Preliminary Findings from the Oregon Poverty Measure Project

David Rothwell, Bruce Weber, & Leanne Giordono

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Outline

- Why do we need another poverty measure?
- Prelim findings
What is poverty?

- Insufficient **resources** to meet some **level of need** over a period of **time**.
What is poverty?

- Insufficient resources to meet some level of need over a period of time.
- Income to needs = income / threshold
Percent in Poverty by County

2013-17 (OR: 14.9%)

% on Poverty

- < 10%
- 10.01% - 15%
- 15.01% - 20%
- 20.01% - 25%
- > 25%


2/18/2019
Problems with the Official Poverty Measure

1. threshold erosion
2. definition of family
3. major portions of safety net missing
4. geography
A new measure

The Census Bureau introduces the Supplemental Poverty Measure (SPM) in 2009

- **Definition of family** includes cohabiting and foster children, +
- **Geographic adjustment** for housing costs and tenure
- **Resources** include SNAP, EITC, and consider taxes and other expenses such as child care, child support, and Medical Out of Pocket Expenses
- **Thresholds** 3-year moving average of consumer spending, includes geographic adjustment
OPM and SPM over time national

Figure 2.

Source: Fox et al 2015 Archived SPM
Challenges for understanding poverty in Oregon

► **SPM**
  ► Annual sample size in Oregon ~ n=2,600
  ► Recommended to combine at least 3 years of data to estimate state level poverty rates
  ► Major counties not identified (exception: Yamhill, Jackson, Lane, Linn)
  ► Measurement error in reporting income from social assistance programs (also problem for OPM, see Meyer & Wu, 2018)
Basic idea: create an SPM-like measure with ability to inform lower level geographic units

- Based on American Community Survey (ACS) - much larger sample and geographies
- Change family units and create SPM-like thresholds
- Improve resources measurement and policy analysis
  - Imputation from administrative data (DHS, OED, OHCS) and other sources (Archived SPM, CPS, TRIM)

Examples from Wisconsin and California
The Oregon Poverty Measure Project steps

1. Build ACS 5 year sample
2. Change family units to match SPM (college students)
The Oregon Poverty Measure Project steps

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3. Create resource bundles
   - adjustments and imputations from admin and other data sources, e.g., school lunches
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1. Build ACS 5 year sample
2. Change family units to match SPM (college students)
3. Create resource bundles
   ▶ adjustments and imputations from admin and other data sources, e.g., school lunches
4. Generate thresholds
Why an Oregon Poverty Measure Matters

Welfare Utopia story in May 2016 Atlantic Monthly, Alana Semuels
Prelim findings - resources - safety net

- Safety net policy **composition**
  - Income assistance (e.g., EITC, TANF, SSI)
  - Food assistance (e.g., SNAP, WIC)
  - Housing assistance (e.g., Section 8, LIHEAP)
  - Caregiving assistance (e.g., ERDC)
  - Health care (e.g., Medicaid)*

- Safety net policy **trends**
  - Decrease in cash assistance (TANF)
  - Increase in tax credits (EITC) and noncash benefits (SNAP)
  - Medicaid expansion
  - State/federal cooperation – state-level discretion
Oregon safety net and poverty

Source: Archived SPM Columbia U. & CPS

Headcount poverty rate all indicator Market income

Year

Oregon safety net and poverty

The safety net in Oregon reduces poverty considerably

Source: Archived SPM Columbia U. & CPS

Indicator
- Market income poverty
- SPM poverty
The safety net in Oregon reduces poverty considerably

Source: Archived SPM Columbia U. & CPS
Prelim findings adjustments on participation

<table>
<thead>
<tr>
<th>Program Participation</th>
<th>SNAP</th>
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Source: CPS 2013-17 pooled sample; Urban Institute TRIM- All differences
All differences statistically significant at 5% level

TRIM adjusts for under-reporting (Parolin, 2019)
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Prelim findings - thresholds
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\[ \text{Threshold}_{ijt} = \left( \text{HousingShare}_t \times \frac{\text{MGRD2B}_{ij}}{\text{MGRD2B}_n} + (1 - \text{HousingShare}_t) \right) \times \text{Threshold}_t \]

- **i** = state, **j** = specific metro area, other metro or nonmetro
- **t** = tenure: owner with mortgage, owner without a mortgage, renter
- **n** = national
- **MGRD2B** = Median gross rent for a “decent” two bedroom unit
- **Threshold** = CE-based estimate of threshold
- **HousingShare** = percent of threshold represented by housing and utility expenditures
Prelim findings - adjust thresholds at the PUMA level

