Retooling the Poverty Measure

“Improvements” or “Corrections”

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General Principles for Change

- Adopt changes that are applicable to the entire income distribution
- Disrupt current patterns as little as possible/improve prospectively
- Be cautious with imputations and other estimates
Proposed Improvements

- Equivalence scale.  OK
- Better measure of inflation  OK (prospectively)
- Return on home equity  OK (expand to cover all non-income generating assets)
- Households.  NO
Families vs. Households

- **Family**: a group of two or more people related by birth, marriage or adoption who reside together.

- **Household**: all people who occupy a housing unit—house, apartment, group of rooms or single room.
Household Types

- Unrelated (genetic/romantic) individuals. (group house)
- Lodgers living with family
- Unrelated subfamilies sharing living quarters.
- Cohabiting (romantically related) individuals.
- Others
Means tested transfers

“Entitlements” (EITC, TANF, SSI, FS) vs. Non-entitlements (WIC, School meals, Housing assistance, energy assistance)

What about sales taxes/CPI
Imputation

- Broad acceptance of poverty measure depends on feeling that it is derived from real numbers—not synthetic.
- If imputation is appropriate for SSI, TANF, and Food Stamps—why not for the big Kahunas--Social Security, private pensions, interest and dividends and self employed income?