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EVALUATING THE NEW SUPPLEMENTAL

POVERTY RATE PROPOSAL

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P R O C E E D I N G S

MR. HASKINS: All right. So welcome to Brookings. My name is Ron Haskins. I'm a senior fellow here and, along with Belle Sawhill, I run the Center on Children and Families. This event is sponsored by our Center and by the Census Bureau and by the Institute for Research on Poverty at the University of Wisconsin with support from the Census Bureau and from the Annie E. Casey Foundation.

I have gotten in trouble many times in the past for forgetting the next thing I'm going to say, and that is a vital contribution for this whole effort has been made by the Bureau of Labor Statistics. They have especially done a lot of work on the threshold, and they write papers that only the most learned could possibly understand.

So we've having something of a brawl about poverty measurement in Washington, D.C. This is thought to be impossible to have a brawl over something as obscure as a statistical measure, but we're having one nonetheless. I think in democracy that's a very good thing, and we're here today to extend that debate, hopefully with an emphasis on data and rational argument.

I think there is something approaching universal agreement that the current measure -- to use the elegant word that my college-age son prefers, "sucks," and we got to get rid of it somehow. Well, we've known that for at least 15 years and nothing has happened.

So something is about to happen, apparently. At the very least we will have a new poverty measure called the supplemental measure that will appear in the annual report that's released in late August or early September by the Census Bureau on poverty and health coverage in the United States, and this new measure will appear and all its characteristics will be described to the public. It will not be the official measure. We'll hear a lot more about that subsequently in this event.

So here's our plan. First, after I get through, Tim Smeeding's going to talk. We have a trap door here, Tim, and after one minute it opens, so it would be good for you to have Becky standing here rather than you when the trap door opens.

Tim is the director of the Institute for Research on Poverty at the University of Wisconsin and a renowned researcher on social issues not only in the United States, but in Europe as well. He even writes sometimes about immigration in Europe, which astounded me.

And then Becky Blank is going to talk. She's, of course, the Undersecretary of Commerce and formerly of Brookings. She's also a nationally known labor economist and a student of poverty, and she's going to provide an overview of what the administration did to create this new poverty measure.

A recent article in CQ Weekly said about her work on the poverty measure: Hooray for people who see the initiative. I understand that's on your refrigerator at home. I don't know if that's accurate, but, anyway, there's complete truth in that. One person can do a lot.

And then David Johnson, who's a senior official at the Census Bureau. And he seems to get tasked with all the easy jobs, like making changes in SIPP and in the poverty measure while speaking to a den full of data-hungry lions. He's going to do his best to keep us awake while he explains all the ins and outs of the new supplemental measure.

Then we're going to hear reactions from a diverse panel, and I'll introduce them at the appropriate time and perhaps we'll have an argument with them. And then last we're going to give the audience a chance to ask some questions.

So, Tim, then Becky, then David.

MR. SMEEDING: Thanks, Ron. It is really good to see everyone here and to know that finally we're making some progress. Those of you who saw my dissertation in 1975 on the anti-poverty effect on this of in-kind transfers, which then became Census Technical Paper 50 in 1982, after that you'll hear about the National Academy meeting, another meeting that we had 10 -- Becky and I had at the National Academy 10 years later. And last October 20th, we gathered here upstairs to have a detailed discussion about how to move the ball forward, and now it's being moved forward.

So I just want to welcome everybody and say I'm glad you're here, and we'll see where we're going to go. I believe in giving the Bureau every chance. They have the right people, they understand what the issues are, and we'll see where we go. And I'll say more about that later, but I just want to say welcome.

Thank you.

MS. BLANK: That was quick. I want to thank Ron Haskins and the Center for Children and Families for sponsoring this event, and also thanks for the Institute of Research on Poverty and for Tim Smeeding. It's always good to be back here at Brookings. And I'm really pleased the opportunity to sort of hold a real debate and discussion around where is it that we're going with this new measure, and what will it get us, and do you know what does the agenda look like?

So as has been noted, this past February, when the President's budget was released, in the 2011 budget from the current administration, there is a proposal to create a supplemental poverty measure to be published alongside of and in the same degree of detail as the official measure. That means that anything that's in those publications to the official measure will also be in those publications for the supplemental measure.

The first date of publication of the supplemental measure will be in the fall of 2011, and David's going to explain how much work has to be done between now and the fall of 2011 to actually meet that deadline. This is a budget proposal. There is a cost. By Washington, D.C., standards it's absolutely minimal, but it's not zero. There is $5 million proposed for the Census Bureau here and $2.5 million proposed for the Bureau of Labor Statistics, and these two are really in collaboration in producing this measure. The Bureau of Labor Statistics does the work that produces the threshold, and then the Census Bureau does the work that adds on the household income and releases the final measure.

So there is still a process that we're in the midst of. This does have to pass through the appropriations process and out of Congress, and without the funding this is not something that will take place and be continued. So I just, you know, we're still in process.

The official poverty measure will remain unchanged. It will be reported as it has been reported and, most importantly, it will continue to be the measure to which all of that legislation points. The legislation that is out there that looks at eligibility for programs or does various cuts of one sort or another to determine allocation of funding all points to the OMB-defined measure which is the official poverty measure.

And that is unchanged. And it's important to emphasize that program dollars are not changed by this. What we're trying to do is to produce an alternative lens on poverty, something that gives us other information and provides what I think is a more nuanced measure of poverty, but one that may not be appropriate for some of the program eligibility calculations, and I'm going to come back to that in just a minute.

This new supplemental measure which David's going to talk about in much more detail is based on the recommendations of the National Academy of Sciences, and I have just learned -- I do not remember this -- that that National Academy of Sciences report was actually released the first week of May exactly 15 years ago, so I guess either the first week of May is a poverty measurement every 15 years, come what may.

The supplemental measure I think is attractive for a variety of reasons. It is particularly responsive to policy changes. And as you know, one of the problems with the official measure is that it doesn't count a lot of resources that people receive through various policies, particularly the in-kind type programs, so that changes in things like earned income tax credit, changes in food stamp or TANF dollars, changes in child care supplements, or in health reform will in one way or another, as you'll see when David talks about it, affect this supplemental poverty measure.

It is a more complex and a more nuanced measure. It is a much more detailed calculation. It is harder in two sentences to describe exactly what this measure does that has benefits and that has costs. One of the effects of this is that, you know -- and there's a statement about this, is that we release it -- is that at least the way that this is currently defined, it does not appear to be an appropriate measure to calculate whether you, as an individual, are eligible for benefits.

So think about if you're going to determine whether someone is actually poor or not poor to make them eligible for benefits, you need something that you can measure quickly and that you can verify quickly. You're not going to go through the process of determining 17 different elements and trying to verify them.

Okay. The advantage of the current official measure, it's based on cash resources, and cash resources typically are labor earnings for most people, or a few other things many of which are very easily verifiable. And if you want a very quick and dirty path to know whether someone is in need or not, you know, cash income last month is not a bad measure, and indeed that official measure, therefore, is a way to measure individual eligibility for a program that's easily determined. It's not a bad way to go.

You can't do that with this new measure. It's just a much more complex calculation, as you'll see, and it's just not appropriate to use in that way. And I should note that there are very, very few statistics. I don't know of any other statistic that we use to calculate individual program eligibility. When we do things like unemployment rates, we have an official unemployment rate definition, but the definition of unemployment that we use when we calculate those BLS numbers is not the same definition of unemployment we use when we ask whether you are individually eligible for unemployment benefits; that there's a long tradition here where individual eligibility uses simpler and different calculations than the official statistic.

So I really want to draw a line here in saying that it's not clear to me that this supplemental measure is certainly not intended to be used that way, and in my opinion it shouldn't be used that way. It is a statistical measure. It's a measure of overall well-being, not of any individual at any point in time.

One of the important parts about this measure is that if funded, the Census Bureau together with the Bureau of Labor Statistics will have the discretion to create and to improve this measure over time. So this is not a fixed measure that is unchangeable, but rather it's a concept that's been turned over to the statistical agencies of the federal government, and they've been told to produce the best version of this measure that they can. As new data, as new methodologies become available, I very much hope they're going to update and change this as indeed we update and change most of our statistics.

So an important aspect of this is the discretion that is handed to the federal agencies to keep this updated, using the latest available methodologies.

I should note that -- and I we'll say this later -- but there is a Federal Register notice that either is just out or just coming out, and the current methodologies for producing this actually come out of a recommendation of an advisory committee that was put together that included -- now, I don't have this written down and will get myself in trouble. It was obviously Census and HHS and BLS, and CEA and OMB, and my office over at ESA all work together. Am I missing anyone? I don't think so, to put together a set of recommendations about what, you know, what this initial measure should look like.

But the Census has the discretion to produce the measure that they think is the best measure in the fall of 2011, so those advisory committee recommendations are just that they are recommendations. And the Census Bureau, like all good statistical agencies, is always looking for additional input and advice. There is a Federal Register notice that is being posted, or either has been posted or will be posted, very soon on which allows for a number of weeks of comment. And I do hope that those of you who have comments and good ideas and opinions will send them in, in response to that notice.

So I'm not going to tell you what this measure does. That's David's responsibility, but let me just say a couple of things. First of all -- and I think this is an important comment to make -- the thresholds in this supplemental poverty measure are not comparable to the thresholds you've become familiar with in that old official poverty measure. And there are reasons for that because the thresholds are defined relative to the resources.

So the resource definition that we're comparing in the supplemental poverty measure is very different; it's not cash income. It includes taxes. It includes in-kind benefits. It takes account of certain work expenses. It's a (inaudible) medical expenses. That means that that threshold means something very different, and you can't simply say, ah, this threshold's 10,000 and that threshold's 12,000, therefore, poverty's higher under one and not under another. It's the threshold and the resource measure together that matter.

And I've already heard conversations about whether the thresholds are going to be higher and lower. And the issue isn't the level of the threshold; the issue is the level of the calculation when you put both thresholds and resources together. So you can't just do a threshold comparison and say something very meaningful. So I want to emphasize that.

The second thing I'm going to emphasize is we don't have any numbers for you today. These recommendations really do produce a measure that is different than any alternative measure that I know of that has been produced out there. Now some of the differences are more minor, some of them are more major, but basically they require putting this state together in a way that hasn't been done yet. In a few cases it requires the implementation of new questions on the current population survey, as David will talk about, that haven't been fielded yet. And as the result of that, we don't have a number to put up here.

There will be a number in the fall of 2011, but prior to the fall of 2011, we literally don't have the data to calculate this. That is what the Census Bureau is going to be doing for the next year and a half, and, you know, from my way of thinking -- as you all know, I'm an academic by trade in the past -- you know, the right way to do a poverty measure is to think conceptually about what it should be and how you should put it together, and let the numbers fall out of that. You don't want to start with a number and then work backwards to your definition.

And then one thing I feel good about is I think we've done this the right way. The advisory committee talked about what's the right conceptual way to deal with these thorny issues, what's the best that we can do right now, and we have therefore done it.

And, well, the Census Bureau will make its decisions as it moves forward. The official poverty measure is 45 years of history. It's based on cash income, which is a good indicator of work and earnings at a first pass among lower income families. The many things that the official poverty measure tells us, particularly in a time of recession when people are losing jobs, cash income is what's going up and down.

The supplemental poverty measure is more experimental. It provides more information on net resources after accounting for some key expenditures. I think it's good to do a better job at measuring policy effects, but until we have this number calculated for several years, see how it moves, and have some more familiarity with it, I think you don't really understand a statistic until you've worked with it over time.

I'm really pleased that we're going to be producing the second statistic. I think it is long past time, as many of you know from my past writings, but I do think this is an alternative lens. It's not a complete replacement for the official measure; it's something to stand alongside and provide us different information than what that official measure has provided. And I'm looking forward to the fall of 2011 when we start seeing some numbers.

So I'll stop there. David? (Applause)

MR. JOHNSON: Thanks, Becky, and thank you, Ron, and Brookings for co-sponsoring this. Brookings has been very supportive of everything we've done at the Census Bureau with from CIT, from the ACS to LAD program, and poverty measurement. It's been a very good partnership between the Census Bureau and Brookings to evaluate these issues. So we hope to get some good comments.

I particularly want to thank the working group, as Becky mentioned, the technical working group that got together. And, as Becky said, it's been -- we've been working on poverty 15 years. It's good to hear that we don't have to do this again for another 15 years. If that's the case, I appreciate that.

But Becky's been working on this. There are two people who have been working as consistently as anybody on this, and that's Kathy Short from Census Bureau and Thesia Garner from the BLS, who have been working nonstop probably for the past 15 years on these things. So I really appreciate that.

