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## The Effects of Elevating the Supplemental Poverty Measure on Government Program Eligibility and Spending

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# The Effects of Elevating the Supplemental Poverty Measure on Government Program Eligibility and Spending

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# **The Effects of Elevating the Supplemental Poverty Measure on Government Program Eligibility and Spending**

Kevin Corinth\*

American Enterprise Institute

**May 2023**

## **Abstract**

Without Congressional action, the recently released National Academy of Sciences report, “An Updated Measure of Poverty: (Re)Drawing the Line,” could have substantial effects on government program eligibility and spending—if its recommendation to “redraw the line” is implemented by the Census Bureau, and the Supplemental Poverty Measure (SPM) is made the official one by the Office of Management and Budget. This change to the official poverty measure could be made as soon as September 2023, and major government transfer programs whose eligibility standards are tied to the official poverty guidelines could be affected in 2024. In this paper, I first project that making the SPM the official poverty measure would increase the poverty guideline for a family of four by \$6,400 (20 percent) in 2024 and by \$13,150 (34 percent) in 2033. I also show that if state-specific SPM thresholds were used, then poverty guidelines would be higher in high-cost states like California (21 percent higher than the national average) and lower in low-cost states like West Virginia (19 percent lower than the national average). I then estimate how the change in the poverty guidelines would affect government spending on the two largest entitlement programs whose eligibility standards are tied to the official poverty guidelines. I estimate that over the next decade (2024-2033) Supplemental Nutrition Assistance Program spending would be \$47 billion higher, and Medicaid spending would be \$78 billion higher. Thus, basing the U.S. poverty guidelines on the SPM would increase government spending by at least \$124 billion over the next decade.

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\* American Enterprise Institute, 1789 Massachusetts Ave. NW, Washington, DC 20036, and IZA. The views in this paper reflect those of the author alone. I thank Richard Burkhauser, Leslie Ford, Angela Rachidi, Matt Weidinger, and Scott Winship for helpful comments.

## **1. Introduction**

President Lyndon Johnson declared the War on Poverty in 1963, which led to a major expansion of the social safety net, including the introduction of Medicaid, Medicare and Head Start, and the expansion of Food Stamps. His administration also set in motion the development of the Official Poverty Measure (OPM). While President Johnson through his Council of Economic Advisers set the basic terms of engagement for the War on Poverty—that the baseline poverty rate in 1963 would be 20 percent and that poverty thresholds should grow with inflation each year—it was not until 1969 that the OPM was finalized after a years-long interagency process (Fisher 1992; Burkhauser et al. Forthcoming).

In 1969, the Office of Management and Budget (OMB) issued Statistical Policy Directive 14, which declared that the poverty measure as defined in the Census Bureau’s reports at that time would be the official one. While OMB was careful to note in the directive that the OPM was not intended for the purpose of administering programs, Congress nonetheless ultimately tied eligibility for many programs to the OPM thresholds, including for example, Medicaid, the Supplemental Nutrition Assistance Program (SNAP), Affordable Care Act (ACA) premium subsidies, Head Start, the School Lunch Program, and the Low Income Home Energy Assistance Program, among others. The eligibility thresholds for each of these programs are tied to the “poverty guidelines” issued by the Department of Health and Human Services (HHS) each year. By statute, the HHS Secretary must take the poverty thresholds published by the Census Bureau, update them forward one year by the rate of inflation, and adjust them for families of different sizes. If the Census Bureau publishes new official thresholds, or if OMB changes which Census poverty measure is the official one—either of which could occur as soon as September 2023—then the poverty guidelines and program eligibility would automatically change as well.

