Comments and Discussion

COMMENT BY

KATHRYN J. EDIN and H. LUKE SHAEFER Edin began studying the budgets of low-income single mothers in 1987 because of a single chart from a government publication left open on a table in the University of Chicago library. Figure 1 re-creates that chart—which inspired Edin's dissertation and first book (with Laura Lein), *Making Ends Meet*, published in 1997.

The government publication summarized estimates from the Consumer Expenditure Survey (CE), the same data set Fitzgerald and Moffitt use to construct their supplemental expenditure poverty measure (SEPM). What caught Edin's eye was that in the bottom fifth of the income distribution, households were spending three times as much as they were earning (in fact, expenditures outstripped income for the bottom three quintiles of American households, although to a lesser degree higher up the income ladder).

A footnote to the table attempted to explain the discrepancy, asserting that these households were likely living off past or future income. At the time, Edin was teaching college courses for low-income Chicagoans, many of them receiving welfare, in t he Logan Square and North Lawndale neighborhoods, some of the city's poorest. This explanation did not square with the situations of the students in her class. Most had been struggling economically for many years and thus had no "past income" to draw on, nor, Edin would learn, did they have much access to the credit that would allow them to draw on any "future income."

Figure 1, and the mysteries it implied, sent Edin and anthropologist Laura Lein on a six-year journey across the country to learn more about how low-income, single mothers made ends meet, engaging in multiple in-depth interviews with each respondent while collecting detailed accounts of

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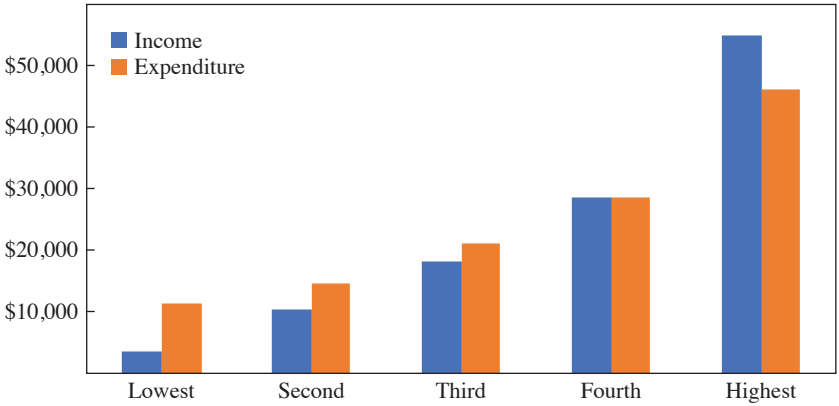
Figure 1. Expenditures by Income Quintile, 1986



Source: Consumer Expenditures Survey.
Note: Income is after tax; see US Bureau of Labor Statistics, table 1, https://www.bls.gov/cex/standard/1986/quintile.txt.

income and expenditures. What they found was that even after accounting for all government benefits—welfare plus food stamps, Supplemental Security Income (SSI), and any Earned Income Tax Credit (EITC)—the 214 welfare recipients in their study could only cover three-fifths of their expenses.[1]

This gap between expenditures and income wasn't driven by under-reporting of benefits—the welfare-reliant mothers they interviewed were all collecting benefits from multiple sources and were able to describe what they received from each program in detail. As anyone who simply reviews the benefit levels for most anti-poverty programs will quickly conclude, these programs rarely, if ever, are generous enough to cover a family's core expenses. Instead, Edin and Lein (1997) found that the gap was real. These mothers were scrambling to cover roughly 40 percent of their expenses from other sources. This is because there was a limit to the extent to which low-income families could cut back on their consumption when their formal incomes were insufficient. Those attempting to do so risked losing their children to the state for neglect, as Edin and Lein showed.

How did the 214 welfare-reliant mothers profiled in *Making Ends Meet* bridge the gap between their income and expenditures? Private charities played a role, especially food pantries, which occasionally helped with the bills in addition to groceries. But the most common strategy mothers

1. The study covered some four hundred cases, with the rest relying on low-wage, formal-sector jobs.

engaged in to make ends meet was work. Nearly half of the single mothers interviewed who were welfare-reliant were working at the time of their interviews in order to meet their core expenses, but they hid this work from their caseworkers because their welfare benefits would be cut about a dollar for every dollar earned, leaving them no better off.