I'm going to go through some of the things. As Becky said, we don't have any numbers, but I'm going to show you some slides without labels to sort of give you a sense of what's happening up and down.

One thing I promised Ron is when I did the SIPP, I don't have the big slide, when I --

MR. HASKINS: (inaudible)

MR. JOHNSON: I have those, okay. One thing I promised Ron when I did the SIPP, when I showed a Harry Potter clip, so I'm going to show you a Harry Potter clip. I believe that almost everything you need to know is either in a children's book or a children's movie. This makes three points for limited poverty measurement.

First point, Harry realizes that nothing's going to happen unless he does it, and it's about time to do it. And I think that's testimony to Becky Blank's and Mark Levitan just taking the initiative to do it. He realizes that he can do it, if you know the story, because he's seen himself do it before. So because of time travel he actually saw him do it, so he could do it. So present us in BLS, we know we can do this because we're done it before.

The third main thing is what he's conjuring up is called the patronus. The patronus has a unique purpose, a single purpose to ward off evil, to prevent deprivation, but the key thing is anybody who conjures it up, conjures up a completely different form, but it has the same purpose. So I think the key thing for poverty measurement, you have to realize the purposes, because even though some of the forms or formulas might be a little different, if we focus on that purpose I think that important.

So what is poverty? Is it homelessness? Destitution?

Deprivation? Or just want of a better life? So I want to sort of go through the concept of poverty and then talk about how we measure it.

So I'm an economist. I go back to the basics and go back to Adam Smith, his comment that poverty was that what people have relative to what everybody else has. So the Greeks and Romans didn't have lemons, so what? But a day laborer back in 1770s needed a linen shirt, because if they didn't have a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty.

The National Academy took this a step further, basically called it economic deprivation, and the poverty standard is based on a level of family resources that is deemed necessary to obtain a minimally adequate standard of living defined appropriately for the United States today. That means the poverty measure today isn't the same as in 1770, or isn't the same as in 1963, and most likely won't even be the same as in 2011 when we release the next one. So this poverty measure is a constantly changing concept that's dependent on the standard of living of today.

Now, to measure poverty you need the answer to these particular questions: the who, what, where, when, why, and how. And for these particular questions in poverty, the what and the how were interrelated, as Becky said. So the what is what resource do you use, and the how is how are you going to measure what threshold you're going to use? And the key in the working group's thing is they have to be consistent. So we need to look at both of those.

Then who? We have to talk about whose resource. Usually it's individual's, but what are those units, and how do we adjust units for different family sizes or the different compositions?

The when, and this is key, how that we're going to update this measure over time. The where: Do the measures differ by geography, by New York City or by West Virginia or California?

And then the key thing is the why: What is the whole purpose of this? And I think the focus is the purposes of well-being and the effects of government policy in getting an indicator, like Becky said, a national indicator to look at, at poverty and the well-being of people at the lower end of the spectrum.

So we heard a little about the official. This is basically just look if your income is less than a threshold, you're in poverty. The thresholds were developed in the '60s, three times the cost of the Thrifty Food Plan. They've been updated over time with inflation, about $22,000 for a family of four in 2009. They vary by the number of people in the family, and they have a simple resource measure of cash income.

So I'm going to go through and compare this new measure to the official measure step by step. Becky mentioned these, so I'm not going to really go into them, what the official measure does not do. These are some of the criticisms you hear: It doesn't distinguish between workers. It doesn't vary by medical care cost. The poverty threshold in New York City/Manhattan is the same as the poverty threshold in the non-metro areas of California, as it is in rural Alabama. It doesn't make regular family size adjustments. You can read the National Academy of Science report to see those changes. It doesn't reflect increases in the standard of living, and it doesn't reflect government policy initiatives.

So what we're going to do, as Becky said, the president provided funding which we hope to obtain to do this, and this funding is really to accelerate this process. We can do these things, but we can't really release them in a timely manner. It takes a lot of work, and there are questions we need to add both to the CPS and the consumer expenditure survey.

We're going to use the guidelines of the interagency technical working group which are based on the NAS recommendations, and we won't replace the official one, we'll still produce that, have that consistent trend over time, and we're going to basically use these, that document that you can obtain outside or on our website, as the initial measure that we're going to produce. And then we have the authority to improve it over time.

So here's a slide with no numbers. It's the sum measure that we have somewhere on our website, about it makes three points about what we think this new measure might look like. So this adjusted measure that's here, the green line, you can see it's higher than the official. We expect the poverty rate to be higher than the official poverty rate. We also expect the poverty rate to increase more over time than the official measure because this threshold's going up because of the standard of living.

There are two key points here. If we adjusted the thresholds in the same exact manner as we adjust the threshold in the official rate, which is by inflation, during the periods of recession, okay, the official rate went up more than this alternative rate because of these government transfer programs. So it is picking up this effect of the government transfer programs. So those are the three key things I think we learn from this measure.

So let's go through it step by step. So how? So how are we going to do this with the threshold concept? Current measure, just the cost of the minimum food diet for a two-adult, two-child family, 1963 times 3? What we're going to do for supplemental measure is we're going to look at the expenditures over a 5-year period on food, clothing, shelter, including utilities and all mortgage expenses, we call FCSU, if you're in the lingo and been following this for 15 years, from the consumer expenditure survey the BLS is going to produce.

So we're going to take this distribution of these, of this FCSU, and we're going to look at the 33rd percentile of that distribution. Now, to calculate the distribution, we could just use all married couples with two kids, or all two-adult, two-child families, or everybody. But we're going to look at the families that we think are most representative of families with kids are all families with two kids, or all consumer units in the CE lingo, with two kids adjusted.

So, obviously, somebody with one parent and two kids has to be adjusted, their expenditures have to be, to be consistent across the same measurement. So we rank everybody up. We pick the 33rd percentile of that, and we add 20 percent more to cover other expenses. So that's how we're going to turn them into this threshold.

The who. How are we then going to adjust this for different family sizes? So we have this threshold that's going to sort of be what a two-adult, two-child is, but we know the cost of a one-person household is different than others. So the official one adjusted for different family types, and they actually had different thresholds for elderly and nonelderly.

We're going to adjust this threshold by something called the three-parameter Kublan scale, which -- if you really want me to get into, it's my favorite topic, I could talk for days on it -- which assumes that children need a little less than adults, and there's economies of scale for larger families.

Then there's the who of what's the unit of analysis. Currently,. the unit of analysis is a family in unrelated individuals. We're going to now expand that to include cohabiting people, co-residents, kids who are co-residents or foster kids, so in the current measure, if you don't know it, excludes about 300,000 kids even from the denominator of the universe. So they're not there. Foster kids aren't there. So we're going to try to include everybody in this unit. So that's the who when we look at the economic unit analysis.

So this makes a difference. So when you put these cohabiting people together and have them share their resources, their poverty rate falls a lot. So this just shows you what the official measure, or with this NES-type measure, the poverty rate's high when you, in the current family unit, when you put these people together and say they're sharing resources, their poverty rate drops tremendously. Now, it doesn't have a big effect on the overall rate, but for these particular people it does.

Now, more who. Now, we're not going to just adjust for different family types but we think that renters and people with owning their house, and owning their house with and without a mortgage are different, face different costs. So this food shelter, clothing, utilities cost is different for these people. So we're going to make adjustments factors for the shelter component in the FCSU to reflect these different expenditures and different costs for these three people.

So what might this look like? Well, so BLS has tried to get a handle on what this thing looks like, and you can see the official measure, the yellow, right, and the current measure we have up on our website, this FCSU one, it's higher. And this new way for renters, that threshold is going to be about the same as the one that's up on our website, around there, and the cost threshold for owners without a mortgage is going to be a little less because they have less cost. So that's sort of how this is going to work.

And it'll have a big effect on poverty, so when you adjust for owners without a mortgage, a lot of those people are elderly, so when you look at a NAS-type measure, okay, and then you adjust the thresholds for owners and renters, and owners without a mortgage, you can see, well, the poverty rates change somewhat, but the key thing is elderly poverty rate falls. So it has a big impact on elderly poverty. We don't know how much, but we think it's going to fall. Roll it to non-adjusting for threshold.

Okay, now where. So first we've talked about the what and the how and the who, but now let's -- what about thresholds and the poverty in Manhattan versus West Virginia. There are no adjustments in the official. We're going to adjust for the housing cost differences because we think that's the biggest difference in cost using five-years, the American

Community Survey data, on rental costs. We're going to look at the rental costs by MSAs, to all MSAs in the country, and then all those non-MSA areas in a state, and then we're going to continue research to see if that matters of interior price indices.

Now, how might that -- what might that do? Well, so here you can see that if we use an NAS-type poverty rate, an official poverty rate, the state poverty rates, which are all those dots, are fairly correlated, okay. Obviously, all the NAS poverty rates are a little higher, but they're all pretty much on a line. When you adjust for differences in geography, you find them spread out. In fact, that dot way out to the right on the top is Mississippi, right, and when you adjust it, give it a lower threshold, this poverty rate drops a little bit.

And California is in the bigger group on the left, and it's the dot that's sort of gone up there on the other one. So you can see there's a different relationships.

Then the when. So we have to update this over time. This sometimes is one of the most debatable and controversial aspects. The current one updates it by the inflation rate over time. What we're going to do is recalculate the threshold using again the moving average of five-year data from the consumer expenditure survey, recalculate these adjustments factors. So as the 33rd percentile moves over time, we expect that to go up a little more than inflation, probably not as much as median income, but around there.

Some people say, well, that's going up, you know, too much, like the CPI. Some people suggest the CPI, it should actually be -- that's a biased upward anyway, we should actually increase it less than that. Some people say it's not high enough, we should increase it more. So having run the CPI, expect this Goldilocks dilemma that have always faces you, it's either too hot or it's too cold. I believe that this is just about right.

So then there's the what. And this is where a lot of the things come into play in terms of what's included in the family resource definition. So currently it's just gross money income from the annual socially got supplemental end of the CPS. We're going to take all that gross money income, and then we're going to add all the near money federal income benefits for FCSU.

So this is SNAP, housing subsidies, WIC, school lunch and breakfast, and maybe energy assistance if we can figure it out. And then add in any tax credits like the EITC, then it can subtract the income and payroll taxes, and what we determine or what the working group in the NAS panel determined other nondiscretionary expenditures. So this is child care and work-related expenses, child support payments, so these noncustodial payments of parents who pay it, we should subtract it, and their out-of-pocket medical expenses including health insurance premiums.

So we're gong to try and get an actual estimate of this for these expenditures. So this is what we have to add questions on the CPS for: for their actual child care, their actual child support, and their actual medical out-of-pocket expenditures.

The problem is for the new cash benefits, it's not clear what food stamps. Food stamps you might get it better, but a housing subsidy is hard to determine what the actual value of a housing subsidy is, or value of WIC. So we have to do some calculations imputations. This is what Tim said he did back in the '70s. And it matters what you do. And this is what we could use help on, and this is what we'll have to research over the time period.

So here is a valuation of housing subsidy different measures and the poverty rate of people who are subsidized renters. You can see the official poverty rate, pretty high as we adjust for this fair market rent, which is included in one of our measures, the poverty rate falls in half, but you can see, depending on however we may adjust this begins different poverty rates for these people, depending on how you estimate the value. So it definitely matters, and this is what we have to look at.

So these other nondiscretionary expenditures actually matter a lot, so MOOP, which is the "medical out-of-pocket expenditures," if you haven't followed this for 15 years, makes a big difference. And again, it makes a big difference on the poverty rate for the elderly. So this NAS-type poverty is on the left, and the NAS-type poverty where you don't subtract MOOP, you know, obviously, all the poverty is a little lower because you're not taking MOOP out of the resources, but the poverty rate for the elderly is affected more than the others.

So poverty rate for the elderly is affected by increasing their poverty by subtracting MOOP and then decreasing their poverty by giving, you know, a different threshold for owners without a mortgage. So we have no idea how that's going to wash out, and this is what we'll look at in the future.

So that's the basic measure. How does it address all these issues? And I pretty much assured that all of you will be unsatisfied with the details because I didn't go into a lot of specific details, but I wanted to give you an overview. So it distinguishes between the needs of workers and non-workers. It recognizes the variations in medical care costs. It reflects geographic price variations in regular size family adjustments, reflects increases in standard of living, and it will reflect these government policy initiatives.

So what are the next steps? What do we need to do now? Well, we're going to create this interagency steering group, sort of following the taking the working group and formalizing it and continue that, so they can review the document and provide us guidance of what they really meant when they wrote the document. And we're going to have a Census/BLS development implementation team because we have to get together to make the hard decisions about what this thing really is, okay.

