

SENATE RESOLUTION No. 33

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 10, 2020

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Urges federal government to revise official poverty measure to account for high cost of living, non-discretionary expenses, and cash and noncash income.

CURRENT VERSION OF TEXT

As introduced.



1 **A SENATE RESOLUTION** urging the federal government to regularly
2 update and revise the official poverty measure to ensure accuracy
3 in poverty determinations.
4
5 **WHEREAS**, The official measure and methodology used by the federal
6 government to determine whether a family is living in poverty was
7 originally published by the Social Security Administration in the
8 1960s and has remained essentially unchanged since that time, with
9 only a few minor modifications having been instituted over the
10 nearly 50-year period since its inception; and
11 **WHEREAS**, Pursuant to this official poverty measure (OPM), a
12 family's poverty status is determined by comparing the family's
13 pre-tax income with a poverty threshold (variable by family size,
14 composition, and householder age) that represents three times the
15 cost of a minimum food diet in 1963, in today's prices; and
16 **WHEREAS**, Pre-tax income under this calculation is understood to
17 include only cash income, such as wages and salaries, pension or
18 other retirement income, Social Security and other cash government
19 benefits, tax credits, interest, and dividends; and
20 **WHEREAS**, The United States Census Bureau has employed the OPM
21 for statistical purposes since its initial publication, and the Office of
22 Management and Budget, since 1978, has promoted the
23 standardized use of the OPM by all executive departments and
24 agencies under the provisions of its Statistical Policy Directive No.
25 14; and
26 **WHEREAS**, Since its initial implementation, concerns have been raised
27 regarding the accuracy and adequacy of the OPM in determining
28 poverty levels, and in the 1990s, the United States Congress
29 responded to these concerns by financing an independent study by
30 the National Academy of Sciences' Panel on Poverty and Family
31 Assistance (NAS Panel) which resulted in the publication of a
32 report entitled, "Measuring Poverty: A New Approach;" and
33 **WHEREAS**, In 2010, after several Census Bureau attempts to develop
34 an experimental poverty measure based on the NAS Panel report,
35 an Interagency Technical Working Group (ITWG) comprised of
36 representatives from the Office of Management and Budget, the
37 Bureau of Labor Statistics, the Census Bureau, the Council of
38 Economic Advisors, the Department of Commerce, and the
39 Department of Health and Human Services, successfully developed
40 a supplemental poverty measure (SPM), based on the NAS Panel's
41 recommendations, for use in evaluating poverty levels in
42 conjunction with the OPM; and
43 **WHEREAS**, Under the SPM, a family is considered to be living in
44 poverty if the family's money inflows (including cash income and
45 the value of noncash government benefits such as housing
46 subsidies, school lunch subsidies, low income nutritional assistance,
47 and low-income home energy assistance), less non-discretionary
48 expenses (including taxes, medical out-of-pocket expenses,

1 commuting costs, child support, and child care expenses) falls
2 below the SPM poverty threshold; and

3 **WHEREAS**, The SPM poverty threshold is determined by identifying
4 the actual, present-day costs associated with satisfaction of a
5 family's basic needs – including food, clothing, shelter, and utilities
6 – based on the location of the family's residence and its type (i.e.,
7 whether the family home is a rental property, a purchased property,
8 or a home with a mortgage); and

9 **WHEREAS**, At the time of its implementation, the ITWG indicated that
10 the SPM should be considered to be a work in progress, which
11 should be revised by the Census Bureau over time (and preferably
12 on an annual basis), based on new research and data, so as to
13 improve the geographic adjustments for price differences across
14 areas, and implement new methods for the estimation of expenses;
15 and

16 **WHEREAS**, In contrast to the SPM, the OPM does not account for any
17 variances in the cost of living across states or regions or recognize
18 the cost-of-living increases that have taken place throughout the
19 nation over the past 50 years; nor does it account for a family's
20 receipt of any noncash income or the expenditure of family income
21 on non-discretionary expenses or necessities other than food; and

22 **WHEREAS**, Although the federal government clearly recognizes the
23 importance of making regular revisions to the SPM, in order to
24 reflect new data and more accurately account for cost-of-living
25 increases, new anti-poverty measures, and non-discretionary
26 expenditures, it has apparently failed to recognize the importance of
27 making similar updates to the OPM to ensure the continued
28 reliability and accuracy of this official measure in light of changing
29 societal circumstances; and

30 **WHEREAS**, Because the OPM, and not the SPM, is universally used by
31 federal statistical agencies, and is often used to determine low-
32 income eligibility for federal and state benefits programs, it is
33 essential that this official measure be updated to more accurately
34 reflect poverty levels in the nation, in full consideration for the
35 current high cost of living, the variances in cost of living across the
36 nation, the non-discretionary nature of many family expenses, and
37 the many forms of cash and noncash income that may be used to
38 offset a family's non-discretionary expenditures or otherwise satisfy
39 the family's basic survival needs; now, therefore,

