Implications of a New Poverty Measure
for Program Funding Formulas and Benefits Eligibility

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Preliminary Draft for Discussion, July 29th, 2009

Introduction

In any effort to develop an improved poverty measure for the United States, questions arise to how a new measure might affect allocation of federal funds to states and localities, and eligibility for and benefit amounts under federal means-tested programs. The recently filed Measuring American Poverty (MAP) Act, H. R. 2909 directs the adoption of a “modern” poverty measure drawing from recommendations of the National Academy of Sciences. The MAP Act explicitly states that the creation of a “modern” poverty measure under the bill would have no direct effect on allocation of funds or program eligibility and benefits, leaving those issues for subsequent legislative responses on a program-by-program basis if Congress chose to do so. The MAP approach would address the question in the short-run, but there remains a longer-run question: over time, how should a revised measure affect allocation of funds and program eligibility and benefits?

While allocation of federal funds and issues relating to program eligibility and benefits are sometimes treated as presenting a single issue, they are analytically distinct and present different questions. Under current law, a number of federal funding streams allocate funds, in whole or in part, based on the numbers of individuals or households below poverty or some percentage of poverty in a jurisdiction. In addition, a number of programs use a percentage of poverty as a basis for determining program income eligibility. Typically, the Census Bureau’s poverty thresholds are used for calculating the number of people in poverty and poverty rates, while HHS poverty guidelines, a simplified version of the Census thresholds, are often used for determining program eligibility.

This memo:
- Summarizes how the current federal poverty measure is used in affecting federal funding allocations and program eligibility and benefits;
- Briefly describes how the “modern” poverty measure under the MAP Act would differ from the current official measure;
Explains how the MAP Act addresses the relationship between the “modern” and current poverty measures and program funding formulas and eligibility rules;

Identifies and discusses issues that would arise in any efforts to:
  o Use the data concerning poverty rates and numbers that would be generated under the “modern” poverty measure as a factor in allocating federal funds to states and localities; and
  o Use the “modern” poverty thresholds and income-counting rules for purposes of determining program eligibility and benefits.

The principal conclusions are:

  • In the short run, it would be inappropriate to use a “modern” poverty measure for purposes of allocating funds or affecting program eligibility or benefits, both because of the necessarily experimental nature of the new measure, and for the substantive reasons described below;
  • In the long run, if the approach to poverty measurement under the new measure appears superior to that used under the current official measure, it would be appropriate to use the new measure when allocation of funds depends, at least in part, on numbers of those in poverty;
  • If a program elected to use the “modern” poverty measure under the MAP Act or a similar NAS-style poverty measure, it would only be appropriate to use the new thresholds for purposes of benefits eligibility if the program also provided some means to reflect medical- and work-related expenses, as the NAS-based thresholds are premised on allowing subtractions from income for such expenses;
  • Just as under current law, programs often develop their own rules for income-counting which differ from those used by the Census Bureau in calculating poverty rates, programs would likely wish to maintain flexibility to use their own income-counting rules rather than follow NAS-style rules, for a set of substantive and practical reasons described in this memo.

1. How the Current Poverty Measure Affects Program Funding Formulas

In a 2007 memo, the Congressional Research Service identified 39 federal programs that allocated funds in 2006 using at least in part a “poverty-based formula,” i.e. based on the numbers of persons or members of particular subgroups with incomes below some multiple of poverty. For example, among the largest programs that used a poverty-based formula in some way:

  • For Title I education funds, state allotments depend, in part, on estimated numbers of children aged 5 through 17 with incomes below the Census Bureau’s poverty thresholds.

