



Summary of Statement of Nancy K. Cauthen, Ph.D.

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Hearing on Measuring Poverty in America

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House Committee on Ways and Means

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Thank you, Chairman McDermott and members of the subcommittee for this opportunity to testify. I am the Deputy Director of the National Center for Children in Poverty (NCCP) at Columbia University's Mailman School of Public Health.

I want to make three points this morning:

- 1) **First, I want to emphasize why the subject of this hearing—that is, how we measure poverty in the United States—is important. Child and family poverty exact a high toll on our society. To reduce both the human and societal costs of poverty, we need a better measure than we currently have to identify who needs assistance and what kind of assistance.**
 - An extensive body of research has definitively linked economic hardship to a range of adverse educational, health, social, and emotional outcomes for children that place constraints on their human potential and limit their future productivity.
 - At the same time, there is compelling evidence that we can positively affect the developmental trajectories of children affected by poverty if we invest adequate resources in proven strategies—and especially if we intervene early.
 - If, as a nation, we decide to make a commitment to reduce, or end, child poverty—which, to date, we have not done—it is imperative that we have the right measures to identify it and quantify its scope.
- 2) **My second point is that, as the previous witnesses have argued, the National Academy of Sciences approach for updating the poverty measure would be a welcome improvement over our current poverty measure—it more accurately estimates the true costs of basic needs; recognizes that child care, other work-related expenses, and medical costs limit what families can spend on essentials; and allows us to assess the impact of anti-poverty programs.**

But we need to be clear that the NAS alternative still represents a minimal level of subsistence, not a decent, modest, standard of living.

- The NAS recommendations produce poverty thresholds that are not substantially higher than the current thresholds. We are still talking about a poverty level of roughly between \$20,000 to \$23,000 a year for a family of four—whether that family lives in rural Talbot County, Georgia or New York City—localities which obviously have dramatically different living costs.
- Research consistently shows that families with incomes of up to twice the official poverty level experience many of the same material hardships as families who are officially poor.

- These hardships include things like being evicted from one’s apartment, missing rent payments, having utilities shut off, going without needed medical or dental care, or having unstable or unsafe child care.
- Emerging findings from research on child development suggest that these types of material hardships are key to understanding why poverty harms children—and I would be happy to say more about this later.
 - Facing material hardship reduces the odds that children will have access to the kinds of resources and experiences that are essential for children to thrive and to grow into productive adults.
 - Low-income parents cannot provide many of the things that higher-income parents routinely provide for their children—stimulating preschool experiences, good schools, enriching activities, books (and quality time to read to their children), high-quality health and dental care, etc.
 - Understandably, facing these types of material hardships increases levels of parental stress. Anyone who is a parent knows that stress impedes our ability to be the best parents we can be. For those parents who are most stressed, depression and other mental health issues can be serious barriers to effective parenting.

3) **My final point is that there has been a considerable amount of research, especially over the last decade, about what it really takes for families to make ends meet.**

- Many of us have adopted 200 percent of the federal poverty level as a proxy for low income—that is, a level below which families will have difficulty meeting basic needs and will face material hardship.
- But, of course, this level varies by region, state, and locality. Family budget research conducted by my organization and others suggests that families need an income of anywhere between one and a half to over three times the poverty level to make ends meet, depending on locality. My written testimony provides specific examples (see Figure 1).
- But even research on family budgets makes conservative assumptions about expenses. This is still an approach that focuses only on day-to-day needs. The work on basic budgets does not include resources for things like household furnishings, a rainy-day fund, disability or life insurance, or any of the kinds of cushions that would help a family withstand a major medical crisis, a job loss, or other financial setback.
- Family budget approaches are helpful for understanding what it takes for a family to get by but not what they need to get ahead.

In conclusion, I would like to suggest that that United States, as the wealthiest nation in the world, needs a range of measures to assess how children and families are doing that go beyond a minimal level of subsistence. Adopting the NAS recommendations for a revised poverty measure would be an important and highly worthwhile first step, but it is not enough.

Thank you for this opportunity to share my remarks with you.

Figure 1. Basic needs budgets for a single-parent with two children in selected localities*

	Atlanta GA	Peoria IL	Erie PA	Humboldt CA	Albany NY	Rockville MD	San Francisco CA
Rent and Utilities	\$9,348	\$7,248	\$7,128	\$8,700	\$9,024	\$15,432	\$18,612
Food	\$5,402	\$5,402	\$5,402	\$5,402	\$5,402	\$5,402	\$5,402
Child Care	\$7,020	\$8,352	\$12,688	\$12,153	\$16,116	\$11,868	\$16,804
Health Insurance	\$2,250	\$2,212	\$1,656	\$2,430	\$1,812	\$2,583	\$2,430
Transportation	\$630	\$3,440	\$2,553	\$4,493	\$432	\$2,472	\$540
Other Necessities	\$4,517	\$3,357	\$3,004	\$3,807	\$3,512	\$5,405	\$6,484
Payroll and Income Taxes	\$1,253	\$1,137	\$3,085	\$2,459	\$4,269	\$8,084	\$7,433
TOTAL	\$30,421	\$31,149	\$35,516	\$39,443	\$40,569	\$51,246	\$57,704
% of 2007 Federal Poverty Level	177%	181%	207%	230%	236%	298%	336%

* Assumes one-parent family with one preschool-aged child and one school-aged child.

Source: NCCP’s Basic Budget Calculator (soon to be available online at www.nccp.org). Results are based on the following assumptions: children are in center-based care settings while their parent works (the older child is in after-school care); family members have access to employer-based health insurance when not enrolled in public coverage; in Albany, Atlanta, and San Francisco, family relies on public transportation, in all other locations, costs reflect private transportation.