# Retooling the Poverty Measure

## “Improvements” or “Corrections”

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**May 10, 2005**

# General Principles for Change

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

# Proposed Improvements

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

# Families vs. Households

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

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

# Household Types

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

# Means tested transfers

**"Entitlements" (EITC, TANF, SSI, FS)**

**vs.**

**Non-entitlements (WIC, School meals, Housing assistance, energy assistance)**

**What about sales taxes/CPI**

# Imputation

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