

CONFERENCE OF EUROPEAN STATISTICIANS

For discussion

Second Meeting of the 2007/2008 Bureau
Helsinki (Finland), 18-19 October 2007

Item 2a of the Provisional
Agenda

**SOME RECENT PROGRESS IN THE MEASUREMENT OF INCOME, POVERTY,
AND
LIVING CONDITIONS IN THE UNITED STATES**

Note prepared by United States

1. While we have no specific comments on the two research notes, the U.S. Census Bureau has made some recent progress in the measurement of income, poverty, and living conditions. They are summarized below.

- The Census Bureau has now released two reports in its new series showing the effect of taxes and government transfers (both money transfers and in-kind ones) on poverty rates and income summary measures. These reports utilize a definition of income much broader than the money income definition that is typically used in Census Bureau income and poverty reports. For example, the report includes estimates of disposable income, which includes money income, capital gains, imputed rent, and the value of noncash food and housing benefits. It also deducts payroll taxes, federal and state income taxes, property taxes, and work expenses. These reports also utilize a set of poverty thresholds based on an improved equivalence scale (along the lines of an 1995 U.S. National Academy of Sciences (NAS) report on improving the official U.S. poverty measure). See <http://www.census.gov/hhes/www/poverty/effect2005/effect2005.html> for information on the most recent report in this series. The Census Bureau has also updated the poverty measures that follow the recommendations of the NAS poverty panel. See <http://www.census.gov/hhes/www/povmeas/reports.html> for the most recent estimates.
- The Census Bureau has just unveiled a new utility for users who wish to do their own tabulations of Census Bureau public use microdata based on alternative income definitions/poverty thresholds. Using this utility, researchers will be able to customize both the definition of income and the parameters used to define poverty status. This new utility can be viewed using this link: http://www.census.gov/hhes/www/cpstc/apm/cpstc_altpov.html.
- Earlier this year, the Census Bureau released a report, based on the Survey of Income and Program Participation, that examined material well-being. The report, entitled, *Extended Measures of Well-Being: Living Conditions in the United States, 2003*, looked at several indicators that could be classified as measures of material deprivation. Since one of OECD's recommendations is for countries to think about supplementing traditional income and poverty measures with measures of material deprivation, the Census Bureau's series of reports on this topic addresses this issue. See <http://www.census.gov/prod/2007pubs/p70-110.pdf> for this report.

- In its latest income and poverty report, the Census Bureau unveiled new income inequality measures. Traditionally, Census Bureau inequality measures have been household-based. These are limited, as they may not reflect the effect of changes in the size and composition of households over time. The new measures are person-based and equivalence-adjusted to reflect economies of scale. See <http://www.census.gov/prod/2007pubs/p60-233.pdf> for these new estimates.
- In 2007, for the first time, the Census Bureau released income inequality measures for states and places/counties with populations of 65,000 or more, based on the American Community Survey (ACS). Eventually the Census Bureau will publish income inequality measures from the ACS for every county, place, and tract in the U.S. For the ACS report that contains these new inequality measures, see <http://www.census.gov/prod/2007pubs/acs-08.pdf>.
- Recent Census Bureau research into improving its income and poverty measures has focused on these areas: (1) improving estimates of imputed rent, (2) improving our methods of modeling federal income taxes, and (3) using administrative data to benchmark and validate Census Bureau household survey income estimates.
- The Census Bureau continues to produce longitudinal income and poverty analysis from the Survey of Income and Program Participation (SIPP) that look at issues such as the length of poverty spells, transitions into and out of poverty, events associated with increasing and declining incomes, and characteristics of persons who spend long periods of time in poverty. Reports covering the 2001-2004 period are being prepared; for the latest published reports, see these links: <http://www.sipp.census.gov/sipp/p70s/p70-91.pdf> and <http://www.sipp.census.gov/sipp/p70s/p70-95.pdf>.

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