



COALITION ON HUMAN NEEDS

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Statement of Deborah Weinstein
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On Measuring Poverty in the United States
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For the Record of the

Work & Welfare Subcommittee of the House Committee on Ways and Means: Hearing on Measuring Poverty: How the Biden Administration Plans to Redraw the Poverty Line and Rob Resources from Rural America, held October 24, 2023

I submit these comments on behalf of the Coalition on Human Needs. The Coalition on Human Needs is an alliance of national organizations working together to promote public policies which address the needs of low-income and other vulnerable populations. The Coalition's members include civil rights, religious, labor, and professional organizations, service providers and those concerned with the wellbeing of children, women, the elderly, and people with disabilities. The Coalition on Human Needs monitors and tracks data on human needs in the United States, including data on poverty, on policies that reduce poverty, and on hardship. The Coalition uses Census data including the Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) and the Supplemental Poverty Measure (SPM) in its work. The Coalition is one of four organizations that formed and continues to co-lead Count All Kids, a national group of child-serving organizations that is working to improve the count of young children in all Census Bureau demographic products. The Coalition on Human Needs also co-led an effort to make sure that all eligible children received the benefit of the expanded Child Tax Credit.

The Coalition on Human Needs has supported the Supplemental Poverty Measure for many years because it provides critical data on how federal and state policies increase or reduce poverty. It is an essential complement to the Annual Social and Economic Supplement of the Current Population Survey (CPS-ASEC). It is important to note that the SPM is a research tool. It is not used in calculating eligibility for benefits, and the Biden administration has made no such proposal. While the administration has not proposed this change now, the Coalition on Human Needs is open to utilizing a poverty definition similar to the SPM for the purposes of establishing eligibility for benefits. It is acknowledged by most researchers that the current method for calculating official poverty guidelines does not take into account many income sources available to families or individuals or the expenses they incur. Failure to take these needs into account has contributed to the high cost of poverty and near-poverty in this nation in lifelong poor health and mortality outcomes. A recent analysis found a 42 percent increased hazard of mortality among people currently poor and a 71 percent increased hazard of mortality among people who had experienced poverty over a ten-year period as compared to the non-poor U.S.

population.¹ Basing benefits on a more accurate assessment of need, considering the high toll of poverty, clearly should be a goal. But the current SPM, to repeat, is a research tool, not guidelines for determining eligibility.

The CPS-ASEC measures how many people live at or below the official poverty line nationally. The American Community Survey (ACS) uses a similar process to measure poverty at the state and local level. The CPS and ACS count only cash income and household size, and assess poverty against a measure that was set many years ago and is adjusted annually for inflation. That measure is used to help determine eligibility for many government benefits. Because the CPS-ASEC does not include the impact of taxes or non-cash government benefits, it only tells us how much cash income families have; it does not measure whether many policies to ameliorate poverty are working.

By contrast, the SPM looks at how individual policy decisions on taxes or non-cash benefits deepen or ameliorate poverty—information that policy makers and advocates need. The SPM allows us to see that the expanded Child Tax Credit reduced poverty in 2021 by 43%.² It allows us to break out the value of the Child Tax Credit from the Economic Impact Payments and other pandemic-era policies that also contributed to important reductions in poverty and hardship.

As the testimony of Elaine Maag in this hearing spelled out in detail, this kind of reduction in child poverty and hardship has important short and long-term benefits for children, improving their health and school achievement in the short run and their productivity and health as adults. Of course, the number of children lifted out of poverty is only a very partial indicator of its value to children. Many more children remained poor but were at least lifted out of deep poverty, and many children who would have hovered just above the poverty line received significant benefits from the additional income.

The SPM methodology can be used to show us the state-by-state impact of policies and thus provides guidance to members of Congress. Columbia University's Center on Poverty and Social Policy has utilized data from the Census Bureau's American Community Survey SPM research file to estimate such state impacts, although the Census' annual SPM report, which is calculated from the smaller CPS-ASEC sample, does not provide such breakdowns. For example, the Columbia University analysis shows that Child Tax Credit reduced child poverty in states between 33 % and 57% depending on the state.³ This helps members of Congress understand how vital it is for their constituents to reinstate the expanded credit.

¹ *Poverty Linked to 42% Increased Mortality Risk in US*, Kevin Kunzmann, April 17, 2023, <https://www.hcplive.com/view/poverty-linked-increased-mortality-risk-us>

² See Burns and Fox, 2022, *The Impact of the 2021 Expanded Child Tax Credit on Child Poverty* Social Economic and Housing Statistics Division, Washington DC: US Census Bureau; Wimer et al. 2022, *The 2021 Child Tax Credit Expansion: Child Poverty Reduction and the Children Formerly Left Behind*. New York: Center on Poverty and Social Policy at Columbia University.

³ *State-Level Poverty Impacts of the Child Tax Credit in 2021*, Danielle Wilson, Sophie Collyer, Bradley Hardy, and Christopher Wimer, Center on Poverty and Social Policy at Columbia University, <https://static1.squarespace.com/static/610831a16c95260dbd68934a/t/6536af0eb87abc5576182e78/1698082574647/2021-Child-Tax-Credit-State-Poverty-Factsheet-CPSP.pdf>

The SPM shows beyond question that Congress should reinstate the expanded Child Tax Credit and make it fully refundable to provide these benefits to every child in poverty. It is worth noting that the Columbia analysis⁴ shows that states benefiting most from the Child Tax Credit are those “...with relatively lower costs of living and higher pre-tax and transfer poverty rates.” Testimony during the Committee’s hearing suggested that the SPM would place states with lower costs of living at a disadvantage. In fact, the analysis made possible by the SPM shows that states with lower costs, including states with larger rural populations, saw a greater child poverty reduction from the expanded Child Tax Credit than states with higher costs. (Although all states showed substantial child poverty reduction when the expanded Child Tax Credit was in effect, many states with lower costs had child poverty reductions exceeding 50 percent – for example, Alabama (down 52.5%), Louisiana (down 56.2%), Maine (down 52.2%), Missouri (down 51.5%) and Wyoming (down 51.7%). In contrast, these higher cost states showed somewhat lower child poverty reductions: New York (down 43.0%), California (down 41.6%) and Massachusetts (down 40.5%).)

The SPM is also essential to help us understand the importance of other government policies. For example, in 2021 and 2022, SNAP lifted 3.67 million people out of poverty. Unfortunately, SNAP pandemic benefits are ending, while families face steep increases in food costs. SNAP benefits should be protected from any further cuts and should be expanded in the Farm Bill reauthorization.

These are two reasons why CHN supports the SPM and relies upon the data it provides.

From our work as leaders of the Count All Kids Campaign, we know that the Census Bureau is always working to assess and improve the accuracy of the CPS-ASEC, the SPM, and other sources of demographic data. We support those efforts. We hope that the Bureau will review the recommendations of the National Academy of Sciences to determine which ones will in fact improve its accuracy.

⁴ State-Level Poverty Impacts of the Child Tax Credit in 2021, Danielle Wilson, Sophie Collyer, Bradley Hardy, and Christopher Wimer, Center on Poverty and Social Policy at Columbia University, cited above.