40

41 **BE IT RESOLVED** *by the Senate of the State of New Jersey:*

42

43 1. This House urges the Social Security Administration, the
44 Office of Management and Budget, and the United States Census
45 Bureau in the Department of Commerce, as appropriate, to take
46 immediate action to update the official measure and methodology
47 that has been used to determine poverty status in this nation since
48 the 1960s, and to take appropriate action to revise this official

1 measure on a regular basis thereafter, in order to ensure that the
2 measure provides an accurate indication of poverty levels in the
3 nation by accounting for the high cost of living and variations in
4 cost of living, and by reflecting the true extent and financial impact
5 of non-discretionary and basic survival expenditures and cash and
6 noncash income.

7
8 2. This House further urges the President and Congress of the
9 United States to take action, as necessary, to ensure that the
10 appropriate executive departments and agencies engage in the
11 updating and revision of the official poverty measure in the manner
12 described by section 1 of this resolution.

13
14 3. Copies of this resolution, as filed with the Secretary of State,
15 shall be transmitted by the Secretary of the Senate to the
16 Commissioner of the Social Security Administration, the Director
17 of the Office of Management and Budget, the Director of the United
18 States Census Bureau in the Department of Commerce, the
19 President and Vice President of the United States, the Majority and
20 Minority Leader of the United States Senate, the Speaker and
21 Minority Leader of the United States House of Representatives, and
22 each member of Congress elected from this State.

23
24
25 STATEMENT

26
27 This resolution urges the Social Security Administration, the
28 Office of Management and Budget, and the United States Census
29 Bureau in the Department of Commerce, as appropriate, to take
30 action to revise and regularly update the official measure and
31 methodology that has been used to determine poverty status in this
32 nation since the 1960s, in order to ensure that the measure provides
33 an accurate indication of poverty levels by accounting for the high
34 cost of living and variations in cost of living, and by reflecting the
35 true extent and financial impact of non-discretionary and basic
36 survival expenditures, and cash and noncash income. The
37 resolution would also urge the President and Congress of the United
38 States to take action, as necessary, to ensure that the appropriate
39 executive agencies engage in the updating and revision of the
40 official poverty measure as described herein.

41 The official poverty measure (OPM) is designed to evaluate a
42 family's poverty status by comparing the family's pre-tax cash
43 income with a poverty threshold (variable by family size,
44 composition, and householder age) that represents three times the
45 cost of a minimum food diet in 1963, in today's prices. Since its
46 initial implementation, however, concerns have been raised
47 regarding the accuracy and adequacy of the OPM in determining
48 poverty levels, and in 2010, a supplemental poverty measure (SPM)

1 was developed by an Interagency Technical Working Group
2 (ITWG) comprised of representatives from various federal agencies,
3 for use in evaluating poverty levels in conjunction with the OPM.

4 The SPM determines a family's poverty status by evaluating
5 whether the family's money inflows (including cash income and the
6 value of noncash government benefits such as housing subsidies,
7 school lunch subsidies, low income nutritional assistance, and low-
8 income home energy assistance), less non-discretionary expenses
9 (including taxes, medical out-of-pocket expenses, commuting costs,
10 child support, and child care expenses), falls below the SPM
11 poverty threshold. The SPM poverty threshold is determined by
12 identifying the actual, present-day costs associated with satisfaction
13 of a family's basic needs – including food, clothing, shelter, and
14 utilities – based on the location of the family's residence and its
15 type.

16 In contrast to the SPM, the OPM does not account for any
17 variances in the cost of living across states or regions, or recognize
18 the cost-of-living increases that have taken place throughout the
19 nation over the past 50 years; nor does it account for a family's
20 receipt of any noncash income or the expenditure of family income
21 on non-discretionary expenses or necessities other than food.
22 Because the OPM has remained essentially unchanged since its
23 initial publication in the 1960s, moreover, it can no longer be
24 deemed to provide an accurate indication of poverty levels in the
25 nation.

26 Although the federal government clearly recognizes the
27 importance of making regular revisions to the SPM, in order to
28 reflect new data and more accurately account for cost-of-living
29 increases, new anti-poverty measures, and non-discretionary
30 expenditures, it has apparently failed to recognize the importance of
31 making similar updates to the OPM to ensure the continued
32 reliability and accuracy of this official measure in light of changing
33 societal circumstances. Because the OPM is universally used by
34 federal statistical agencies, and is often used to determine low-
35 income eligibility for federal and state benefits programs, it is
36 essential that this official measure be updated to more accurately
37 reflect poverty levels in the nation, in full consideration for the
38 current high cost of living, the variances in cost of living, the non-
39 discretionary nature of many family expenses, and the many forms
40 of cash and noncash income that may be used to offset a family's
41 non-discretionary expenditures or otherwise satisfy the family's
42 basic survival needs.