came out, that made a number of recommendations that that ultimately I think ended up in this measure.

I wonder if you could speak a little bit to the, the long process and why a few years ago everything seemed to come together and we had this new measure.

>> Right, so the Census Bureau, we, we partially funded the National Academy of Sciences' study and we listened to everything and agreed with most of their recommendations at the National Academy of Sciences.

We started developing what we called experimental poverty measures after that report came out. We wanted to have a variety of measures. We didn't want to say, here is the measure. We wanted to measure things in different ways.

>> Wait.

>> Show a variety of ways of trying to follow the recommendations.

We had a couple of reports. That had, I don't know, 12, 20, a lot of different measures in there.

>> But what happened with the inner agency technical working group, was that, once it was stated that the SPM would not replace the official measure.

>> Right.

>> That made it easier for us to go ahead and work to develop a statistically better measure.