Some worked formal jobs under false identities or hopped from job to job to avoid detection. Some were paid under the table. Typical work included hairdressing, childcare, and cleaning homes. A few (9 percent) fenced stolen goods or sold sex to bridge the gap.

Our point here is that when observing discrepancies between income and expenditures there is almost certainly more going on than mere underreporting of benefits. That gap is in part a warning, a red flag that people are likely engaging in survival strategies that may have very real human costs—costs that can compromise the well-being of children and adults alike.

THE HUMAN COSTS OF CONSUMPTION Our more recent research (Edin and Shaefer 2015), conducted two decades later, revealed that little has changed in the years since for poor families scrambling to meet essential expenses. The study that resulted in our book *$2.00 a Day: Living on Almost Nothing in America* took an iterative mixed-methods approach that relied on both large-scale data and qualitative cases.

We followed Paul Heckewelder, from Cleveland, Ohio, for nearly two years. Paul fell into poverty when the family-owned pizza chain failed in the face of the Great Recession. As one location after another closed, nearly all his immediate family lost their jobs. When we first met him at a Cleveland food pantry in 2013, twenty-two people were living in his worn, two-bedroom home. The whole family was relying on Paul's Social Security check. To generate extra cash, Paul and his son scanned the sidewalks of Cleveland's West Side for used air conditioners, aluminum cans, and other metal objects put out for the trash, parts of which could be sold to a recycling center on 65th Street. Additional funds came from sympathetic members of his church: from time to time, a fellow parishioner would put an unmarked envelope full of cash in his hand. These strategies had netted him several thousand dollars in the past year.

Jennifer Hernandez, from Chicago, was living in a homeless shelter with her two children, Kaitlin and Cole, when we first met her in 2012. To generate cash, she collected aluminum cans to sell to the local recycling facility for which she earned about a dollar per hour. She also completed online surveys for modest cash rewards when she could get access to the computers in the shelter's basement.

Jessica Compton, from Johnson City, Tennessee, lived with her husband, Travis, who had had his work hours reduced to zero for nearly two

months when we met them. During that time, the only means of generating cash income for these parents of two girls was for Jessica to sell her blood plasma as often as the law allowed (Travis was barred from donating due to his many tattoos). Just one pound over the weight limit for donating, Jessica took iron supplements in order to pass the tests she was required to take to qualify. Often, she found the experience of donating plasma debilitating. "I get tired. Especially if my iron's down, I get, like, really tired," she told us. In 2019, Americans, most of them low-income, donated more than 50 million units of blood plasma in exchange for cash (Ochoa, Shaefer, and Grogan-Kaylor 2021). At a compensation rate of $30 per unit (our estimate of the going rate), our back-of-the-envelope estimate is that plasma sales generated $1.5 billion in income for low-income Americans that year.[2]

Modonna, who like Jessica was also living in a homeless shelter in Chicago in 2012, could only keep up with her cell phone bill and maintain payments on the storage locker that contained all her worldly possessions due to the contributions of a friend. When she reached the limit for staying at the shelter, she and her teenage daughter moved in with the friend. Just before Christmas, Modonna caught him ogling her daughter. When confronted, he responded by tossing their possessions out the window of the second-story apartment onto the pavement. Then he threw Modonna and her daughter out as well.

For the last few years, we have been studying one county in eastern Kentucky where, in addition to conducting extensive ethnographic observation, we've interviewed more than two dozen community leaders plus about the same number of low-income residents. Of these, three admitted to engaging in under-the-table work like cleaning or babysitting to get by, seven reported gleaning cash contributions from relatives and friends, and seven told us they sold their valuables at pawnshops or on Facebook or sold used clothing and other items on the side of the road. Two admitted to participating in the illegal drug trade, trafficking illicit pain pills and meth, and two said they sometimes sold their prescription drugs—OxyContin and Suboxone—on the black market to get the cash they needed to get by. Four admitted to engaging in illegal cockfighting for money, a popular form of entertainment locally, while several others said they got extra cash from selling their votes at election time, an age-old eastern Kentucky tradition. While each of these survival strategies may have added only modestly to the monthly budget, taken together, they constituted a significant share of

2. We take the roughly 50 million plasma units donated at for-profit plasma centers nationally (Ochoa, Shaefer, and Grogan-Kaylor 2021) and multiply by $30 to reach $1.5 billion.

household income, just as was the case for the 214 welfare-reliant mothers in *Making Ends Meet* more than three decades ago.