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1 Memo from Congressional Research Service, “Federal Programs that Use the “Official” Poverty Definition for Determining Eligibility or for Allocating Funds,” October 30, 2007, Table 1, “Federal Programs that Use the Official Poverty Line for Purposes of Determining Eligibility or Allocating Funds.”
• For Special Education Grants to States, a limited portion of general state grants is allotted based on the state’s relative share of children aged 3 through 21 who are of the same age as children with disabilities for whom the State ensures the availability of a free appropriate public education (FAPE), and who have a family incomes below the Census Bureau’s poverty threshold. For preschool state grants, a limited portion of funds is allotted on the basis of the state’s relative share of children aged 3 through 5 with family incomes below the Census Bureau's poverty thresholds.3

• For Head Start, state allotments for expansion depend on whether the state serves 60 percent of its children who are 3 or 4 years old with family incomes below the Census Bureau’s poverty threshold, and are also affected by the state’s relative number of children younger than 5 with family income below the Census Bureau’s poverty threshold.4

• For Low Income Heating and Energy Assistance Program (LIHEAP), when appropriations exceed a threshold level, a state’s allotment depends in part on “the percentage which expenditures for home energy by low-income households in that [s]tate bears to such expenditures in all [s]tates.” Low-income households are considered to be those with incomes not exceeding the greater of 150 percent of the HHS poverty guidelines or 60 percent of the state’s median income.5

Note that because poverty numbers are often only one part of the formula, and hold harmless provisions sometimes lock in earlier state allocations, it would be quite difficult to calculate the amount of federal funding that actually depends on numbers in poverty, though it would be substantially less than the combined spending levels for all programs that use poverty numbers in their funding formulas.

2. How the Current Measure Affects Program Eligibility and Benefits Calculations

According to the Congressional Research Service’s 2007 analysis,6 at least 57 federally assisted programs used poverty levels, typically determined under the HHS poverty guidelines,7 in some way in determining program eligibility in 2006. For example:

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3 Individuals with Disabilities Education Act (IDEA), title I, part B, §§ 611(d)(1), 611(d)(3)(A), and 619(c), codified at 20 U.S.C. §§1411(d)(1), 1411(d)(3)(A), and 1419(c).

4 Head Start Act, sec. 637(19) and 640(a)(4)(D), codified at 42 U.S.C. § 9832(19) and § 9835 (a)(4)(D).


6 Memo from Congressional Research Service, “Federal Programs that Use the “Official” Poverty Definition for Determining Eligibility or for Allocating Funds,” October 30, 2007, Table 1, “Federal Programs that Use the Official Poverty Line for Purposes of Determining Eligibility or Allocating Funds.”

7 The HHS poverty guidelines provide an administratively simplified version of the poverty thresholds often used for administrative purposes, see http://aspe.hhs.gov/POVERTY/09poverty.shtml. Guidelines for 2009 are located at Federal Register, Vol. 74, No. 14, January 23, 2009, pp. 4199–4201.
• In the Medicaid Program, states must serve eligible children under 6 with family incomes at or below 133 percent of the HHS poverty guidelines and must also serve eligible children between 6 and 19 with family income at or below 100 percent of the HHS poverty guidelines.  

• In the Medicare Prescription Drug Program, various prescription drug subsidies are available to individuals with incomes below 135 percent and 150 percent of the HHS poverty guidelines.

• In the Supplemental Nutrition Assistance Program (SNAP, formerly, Food Stamps) a gross income eligibility test limits eligibility to households with incomes below 130 percent of the HHS poverty guidelines unless they have an elderly or disabled member, and a net income test (gross income minus allowable deductions) excludes households with incomes over 100 percent of the HHS poverty guidelines.

• In the National School Lunch Program, free lunches are available for children whose family income is at or below 130 percent of the HHS poverty guidelines, while reduced price lunches are available for children whose family income is between 130 and 185 percent of the HHS poverty guidelines.

• In the Head Start Program, at least 90 percent of children served must have family incomes at or below poverty under the HHS poverty guidelines or be homeless, with programs also authorized to allow up to 35 percent of participants to be from families with incomes between poverty and 130 percent of poverty under specified circumstances.

Note that use of the poverty guidelines in determining program eligibility does not mean that a program also uses the Census Bureau’s resource-counting rules --- generally, pre-tax cash income --- in determining program eligibility. This is discussed in greater detail in Sec. 6.