We're going to have a Federal Register notice, as Becky said. It's not up yet; it should be up in the next few weeks to solicit comments on the methodological issues that we're talking about. And we hope by December to have documentation on the methods. So we might not have the actual measure out, but we might have a estimate of what we think the measure might look like. Because we currently have new questions on the CPS that's in the field, just finished in the field meaning in March and April, to evaluate child support payments, their tenure, whether they have a mortgage or not, what the medical care expenses are, what their child care expenses are, so we can evaluate that, we're going to have to improve the tax model and really come up with our documentation of their in-kind benefits,

We have to specify this geographic updating mechanism, and if the key is we have to use five years of ACS data, well, five years of ACS data won't be available till December, so we have to really figure out how we're going to look at that.

BLS is going to research how these, the duties at housing adjustments, and there's an initial way that you can look at the report to suggest how we adjust for the different housing types. And you're going to have to look at in-kind benefits, because the key thing again is, as Becky said, the resources need to be consistent with the threshold.

So if we have a lot of things in the resources like WIC, and housing subsidies, and food stamps, then those are costs or expenditures that somebody would face on the threshold side. So you need to include both in the thresholds and the resources. And, currently, the CE doesn't have information on some of those things so they have to research that.

And then next September, in 2011, we'll have the first release of the supplemental poverty measure on the same day as the official measure. And I can't say it's going to be August or early September. I think I put September 30th in the official standards. And then it's like we said, we're going to keep official poverty estimates for all occasion of federal funds and poverty guidelines for program eligibility and we'll produce that official measure.

And the last next step, as I think you need to think about some of these issues, so if you read the report on there are some open-ended issues like we're going to look at an average amount for work expenses. We can give, like we currently do, an average amount, but you could consider using actual work expenses cost. That's open in the report. We have to investigate that.

If we subtract health insurance payments that people make, uninsured people have some 19 no payments, so we will not subtract anything, or would that be -- should we treat them differently? We have to look at that. We obviously have to look at these new questions, and not only do we have to look at the new questions that's there, we have to look at the new questions, to put the new questions on in September in 2011, so we have to move really fast on that so see if the questions are picking up everything we need.

And this imputed in-kind benefits, evaluate that, and there's also a lot of other reporting. You hear a lot that people don't report their food stamps, don't report their housing subsidies, so we have to evaluate those particular things in data quality. And then we have to -- BLS is going to have to examine this housing adjustment and the thresholds, and how that might interact with medical care. Some of these things we haven't looked at, at all, because they're completely new to this measure than the other measures that we've produced.

So, if you want more information, you can go to the Census Poverty website. Those forthcoming there'll be a BLS website that has all their papers on it, and both of them will then have a link to that working group document that you can pick up out in the back. You can go to our website and see all these alternative poverty estimates and lots of different working papers, and there are a number of new ones floating around. We'll figure out a way to circulate those.

And, finally, we have a new thing on our website, a table creator. And this is where I think you need to think about your own Patronus, your own way of measuring poverty. You have to really come to grips of how you think poverty should be measured, because in the end we want all of you to agree that we're doing it the right way.

So if you go to the website, you can throw in your own threshold. You can say, well, we want to put this resource in or that resource in. We want to make adjustments with inflation or a different CPI, or look at median income. You can even create one as a relative measure, half of median income and see how that is.

So I encourage you to think about your own Patronus and your own poverty measure and look at the document and provide us some suggestions. Thank you very much. (Applause)

MR. HASKINS: Okay, this might be a little distracting, but I'm going to go ahead and introduce the panel while we're trying to get everybody mic'd up in order to save time. We all believe in efficiency, right?

So we have a diverse panel. First will be Shawn Fremstad.

He's here, I saw him. There he is down at the end. He's on the far right, but that's your far left, so Shawn is one of the people in Washington who never shied from the use of the term "liberal." And he has considerable dissatisfaction with this new measure, and we're going to hear about why in a few minutes.

Then Mark Levitan, the director of Poverty Research for New York City. Mark was the moving force -- where's Mark? Mark was the moving force behind New York City developing its poverty measure, and I want to seize this opportunity to say how much I think everybody who's been worried about poverty and the measurement of poverty really admires what New York City has done. You can quarrel with details, but they followed the -- they followed -- well, Mark says you can't quarrel with the details -- they followed the injunction of the Congressional Quarterly about Becky, which is, you know, get it done, take the initiative, and New York did that. I thought it was really a remarkable performance.

Then Robert Michael, who's the distinguished professor emeritus as The Harris School at the University of Chicago, and a long-time student of poverty and many other issues associated with social well-being.

Robert Rector. Robert, you're on my left. Are you glad about that, Robert, on my left? Robert is a senior research fellow to Heritage. And based on my personal experience, I would say that Robert is the single-most influential advocate on social issues and immigration reform who looks at things slightly from the right. Robert has had a dramatic impact on policies in the United States.

So I think -- I hope I've covered everybody. And now each of the panelists has eight minutes. We're going to time it carefully, and keep in mind the trap door. And I think we should start with Shawn.

MR. FREMSTAD: All right. Thank you very much, Ron. I'm happy to be here.

I think I'm going to be very simplistic about this. There are really two, what I see, fundamental problems with the current poverty line and two problems that we need to address in adopting a supplemental measure. I call them the too low and too narrow problems, as I said, very simplistic.

The too low problem is a pretty simple one. The threshold of the current poverty level, and this is something that I think we've known for a long time, is just too low to serve as a minimally adequate standard of living in today's economy in the 21st century United States with kind of all the economic growth and productivity gains we've had.

This is a problem that's really grown over time. It fundamentally dates back to the Nixon Administration's decision in 1969 to tie the poverty measure only to inflation and not update it for general increases in the standard of living, which, of course, outpaces inflation. As a result, we've got a poverty line that was roughly 50 percent of median income in the early 1960s when it was developed. Now it's under 30 percent; it's about 28 percent of median income.

If you borrow terminology, HUD has this very useful terminology for federal housing programs. They talk about extremely low income being 30 percent of median income, and very low income being 50 percent, so it's kind of nice, objective, descriptive language. And what you see with the poverty line over time is it's essentially gone from being a very low-income measure, kind of roughly that 50 percent, to an extremely low-income measure. So basically what we've done is defined "deprivation" down over time because of a failure to update the measure.

Now, the thing that's known about this is this runs counter to public opinion, American public opinion. You look at Gallup polls, they've asked this question over like the last four or five decades: How much, what's the smallest amount that an American family needs to make ends meet in your community? That ends up being about $50,000 in today's terms. The poverty measure, the current poverty measure, is about 40 percent of that. Back when the poverty measure was developed, and I think not many people thought it was too low or too high back in the early 1960s, it was about 75 percent.

So again what we've seen is this kind of defining down over time, and a measure that's gotten -- really kind of gotten further and further away from sort of mainstream living standards, which to me, getting back to this Adam Smith idea of the customs of the country and the like, is really what poverty is all about.

The second fundamental -- so that's the too-low problem. The second fundamental problem is the too-narrow problem. And this has two aspects: one is this some of these issues around expenses and benefits that aren't counted. Supplemental poverty measure does a good job on many of those, but the more fundamental problem that's the too-narrow problem is that the measure is solely an income measure.

It solely thinks about poverty in income-only terms, even though I think we'd all recognize and we know -- we've known for many years -- that poverty is about much more than income; it's about kind of the relationship whether or not a certain level of income results in poor living depends on many different factors. And these include not just things like geography and where you live, but whether you have a disability or not, your asset levels, whether or not you have health insurance.

Some of these can be taken into account by looking at expenses, but you can't just kind of reduce all these down to income. Poverty is really a multidimensional phenomenon, and we need a more multidimensional measure to get at that.

What happens if we don't address these too-low and too-narrow problems? I think the fundamental thing is you end up with a picture of poverty that is fundamentally out of focus, that's blurry or inaccurate, or doesn't really capture a true picture of what poverty and lack of basic economic security means. And one major problem is you end up with a measure that's under-inclusive. It excludes the vast majority of Americans who suffer from economic deprivation and hardship in the United States.

You can see this, actually, now with the current poverty measure and food insecurity. Most people who are food insecure in the United States have incomes over the poverty line, and they likely have incomes over the supplemental poverty line. So we're basically kind of -- it's almost like we're taking an extreme close-up and not seeing the whole picture when you have these sort of very low measures. So I think we really need to kind of address these two issues.

So what's the solution? I think that the fundamental solution, it's a conceptual one. Actually, getting back to this conceptual point is we have to move beyond the idea that you can just have a single measure, one sort of ideal measure. You know, Lester Farrow, in a Brookings document from the 1960s, called the idea of a single poverty measure a utopian idea. It still is. It's also a very bad idea. What you need is two or three core measures of poverty, but get at the different aspects.

So instead of a single income-only poverty measure, I think what we need is a framework for measuring poverty and basic economic security. We should have two or three core measures; it shouldn't be some big data dump. Some of these measures should address the too-low problem. Ideally, I'd have a measure that's tied to median income or some other sort of something that gets at kind of a very low level of income and not just an extremely low one.

And then also we need some sort of measure of, basically, deprivation: a direct measure of deprivation, a nonmonetary measure of deprivation, something that gets at the various forms of kind of concrete deprivation that people think of when they think of poverty.

Now, is this sort of the perfect for the good, kind of chasing out the perfect from the good? I don't think so. Just last month the United Kingdom passed legislation adopting a new poverty measure that does exactly this. It has four tiers. Two of them are income-based tiers. They have both a relative tier and an absolute tier, so you kind of get your relative and absolute. And then they also have a deprivation index as an additional tier, so you're getting at the extent to which people with low incomes are deprived economically. So it's upon a very concrete concept.

They also look at persistent poverty three out of four years.

So again, I think that helps you getting at more of the sort of -- more sort of severe forms of poverty that you don't get with a single year measure. You put these together, and whether those are going up or down kind of together tells you whether the poverty's going up or down. And I think that's really the kind of approach that we need to make in thinking about poverty.

Now, I do think a measure like the administration's could be included as part of this sort of broader framework, but I think you need to start with the framework and not start with, you know, an individual measure. And I think it's very important, if you have something like the administration's proposed measure, that it not just be an extremely low measure, but that you get more to this idea of a very low income measure. Now, there weren't numbers up there, but I think from all we know, and I kind of discuss this in more detail in a paper that I just released last week, we're going to end up with up a poverty measure that really doesn't look very different in value terms under this supplemental measure than the one we have now. It might be a few thousand dollars higher, but really it's still an extremely low measure rather than a very low measure.

One way to do it would be to just say sure, we've got -- we're going to use this supplemental one as the extremely low measure, but we're also going to adopt a second income standard and use that as the very low measure. Again, I think what you have to do is go past the idea that you can just kind of split the difference down the middle and have a measure that serves all the purposes. I think that's been a mistake. You have to have multiple measures that did have a different dimensions of poverty and not simply a single measure.

Let me just say one other very kind of technical thing. I think my time's out. But there is some ways in which a supplemental measure tries to address these two narrow issues, with things like adjusting for geographic differences in housing and taking expenses into account. I actually think this produces more problems -- again, because they're not getting out of this income-only framework.

So, one of the things you see is when you address for geographic differences in housing costs, Massachusetts ends up looking more poor than West Virginia. This is not the case when we look at sort of any objective indicators of deprivation and human development. I mean, I think it's pretty obvious from most other concrete indicators that West Virginians are worse off. So, we really need to address that problem, too, and I think moving to this kind of broader framework, because you're looking directly at deprivation and not just income, helps us do that.

Thanks.

MR. HASKINS: Mark.

MR. LEVITAN: I work for the Center for Economic

Opportunity, which is an organization created by Mayor Bloomberg in 2006. CEO now oversees 40 programs that address poverty in New York City. It's charge is to launch innovations and evaluate them. But we were given one other mandate, and that was to create a more useful way of measuring poverty in New York City, and there were two things that we were worried about going into that process.

To be useful for policymaking, you need a measure that's more inclusive than pre-tax cash. You want to measure tax credits. You want to measure the value of incoming benefits. You want to move towards a more realistic picture of what low-income families have available to them to meet their needs.

The second thing that we were concerned about was the realism of the thresholds. New York City is a very expensive place to live, and the federal poverty thresholds are unrealistic given the high cost of living.

So, given those two concerns, it was pretty obvious why we'd move in the direction of the National Academy of Sciences' recommendations. It gave us a way of developing a more inclusive measure of resources; they gave us a way of creating a more realistic threshold; and they gave us an intellectually coherent way to do both those things. And just to give you a sense of how that works in New York City, think about housing.