The fact that Congress has tied program eligibility to the OPM thresholds may be a reason why the OPM has not been changed since 1978, when OMB made small modifications to Statistical Policy Directive 14 to more appropriately adjust for families of different sizes, eliminate an adjustment used for farming families, and adopt a more accurate measure of inflation. As an independent statistical agency, the Census Bureau may have feared that changing the OPM could lead to concerns that it was attempting to influence policy rather than provide statistical information to policymakers and the public. Likewise, OMB may have been reticent to update Statistical Policy Directive 14 because it understands the major effect that decision would have on

federal and other programs tied to the OPM thresholds, even though changing Statistical Policy Directive 14 would not require legislation.<sup>1</sup> Both Census and OMB may have understood that where the poverty line is set is ultimately a value judgement that should be made by elected policymakers, especially when that value judgement has major consequences for government programs.<sup>2</sup>

That the OPM has not changed in over four decades is not a result of a lack of understanding that the OPM is deeply flawed. The OPM resource measure excludes all in-kind transfers such as SNAP, housing assistance and Medicaid. It also fails to adjust for taxes, which means that major anti-poverty policies in the tax code including the Earned Income Tax Credit and the refundable portion of the Child Tax Credit are not reflected in the OPM. Also, the OPM thresholds grow with inflation each year, but the inflation measure that is used (the Consumer Price Index – Urban Series, CPI-U) overstates inflation because it fails to adjust for substitution across broad categories of items, among other problems (Moulton 2018). Thus, the OPM thresholds rise more quickly over time than is required to hold constant the standard of living.

Government and academic researchers have recognized these flaws for a long time. Research at the Census Bureau in the 1980s focused on many of the problems with the OPM and researchers produced experimental poverty measures that addressed these problems (e.g., Smeeding 1982; United States Census Bureau 1988). Then in 1995, a National Academy of Sciences report provided the foundation for what became the Supplemental Poverty Measure (SPM), a research measure that the Census Bureau started publishing in 2011 after an Interagency Technical Working Group adopted the recommendations of the 1995 report (National Academy of Sciences 1995). Other research has produced poverty measures that improve on the OPM as well. For example, Meyer and Sullivan (2012) create a consumption-based poverty measure that shows a major reduction in poverty since the 1960s. Burkhauser et al. (Forthcoming) create a full-income poverty

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<sup>1</sup> In 2019, OMB issued a request for comment on the merits of revising Statistical Policy Directive 14 to update the inflation measure used to update the OPM thresholds each year (Potok 2019). Such a change would likely have much smaller effects on government programs than making the SPM the new official measure. It is also a modification that does not seek to change the initial level of the poverty thresholds or the absolute manner in which the poverty thresholds are updated—it can rather be viewed as a technical improvement for tracking absolute changes in poverty over time.

<sup>2</sup> That the level of the poverty threshold is a value judgement has long been recognized. For example, in reference to the poverty measure she helped develop and that eventually became the OPM, Mollie Orshansky (1965) states, “[t]he measure of poverty thus developed is arbitrary,” in the sense that the thresholds are a value judgement rather than scientifically determined. See Fisher (1992) for a full account of the history of the War on Poverty, including Orshansky’s role and her view on poverty thresholds.

measure that can be directly linked to President Johnson’s 20 percent baseline in 1963 and which includes the value of health insurance—they too show a major reduction in poverty over time.

Most prominently, another Interagency Technical Working Group published an extensive report in 2021 that proposed alternative poverty measures to both the OPM and SPM (Interagency Technical Working Group on Evaluating Alternative Measures of Poverty 2021). This report recommended reporting both income and consumption poverty measures, linking survey data with administrative data to overcome growing income misreporting in surveys, including a value of health insurance in the resource measure, and making other methodological improvements to measure resources, in addition to laying out options for creating both absolute and relative poverty thresholds. While the Bureau of Labor Statistics has made important strides in developing a consumption poverty measure consistent with the recommendations of the 2021 Interagency Technical Working Group, it is not clear whether the Census Bureau will take the steps needed to implement the recommended income poverty measure in the same way it implemented the SPM in 2011 following the recommendations of the 2010 Interagency Technical Working Group (Interagency Technical Working Group on and Developing a Supplemental Poverty Measure 2010).

