The Importance of State Expanded Poverty Measures

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Overview of Talk

• Efforts to date
• Uses of measures
• Data
• Methodological considerations
• Conclusion
Efforts to Date

• Estimates developed for the state and local level based on NAS and SPM methodology.
• Generally follow Census Bureau methodology and work from research thresholds developed by BLS analysts.
• Further adapted (e.g., to use ACS, adjust for underreporting of program receipt, use alternate geographic adjustments)
Projects

• New York City: Center for Economic Opportunity (CEO)
• New York State: Office of Temporary and Disability Assistance
• Wisconsin: Institute for Research on Poverty, University of Wisconsin-Madison
• Virginia: University of Virginia, Weldon Cooper Center for Public Service
• California:
  – Public Policy Institute of California, and
  – Stanford Center on Poverty and Inequality
Projects (Continued)

• Urban Institute, for:
  – state poverty commissions (MN and CT)
  – community-based advocacy organizations in Illinois, New York City, and Wisconsin
  – under foundation funding for GA, IL, and MA

• Census Bureau and BLS
  – all states (CPS, three year average)
  – all states (ACS, forthcoming)
Uses of Measures

Provide further insight into poverty among area population subgroups and regions:

• NYC CEO measure drew attention to high poverty among Asian elderly
• New York state estimates found poverty in most counties was lower under expanded measure, but higher in NYC due to higher costs of housing and transportation
Use of Measures (continued)

Show how government benefits and taxes affect poverty:

• IRP estimates that Wisconsin’s Food Share program reduced child poverty by 2.4 percentage points in 2009.
Use of Measures (continued)

Estimate Effects of Potential Changes to Government Programs:

• Urban Institute estimates that a proposal developed by Community Advocates Public Policy Institute would cut Wisconsin’s poverty rate by two thirds.
Data Sources

• 3-Year Combined CPS
  – Has all required data elements (reported or imputed by the Census Bureau)
  – Requires combination of years of data

• ACS
  – Lacks data on non-cash transfers (except receipt of SNAP), taxes, MOOP, and child care expenses
  – Attractive due to much larger state sample size
Methods to Add Data Elements to ACS

• Statistical match with CPS
  – Without adjustment to admin totals (Census)
  – With adjustment to administrative totals

• Statistical match with state administrative data

• Imputation (regression based)

• Simulation (identification of those eligible, with participants selected from eligibles to hit administrative totals).
Other Key Methodological Considerations

• Choice of threshold
  – How to handle medical-out-of-pocket expenses (MOOP)?

• Method for adjusting for geographic variation within state
  – Following Census Bureau (based on differences in median rent, 2 bedroom apartment)
  – Other approaches (VA, Regional Price Parities)
Choices Reflect Project Needs

• Census Bureau: method to generate estimates on timely basis for all states:
  – 3 year CPS & statistical match to ACS

• State/local groups focused on anti-poverty effect of programs:
  – Correction for underreporting of benefits
  – Enhancements of key importance to area (housing in NYC, undocumented immigrants in CA)
Choices Reflect Project Needs

• Analysis of alternative policy proposals:
  – Simulation methods (Urban Institute)

• Sub-state analysis:
  – Alignment to administrative targets at the sub-state level, possibly greater consideration of methods for geographic adjustment.
Methods can create differing estimates

- 2008 Poverty Rate – Wisconsin (ACS data)
  - 11.2% (IRP – Isaacs et al. 2010)
  - 8.0% (Urban Institute – Giannarelli et al. 2012)

- Differences attributable to:
  - Thresholds (1.7 percentage points)
  - Geographic adjustments (.1)
  - UI inclusion of WIC (0.2)
  - UI correction underreporting cash income (0.8)
  - Other, esp. subsidized housing, child care (0.4)
But Results Can be Similar Across Studies

• California:
  – 2011 CPM poverty rate: 22%
  – 2009-2011 Census Bureau estimate: 23.5%

• Virginia:
  – 2011 VPM poverty rate: 11.9%
  – 2009-2011 Census Bureau estimate: 12.7%
Conclusion

• State and local area expanded poverty measures are of key interest to state and local policy makers.

• Development of SPM-type estimates at the state and local levels take a variety of methodological approaches—each serving different needs.

• Some variation across methods to be expected, but all provide useful insights.
References