Under the current official measure of poverty, a family’s pre-tax cash income is compared with the applicable poverty threshold to determine if a family is in poverty. The poverty thresholds were originally established in the 1960s, derived by taking the cost of a low-cost food budget and multiplying by three, based on evidence from the 1950s suggesting that families of three or more spent about a third of their after-tax budgets on food.

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In its 1995 report, the National Academy of Sciences (NAS) recommended a new approach departing from the current official measure in a set of ways. The Measuring American Poverty (MAP) Act would direct the Census Bureau and Bureau of Labor Standards to develop a “modern” poverty measure drawing from the NAS recommendations. In particular (and in brief):

**Thresholds:** Under the NAS approach, a poverty threshold would be established for a reference family based on expenditures for food, clothing, shelter and “a little more”, drawing from data in the Consumer Expenditure Survey. The NAS panel did not specify the precise distribution point to use, but indicated that expenditures in the 30th to 35th percentiles for food, clothing and shelter, along with a multiplier in the range of 15 to 25 percent for “a little more” would be appropriate. The NAS panel recommended geographical variation in thresholds to reflect variation in the costs of the needs. The MAP Act would operationalize the recommendation by using the 33rd percentile for food, clothing and shelter, along with a 20 percent multiplier for “a little more,” provide for geographic variation, and provide authority to further develop the thresholds to better reflect the needs of children, including young children. The MAP Act would also provide for lower thresholds for households owning their homes free and clear, and authorize additional threshold development to allow for other subgroups if it were determined that reliable data indicates substantial variation in the amounts of money needed by the subgroups to purchase similar quality shelter.

**Resources:** Under the NAS approach, the guiding premise would be to count the resources available to a family to meet the needs contained in the threshold, while excluding resources not available to meet those needs. Accordingly:

- The NAS would generally count pre-tax cash income, except as noted below, and also count tax credits, non-cash benefits such as Supplemental Nutrition Assistance (Food Stamps) and housing subsidies if they are available to meet the needs in the threshold.
- The NAS would exclude taxes paid, expenditures for health care, necessary work-related expenses, child support paid, on the premise that these amounts are not available to meet the needs contained in the threshold.

For a fuller discussion of the NAS approach, the principal source is, of course, *Measuring Poverty: A New Approach*. For an overview discussion, see R. Blank and M. Greenberg, *Improving the Measure of Poverty* (Brookings Institution, 2008).

Because the MAP Act approach draws heavily from, but is not identical to the NAS recommendations, the remainder of this memo will refer to implications in moving to an “NAS-

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“modern” poverty measure, in recognition that a legislatively or administratively adopted new measure might be similar but not identical to the NAS.

In addition to providing for a new poverty measure, the MAP Act would also direct the Census Bureau, in collaboration with the Bureau of Labor Statistics, to enter into a contract with the National Academy of Sciences to develop recommendations for a “decent living standard,” defined as “the amount of annual income that would allow an individual to live at a safe and decent, but modest, standard of living,” i.e., an amount intended to be above that of the poverty thresholds.

4. The relationship between measures and use of the measures under the MAP Act.

Under the MAP Act, the Census Bureau and Bureau of Labor Statistics would be directed to develop and report data using the “modern” poverty measure drawn from NAS recommendations. At the same time, the current official measure would be relabeled as the “traditional” measure, and results under the traditional measure would continue to be reported. Sec. 3 of the bill states:

The purpose of this Act is to provide for an improved and updated method for measuring the extent to which families and individuals in the United States have sufficient income to allow a minimal level of consumption spending that meets their basic physical needs, including food, shelter (including utilities), clothing, and other necessary items, in order to better assess the effects of certain policies and programs in reducing the prevalence and depth of poverty, to accurately gauge the level of economic deprivation, and to improve understanding of the targeting of public resources, without directly affecting the distribution of, or eligibility for, any Federal benefits or assistance [emphasis added].