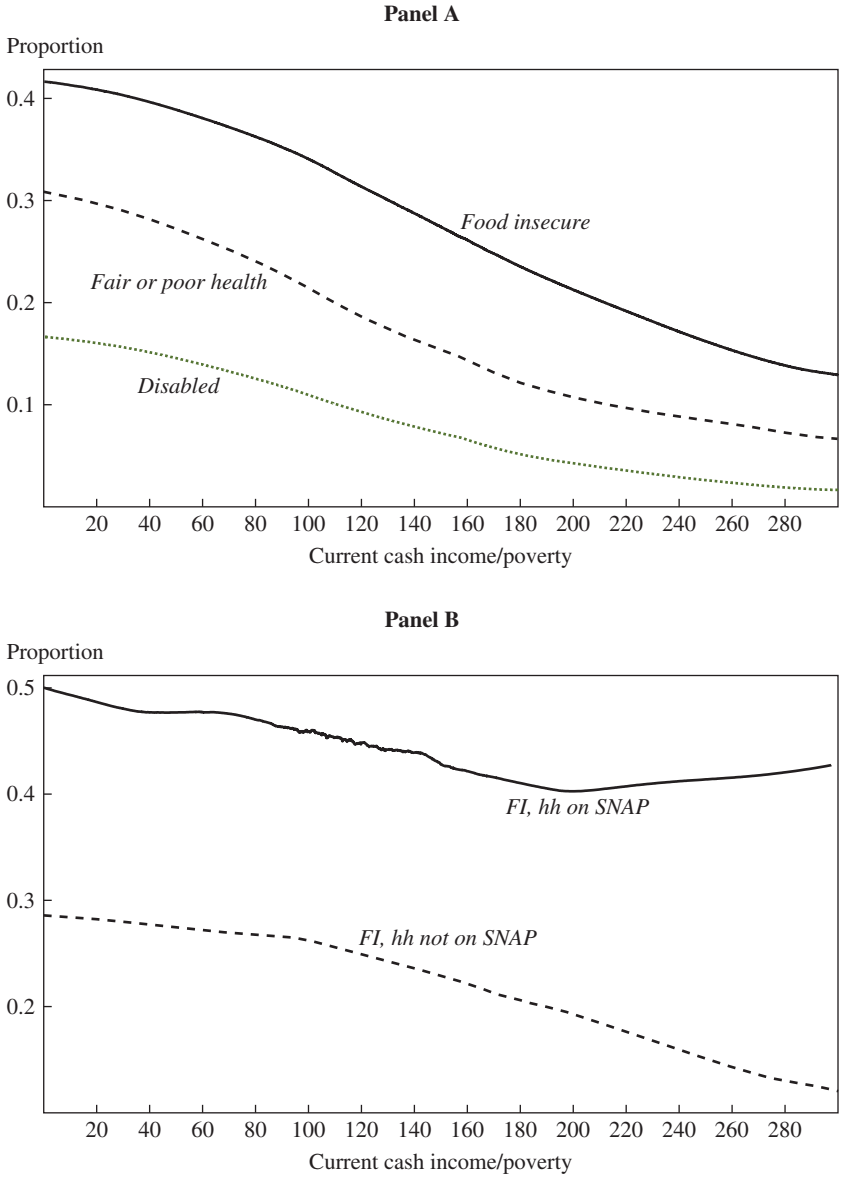
IN POVERTY MEASUREMENT, THINGS ARE NOT ALWAYS AS THEY SEEM As Fitzgerald and Moffitt highlight, the government not only provides cash but also in-kind benefits, such as the Supplemental Nutrition Assistance Program (SNAP) and rental assistance. All else being equal, it is a convention to assume that at any given income level, households receiving in-kind benefits are better off than those who do not receive benefits. Yet through interviews and ethnographic observations (Edin and Shaefer 2015), we found that among families reporting very low cash incomes, receiving SNAP and other in-kind benefits was, in fact, a strong signal of underlying need. Those who could forgo these benefits often had other resources to rely on. Counterintuitive though it seems, we wondered whether families with extremely low cash incomes who were receiving in-kind benefits were actually worse off than their counterparts with similar cash incomes who were not receiving in-kind benefits. This does not mean that SNAP is causing hardship. Rather, SNAP participation is acting as a strong signal of heightened need.