That's central to low-income people in New York City. Why is the city an expensive place to live? Housing is so expensive. So, our threshold is much higher, which reflects the relatively high cost of housing in New York City. But another important thing to understand about New York City is that a very high proportion of our low-income families that live in public housing are getting a Section 8 voucher, and that is also part of our measure. So, we're able, because we're doing both things at the same time, to capture the high cost of housing in New York City but to capture the fact that 400,000 of our folks live in public housing and another quarter million people get some kind of direct rent subsidy. A lot of our renters are in rent-controlled apartments, which is a housing affordability program. We've got people who own their homes free and clear, and we can capture all of those differences in our measure. So, both those things are around the table when we look at poverty in New York City.

There was another reason why we moved in the direction of the NAS measure, and I think this is really important. We wanted to measure poverty. We didn't want to measure relative low income. We didn't want to measure something that was only capturing people at the very, very margins of society. We wanted to capture something that people in New York -- in particular the people who make policy in New York -- would recognize as poverty. And we could go through all the machinations we do to create the threshold, but what we get at is a number. That's really what's going to make this thing fly or not fly. When people hear the threshold, does this make sense to them.

So, in 2008 our threshold for the two-adult, two-child family is a little over $30,000 a year. People hear that; there's like a nod. It's like okay, if you have a four-person family, if you have less than that, you're really up against it. That makes sense to me. You don't want to put a threshold at a level where you're just creating another debate. It's like, oh, these people really are -- you want something where it's like a sense of, ah-ha, I get it; these people are really up against it.

So, having said that -- having said that you should measure poverty; you should measure something that is widely understood as being too little -- I also want to say that there is wisdom in the observation that the measure defines the problem and that one measure is not good enough.

We should have, in my opinion, three income inadequacy measures. We should have a measure of relative low income, and it could be a European style 60 percent of median family income. That would be one measure of income adequacy. We should have something equivalent to something that people are probably familiar with, a measure of extreme low income. People values -- 50 percent of the federal poverty threshold. I think we should have a destitution measure that captures that 4 or 5, 6, 7 percent of American society that is in, like, physical danger, that's on the street or in danger of living in the street, that misses meals, that can't meet its physical needs in the very immediate sense. But we should also have between those two things a measure of poverty that captures both the sense of economic deprivation but, as David pointed out, also reflects the custom of the country that evolves with society and with the rising standard of leading society. If we do those three things, we'll have three sensible measures of income adequacy. That's the direction I'd like to see us go.

MR. HASKINS: Thank you.

Mark. Mark -- Bob. Give you some more time.

SPEAKER: You were close.

DR. MICHAEL: I think I have three points I want to make, and the first is very simple. It's a thank-you, a thank-you in lots of directions. If Becky Blank had not taken the lead here, we wouldn't be here, and she gets a big nod from all of us for the willingness to stick her neck out there and make this happen. It was 15 years ago this week that we were in Washington with press conferences and all about exactly this issue, and the reason this has happened has more to do with -- now has more to do with her than anything else. So, thank you, Becky. Thank you for the organization of this conference day this morning.

Since that NAS publication, that book 15 years ago, is so often mentioned, I'm going to list the people that were on that panel, because it's a -- kind of whatever your discipline and whatever your background, you're going to hear one or two of those folks and say, oh, that's why it's so good, because it was a really good group. It included Tony Atkinson -- I'm just going to give the names -- Dave Betson, who's with us today; Becky Blank was on that panel; Larry Bobo; Jeannie Brooks-Gunn, John Cogan; Sheldon Danziger; Angus Deaton; David Allwood; Judy Garron ; Bob Hauser; Frank Wilson; myself; and Connie Citro, who is the staff person that oversaw that. With that group of folks, it's not the surprise that that was a product. It's also a 700-page book, so it's got a lot of detail that has been guided -- the developments in New York -- in this good panel over the last couple of years with that, and, you know, like, David's been working on this -- Kathy, Thesia -- ever since, as Dave Betson. So, thank you. I think we all owe these folks a big debt of thanks.

Rather than talk about the contents of it in my remaining six minutes, do something else and then happy to talk about any of that in more detail later.

I happen to be the project director of the National Longitudinal Survey of Youth Program. The NLS is one of the large data collection efforts through the Bureau of Labor Statistics that's been underway since the mid-'60s. There are two cohorts in the field. One of those is a good sample of the American population that was born in 1957 to 1964. So, think of that as the '60s. And another sample that represents the population of those born in 1980 to 1984, in that interval. And these are surveyed every year or every other year. They have been since their teenage years, and it's a major part of the federal statistical program. I oversee that each of those has a principal investigator.

We determined in the last few weeks since this announcement has come out that we will do all we can, starting this year, to get on to the NLSs the information we need to measure both of these measures. The official measure of poverty is reported every year, and it's there, and it's been used a lot. We are tweaking it enough that we will be able to get a lot closer to this new measure starting at least next year. We're changing a couple of things in the last couple of weeks in order to go in the field in the fall and hope that doesn't break the computer. But we're going to try very hard to get both these poverty measures on the NLS, so here's a dataset that will have both for study over the next several years, and that strikes me as really important to both track how they differ -- in a dataset, each of these samples has about 7,500 people. They both have 80 to 85 percent representation even after 13 or 24 years of the population they represent. And so this is, from the science point of view, I think an important development as well. One can then see not only how they differ but how poverty impacts behavior.

And as a little bit of a preview of that, or a post-view, there's a paper written by Carolyn Hill, a professor here at Georgetown, and myself that's in the Journal of Human Resources that I want to spend a couple of minutes telling you what we found, because in the first wave of '97, the '80 to '84 cohort, we engaged in this process of defining the NAS measure of poverty, as well as having the official measure, so I'm going to tell you a couple of -- three things that we found out of the comparison in that first way. It hadn't been done since. When we get these new data on, it'll be doable again. But it illustrates the sort of thing I hope will -- it occurred to me we'll have a meeting in 15 years here and go over what we find, which seems only appropriate.

The three things that that paper stresses is, first, that there's a good bit of difference, okay? If you take the lowest percentile, the lowest 20 percent of the American population, and say, what's the correlation between the two poverty ratios? It's only .6, okay? It's positive. And there's a good bit of similarity, okay? But it's only .6.

A lot of the people that are in poverty per the official measure, even though the poverty rate on the other measure is 3 or 4 percent higher when we did that in that first wave, okay. And we had exactly the same as the Census for the official measure, because we have a sample of the population that is a very good sample of that population we can measure probably just like them. We had a somewhat higher rate. Even so, 5 percent of those who were in poverty with the official measure were not in poverty under that other measure, okay? And 27 percent of those in poverty under the other measure were not in poverty under the first, but that's because the rates were different. But they differ. So, it matters, number one. It matters.

The second point I want make is that if you look at the distribution of those in poverty, the distribution of the poverty ratio, the income to the threshold, you look at the distribution. Oddly, that distribution is pretty uniform. About a quarter of them are in the integral between 0 and .25 of the property threshold, another quarter of them between .25 and .5, another quarter of them between .25 and 3, okay? A pretty uniform distribution in that official poverty measure. When you use the NAS or the -- very similar to the one we're going to get is this wonderful supplemental measure. They're all bunched up. A lot more close to the poverty threshold. So, these social programs not only move people out of poverty, whatever your definition; it moves a lot of people that are in poverty closer to their threshold. It moves them up the ladder if not over the top, okay? And that's an important fact.

The third fact is that we did then, having two measures and a propensity to run regressions -- we chose six outcomes and then looked at the impact of poverty on that behavior where we did the analysis with the official measure of poverty, and we went back and did that same analysis with the NAS measure of poverty. In most of those -- of the five -- the NAS measure performed better, at least fit by expectation of what a poverty measure would do, and they included school suspensions, math tests, grades in the eighth grade, expectations about whether -- these were young adolescents -- whether you had become pregnant by age 20 or -- then the father of a child by the time you turn 20, that expectation, and the expectation that you'll have a college degree by the time you're 30. The NAS measure worked better in all of those. The only one that the other measure -- the official one -- worked better in was the one that should have in the receipt of AFDC, SSI, and food stamps. So, we will have, hopefully, on the NLS the capacity that any of us can take these two measures and make these kinds of analyses in years ahead.

Thank you.

MR. HASKINS: Thank you.

Tim Smeeding.

MR. SMEEDING: Thank you. Thank you. And I want to thank Brookings or Annie E. Casey and whoever paid the $20,000 so that we could show that clip -- copyright infringement.

I want to talk about the new SPM, and I'm going to use some numbers, although they're not poverty numbers. But I want to convince you why it's going to be important what we're doing. This is a major step forward. It was pull and push. Becky's wanted this for a long time; so have I. Something different. There's a McDermott Bill in the House. Congress is going to get into it. Mark Levantine led the way. We met here in December 2007, and at the end -- to figure out what (technical 00:16:37). At the end of the meeting he said I hope this was interesting. And we said yes, we talk among ourselves, you're actually going to go out and do it. And he did it.

We're doing it in Wisconsin -- for the State of Wisconsin -- using the ACS with some advice from the Census Bureau and from Mark and others, and we're going to have snap-on modules, and as you might expect the people in Wisconsin might want a different sort of measure than the people in New York City. There will be institutes -- produce one from Minnesota and Connecticut. So, there's a lot going on. And the mean objective of all of them is to take account of the antipoverty effectiveness of programs.

I want to make three points. First of all, this measure is going to take a kind of taxes paid and tax credits received; that is, the earned income tax credit, refundable job tax credits, and payroll taxes. We're going to spend about 70 billion this year on the EITC refundable credits, make work pay, and other credits, okay? What effect do they have on poverty? We don't know. Most of the people who are poor are working. How much do they pay in payroll taxes? We don't know. That's not in there. So, that's the first one.

Second thing is we're going to take a kind of near-cash benefits like food stamps. SNAP is the new name. We call it Food Share in Wisconsin. Okay? Public housing subsidies and energy subsidies, like light. Now, when you find out that one in four children in America and one in seven adults in America received food stamps at least once in 2009, so what did they do for them? This has to be an important question. This recession is wrecking havoc. Low-income people, young men -- 30 percent of the unemployed are men under age 30. Only 10 percent of them are actually getting unemployment insurance. Seventy-three percent of them are fathers. They're not all living with their kids. They're trying to pay child support and can't find a job and so forth. So, it's really important to know about things like food stamps. And public housing has fewer but substantial effects, as David showed, and so forth.

Give you one quick example, okay? If you just took a fraction of kids who were deep poor and you just used food stamps and, using the current poverty level, which I do not recommend -- I mean -- but food stamps is the one thing that we've been doing for a long time that's as close to cash as possible -- it cuts that number in half. That's important to know. We're going to spend over $100 billion this year on food stamps, low-income public housing, and the like. What effect are they going to have? After this, we're going to know, okay?

The third thing is that we want to embrace the poverty line and threshold concept that moves with the cost of necessities, something that, as was pointed out this morning, hasn't fallen from half to 27 and 28 percent of median income. It actually went up from 28 -- from 26 or 27 to 28 this year because incomes fell so much. In other words, this poverty line is closer. But what we know is if we just look at cash, we only had -- we had 11.1 percent of the people poor in '73, that was the bottom. Now we're at 13.2. And I don't know anybody who doesn't forecast that when we're going to look at 2009 it's going to be higher. So, we need to know this.

This poverty line is going to be able to trace things like suppose we do put in a value-added tax to pay for Medicare. Suppose. That's going to be part of the cost of consumption. That's going to come out of this poverty line construct, okay?

It is important we have to count child care costs and work-related costs if we're going to count the ITC. People need to go to work to get it, remember? And going to work costs money. So, we need to take account of that, too. So, this measure that's based on consumption of food, clothing, shelter, work-related expenses, and a little more is exactly what we need.

Now, this isn't going to solve all of our issues. There's still the issue of geographic adjustments within the cross-states. There is still the issue of how to deal with medical care expenses, which hopefully will become less burdensome and less chaotic under the new law. These may take a few years to sort out, but we're on our way now.

Becky and I take turns saying this in various meetings, so it's my turn today. We do not want to let the perfect measure an enemy of the good. Just because we haven't figured out to the 10th percentile or the first percentile exactly how to do medical care expenses doesn't mean that you shouldn't take economies' major anti-poverty devices into federal and state level, which actually help poor people. How much we want to know, okay?

So, the anti-poverty impact of the ARRA is running dead on into the teeth of this recession, okay? How did that come out? What are we going to know about how food stamp increases and other important efforts made by the administration will affect poverty? This measure's going to tell us.