Most recently, in 2023, the National Academy of Sciences released a new report entitled, “An Updated Measure of Poverty: (Re)Drawing the Line” (National Academy of Sciences 2023). This report focused on changes to the SPM, including changes to how thresholds are set and updated over time; methods for including a value of health insurance, child care assistance, and the implicit flow value of homeownership; and the advantages of linking survey data to administrative records to correct for survey misreporting of income. The most prominent and policy relevant recommendation of this report, however, was its first:

*Due to its vital role in tracking the effects of public policies and programs on the size and composition of the population living in or near poverty, and its resulting status as the preferred measure of many researchers and policy makers, the Supplemental Poverty Measure should be elevated to the nation’s headline poverty statistic and renamed accordingly (e.g., to the Principal Poverty Measure). (p. SUM-2)*

The reason this recommendation is so consequential is that it could lead to the SPM becoming the official poverty measure. This could occur either by the Census Bureau emphasizing the SPM in its poverty reports and potentially eliminating the current OPM altogether—making the SPM the

de facto official poverty measure—and/or by OMB designating the SPM as the new official poverty measure. The National Academy of Sciences panel appears to recognize this point. After noting that neither the OPM nor the SPM were designed to establish program eligibility, the panel states in footnote 31: “If thresholds alone were used, however, the SPM could be used for program eligibility in poverty guidelines established by the U.S. Department of Health and Human Services” (National Academy of Sciences 2023, p. 2-18).

Thus, there currently exists a major possibility that the Census Bureau will elevate the SPM to the headline poverty statistic for the United States, and that the SPM will become the official poverty measure that is used to determine program eligibility. This change could be implemented as soon as September 2023, when the Census Bureau releases its next annual poverty report. This makes it vital to understand how making the SPM the new official poverty measure would affect eligibility and government spending on major transfer programs. While further research should estimate how this change would affect other important outcomes like poverty, child well-being, employment and self-sufficiency, the purpose of this paper is to shed light on the magnitude of the policy importance of an imminent potential decision by the Census Bureau and/or OMB.

In this paper, I first use projections by the Congressional Budget Office (CBO) for key economic indicators including inflation and spending to project how the OPM and SPM thresholds will grow over the next decade. I then use statutory and administrative rules to convert these thresholds into the poverty guidelines (i.e., the “poverty line”) that are directly used to determine program eligibility. I estimate that relative to the OPM-based poverty guidelines, if the SPM became the new official measure in September 2023, the poverty guideline for a family of four for purposes of determining program eligibility would increase by \$6,400 (20 percent) in 2024, and by \$13,150 (34 percent) in 2033. The effect on the poverty guidelines increases over time because SPM thresholds increase with nominal spending, whereas the OPM thresholds only increase with inflation. If the Census Bureau published state-specific SPM thresholds, which vary based on geographic differences in housing costs, the poverty guidelines would be higher in high-cost states like California and lower in low-cost states like West Virginia. Recent research by Meyer, Wu, and Curran (2021) suggests that such a change would lead government assistance programs to do a worse job targeting the most deprived families.

Next, I use these projected changes in the poverty guidelines to estimate increased federal spending on two major entitlement programs—SNAP and Medicaid. Using the public use Current

Population Survey Annual Social and Economic Supplement (CPS ASEC) and other data sources, I project forward family incomes for each year from 2024-2033 and determine eligibility and benefit levels of additional families.<sup>3</sup> I estimate that 10-year spending would increase by \$47 billion for SNAP and \$78 billion for Medicaid, or \$124 billion combined. Because this analysis excludes effects on other entitlement programs including Affordable Care Act (ACA) premium subsidies, Medicare Part D low income subsidies, and the National School Lunch Program, the total spending effect would be larger. The analysis also does not account for effects on non-entitlement programs, such as the Low Income Home Energy Assistance Program and Head Start, whose eligibility thresholds are also tied to the poverty guidelines and thus would see effects on the composition of recipients. Finally, while the analysis in this paper is based on the current formulation of the SPM, the changes recommended by National Academy of Sciences (2023) would likely increase SPM thresholds even further, such as by adding health insurance and child care “needs” to the thresholds, and thus expand programs to even more families and further increase government spending.

This paper proceeds as follows. Section 2 projects how the poverty guidelines would change over the next decade if the SPM became the new official poverty measure. Section 3 estimates the effect of this increase in the poverty guidelines on government spending on SNAP and Medicaid. Section 4 concludes.

## **2. Effect on the Poverty Guidelines**

This section projects the poverty guidelines through 2033 under two potential scenarios. The first scenario is that the OPM remains the official measure. The second scenario is that the SPM becomes the official measure. I then compare the difference in the poverty guidelines under the two scenarios over time. Finally, I show how the poverty guidelines could vary across states if state-specific SPM thresholds are used.