In figure 2 we test this hypothesis using a data set constructed by Anderson, Butcher, and Schanzenbach (2015) linking households across the Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) poverty and food security modules from 2001 to 2011. Anderson, Butcher, and Schanzenbach (2015) engage in one important data cleaning procedure: they drop households with negative income components, typically self-employment or investment losses, who appear to be low-income in the data but who have characteristics far more in line with higher income Americans than with other poor individuals.

Drawing on their data, panel A of figure 2 shows the relationship between annual cash income and three outcomes. As one would expect, households with the lowest cash income are the most likely to be food insecure, report poor or fair health (as opposed to good or excellent), or report a disability. Other analyses reveal they are also the most likely to be Black, less educated, and the least likely to be homeowners (Shaefer and Edin forthcoming).

Panel B is where things get interesting. Among households with children—both households receiving and not receiving SNAP—food insecurity is clearly graded by income. Yet, counterintuitively, at any given income level, those receiving SNAP report far higher rates of food insecurity than those not receiving SNAP. For example, households with annual incomes of 300 percent above the poverty threshold who receive SNAP

Figure 2. The Relationship between Cash Income by Income-to-Poverty Ratio and Well-Being



Source: Shaefer and Edin (forthcoming), in *Social Stratification*, 5th ed., edited by David B. Grusky, Nima Dahir, and Claire Daviss. © Routledge. Reproduced with permission from Taylor & Francis Group.

Note: The underlying data consist of a pooled sample of CPS ASEC modules and food security supplements, 2001–2011, constructed by Anderson, Butcher, and Schanzenbach (2015), who measure income at the household level and engage in one important data cleaning procedure: they drop households with negative income components, typically self-employment or investment losses.

report food insecurity at rates that are demonstrably higher than those not on SNAP who report virtually no cash income.

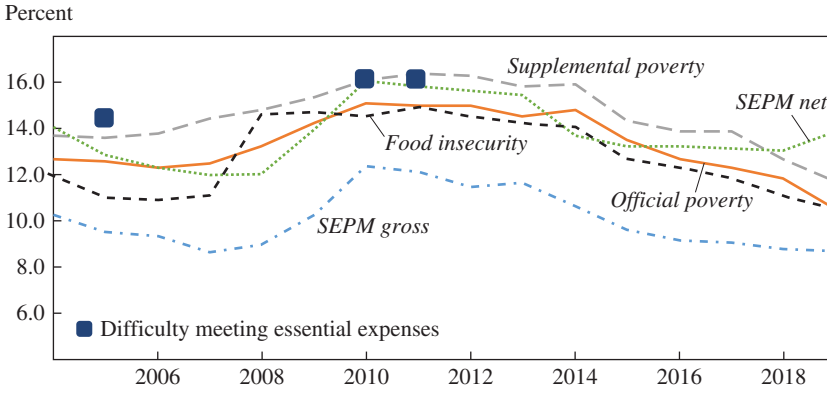
These findings are consistent with an examination by Meyer and others (2021), who find that households reporting extremely low cash incomes but who receive in-kind benefits such as SNAP (much like the families that we profile in our book) experience the very highest rates of material hardship of any group they examined. They conclude that these households "appear to be significantly worse off than the official poor on multiple dimensions of well-being" (8), in line with our findings here and our prior work (Edin and Shaefer 2015). The standard practice of treating all sources of income equally in measuring poverty may inadvertently lead researchers to do a worse job of identifying the neediest households.

A CALL FOR TRIANGULATION Most researchers are keenly aware of the shortcomings of income poverty measures. Here we have illustrated some of the potential shortcomings of expenditure poverty measures as well. In the debate over which measure is the right one—and exactly how an income or expenditure poverty measure should be defined—reaching consensus is made more difficult, if not impossible, by the fact that poverty is often treated as both input and outcome. That is, we very rarely judge measures against anything independent from the internal logic of the measures themselves. Thus, poverty scholars are left to debate, perhaps endlessly, about the right way to account for debt, the proper way to adjust for local cost of living, how to account for in-kind benefits, economies of scale related to family size, and so on. Reasonable people can disagree on almost all these counts, yet many of these decisions have significant implications for our understanding of who is poor and who is not.