I should say somebody reminded me about policy, and you should know that anti-poverty policy can make a difference. I refer you to Jane Waldfogel's new book, Britain's War on Poverty, and the short article that she and I did in the current issue of JPAM. It shows that the Brits set out -- they have poverty. Spent 1 percent of GDP, and they've done it. They've done it, because they stuck to it, okay? Because it was important and it was a priority. What we want to see now is how our efforts compare to the size of the problem we're facing, how the things that Congress and the legislators put in to fight poverty actually affected it. So, I'd say you go, girl, but it's go, boy, David and -- oh, and Thesia and Kathy, and with that help for people David Betson, who is wonderful on the technical details. It's not like this is all brand new stuff, like, okay, we pull this out of the air. We've been talking about this for quite a while, and this is definitely a step forward.

That's all. Thank you.

MR. HASKINS: Robert Rector.

MR. RECTOR: I think this discussion is a wonderful example of how consensus is achieved in Washington. We just heard a laudatory description of the National Academy of Sciences and its wondrous insight that it brought to this issue and how it achieved consensus. I would comment that on the National Academy of Sciences Panel there was, in fact, one Republican, John Cogan. He dissented. His dissent was ignored and consensus was achieved, and I think we're about to achieve a similar consensus at this time. If you exclude most Republicans and almost all conservatives, I think there will be wondrous agreement on the validity and interest of this new measure.

But the reality is that this measure does not measure anything even remotely resembling poverty. It is in fact a measure of inequality, and it sets a national goal to spread the wealth. Why anyone in this room would think that Republicans and conservatives would endorse that national goal is, in fact, a question in my mind.

There are bizarre results that come from this measure. I'll simply mention a few of them. If tomorrow we were to wave a magic wand and triple the income of every single person in the United States, under this measure there would be no decline in poverty whatsoever, because it measures poverty as the income of the bottom relative to the middle. Similarly, if you look back in time, one finds that from the turn of the century, 1900 to the present time, in real dollars or constant dollars, the income of the average American and basically everyone within the income distribution has gone up sevenfold. According to this measure, there is absolutely no decline in poverty over time, over that 110-year period, because all this measure does is measure inequality. This is quite simply nonsense, and it's a semantic subterfuge intended to confuse people.

Another interesting aspect of this measure is that countries such as Albania and Bangladesh will have lower poverty rates than the

United States, because all that is being measured here is, again, relative inequality and no one will understand that that's being done.

Another interesting thing about any relative poverty measure -- not necessarily this one but many of the -- I'm not exactly how this would be, but in most relative poverty measures, poverty actually went down during the great depression. Really, really good measure really telling you what you need to do. According to this measure, the most important thing that you need to understand is that poverty in the United States can be reduced only if the income of the bottom rises faster than the income of the middle. This is a farce. It is a Trojan horse to put an agenda of income leveling in under the rubric of poverty and basically not tell people that that's what you're doing.

Now, what does this measure have to do with poverty as it's ordinarily understood by Americans? Virtually nothing. When you ask people what is poverty -- and there's wonderful polls available from this from the Catholic Conference and so forth -- they do not think about poverty as, oh, it's below this income or that outcome. They clearly think about it in concrete terms as a lack of adequate and nutritious food, lack of a warm and reasonable dry apartment to live in, perhaps lack of clothing for your kids, lack of car. And when any left wing or liberal politician talks about poverty to the voters, that's the way he talks about it. Go to any speech by Jonathan

Edwards, and it is this exact material deprivation that he's talking about all the time. He insists that there are 35 million people who don't have adequate food to eat, don't have adequate places to live, and so forth and so on.

Now, the question is if we mean by poverty a lack of these basic material necessities, how does the average poor person under the current standard actually live? Well, the government's own data tell us that the typical poor American, if you were to rank them in terms of living standards and find the one that's in the exact middle of all poor Americans under the current standard, this individual has two color televisions; has cable or satellite television; has a VCR and a DVD player; has a stereo; has a car; has air conditioning, a refrigerator, a stove, a clothes washer and dryer; and has a microwave. If you ask him, were you able to obtain medical care for your family at all times during the previous year, he says yes. His home is in good repair, and he's not the least bit overcrowded. By his own report, if you ask him again, his family had adequate food to eat, they are not hungry. And if you ask him, did you have sufficient funds to meet all of your family's essential needs during the last year, he will answer yes.

Now, we did a poll -- I think this was a Zogby poll that we did at Heritage about a year ago -- and we asked the following question. If a family in the U.S. has a decent, uncrowded house or apartment to live in, ample food to eat, access to medical care, a car, cable television, air conditioning, and a microwave, should this individual be considered poor or not poor? And in response to that, 75 percent of the average Americans in a national poll said no, that individual is not poor. Among Republicans, 80 percent said this individual is not poor. Among Democrats, 70 percent said this individual is not poor. There is virtually no relationship under the current poverty measure between poverty as it's understood by the average American and poverty as it's measured by the government, and the gap will get even wider with this new measure.

What this measure measures is simply inequality. It's a standard that goes up, and again you can only reduce poverty under this measure by redistributing wealth, by taking income from the top and putting it at the bottom. The bottom has to rise faster than the middle for poverty to decline.

There is, I think, virtual -- so why don't we just call this an inequality measure? This thing was proposed way back in '63, this sort of inequality measure instead of a poverty measure. The Johnson White House turned it down, okay? And the reason that we don't call this an inequality or a spread-the-wealth measure is that we're currently spending $900 billion on means-tested welfare, and if you were to suggest to the public that we ought to spend more money in order to level incomes, you would have virtually no support for that. However, if you couch this in terms of significant material deprivation, poverty, a morally evocative word, you have some chance of obtaining support. And that's why what we have here is a Trojan horse. We have a setting, a national goal to equalize income and marching it under a deceptive banner of poverty. This measure is partisan, this measure is deceptive, and this measure is widely inaccurate.

And I think it -- from my perspective at Heritage Foundation, let me just say one thing. Our most widely used paper is the paper that I wrote on how poor people live, what I just described to you. About 400,000 people look at that paper every single year. In fact, all this does is make my job much, much easier. It's very easy to ridicule the existing poverty measure. This one will be even more farcical and there will be less and less gap association between anything that the people understand as poverty and what's being measured here, and it will not be accepted. It will not be politically valid. It is a bogus and dishonest propaganda device.

MR. HASKINS: Thank you, Robert.

Becky Blank.

MS. BLANK: Thank you.

You won't be surprised to learn that I disagree a little bit with Robert. I just -- I want to say -- since I had a chance to talk earlier, I will be brief. I'll want to -- I'll just say one thing about the relative aspects of the poverty line, because I've heard this argument before, and I just want to make it very clear what this measure does and what it doesn't do, and then I want to say just something about political economy to end.

So, this is not a percentage of median income. When median income doubles, this may or may not have any effect upon poverty. The thresholds here are not based on some percentage of income. The percentages -- the thresholds are based on a percent in the distribution of spending on necessities: food, shelter, clothing, and utilities. Spending on necessities may or may not change with income increases, and it's in fact the 33rd percentile of spending on necessities. So, if incomes double in the top half of the population -- that actually happened in the '90s; the thresholds changed not a bit, because the 33rd percentile of spending on necessities hasn't changed at all. So, the charge that this is, this purely relative measure just isn't looking at what the measure actually does, so I, you know, we should be talking about the real measure and not about something else.

Let me, however, primarily say something about how the sausage gets made. It's very gratifying to hear all the thank-yous that have been done in this room, but anyone who's in the midst of these sorts of activities knows that it takes a lot of people to make something happen, and indeed undersecretaries in an agency usually can't make the White House put something in their budget, sad as that is to say. So, I have to say there were three things that actually I think got this into the budget, and I want to say this in part, because there are a number of people sitting in this room who have been involved in all three of these different activities, and all three of them were deeply important.

One, we had an administration who actually cares about numbers and statistics. That was deeply important. That was particularly important through OMB. OMB, as you know, has been the official definer of poverty, and if we were going to have another statistic, they were going to be deeply involved in this. Kathy Wallman, who's sitting in the back of room back there, was very, very important in this; and, actually, the most important person in making this happen inside the administration is someone named Cass Sunstein, who is Kathy's boss and who got very interested in this and, you know, is a senior official inside OMB. And I have to say that Cass actually deserves a lot of the appreciation and thanks far more than myself in terms of actually getting this into the budget.

But even having an administration that's interested, all administrations have a lot of things on their plate, and were two other things that really mattered here. One was that legislation on the Hill, the McDermott and Dawe Bill. And, again, I know there are a number of people here who've been involved in that legislation that was proposing an NAS-style measure. The fact that that legislation was out there, that it was serious, that it was being promoted by a number of groups and a number of activities, and that it wasn't going away -- that was important as well.

And, finally, the third thing that really mattered here, again, in an administration where there's just lots of things going on, there are always other priorities, there are a lot of things to work on. The White House kept getting letters from advocacy groups saying when are you going to deal with the poverty line problem? And, again, I know a lot of you out there have been involved in some of that, and that really mattered, and it got the attention of some of the public relations people. And the White House has sort of asked well, gosh, what's this poverty line problem? And, you know, it really helped to have them looking at this and having them aware of it as well. So, I have to say that this is one where it took a lot of different people doing a lot of different things that led to this particular budget proposal, and I hope that all of your who are involved in this will keep doing those things until the budget proposal actually passes through Congress.

So, I will stop there.

MR. HASKINS: Thank you, Becky.

All right. So now I'm going to ask some -- I'm going to try to stump the panel, ask them some questions, and hopefully they will have fairly brief answers. And everyone should not feel compelled to answer every question, because with a panel this big, that'll take forever. So, if we have fewer people answer the questions, we'd have more questions.

Let me start out with an obvious question, and that question is I think the average American will have almost no understanding of the new measure. I have been in many of these meetings, and, I mean, the complexity of making these calculations is huge, and most Americans, I think they have an intuitive understanding of poverty. But to understand how the government calculates poverty under this new measure, even under the current measure, I think it's somewhat difficult, but the new measure that you just saw in David's slideshow is really complex. Is that a problem?

MR. SMEEDING: Yes. I think the big problem is, again, gets back to this one measure. Super complicated, conceptually very hard to get a grip on I think, where you could actually have three or four measures that are relatively transparent. This gets back to the U.K. measure. You know, you have very kind of simple income thresholds; you have concrete deprivation things. This is something that Robert and I actually agree on, that it's helpful to have concrete measures of deprivation, because people can related to things like, you know, housing, food, and other sorts of insecurity. So, I do think it's too complex, and it's actually, I think, made it harder to do this. I think labeling's important, too. You know, instead of -- I think a lot of this argument ends up being, you know, poverty ends up being a sort of fighting word, and if we actually tried to kind of talk in more objective, descriptive terms, I think we'd probably get a lot farther and we would have fixed this problem a long time ago. So, you know, nobody's complained about HUD's extremely low income and very low income language. I think that's a good lesson there.

MR. HASKINS: Mark.

MR. LEVITAN: Yeah.

MR. HASKINS: I mean, Mark, let me say to you to enhance the question a little. You've been through this many times.

MR. LEVITAN: Many times.

MR. HASKINS: There was a lot of reaction in New York. From your experience and actually going through this, do you think it's a problem for you that people generally don't understand how to do it -- how to make the calculation?

MR. LEVITAN: Let me say that a big part of my job description is impresario and representative, and the first people I need to represent this to are the deputy mayor for Health and Human Services and the mayor of New York. And then it goes to people in City Hall generally and some people on the city counsel and to the advocacy groups and people concerned about poverty, and I'm usually the person dragged out there to explain it. And there is a point in which the details lead people to begin to glaze over, and then the question becomes all right, all right, okay, so what's the threshold? And I think that really is where you need a credible answer that fits the reality of your community, makes sense in the context of what people experience around them.

So, I think it is a problem, but I think it is a problem with almost every social statistic we have. If you ask people, how do we define unemployment, they could not give you an accurate answer, even if every month they read the newspaper and follow the unemployment rate. Very few people could explain that.

I think the measure is capable of creating buy-in. I think that's the most important thing, that before I came to the mayor with a number -- what the poverty rate was, I came to the mayor with a presentation about how we were going to calculate. I said okay, this is how we're going to get to a threshold, this is how we're going to measure the resources, you know. We know that the threshold is going to be higher.

SPEAKER: And he was awake when you finished?

MR. LEVITAN: Yeah. But, you know, the mayor is actually really good at numbers, so he didn't get that rich without being able to count.

SPEAKER: I can count. I'm not rich.

MR. LEVITAN: He counts better than you do.

