

# The Measuring American Poverty Act of 2009

## *To be Introduced by Sen. Chris Dodd and Rep. Jim McDermott*

### Modern Poverty Measure

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- The Modern Poverty Measure would largely follow the recommendations of the National Academy of Sciences (NAS) to improve and update the current poverty measurement. This new measure would continue to track income deprivation, but it would be based on current consumption patterns rather than patterns from the 1950s. The measure would be calculated and reported by the Census Bureau.
- Instead of multiplying the cost of a minimally adequate diet by a factor of three (the initial formula for the present poverty measure), this measure would set the poverty threshold at a level of minimal income allowing the purchase of basic physical necessities—primarily food, clothing, and shelter. This level would be determined by calculating the income needed to reach the 33<sup>rd</sup> percentile of spending on these basic goods, plus 20% more for additional personal items.
- When calculating the income available to purchase basic necessities, the Modern Poverty Measure would count both income assistance (e.g., Earned Income Tax Credit, nutrition assistance and housing assistance) and necessary expenses (e.g., federal taxes, work expenses and out-of-pocket medical expenses) not considered in the current official poverty measure. Finally, the new measure would account for geographic differences in the cost of living (unlike the current measure).

### Traditional Poverty Measure

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- In addition to publishing poverty rates under the new measure, the Census Bureau would continue to publish poverty rates as currently calculated. The present official measure would be renamed the Traditional Poverty Measure. No change would occur for Federal programs that presently determine individual eligibility or broader allotments based on the current measure.

### Decent Living Standard and Medical Risk Measures

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- Some needs and deprivations that are not fully captured by the proposed Modern Poverty Measure require additional research to establish national standards. Therefore, the NAS would be commissioned to establish two separate panels to make recommendations regarding the creation of a decent living standard (measuring a higher level of subsistence than the Modern Poverty Measure, but still only permitting a person to meet basic expenses for a modest standard of living) and a medical care risk measure (assessing the risk of being unable to afford needed medical care and services).

# MAP Act's Modern Poverty Measure Would Show Impact of Policies Totaling Trillions of Dollars

## Policy and Other Changes Affecting Poverty Statistics

Type of Change	Reflected in		Estimated Annual Payments (FY 2010 Levels)
	Current Official Measure	Proposed Modern Measure	
Increase/decrease in federal income taxes	No	Yes	\$1,167.2 billion (CY2007)
Increase/decrease in state or local income taxes	No	Yes	\$298.3 billion (CY2007)
Increase/decrease in Earned Income Tax Credit	No	Yes	\$48.9 billion
Increase/decrease in Child Tax Credit	No	Yes	\$44.8 billion
Increase/decrease in Social Security payroll taxes	No	Yes	\$747.3 billion
Increase/decrease in SNAP (formerly Food Stamp) receipt or benefits	No	Yes	\$65.0 billion
Increase/decrease in housing assistance receipt or benefits	No	Yes	\$33.08 billion
Increase/decrease in home energy assistance receipt or benefits	No	Yes	\$3.79 billion
Increase/decrease in child care subsidies	No	Yes	\$7.04 billion
Increase/decrease in child support awards and enforcement	Partly*	Yes	\$27.91 billion
Increase/decrease in Social Security benefits	Yes	Yes	\$690.6 billion
Increase/decrease in receipt or benefits under Temporary Assistance to Needy Families	Yes	Yes	\$17.1 billion
Proposed Creation of Climate Rebate to Help Households Shift to Clean Energy	Maybe	Yes	≈ \$5-\$100 billion

\* Child support received by families is included, but child support paid by families to other households are not subtracted.