Take, for example, the fact that Fitzgerald and Moffitt's SEPM yields more near poor households (households just above the poverty threshold) than their income poverty counterpart, the supplemental income poverty measure (SIPM). They find that if the expenditure poverty line was raised even just slightly, it would lead to 16 million more individuals registering as poor, far more than for comparable income poverty measures. As a result, the decision about where to set the poverty threshold becomes incredibly important in expenditure-based measures. Furthermore, this finding suggests it is reductionist to conclude that expenditure poverty measures yield lower rates of poverty than income-based measures as a general rule.

What is needed is more work to bring the various measures into conversation with one another. Furthermore, researchers should use external outcomes to arbitrate between competing claims by different measures. If what we truly want to do is measure economic well-being, then it makes

Figure 3. Annual Rates of Poverty and Hardship



Sources: Current Population Survey and Survey of Income and Program Participation.

Note: Official poverty measure, supplemental poverty measure, and food insecurity rates are all taken from official government sources. Difficulty meeting essential expenses calculated (at the household level) from the Survey of Income and Program Participation. SEPM rates taken from the paper.

sense to validate and compare these measures based on how well they track with independent, direct measures of well-being, such as material hardship, over time.

Figure 3 offers an external validation of Fitzgerald and Moffitt's measures using plot points provided by the authors. For comparison purposes, we start with two direct measures of well-being: food insecurity, from the CPS food security supplement, and households that report having difficulty meeting essential needs in three comparable years, from the Survey of Income and Program Participation (SIPP). In this figure, we compare these hardship measures with poverty estimates from the official poverty measure (OPM) and Supplemental Poverty Measure (SPM), the SIPM net as estimated by Fitzgerald and Moffitt, and the authors' SEPM gross and net.

Three patterns are evident here. First, though researchers have long grappled with the problems of income-based poverty measures, especially the OPM, the income-based measures track nicely with each other, and with the two hardships in the figure: the line indicating food insecurity and the boxes, which represent difficulty meeting essential expenses. Second, so does the SEPM net. In fact, despite the very different methods used, the correspondence between all these measures in both the level of poverty and trends over time is noteworthy. Could these various measures actually

Table 1. Correlations between Annual Rates of Poverty and Key Indicators of Well-Being, 2004–2019

	Food insecurity	*Unemployment rate*	*Part-time for economic reasons*
OPM	0.9	0.89	0.9
SPM (Census)	0.89	0.85	0.86
SEPM gross	0.75	0.87	0.86
SEPM net	0.61	0.77	0.8

Sources: US Census Bureau, Current Population Survey, and US Bureau of Labor Statistics.

Note: OPM and SPM rates come from official census poverty reports; food insecurity rates from the CPS food insecurity supplement; unemployment rate and part-time for economic reasons from the US Bureau of Labor Statistics.

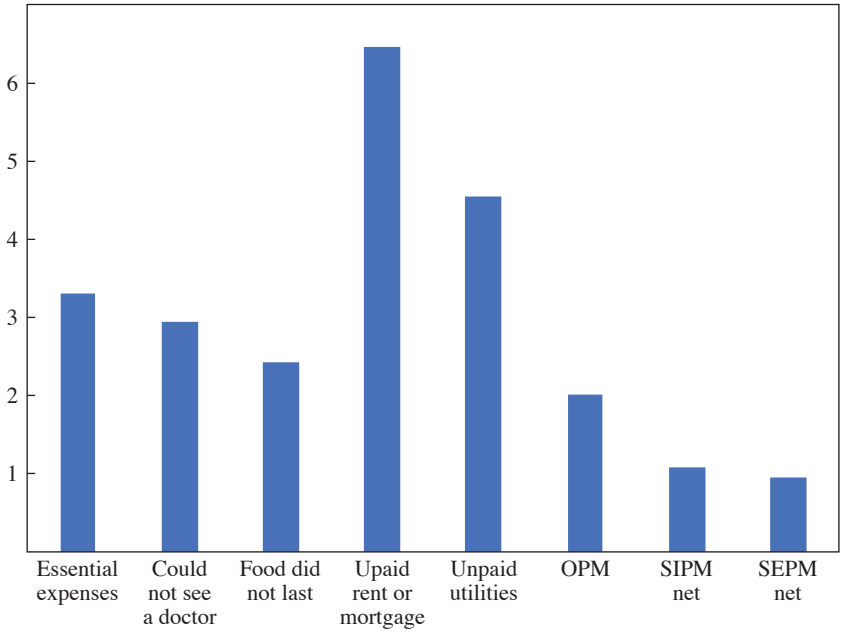
be complementary and give us more confidence that, through triangulation of imperfect measures, we have zeroed in on a basic understanding of how many people are in poverty and how poverty changes over time?