2 adult 2 children reference family

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Prelim findings - adjust thresholds at the PUMA level

OR Poverty Measure: Base Thresholds by PUMA

Supplemental Poverty Threshold ($)

tenure
- Own with mortgage
- Own without mortgage
- Rent

Public Use Microdata Area (PUMA)

- Umatilla, Union, Baker & Wallowa Counties
- Klamath, Malheur, Lake & Harney Counties
- North Central Oregon
- Douglas County
- Josephine, Coos & Curry Counties
- Marion County (West Central 1)
- Marion County (Outside Salem & Keizer)
- Yamhill & Polk Counties
- Columbia, Loincoln, Clatsop & Tillamook Counties
- Lane County (Outside Eugene & Springfield)
- Marion County (West Central 2)
- Linn & Benton Counties
- Jackson County (Outside Medford & Central Point)
- Lane County (East Central)
- Lane County (West Central)
- Jackson County (Central)
- Deschutes County
- Clackamas County (South & East)
- Washington County (West)
- Portland City (East)
- Multnomah County (East)
- Clackamas County (Northwest 1)
- Washington County (Northeast)
- Portland City (Southeast)
- Washington County (Southeast)
- Portland City (North & Northeast)
- Washington County (Central 1)
- Clackamas County (Northwest 2)
- Washington County (Central 2)
- Portland City (Central East)
- Portland City (Northwest & Southwest)

Median 25672

0
10000
20000
30000

Oregon Poverty – What we are working on

- Demographic variation (e.g., age*geography; migration)
Oregon Poverty – What we are working on

▶ Demographic variation (e.g., age*geography; migration)
▶ Oregon policies (e.g., minimum wage changes, Medicaid expansion, Oregon Earned Income Credit)
Oregon Poverty – What we are working on

- Demographic variation (e.g., age*geography; migration)
- Oregon policies (e.g., minimum wage changes, Medicaid expansion, Oregon Earned Income Credit)
- Impacts of Oregon conditions (e.g., labor markets, childcare, housing)
Wrap up

- The Oregon Poverty Measure will be a more valid measure than OPM or SPM and provide more detail.
- With a new measure we can have more confidence in rate and better explanations.
- Study compositional changes; poverty depth and severity; target resources.
Thank you

Web space in progress

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Appendices
1. Threshold erosion
2. Definition of family

Figure 1. Two Decades of Trends in Percentage of Women (ages 19-44) Ever Cohabited by Age

Sources: Bumpass and Sweet, 1989; Bumpass and Lu, 2000; Kennedy and Bumpass, 2008

3. Policies are missing

Figure 3. Expenditure per Capita, Non-Medicaid Means-Tested Programs, 1970 to 2010 (Real 2009 Dollars).

Source: Haveman et al 2015
4. Geography

[Map showing rural housing affordability by price to income ratio across the United States, with color coding indicating different percentiles.]
Differences in rates 2015

Poverty rates

OPM poverty  SPM poverty  Difference

Source: Archived SPM Columbia U. & CPS
Differences in composition 2015

Source: Archived SPM Columbia U. & CPS
Child care costs

<table>
<thead>
<tr>
<th>Child Care Costs as % of Income</th>
<th>Center</th>
<th>Home</th>
</tr>
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<tbody>
<tr>
<td>Married, 2 children</td>
<td>28.4</td>
<td>21.2</td>
</tr>
<tr>
<td>Married, 2 children, poverty</td>
<td>94.0</td>
<td>70.0</td>
</tr>
</tbody>
</table>

Source: Child Care Aware

- Plus child care deserts in 36 counties (Pratt et al., 2019)
Oregon health insurance access

- Health insurance access (ACS 2016)
  - Oregon 93.8% (US 91.4%)
  - Medicaid expansion
- Health Inclusive Poverty Measure (Korenman and Remler, 2016; Remler and Korenman, 2017)
- 1 pp impact of MA Medicaid expansion on poverty using HIPM (Zewde, 2019)
Geography matters

Percent in Poverty by County
2013-17 (OR: 14.9%)

2/16/2019
Housing affordability

**Rural Housing Affordability**

- **Rural America**
  - Household Income: $42,174
  - Home Value: $95,700

- **Rural Oregon**
  - Household Income: $41,098
  - Home Value: $151,500

Data: 2011-15 ACS  |  Source: Census, USDA, Oregon Office of Economic Analysis