And so I said you're going to get a higher threshold with this measure, but on average the resources among low-income families will be higher. So, you're going to get two effects, and I can't promise you that the effect of higher resources is going to match the effect of the higher threshold. We could well end up with a higher poverty rating. In fact, you know, I sort of wonder and I think that's probably where we're going to go. He said okay. But he said okay because he had some confidence that the way we were arriving at this threshold made some sense and that we were really doing our best to measure the resources that we were really trying to capture what was out there. And if you -- if people believe in those two things, then when they get a poverty rate that's a bit higher than what they'd really like to hear or that we say that the poverty increased, which is not something that anybody wants to hear, I'll say all right, well, that's what the numbers say. Okay, put it out there; let's see what the reaction is. Let's go for it. So, there is a process of buy-in that's got to happen.

And let me just say one more thing. It's not enough to get buy-in from one administration. The last thing we want is that the poverty measure changes every time there's a change of regime in Washington. So, it's really important here so that when we do this work we create something that is going to last long enough so that we have a historical record and we don't have chaos.

MR. HASKINS: Let me ask you an important question, and answer yes or no. Has the mayor or any other prominent politician used the new measure to show what the impact of social programs are on the poverty rate?

MR. LEVITAN: We have.

MR. HASKINS: So, the answer's yes, right?

MR. LEVITAN: Yes.

MR. HASKINS: You doubled the number of words that was your limit, but -- fair enough, you got it.

DR. MICHAEL: I guess two points quickly. I don't understand your concern. What is this? This is a measure of the capacity of a family to achieve a reasonable level of food, clothing, and shelter. Food, clothing, and shelter. That sounds like -- if you don't have that, it sounds to me like you're impoverished. All the rest of it is detail for those academics or those folks that are calculating it. Ask yourself what the cost of your 20-year-old child is or your five-year-old child. You don't know, okay? But you know the concept. And the government puts out information about the cost of a child, okay? And it's useful. How the hell they calculate it is not something that you want to look at. It's a little like sausage, and that's true here. The fact that this is arcane and subtle and -- you know, interesting to us doesn't mean it should be out there -- food, clothing, and shelter or a little bit more for personal care. That's what this is, and this has indicated how many folks don't achieve a reasonable level of it. Why is that hard to understand? I don't think it is.

MR. HASKINS: Tim.

MR. SMEEDING: Well, I agree with Bob primarily, but let me tell you. We've gone around -- at least I've gone around Wisconsin and talked to three or four different groups about our new poverty measure, and you mentioned exactly, as Bob said, we want to measure food, clothing, shelter, and so forth, and what do you think? I've talked to businessmen, nonprofits, other interested people, and they say things like well, you know, I think that's why we don't know what the earned income tax credit does, and we have lots of food stamps. We want to know about that. But, you know, if you live in Superior -- that's way up north -- its much cheaper to live there than if you live in Milwaukee. Okay, we should take account of that.

Then they say but, you know, a lot of people live outside of town so they can commute in, and that can be a long drive and a long commute, so we ought to take care of that. Okay. Wisconsin people are incredibly proud of BadgerCare. That's their combination of Medicaid and SCHIP. It goes up to 200 percent of the poverty line, because the poverty line was too low. It covers 94 percent of children in the state. It covers 90 percent of parents of those children, or 95, and they say go light on health care or be careful with health care. We think we've done a good job on that.

But we do want to know if people are really facing huge expenses, so the Wisconsin measure that we're doing -- Julie Isakson , myself, and an assistant -- the Wisconsin measure that we are doing is going to reflect these things. But it's also going to be able to take account of that you can take a snap-on module -- we're going to show the rest of the country how we've done this; you can see everything we've done -- and when the SPM come out, we'll be able to take a look at that, too. So, it is like making sausage in a way. But people do care about the outcome. They care. Legislators, interests, they want to know how these programs work, and they want a measure that takes account of the things they think are important. These are different things in New York things are important, but that's they're Wisconsin.

Thank you.

MR. HASKINS: All right. I have seen this misunderstanding. This reflects on why it's important for people to be able to understand, which you doubt is the case. I have heard several people say, and I've even seen it in writing, and I think Glenn Beck in a program where he criticized this measure implied it. So, these are the kind of things we do have to deal with.

If you set the criterion at 33 percent of something, why won't 33 percent of the people be in poverty? And you can't get beyond that. Now, wait, there are two questions here. I know there's an answer, there's a good one. But number two is, is it an answer that Joe the Plumber is going to understand? (Laughter)

Becky?

MS. BLANK: So, we're not setting the line at 33 percent of median income, right? If you set the line at 33 percent of income, 33 percent of people would be below it. That's not on the basis of the line. The line is set at 33 percent of spending on a very limited set of necessities: food, shelter, clothing, and utilities, plus a very small amount, much smaller amount in addition that I promise you any of you spend, in addition to what you spend on food -- it's a very conservative way to set a threshold.

So, the argument that 33 percent of spending on food, clothing, shelter, and utilities is going to result in 33 percent poor, it's just a non sequitur. And it goes back to arguing that the threshold is based on what people need to buy necessities, and that's just very different than these percentages of income calculations.

MR. HASKINS: Is the Census Bureau going to publish something that shows this difference in numbers about how much difference that really makes, that it's 33 percent of essentially 4 things multiplied by 1.2 as compared with 33 percent of a broader measure, like the median?

MS. BLANK: I don't think so because this just isn't a median income measure. I mean, anyone can look at median income and just calculate 33 percent of it. It will be --

MR. HASKINS: So, you're not concerned that anybody's going to fall for that claim?

MS. BLANK: I think anyone who actually pays any attention to what we're doing will know that it's not 33 percent of median income.

SPEAKER: Let me --

MR. HASKINS: Yes, go ahead.

MS. BLANK: Yes.

SPEAKER: This number of consumption is going to be relatively invariant to the income of the 40th percentile or something like that. The share expended on food, housing, shelters, and so forth as a share of income in that income range is almost totally consistent over time. And, therefore, as income around -- I don't know exactly what range it is, but the 40th percentile or something goes up over time, this measure will go up, as well. It's not quite as simple as linking to the 50th percentile, but it's very, very similar.

Also, to call these things "necessities," the nature of what people spend on food or on clothing changes dramatically over time and improves in quality over time, and that's the entire point here, that's why you're not using the Thrifty Food Plan or anything else, which was an invariant measure of basic food necessities. No, you don't want to do that.

This is clearly a relative poverty measure, you clearly shift the goals over time, this is clearly very similar to what Mollie Orshansky proposed in 1963 that was rejected by the Johnson White House, and don't pretend that it's not, okay? You can say it's not all you want, but I'm going to be over on the other side saying yes, this is exactly what you're doing; you're creating a goal line which shifts in the middle of the night.

Year after year, it goes up. The only way that you can reduce poverty under this measure is if you equalize income. If the share of the bottom 20, 25 percent goes up relative to the middle-ish, then poverty goes down; if it does not, poverty does not go down. And that's why if you did, in fact, double incomes all across the United States, everyone doubled, you would have virtually no effect on poverty under this measure because consumption is almost invariant relative to income, particularly in the income range you're talking about.

Moreover, you're measuring income and stuff like this. When you're down in these low-income ranges, income is not that important; that's why you got it, that's bottom quintile, as everyone knows, they spend twice as much as their income. They've been doing that in the Consumer Expenditure Survey for decades, okay, and here you're having measure that leaps exactly into that conundrum. Okay. How in the world can these households over and over again spend $2 for every $1 of income that they've got? Mainly because you're not measuring anything correctly in any of these surveys.

The current population survey is ridiculous. It hasn't updated its methodology for measuring income since it was invented in 1948. In 1948, it missed 25 percent of the income in the United States. It now misses 25 percent of the income in the United States. Okay, it's not an accurate measure of income.

You've got all kinds of other issues, particularly when you're looking at elderly households. They are spending twice as much as they have in income. Why? Because they're dis-saving. Okay, everybody in 10 years, everyone is going to be living off of IRAs and KEOs, and things like that. That's the way of the future for the elderly. That's not income. It's dis-saving. But that's why these households can spend $2, $3 of spending year after year relative to the income that they say they have.

MR. HASKINS: Robert, let's --

MR. MICHAEL: It actually --

MR. HASKINS: Wait, hold on. I want to go back now. I think that's a really critical point, not just for this audience, but for the public. Is it correct that this is -- it's going to be difficult to characterize, but this clearly is, to some extent, a relative measure. How much is Robert's claim that measuring the 33rd percentile and confining it to food, clothing, shelter, and utilities really is almost the same as median income? Is that wrong or not, that --

SPEAKER: It's wrong.

MR. HASKINS: Let's hear. Okay --

SPEAKER: It's wrong.

MR. HASKINS: Let's hear why.

SPEAKER: If you just plot it over time, the growth in median household income or median family income and the thresholds, and you can readily do that. Just go to the Census Bureau website, all the data you can download from a spreadsheet. And just lot at the plot over time and then --

MR. HASKINS: Wait, describe it. Tell the audience what it is.

SPEAKER: Well, we know from economic theory that expenditures or necessities grow less rapidly than expenditures, generally. They're necessities, so, as income grows, spending on necessities grows less rapidly.

MR. HASKINS: At the bottom?

SPEAKER: And you see that in these plots. The goal here was to create a quasi-relative measure of poverty. So, on the one hand, it grows more rapidly than the cost of living, it reflects changes in society over time, but reflects them in a conservative way by basing the change on expenditures on necessities. And if Robert thinks I'm wrong, then the next report, he can have a plot in his graph, in his broadside that shows his point.

MR. HASKINS: I'm going to do --

SPEAKER: And he won't do it because it doesn't.

MR. HASKINS: I'm going to do better than that. I'm going to increase the hits on our website. (Laughter) We, by tomorrow, Daniel, we are going to have this graph up on our website, the Center for Children and Families. (Laughter)

So, look and we'll see, because this part of the argument, certainly, we should be able to if not settle, at least illuminate it with some actual data showing it.

SPEAKER: Can I just add something here? My critique is coming as much from the left as Robert is from the right, and my problem is I don't think this measure will necessarily even keep pace with inflation going forward. I mean, really, we don't know exactly how the measure will behave, and I think that's actually a problem with this measure. You're basically narrowing the consumption base that you're tying it to. Who knows exactly how it's going to behave?

I think one of the things you see when you look at the threshold, the NAS threshold, compare it to the federal poverty threshold for most of the '90s, and this is the BLS papers, it actually underperformed inflation, roughly '96. So, it was lower than inflation. Then you have the housing boom, the stock market bubble, the whole craziness with the economy, and it grew out of proportion, and I think what happens actually is it drops back down and it probably underperforms, and I think that's actually a big problem that we don't know exactly how it's going to be, and that's why I like income.

If you're going to do income, say it's percentage or median, I don't care what it is, say that one is absolute and tie it to the CPI, say another one is relative, everybody on the left and right can all be happy about that, and I think you solve your problem. But I just think it's not clear what's going to happen, and it could just as well under-perform as over-perform.

MR. HASKINS: Robert?

MR. MICHAEL: Well, having looked at the CEX, I don't see that. I think that by and large, particularly in the bottom half of the population, food, shelter, housing, clothing are relatively invariant to income. They don't go down that much, they don't even go down that much over time as a share of income, and, therefore, I expect that, although this may not rise exactly as fast as median income, it's going to go in that direction.

So, yes, okay, it's not a relative, relative measure, it's a quasi-relative measure. Fine. I'll be happy to take that up --

SPEAKER: I don't even think it's quasi. I think that's the problem.

MR. HASKINS: All right. Well, we're going to --

SPEAKER: We actually could use a relative measure.

MR. HASKINS: -- stop this discussion.

SPEAKER: The point is that you cannot reduce poverty --

MR. HASKINS: Very quickly.

SPEAKER: -- without equalizing incomes. This is a --

MR. HASKINS: Okay, all right.

SPEAKER: -- redistribution measure.

MR. HASKINS: Okay.

SPEAKER: Of course.

MR. HASKINS: So, we're going to put the chart up. It won't settle everything, but I want to ask two more quick questions. Please, don't everybody answer. (Laughter)

In 2008, we spent something like $735 billion on health care, and that number is about to go up quite substantially. Almost everybody ignores that. If you do calculations either with the actual expenditures by quintile or the insurance value, which I think is a much better approach, you have a dramatic impact on inequality in the United States and the poverty rate, and, yet, we ignore most of this spending. Isn't that true under the new measure that one of the things we think improves wellbeing the most of anything that we spend money on is completely ignored. And if we got better and better and we're making all this new investment, and it will have some impact on out-of-pocket expenditures, but how much will that capture what we're really spending on health care, government is spending on health care, especially at the bottom for the elderly and for the poor?

Yes?

SPEAKER: Let me quickly make a couple of points about that. One, the definition of economic deprivation in this new measure is food, clothing, and shelter, not health. We might well want to have --

MR. HASKINS: That's my point. Thanks.