Sec. 4 of the bill then expressly provides:

NO EFFECT ON BENEFIT PROGRAMS. -This section shall not be interpreted to modify or authorize modification of eligibility of any entity for, or the amount or kind of benefits or assistance to be provided to any entity under, any program or activity funded, in whole or in part, with Federal funds.

Thus, it is clearly the intent of the bill sponsors that creation of the modern measure would not automatically affect allocation of federal funds or eligibility and assistance amounts under federal benefits programs. Rather, Congress could subsequently, on a case-by-case basis, make judgments about which, if any, modifications to program funding or eligibility rules were appropriate under particular programs in light of the new measure.
5. Over time: Issues in using an NAS-style approach for program funding formulas

While the bill sponsors are explicit that the MAP Act would have no automatic effects, it is appropriate to consider what effects moving to an NAS-style measure should have in the long run on funding allocations and program eligibility.

Providing for no immediate effects on funding allocations is presumably at least in part a political judgment --- recognition that the substance and politics of moving to a new poverty measure are already complex without the additional complication of creating winners and losers amongst states and localities if moving to the new measure had financial consequences. But there are also substantive reasons why there should be no automatic effects on program funding formulas. In particular:

- The new measure is, at least initially, likely to need refinement and improvement. In some instances in which it would be preferable to use data from individual survey responses, it is likely that it will be necessary to rely on imputation instead. (See Blank and Greenberg, 2008). Moreover, and particularly relevant to funding formulas, while there may be substantial agreement on the appropriateness of reflecting geographic variation, there is likely to be a body of research over time analyzing how well the approach under the modern measure reflects geographic variation, and how well the results correlate with other data measuring hardship and need. Thus, policymakers may readily conclude that in the initial years of implementation, it is premature to use results under an NAS-style measure as a factor in allocating program funds.

- In some instances, policymakers might conclude that the more comprehensive approach to counting resources and considering expenses under an NAS-style approach would not provide the most appropriate data for purposes of federal funds allocation. For example, consider child care: under the NAS approach, family expenses for work-related child care are subtracted from a family’s countable resources. The amount of a family’s work-related child care expenses is, in turn, affected by the generosity of a state’s child care subsidy program. When allocating federal funds for child care, policymakers might decide that a measure of poverty that considers work-related expenses after subsidies is not the best measure of the need for federal subsidy funds. This would not necessarily mean that policymakers would prefer to use the current official measure --- they might, for instance, opt for an NAS-style measure adjusted to not subtract work-related expenses.

- It is also possible that, just as some formulas now make use of a number based on a percentage of poverty other than 100 percent, policymakers might decide that under some circumstances, using the “decent living standard” under the MAP Act might be more appropriate than use of the new poverty measure.

- Initially, calculations of the new measure under the MAP Act would be done using the Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS). However, in some cases, funding formulas are now calculated using the Small
According to the Census Bureau, the SAIPE provides the most accurate poverty data for counties and school districts, particularly those with smaller populations; and, because of its large survey size, the ACS provides the best state-level poverty estimates. However, until poverty estimates using the MAP Act measure are available under the SAIPE and ACS, programs could only use the MAP Act numbers by shifting to use the ASEC, but due to its smaller sample size, that would necessitate using less reliable data for making funding allocations.

Accordingly, policymakers may wish to wait for further refinements and research before moving to use of an NAS-style measure, and in particular instances, may decide to use a more customized measure. Having said this, it does seem that if policymakers are satisfied that the NAS-style approach is a better way to measure poverty, then over time, they will often conclude that it provides a superior means for using a poverty-based factor in allocating program funds. At that point, how to proceed in program funds allocation would become largely a political question, in which policymakers might decide, e.g., to shift to using the NAS-style calculus over some number of years in order to minimize short-run disruptions or to build in a hold-harmless provision to ensure that jurisdictions do not lose funds, etc. In addition, in those cases in which the poverty numbers are only one of a set of factors in funding allocations, changes in relative shares of poor individuals or families might have a limited effect on state shares of funding.

