

New measurement suggests US undercounts people in poverty

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The United States has likely been underestimating the number of people in poverty, according to a new household spending-based measurement developed by Johns Hopkins University and Bowdoin University economists. They found 8 million more impoverished Americans than

the government's most recent income-based count in 2019.

"Eight million extra people are living in poverty according to our calculation," said Johns Hopkins economist Robert Moffitt. "It reminds us that a lot of people don't have enough money to buy the basic necessities for life."

Moffitt and John Fitzgerald of Bowdoin College will present their findings today at the [Brookings Papers on Economic Activity conference](#)

The key difference between the new measurement and conventional ways of assessing poverty is that the new method relies on quarterly reported spending data instead of income data reported annually and retrospectively. The researchers say the quarterly reports are more accurate simply because people are more likely to remember what they bought in that short a period.

The new measurement, called the [Supplemental Expenditure Poverty Measure](#), combines spending data with elements ignored by the traditional government assessments such as [credit card debt](#) and, unlike many other existing measurements, health care deductibles, which disproportionately burden the poor, according to Moffitt.

"If they have [health insurance](#), these families have very high deductibles," he said. "If they get sick, it's a large out-of-pocket expense, leaving them less money for food and rent."

The new measurement relies on the most recent available data from 2019. For that year, Moffitt and Fitzgerald found about 48 million people, or 14.5% of the country, living in poverty, compared to the government's count of 40 million. In 2022, the numbers are likely worse because of the pandemic, inflation, and the end of key government

programs like the Child Tax Credit. Moffitt predicts this year's count could find as much as 16% of the U.S. in poverty.

The upshot? The U.S. is doing a lot to keep people out of poverty, but needs to do more, Moffitt says.

"We just need to increase our efforts because there are more people in dire circumstances than we thought," he said. "We have a lot of people suggesting we don't have a serious [poverty](#) problem but it is serious and we have to contend with it."

Provided by Johns Hopkins University

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