SPEAKER: We may well want to have a measure of health deprivation or you may want to have a different measure of economic deprivation that includes health. This does not. In that sense, it's transparent and it's clean. The out-of-pocket expenses may well go down. Hopefully, it would go down, if in fact this expenditure is effective in addressing the health needs of those folks, and, therefore, it will correctly reflect this concept of impoverishment. Not some other one. That's perfectly all right. So, set up another measure.

MR. HASKINS: Robert?

MR. MICHAEL: Yes. If there's one thing that the government measures more inaccurately than poverty, it's inequality, and I think this is a very important point. If you take the normal money income statistics, which are what the press always use, the government is telling us that the top quintile has roughly 14 times the income of the bottom quintile. However, when you put taxes in and when you put means tested benefits in, including Medicaid and Medicare, and when you adjust for the fact that there aren't any people in the bottom quintile, and you have an equal number of people, that 14 to 1 gap drops down to around a 3 to 1 gap. I don't expect that ever to be honestly and accurately reported to the American people.

MR. HASKINS: Tim?

MR. SMEEDING: Well, health care's an interesting issue. First of all, I didn't know Medicare was means-tested and neither did those people who want the government to keep their hands off of Medicare.

The problem is that health care's expensive. It is 17 percent of our GDP. It's expanding. We think that people should have access to some reasonable amount of health care in this country, and what this measure will show in the end is how much does it cost them to get there? And I'm hoping that if the Health Care Bill goes through and goes as planned, that, pretty soon, we'll have a really good answer to what this is costing people, we'll have a really good answer to what the out-of-pocket pressures are, and that's what this measure is supposed to pick up. Not the fact that, as many people have written, including me in a new book called Wealth and Welfare

States, there's this lovely thing called --

MR. HASKINS: No book advertisements.

MR. SMEEDING: Okay. (Laughter) Unless you advertise your book.

MR. HASKINS: Oh, okay. Well. (Laughter)

MR. SMEEDING: It's the price of stupid is what people say, it costs a lot for health care in this country, access to health care is important, and we want to know if people can pay the cost that they need out-of-pocket to match their insurance, co-insurance deductibles, first day in the hospital if you're an elderly person, and so forth that'll meet the health care needs when combined with insurance, and that's what we're after. That's really what we're after, and I think that's important, and I think that's what the measure tries to do.

MR. HASKINS: Go ahead.

MR. SMEEDING: I mean, if the cost of health care doubled, Robert, and you double the amount you spend on health care, is anything going to change?

DR. MICHAEL: No.

MR. SMEEDING: No, right. So, people may still have some out-of-pocket expenditures. Okay.

MS. BLANK: I want to echo Shawn Fremstad for a minute, which is I truly do think there are many different measures of deprivation. We should all care about lack of access to adequate health care. Interesting about health care is partly because of the way some of our programs are set up, access and adequacy in terms of health care is only partially correlated with very low incomes. There are a lot of middle-income people who really struggle with those issues.

So, this is a classic case where you want a measure of adequacy, access to health insurance, adequacy of health care, and we need better measures than we have. I don't have any doubts about that. We've got some decent ones here, and they are for certain concepts. We don't have good measures for adequacy at all. Those are important measures to understand health care deprivation and medical care deprivation and access to medical care, but that's not economic poverty, and, for better, for worse, the measure that we're talking about here is an income poverty measure.

MR. HASKINS: There are a fair number of middle-income people who became low-income people because the problems with --

MS. BLANK: Yes.

MR. HASKINS: -- health care coverage, I think.

Okay, so, let me ask one last question, and I see Richard Rivera out here, and I've had so many conversations with Richard, and so have you all here, but I think that's an important point. In a democracy, what we have here essentially is a group of bureaucrats and experts who are defining what it means to being poor. And democracy does not enter into this in the sense of some elected officials decided what the criterion, what the threshold should be. Does that bother anybody on the panel or not?

MR. SMEEDING: I think if you develop a measure that reflects what people think is going on, normal people, not just experts -- (Laughter) -- that that is --

MR. HASKINS: I'm glad you made that distinction. (Laughter)

MR. SMEEDING: I made a big effort. You can't just talk to the nonprofit advocates, you have to talk to the businessmen, you have to talk to the people, you have to understand what they think is going on and what's being measured. They know that we have tax subsidies; they know that a lot of people in their neighborhoods are receiving food stamps. They know that child care is expensive if you go beyond the limit in Wisconsin. They know it's expensive to go to work and back, and they want to know how this all nets out because in Wisconsin, they care about this, they want to know what they're doing. They will use this number.

I can guarantee you I've already got people lined up waiting for us to come up with the estimate. In about a month or so, we'll have that. So, this is not just experts and bureaucrats. In fact, explicitly try to avoid that by going out and talking to people who have concerns, especially given this recession.

MR. RECTOR: I would say this is a clearly political measure; it's clearly a propaganda tool.

Back when the original poverty measure was created in 1963, Milton and Rose Friedman simply made a point that most people that were going to be defined as poor by that measure were really not poor by any international standard at the time or any historical standard, and that maybe you should simply call this a low-income standard.

No, we're not going to call it a low-income standard because it's going to be rather difficult to mobilize a massive new welfare state to reduce low-income status. We're going to use a morally evocative term, poverty, which means one thing to virtually everyone who's listening to you talk and means an entirely different thing according to what the government is measuring. It's clearly a ploy in order to raise and increase the welfare state, and for a substantial portion of the population, will clearly understand its intent and what it's trying to accomplish.

MR. HASKINS: Anybody else want to comment on this?

MR. LEVITAN: Well, first of all, this is not false modesty. New York City's contribution to this conversation was not intellectual. Our contribution to this thing was to have a body of government sponsor the research and put it out there and say we think this is better. We all think this is better because necessarily more federal dollars are going to rain down on the City of New York or more dollars from Albany. We knew that wasn't going to happen. We knew that the city was not going to raise taxes to expand the relatively generous welfare system we have in New York City. Yet, hope and the expectation was that we would spend money more wisely as a result of having a more intelligent measure of poverty. That was the goal.

In order to reach that goal, we had to create buy-in from the political leadership at the city and say what are you most proud of? They said we were able to pull that off. Because we said there's actually more poverty than we think in the city and lo and behold, the heavens didn't darken, the Earth didn't split in two, city hall did not get gobbled up, all the nightmare scenarios that people had invented about what would happen with this new measure, none of them materialized. We just have more and better information and that's the role of experts, to provide policymakers with more and better information.

MR. HASKINS: Splitting the Earth in two is quite a rare event. (Laughter) And I would not call it a very good criterion here, so, I want to emphasize your response here, which I think is extremely important. Essentially what you're saying is if you do it right, you don't have to have a vote for it to reflect a democratic element, that you talk to politicians, you talk to leaders in the city, so, you didn't just make it up with experts and bureaucrats, you consulted with a lot of people, and that is a way to get public opinion at least somewhat into the process. That's great.

Okay, audience, let's have quick questions, that way we can have more, and if you have a comment that can be 10 seconds, but ask a question. Please not more than a minute to as the question.

Right here on the aisle.

MR. ALTON: Hi, I'm Brad Alton. And my question is: Why as long as you're going to all the trouble making a supplementary measure, why not follow Mark's advice and have it in steps? It would give us a much better impression of our national welfare and be useful and less controversial.

MR. HASKINS: Someone from Census should respond to that.

SPEAKER: Is that the part that tiers --

MR. HASKINS: Let's see. That would be Rebecca Blank, I believe.

MS. BLANK: Yes. I'm not officially from Census, but I will respond. Once you --

MR. HASKINS: You're in charge --

MS. BLANK: The 50 percent measure is something that's regularly published relative to the official number right now, and my guess is, again, since we're supposed to publish things equivalently, will be published off of the supplemental measure. Also, in some sense, we have that 100 percent and 50 percent of poverty line measures, as well. These are calculations that are easily made and are out there.

MR. HASKINS: But that's a good suggestion, and the answer is: To some extent, it's already in the Census Bureau report.

MS. BLANK: Yes. Yes.

MR. HASKINS: Next question? Yes, right here on the aisle. Wait until you get the mike.

SPEAKER: Well, this is a comment for those who advocated more than one measure, including Becky, who advocates this medical measure, as well and that is there's a downside to that. And the downside is that it's harder to explain to the public, it dilutes the attention, and it doesn't achieve what Mr. Rector quite correctly says is the purpose of this measure, which is to spur action to help people down at the bottom.

SPEAKER: Although I don't think that's the purpose of an official poverty measure. I mean, if this is an official statistic.

SPEAKER: Yes.

MR. FREMSTAD: I think the idea is that it's to paint an accurate picture of poverty, and if you call a low-income measure, me and my leftwing allies will call it a poverty measure. In Canada, they have a low-income measure; people call it a poverty measure. I think we shouldn't get into the idea that there just has to be one thing and one word that is the only way to do this.

MR. HASKINS: But, Shawn, would you agree that if you were in the gallery in the House or the Senate during a debate on social programs, especially the welfare debate, that you'd be likely to hear people get up and say our poverty rate is so and so, that's shameful, it's been going up, we haven't made progress and so forth. So, it does have a political --

MR. FREMSTAD: Well, people did that. As I recall, it wasn't very effective. I do think we need to have sort of a new language around here, and we have to think beyond just kind of this 1 million more kids. That didn't get us very far.

MR. HASKINS: Tim?

MR. FREMSTAD: I think it's more about basic economic security and kind of the whole set of things than one.

MR. HASKINS: Tim?

MR. SMEEDING: The measure is not to expand programs. The reason for the measure is to understand programs, to understand what we're doing now.

A lot of states out there are cutting their state earned income tax credit; they're cutting back on new SSI benefits. The states are in deep trouble in this recession. The idea that you're going to start a big, early child education program doesn't fly because the school districts are trying to decide whether you're going to combine and second and third grade or third and fourth grade because they -- so, the idea is to just know what the effects are. That's the role of policy analysts. You tell a politician here's how many people are poor, here's what the earned income tax credit did to it, here's what food stamps did to it, and then you go ahead. If you want to increase those benefits, you'll find out how many more people, but if you're going to cut them, you'll find out how many more people are poor if you increase, how many less. It's just knowledge of what we're doing now in the whole state and interest of people, at least in Wisconsin, I would say in the nation, want to know what the heck is the programs that we're doing right now, how do they effect poverty?

MR. HASKINS: Somebody in the back. All the way back there. Yes? You can tell when you get the microphone it's you.

MR. VON: Yes, it me. (Laughter) Denny Von. I would like to ask Dr. Michael about these ancillary dimensions of wellbeing that he measured in relation to the poverty measure that he used. If you could talk a little bit more about them.

DR. MICHAEL: I'm sorry, I don't understand your question.

MR. VON: You don't? Well, you said in the National Longitudinal Survey, I believe --

DR. MICHAEL: Yes.

MR. VON: -- that you looked at the relationship between the level and school suspensions and things like that.

DR. MICHAEL: Oh, yes. Just very briefly, what that paper does in the Journal of Human Resources is simply identify six outcomes that we thought theoretically were probably impacted by impoverishment, and they were school suspension, grades in the eighth grade, that kind of thing, that's outcomes.

These are not other measures of poverty. These are measures of the wellbeing of these kids, and then we were looking at the relationship between the one measure of poverty and those outcomes and the other measure of poverty and those outcomes.

MR. VON: Just quickly --

MR. HASKINS: But the point is -- let's emphasize the point, though. And your point, I think, was that the new measure, in effect, the correlations are higher with these bad outcomes, with the new measure.

DR. MICHAEL: That's right.

MR. HASKINS: So, the new measure is getting at something that we would think of as poverty, that it has a bad effect on people's development, behavior, and so forth.

DR. MICHAEL: But there's other research that goes in the other direction of that. I mean, I think we should be clear that there's both sides. You can point to research on both sides of that story, research that tells us it's a worse measure of deprivation. So, and it's dependent on all sorts of different design issues, right? I mean --

SPEAKER: Oh, yes. But if you have the two measures on a rich dataset, one can then study it. My main point was simply that this is an opportunity to advance our understanding further of one measure compared to another, and if we had a health measure, we could do the same there, and that seems to me the way we make progress.

MR. HASKINS: A quick follow-up is fine.

SPEAKER: I would venture the proposition that we need to build in more of these validating criteria because we have very many alternative proposals for resource measures, but we have very little in the way of criteria for evaluating what difference it makes to have one resource level over another, and I think that approach that you took is a very good start.

MR. HASKINS: Yes. Okay, right here. Right next to you, right next to you.

MR. CRAWFORD: Steve Crawford from CFED.