6. **Over time: Issues in using an NAS-style approach for determining program eligibility and benefits amounts**

As noted above, a set of programs use some percentage of poverty as the basis for determining income eligibility. However, even when they do so, programs do not typically use the resource-counting rules of the official poverty measure -- pre-tax cash income with no other adjustments – as their basis for determining program eligibility. If an NAS-style poverty measure were to be

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adopted, programs would eventually need to consider whether it would be appropriate or desirable to:

- use the NAS poverty thresholds, or some multiple of them, for purposes of determining program eligibility; and
- use NAS resource-counting rules in the eligibility and benefit calculation process.

### a. Use of NAS-Style Thresholds for Purposes of Program Eligibility

As with program funding formulas, policy-makers may prefer to wait until there have been several years of data and experience before considering changes to rules affecting eligibility for existing programs. But, assuming general satisfaction with the new measure, would it be appropriate to use it instead of the current thresholds/guidelines for purposes of program eligibility? There would be at least three reasons for caution:

First, in programs that currently use a multiple of poverty, which if any multiple would be appropriate? While we do not know precisely how an NAS-style threshold will differ from the current thresholds, it seems clear that it will be at least modestly higher.\(^{16}\) How then, should a higher threshold be used? Consider, for example the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) --- SNAP currently uses 130 percent of poverty as a gross income eligibility limit. The program presumably uses 130 percent instead of 100 percent based on a judgment that 100 percent of the current official poverty level is too low for reaching the universe of those in need. But, it would not follow that the “right” SNAP eligibility level is necessarily 130 percent of a new, higher threshold. Since policymakers have often legislated particular multiples because they consider the existing official threshold too low, there would not be reason to simply use the same multiple applied to the new thresholds.

Second, because poverty thresholds would vary by geographical area under an NAS-style approach, policymakers would need to determine whether to apply similar variations for purposes of program eligibility. Under the MAP Act, federal officials are directed, to the maximum extent possible, to develop differing thresholds for States, sub-State non-metropolitan areas, and metropolitan areas. Should a similar approach be applied for purposes of program eligibility? Again, consider SNAP, which currently uses nationally uniform income eligibility levels for 48 states and the District of Columbia, along with higher levels in Alaska and Hawaii. The decision to use and maintain nationally uniform standards is not based on a belief that food costs are identical in every state and geographic area, but rather based on the premise that it is far

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\(^{16}\) For example, in 2007, the official poverty threshold for a two-parent, two-child family was $21,027. For that year, according to the Census Bureau, an NAS-style threshold that did not include either home mortgage principal or medical expenses in the threshold would have been $23,465; a threshold that did not include home mortgage principal but did include medical expenses would have been $25,849; a threshold that included mortgage principal but not medical expenses would have been $25,680; and one that included both mortgage principal and medical expenses would have been $27,744. See [http://www.census.gov/hhes/www/povmeas/altmeas07/povertythres.xls](http://www.census.gov/hhes/www/povmeas/altmeas07/povertythres.xls). Note that because the MAP Act provides for defining thresholds differently in several respects, the thresholds under the MAP Act can be expected to be somewhat different from these.
simpler administratively and less divisive politically to utilize nationally uniform standards. Moreover, consider the implications of applying differing eligibility standards in metropolitan and non-metropolitan areas ---- would this mean, for instance, that in some instances, eligibility levels would vary across neighborhoods, streets, etc?

Third, in considering the application of NAS-style thresholds for program eligibility, it is important to keep in mind that an NAS-style threshold is intended to reflect an amount for food, clothing, shelter and “a little more” after subtracting out of pocket medical expenses and work-related expenses. Thus, in important respects, the thresholds are only meaningful if used in connection with a process for subtracting out of pocket medical and work-related expenses. Not every program will wish to include such subtractions, but the NAS threshold is not an adequate measure of family costs without such an adjustment.