We agree with Fitzgerald and Moffitt that the odd one out here is SEPM gross. It is hard to find face validity in a measure of poverty that is demonstrably below the fraction of US households reporting food insecurity or the fraction reporting difficulty meeting essential expenses, especially when other available measures of income and expenditure poverty suggest such a different story. We can also rule out some potential stories about trends over time. For instance, any measure that would lead to the conclusion that poverty was lower in 2011 or 2012 than in 2004 would have to contend with the fact that multiple poverty measures and direct measures of well-being measures show exactly the opposite.

In table 1, we take this exercise a step further, examining a simple correlation between annual rates of poverty and key indicators of well-being from 2004 to 2019: food security, the unemployment rate, and the percentage of workers who are involuntary employed part-time—imperfect indicators of economic well-being but interesting nonetheless.

We note several patterns here. First, annual rates of all these measures are highly correlated, as the prior figure suggests. Second, the official US Census Bureau income-based measures—especially the OPM—are particularly highly related to the indicators included in table 1. Strikingly, all OPM correlations are at or above 0.89, higher than any other measure. The US Census Bureau's supplemental poverty measure (SPM) also has high correlations with all indicators, reasonably in line with OPM. The associations with the SEPM measures, particularly Fitzgerald and Moffitt's preferred measure of SEPM net, remain strong, but less so than the income-based measures. This presents a conundrum: Why, despite all their flaws, do the income measures—and especially the OPM, which we know to be

Figure 4. Ratio of Hardship and Poverty Rates for Children to Those of the Elderly, 2011



Sources: Survey of Income and Program Participation, US Census Bureau.
Note: Material hardship outcomes taken from wave 9 of the 2008 panel of the SIPP; OPM taken from the census for 2012; net SIPM and SEPM are from the paper.

inadequate—track so well with other measures of well-being? Why doesn't SEPM net do better?

In figure 4, we explore what all these measures tell us about a long-standing question about who is poor, revisiting a familiar comparison between children and the elderly that appears in official census poverty reports. We ask what the various measures suggest about the well-being of each group relative to the other. Bars representing the ratio of child-to-elderly poverty by each of the three poverty measures (leaving out the gross SEPM) are on the right. On the left are several bars that show the ratio of child-to-elderly hardship—a direct measure of well-being—drawn from the SIPP.

All measures included here suggest that hardship among children is much higher than it is among the elderly. These ratios range from 2.4 times higher for children compared to the elderly for "food we bought did not last and we didn't have money to get more" to more than 6.4 higher in the case of unpaid rent or mortgage. The OPM puts that ratio at two-to-one—not too far from "food did not last" but far below the rest. Yet the SIPM net and

the SEPM net show child and elderly poverty at near parity. It is hard for us to reconcile the conclusion that poverty is comparable among children and the elderly when children are in households that report considerably more difficulty paying essential expenses, more trouble affording to see a doctor when they need one, not getting enough food, and more difficulty paying the rent and utilities. Our supposition is that this is driven in part by the challenging question of how to treat out-of-pocket medical expenses, which affect the elderly most. This is a thorny issue. Having high monthly out-of-pocket expenses signals that households have fewer resources for other expenses. Yet a zero may signal two very different situations: no underlying health conditions requiring medical expenses or underlying health conditions without the ability to pay.

In conclusion, while we are encouraged by the SEPM alternative that Fitzgerald and Moffitt offer because we believe it enriches our understanding of poverty in the United States, we encourage poverty researchers to consider two points. First, the gap between expenditures and income likely represents more than mere benefit underreporting. Indeed, it may well be a sign that a household is engaging in survival strategies that might have sharp human costs, with deleterious implications for well-being. Second, rather than simply focusing on the internal validity of a poverty measure, consider the degree to which we might accept that all measures are imperfect, work to bring them into conversation with one another, and validate them with external measures of well-being.

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