

June 24, 2010

David Johnson  
Housing and Household Economic Statistics Division  
Census Bureau  
via email [spm@census.gov](mailto:spm@census.gov)

Re: Comments on the Interagency Technical Working Group's approach to developing a Supplemental Poverty Measure (SPM)

Pursuant to the Census Bureau's request for comments, published May 26, 2010, the Corporation for Enterprise Development (CFED) submits the following comments. CFED is a national nonpartisan, nonprofit organization dedicated to expanding economic opportunity to all Americans by facilitating savings and asset building. Collaborating with diverse partners at the national, state and local levels, CFED works to combine community practice, public policy and private markets in new and effective ways.

CFED commends the work of the Census Bureau, BLS, and others who produced the recently released report: *Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure*. The proposed SPM is vast improvement over the official poverty measure. We applaud in particular the inclusion of in-kind and tax benefits in the definition of income and the deduction from income of such "necessary expenses" as those for child care, child support paid, commuting, and out-of-pocket medical payments. We also applaud the thoughtful approach to adjusting for regional differences in the cost of living and for differences among those who rent, own a home with a mortgage, and own a home without a mortgage.

For all its virtues, however, the proposed SPM falls short of capturing the full range of financial vulnerability that destabilizes low-income families. A more complete measure of poverty would also recognize that a certain level of basic savings and insurance are necessary to help families weather financial shocks, smooth consumption, and set aside a limited amount of prudent savings for future needs such as the education of one's children and retirement. CFED regards such savings and insurance as vital and even necessary expenses because research shows that when confronted with job loss and other adverse events, families with lower levels of liquid assets experience greater hardship and are more likely to resort to public benefits.

The measure could account for these needs by subtracting spending on basic savings, education and health insurance from income (something that is currently done for work-related child care), and adjusting the thresholds upward.

The United Kingdom has developed specific ways to incorporate savings and assets into its measures of poverty. CFED encourages the Interagency Technical Working Group to build on United Kingdom's work, applying to it the same thoughtfulness that it has shown in developing the supplemental income poverty measure. We would be happy to assist in any way we can, and thank you for your consideration of these comments.

Sincerely,

A handwritten signature in cursive script that reads "Stephen Crawford". The signature is written in black ink and is positioned above the typed name and title.

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