These considerations might suggest the virtue of developing simplified “guidelines” for use in program eligibility, more analogous to how HHS has drawn from the current official thresholds to developed simplified guidelines to assist in program administration. Such simplified guidelines might, e.g., take the NAS-style thresholds and identify amounts to be added to thresholds for medical and work-related costs in those programs that do not wish to use actual out of pocket expenditure subtractions. This would not be a perfect resolution, since a principal reason for subtracting these expenses from available resources rather than including them in the thresholds is that there are large variations in household expenditures for medical and work-related costs. Still, policymakers could conclude that on balance, having simplified guidelines would be useful. In addition, depending on the details of how NAS-style thresholds ultimately vary by geographic area, more simplified poverty guidelines might also be preferable here, too, though in those programs that have historically relied on uniform federal eligibility standards, any sub-national variations may be controversial.

b. Use of NAS-style resource-counting rules for purposes of program eligibility and benefit amounts

Under current law, programs that use a percentage of poverty for eligibility purposes often do not use the Census Bureau resource-counting rules that apply in determining the number of people in poverty when calculating program eligibility or benefit levels. Instead, programs frequently have a range of income deductions and exclusions that the Census Bureau would not apply. For example:

- Calculating household net income in the Supplemental Nutrition Assistance Program involves allowing deductions and exclusions including a 20 percent earned income deduction, deductions from income for excess shelter costs, dependent care costs, and child support paid, along with a number of additional exclusions from income.¹⁷
- The determination of countable income in state TANF programs is largely left to the states, but states typically provide for earned income disregards, exclusion of SSI income, along with other exclusions and deductions.

¹⁷ For a more detailed discussion, including a discussion of exclusions and deductions in a set of additional programs, see Memorandum from Congressional Research Service, “Use of Federal Poverty Guidelines in Eligibility Criteria and Rules for Counting Income in Selected Programs,” July 10, 2009.
Because particular deductions and exclusions often reflect explicit policy choices by Congress, or decisions to leave certain choices to state discretion, it does not follow that a change to the resource-counting rules used by the Census Bureau for determining poverty should have any effect on the rules used by individual programs. Would there be reason, though, to apply the NAS-style resource-counting rules, either for all or particular means-tested programs?

NAS-style rules would differ from the current official approach in four principal ways. They would:

- subtract out of pocket medical expenses and work-related expenses;
- subtract tax liabilities and count tax credits;
- count near-cash benefits available to meet the needs in the threshold, notably SNAP benefits and housing subsidies; and
- subtract child support paid.

To determine whether a comprehensive harmonization or harmonization in certain limited respects would be desirable, it is useful to review each aspect in turn.

First, consider medical and work-related expenses. Since NAS thresholds are premised on reflecting amounts available to the family after subtraction of medical and work-related expenses, it would be essential for programs using NAS-style income guidelines to take medical and work-related expenses into consideration, either in eligibility guidelines or by providing for subtractions from income. But, should means-tested programs be required to subtract actual medical and work-related costs per the NAS approach? It might be argued that merely adjusting program income guidelines with flat amounts to reflect average or median medical and work-related costs would not be sufficient since these expenses are highly variable. The counter-argument is that requiring all programs to consider such expenses could add significant administrative burdens that may not be justifiable in light of the policy rationale for the program. Even when a program wishes to provide an adjustment for work-related expenses, it might wish to do in a different manner, e.g., deducting a percentage of earnings to reflect reasonable work-related expenses rather than necessitating the data collection and verification burdens of relying on actual expenses.

Moreover, in some cases, subtracting actual expenses would be inappropriate because the program itself will affect the level of a family’s expenses. Consider, e.g., the determination of child care eligibility and co-pay amount. If the program subtracted from income actual incurred child care expenses, it would result in a particular co-pay level, which would then, in theory, need to be revised because the family’s actual expenses have changed once the subsidy was received.