I'm struck that there have been no talk about poverty involving level of asset holdings. So, we know that 14.2 or 3 percent of households have 0 or negative net wroth, and we know that has an impact if not on high school suspensions, because I don't know that, at least on high school completion and college attendance, whether or not 2 families of the same income have some savings or not.

So, it was mentioned in terms of the older, some adjustments, I think, Rebecca, that you mentioned for families that own their own home and the supplemental poverty measure, but I'm just interested in the panel's sense of whether there should be inclusion of or some additional measure for assets.

MR. SMEEDING: I think, yes, as a supplement, we should be able to take a look at assets. It's particularly important for people who are in debt, but also people who have savings, and in the current issues of JPAM, I've done some work cross-nationally with Andrea Brandolini and others, and people are asking us how could you apply this to a poverty concept?

But I think it's different in some sense. When we're kids, we're all borrowing from our parents, right? And when we get older now, we all help our kids. That's the way it is. So, the idea that you've got security, in fact, that's the strongest security a lot of people have is family, friends, and neighborhood. Somebody to move in with if you get evicted and so forth and so on. So, this should be somewhere, but I don't think it belongs in this measure. But it should be accounted for.

MR. HASKINS: Next question? Right there. No, no, right there. Yes, thank you.

MR. JOHNSON: Thanks.

MR. HASKINS: And then we're going to go to the gentleman all the way in the back.

MR. JOHNSON: Paul Johnson from Census.

I noticed a lot. I think most of the surveys that actually ask people what they think a low-income is for their particular area. They're generally all private surveys, is that correct? What's your thought about making that part of the official, I don't know, CPS or ACS or one of the official government surveys? Would that be good or counterproductive?

MS. BLANK: So, the panel actually, 15 years ago, had a real conversation about these subjective measures where you ask people what does the minimum amount of income a family like yours needs to get along? Those sorts of surveys which Gallup has asked regularly.

I think there's a lot of concern in terms of using those as a public statistic. I mean, the concern the panel expressed was if you actually announce the point of this survey is that we're going to collect data that we're going to use in some way to set a poverty line, is that the ability to gain the answers could affect the responses that you get back. That there are questions here about sort of how people will respond to those subjective surveys if they know how they're used.

I find them fascinating to look at. I'm not sure that they're appropriate for a government statistic. I'm delighted Gallup keeps asking the question.

SPEAKER: Can I say something about that? I kind of agree that they shouldn't determine, you know, we shouldn't have a measure that's directly -- but I do think they're tremendously informative, and they should be part of one base. I think you can't just kind of have this pure, conceptual idea, you have to look sort of what David called the validating data, and that's part of the validating data.

One other thing, though, and it gets back to this democracy point, you know, there's a very basic assumption here that I think is problematic with the NAS approach, and it's an assumption about what are necessities. And they don't really, you know -- they basically just say necessities are food, clothing, and shelter, and they have sort of a justification, and it gets back to FDR and the old House, blah, blah. But modern necessities, I mean, this is the 21st century, it's 60 years later.

One of the things they do in the United Kingdom is they actually ask people what do you need? You know, what's an essential part of a modern living standard that everybody should have? And they get this long list, and it's what they use to produce their deprivation measure, and I think it would be a very good idea to do something like that. We're actually trying to find out what do people think, the majority of the population think are necessities now. And you'd probably get things like -- you'd get computers, you might even get cell phones, you'd get a car, you might get, you know, some things around time off. So, I think that would be very important, and it would be another way to kind of build democracy into this measure.

MR. HASKINS: We certainly do not want to confuse our audience, and there have been several definitions of how the threshold is set. It's food, clothing, shelter, utilities times 1.2 to take account of other factors, and there are some adjustments to that. But that's the essence of it: food, clothing, shelter, utilities times 1.2.

All the way in the back?

MR. WHITE: My name is Larry White.

MR. HASKINS: Why don't you stand up so we can hear you?

MR. WHITE: Larry White, AARP Economic Security Advocacy.

The question has to do with health care costs as part of this measure. Is it intellectually honest to include a health care cost measure and a poverty measure when repeated studies show racial and ethnic inequities exist that do not respect income with regard to either the quality of the health care or the health care outcomes or the amount paid for those services?

Secondly, how does one achieve relative agreement on how to adjust such a health care measure to make it compatible with the poverty measure?

MR. HASKINS: That's a simple question. (Laughter)

MS. BLANK: You go ahead, yes.

SPEAKER: Okay, I'll start and Becky will correct me.

In our notion, in the National Academy Panel and I think in this supplement measure, pay attention, it's food, clothing, and shelter, and a little bit more, utilities. Health is not in that, therefore, what in the world do you do with health? Some people don't have health expenditures and don't need health expenditures because they're healthy. Another family has very big health expenditures.

The best suggestion that we're able to come up with 15 years ago that is basically the one used here is if you're spending on health, that's treated as non-discretionary. Whatever you're spending on health for insurance as well as out-of-pocket is something you have to spend, and, therefore, those dollars aren't available to meet your constraints for food, clothing, and shelter. So, you subtract it off.

That's MOOP stuff, okay. So, getting rid of it -- and in the debates we had 15 years ago, well, we could do it either way, either health was going to be discretionary as are TVs and cell phones, in which case that's your business, but it doesn't effect whether you're impoverished because those are dollars you could have spent on food, clothing, and shelter, and, therefore, you don't adjust or they're non-discretionary, that is you had to spend those on health because you broke your leg.

We don't know enough to know which amount of the health expenditure is discretionary or non-discretionary, so we had to make a choice and it's either all this or it's all that. The choice we made and the thing that John Cogin , who is my colleague and buddy, for years disagreed with it about, was whether you wanted to call those discretionary or non-discretionary.

We, on the panel, and that's the case here with MOOPE, define that as non-discretion. You don't have a choice; you have to spend that. Therefore, the money you have left to buy food, clothing, and shelter is less if you're spending that. If you're healthy and you're not spending it, then you can buy your food, clothing, and shelter, and you're less likely to be in poverty. That's one part of the answer.

MR. HASKINS: Becky?

MS. BLANK: I mean, health care is just really hard. It's very hard to value, as Bob says, whether people are spending enough on health care, and honest people really disagree on what their definition of enough might be.

One possible outcome of health reform is to open up health care to a variety of communities that currently don't have it, and the result of that might be those people spend more because they're actually paying premiums to access. At some level, some of the public insurance is there or this gets them into the health system, and so they start visiting doctors more regularly. I mean, it can go either direction for different communities as to what the effect of health reform is, and we're going to see what the effects on out-of-pocket expenditures is in this measure, but it's why I think you need other measures of adequacy and access, that health care is just different, it affects people in a very different way, and to try to lump these all together and measure them, you just get into trouble, and we don't do it perfectly, but we made a set of choices.

MR. HASKINS: Next question? Right up here.

MS. KLINE: Hi, I'm Indra Kline . I'm here on behalf of Thurgood Marshall Center Trust.

I think my question is directed more to the gentleman from

New York. After doing your study, what did the city do with regards to policies, number one?

And, number two, what concerns me is if we're looking at poverty and establishing new standards for it, we're also looking at middle-class families that are barely making it. My concern as a financial literacy (inaudible) is how many people are going to be able to save for their future as opposed to relying on Social Security?

And, thirdly, how is this going to impact education?

MR. SMEEDING: Quick answer.

SPEAKER: Well, yes, I can't give you a quick answer.

MR. HASKINS: You have 30 seconds.

SPEAKER: In truth, this is not totally reorganized the way the city provides or tends to provide personal income population. Any city in the United States, well, what does it do? It administers programs that have been designed in the state capital or in Washington. Most of what New York City does is it takes money from those pots, it has mandates, and it applies them and administers the programs. That doesn't change with a different poverty measure. That's going to continue until policy evolves, hopefully, reflected by new and better information.

So, no radical changes. We can point to some interesting initiatives we've taken on a small scale to explore some ideas, particularly in response poverty among the elderly. Very modest changes.

But, actually, I really want to make a more general point. The first thing is that this poverty measure should not become an intellectual straitjacket. So, people are saying, well, what about this thing, what about that thing? It's like don't lose that thought. We really do need asset-based measures of wellbeing. We really do need to look at a relative income measure to understand some of what's going on in this country. We do need to look at, you know, direct measures of hardship, as well.

The other thing to understand, and this gets back to the role of the experts is that we should be very parsimonious in what we're deciding, and that's why I think our list of necessities is so bare and should be so bare: food, clothing, shelter, utilities.

We don't make a judgment and we shouldn't make a judgment about how much of that spending is really a joy ride and how much is it really, you know, (inaudible) intake that's necessary. People go out and they have a good time at a local restaurant, we don't make a judgment about that. It's food. That's all. We just stop there, we just say it's food. Likewise, with other things.

So, it's modesty is really important in this, we just take this is what we're measuring, we're not making judgments within households about this thing and that thing and the other thing, but here's where we end up, and I think that's really a thing about what do we need to communicate to the public? I think that's really an important piece of this. It's like here's what we're making a judgment about. We're picking the necessities. After that, in a sense, the public is deciding, and we see how it's deciding by looking at the Consumer Expenditure Survey. We see how people spend their dollars. And as that evolves over time, we see how our measure evolves over time.

MR. HASKINS: Last question. Over here. I'm always trying to get my name in the paper.

MS. WETZSTEIN: That's right, Ron. (Laughter) Cheryl Wetzstein, Washington Times.

I was watching Greece blow up the other morning, so, I wondered, okay, let's talk about public impressions and the media, who are not economists, and a change like this, and then have the headline of so-and-so's administration finds that there's 30 more million poor people in America when the whole goal of America is that nobody becomes -- it's the land of opportunity. We all don't become poor, we get rich.

MR. HASKINS: So, I think you meant --

MS. WETZSTEIN: Please.

MR. HASKINS: Thirty-one more million people poor?

MS. WETZSTEIN: Yes.

MR. HASKINS: Yes. Okay. Yes.

MS. WETZSTEIN: That somehow because of this new poverty measure --

MR. HASKINS: Right.

MS. WETZSTEIN: We've got 30 million more poor people than we realized. I just want to know how you're going to handle that politically, what kind of spin we're going to get on that?

SPEAKER: We did it.

SPEAKER: Yes.

SPEAKER: We did it. What did we say? We said we need to work harder, we need to work smarter, and we took it from there.

SPEAKER: I think that that's exactly right, and you may be able to do this is New York City. I don't think that necessarily means you can do that in the United States of America. (Laughter) Our situation is today that we are rapidly moving to becoming like Greece. We are spending this year $900 billion on means-tested assistance for low-income people. That's about $27,000 per low-income family. Over the next 10 years, that spending will go up and will exceed $13 trillion.

And what this panel is really saying here is that's not nearly enough, and, so, we're going to gimmick the poverty measure so that we can increase that spending and justify an even greater enlargement of entitlements, and I think we will have a political debate of whether that gimmicking and this propaganda statistic tool is in fact wise and is in fact something that the American public wants, and we're going to have that over the next year or two.

MR. HASKINS: Tim?

MR. SMEEDING: I disagree.

SPEAKER: Really?

MR. SMEEDING: I disagree. I don't know what we're going to find. Some journalists, immediately after the SPM was announced, went out and found an old National Academy number --

MR. HASKINS: What's the SPM? Say what the --

MR. SMEEDING: Supplemental Poverty Measure, that's what we're talking about here. Remember that, co-host? (Laughter)

MR. HASKINS: Yes.

MR. SMEEDING: And we don't know. We don't know how it's going to come out, but it will reflect the efforts that we're making as a society. It's going to reflect the food stamp stuff you read about. It's going to reflect the Earned Income Tax Credit, and it's going to have a reasonable idea of what's a reasonable standard of living, and if people understand that, that the spinmeisters are going to spin. I learned a long time ago you can't do that, they'll spin, but, at the end of the day, if you can go out and explain it to a group like this, this is what did and why and this is what we found, that's what we want. A full stack.

MR. HASKINS: Shawn?

MR. FREMSTAD: I think this is absolutely the reason why we need to get beyond the idea that there's a one measure and that there's a clear connection between the two and come up with a fuller thing. And some of the numbers might be lower, some of the numbers might be higher, but what you have is a fuller, richer picture.

With the current poverty measure, we probably should have discontinued that 10 years after it was started because you're only adjusting for inflation, you probably should have put in a new series. Anything that's absolute that way, I think you should start it anew every 10 years.

But I think the key thing is just moving beyond this, and if you had more than one measure, it pulls a lot of the weight off this idea that it's one number that matters, and that's my real fear with this. I mean, I know we can do more, but I think once you do this, people are going to say well, we fixed that problem, and it's going to be another 40, 50 years, they'll be another report another 15 years, and we'll never really get to the better approach.

MR. HASKINS: Please join me in thanking the panel.

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