Having an accurate measure of poverty is essential to gauge progress since the War on Poverty.

Trends with official poverty measure (OPM) suggest “we waged a war on poverty and poverty won”* – but OPM is badly flawed.

In recent work, my colleagues and I re-examined trends in poverty using an improved measure.

* President Ronald Reagan, 1987
Supplemental Poverty Measure (SPM)

- SPM sets more appropriate thresholds and better accounts for resources (cash & non-cash transfers including Food Stamps and tax credits, work & medical expenses)
  - Census has released SPM estimates since 2009
  - But they have not produced SPM historically
- Liana Fox, Irv Garfinkel, Neeraj Kaushal, Chris Wimer, and I provide
  - first historical estimates using SPM, and
  - estimates using an “anchored SPM” where thresholds are anchored to today’s SPM poverty line and then taken back historically adjusting for inflation using CPI-U-RS

SPM vs. OPM

- Thresholds:
  - OPM based on minimally adequate food diet in 1960s
  - SPM based on consumption of a basic bundle in past 5 years
- Resources:
  - OPM includes only income and cash transfers
  - SPM include income, cash transfers and in-kind benefits, *minus* taxes, child support paid, work expenses, child care, MOOP
- Family unit:
  - OPM includes family only
  - SPM includes unmarried partners, unrelated children under 15, and foster children under 22
Conclusions

• Using SPM has altered our understanding of War on Poverty
  - Poverty has fallen by about 40% since 1967
  - Safety net plays a substantial and growing role in reducing poverty
• The reduction in poverty, and the role of the safety net, would be obscured if we limited our analysis to OPM

See: Fox et al, 2013; Wimer et al., 2013.
http://cupop.columbia.edu/publications/2013

We need to set aside the belief that government cannot do anything about reducing inequality…
Without Social Security, nearly half of seniors would be living in poverty — half. Today, fewer than 1 in 10 do… And because we’ve strengthened that safety net, and expanded pro-work and pro-family tax credits like the Earned Income Tax Credit, a recent study found that the poverty rate has fallen by 40 percent since the 1960s.