As to tax liabilities and credits, there is a strong argument that liabilities and credits should not be included in income eligibility determinations for programs that determine eligibility and benefits on a monthly basis. The Earned Income Tax Credit (EITC), for example, is almost universally received as a once-a-year lump sum, and a number of programs treat it as a resource rather than income and exclude it from resource treatment for some period of time or permanently, so that families do not lose program eligibility in the month of receipt and do not
have a perverse incentive to rapidly spend it.\textsuperscript{18} Note that there is no inconsistency between saying that tax liabilities and credits should be considered in determining poverty status for the year, but should be treated differently when the issue is determining income eligibility and benefit amount for the current month.

As to near-cash benefits such as SNAP and housing subsidies, programs could reasonably determine that they did not want to treat these benefits as income, for several reasons. First, of course, a program may wish to maintain a clear line between cash and non-cash resources when considering a family’s resources, because even when non-cash is available to meet a basic need, it is not fungible in way that cash is. Second, considering non-cash benefits as income would necessitate developing a set of complicated “stacking” rules, e.g., if the amount of SNAP benefits affected the amount of a family’s housing assistance, and vice versa, then which should be considered first, and at what stage should programs stop considering the other? Third, existing benefit levels in programs were largely designed based on the premise that non-cash benefits would not be considered as resources to the family; if such benefits were to be considered as resources, it would become appropriate to reopen and reexamine a set of issues concerning the adequacy of current benefit levels.

As to child support, there is a reasonable argument that funds spent in meeting child support obligations should be excluded when determining benefits eligibility and amounts. The argument, reflected in the NAS approach, is that funds paid for child support are received by the recipient household, and are not available to meet the current needs of the child support obligor. Note that the counter-argument is that funds spent to satisfy any number of other debts --- e.g., car loans, credit card bills, court obligations, etc. – are not subtracted from income. At root, then, the issue is that child support paid is both not available to meet current needs and there is a particularly important public purpose in ensuring that it is paid. Moreover, if it is not subtracted, there could be a double-counting issue, i.e., if the amounts were both counted within the income of the obligor and within the income of the recipient family. Note, however, that in some programs, there may be a partial disregard of child support received, in which case the double-counting issue is less applicable.

Looking across this set of issues, it becomes clear is that it would be neither possible nor desirable to mechanically apply NAS-style resource-counting rules to all means-tested benefits programs for purposes of determining benefits eligibility and amounts. Rather, there are distinct considerations that will apply in each program. Accordingly, the MAP approach of ensuring no automatic effects, which would then allow Congress on program by program basis to determine which, if any, modifications it wishes to make over time is sound, both for political and policy reasons.

\textbf{Conclusion}

The Measuring American Poverty Act states that enactment of a “modern” poverty measure drawing from the recommendations of the National Academy of Sciences should have no automatic effect on allocations of federal funds or program eligibility rules. While this is

\textsuperscript{18} For a set of programs, this approach is mandated by the Internal Revenue Code, see 26 U.S.C. §32(l).
appropriate for the short run, somewhat different considerations apply for the long run. This memorandum concludes that:

- If an NAS-style approach is determined to be a superior measure of poverty, it would be appropriate in the long run to use NAS-based poverty numbers, or perhaps in some cases, numbers under a decent living standard, when the income of individuals or families is a factor in determining program funding formulas.
- For programs that use some percentage of the poverty level for determining eligibility, it would only be appropriate to use NAS-style thresholds if the program also built in a means to reflect medical and work-related costs. While some programs may wish to do so, others may determine that this is not desirable, for either administrative or substantive reasons.
- Under current law, programs typically do not use the Census Bureau’s resource counting rules when determining an individual’s or household’s income for purposes of eligibility or benefits calculation. There would be no reason to automatically apply all NAS resource-counting rules in the eligibility or benefits calculation process, and programs would often find it difficult or inappropriate to do so. As a policy matter, programs may find particular adjustments to be appropriate.

Acknowledgements

Thanks to Benjamin Young for research assistance and to Indivar Dutta-Gupta and Mark Levitan for comments on a prior draft.