As previously discussed, OMB Statistical Policy Directive 14 requires that the OPM be set as the official measure used across agencies. This includes HHS, which is charged with setting the “poverty guidelines” each year. By statute, the HHS Secretary must take the official poverty thresholds published by the Census Bureau, update them forward one year by the percent increase

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<sup>3</sup> I use the CPS ASEC data made available by Flood et al. (2022).



in the CPI-U, and adjust them for families of different sizes.<sup>4</sup> In order to establish the poverty guidelines for 2023, this statutory guidance has been interpreted by the HHS Secretary to entail the following set of steps<sup>5</sup>:

1. Identify the average threshold for each family size reported by the Census Bureau in their latest annual report on poverty. The most recent thresholds correspond to calendar year 2021.
2. Multiply the average threshold for each family size by the ratio of the annual CPI-U in 2022 to the annual CPI-U in 2021.
3. Determine the mean increment when moving from family size  $n$  to family size  $n + 1$ , for  $n = \{1, 2, \dots, 7\}$ . Round up the mean increment to the nearest \$20.
4. Calculate the poverty guideline for a family of four as the inflation adjusted poverty threshold for a family of four, rounded up to the nearest \$50.
5. Apply the rounded, mean increment calculated in step 3 to calculate the poverty guideline for all other family sizes, relative to the guideline established for a family of four.

To project forward the poverty guidelines under the scenario that that OPM remains the official measure (as reported in Table 1), I thus first project the Census produced OPM thresholds in each future year, and then apply the adjustments described above using projections of the annual CPI-U. It is straightforward to update the OPM thresholds each year, because the OPM thresholds grow with the CPI-U.<sup>6</sup> I use projections of the CPI-U published in the February 2023 forecasts of the Congressional Budget Office (CBO), which include forecasts for each year through 2033 (Congressional Budget Office 2023).

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<sup>4</sup> See the Omnibus Budget Reconciliation Act of 1981, Section 637.

<sup>5</sup> See Becerra (2023) for a general overview of the steps used, and U.S. Department of Health and Human Services (2023) for a specific example including the necessary parameters used for rounding and calculating the family size increment. In step 4, rounding up to the nearest \$50 can be inferred from the examples provided for each year in U.S. Department of Health and Human Services (2023), even though this step does not appear to be explicitly stated. Note that further upward adjustments are made for Alaska and Hawaii.

<sup>6</sup> This is a simplification, because while the OPM thresholds themselves grow with the CPI-U, the average OPM threshold by family size can grow slightly differently. This is because families of a given size but different composition of adults and children have a different threshold. So if the composition of families of a given size changes over time, this can lead to the average thresholds reported by Census to differ slightly from growth in the CPI-U. In practice, however, this has little effect on the growth in average thresholds.

**Table 1. Average official poverty thresholds and poverty guidelines by family size, by year: Scenario in which Official Poverty Measure remains official measure**

Year	Family/household size							
	1	2	3	4	5	6	7	8
<b>Average official poverty thresholds</b>								
2021	\$13,788	\$17,529	\$21,559	\$27,740	\$32,865	\$37,161	\$42,156	\$47,093
2022	\$14,891	\$18,932	\$23,284	\$29,960	\$35,495	\$40,135	\$45,530	\$50,862
2023	\$15,605	\$19,839	\$24,400	\$31,395	\$37,195	\$42,057	\$47,711	\$53,298
2024	\$16,075	\$20,437	\$25,135	\$32,341	\$38,316	\$43,325	\$49,148	\$54,904
2025	\$16,425	\$20,882	\$25,682	\$33,045	\$39,151	\$44,268	\$50,219	\$56,100
2026	\$16,762	\$21,310	\$26,210	\$33,724	\$39,954	\$45,177	\$51,250	\$57,252
2027	\$17,108	\$21,750	\$26,750	\$34,419	\$40,778	\$46,109	\$52,306	\$58,432
2028	\$17,482	\$22,225	\$27,335	\$35,171	\$41,669	\$47,116	\$53,449	\$59,709
2029	\$17,876	\$22,726	\$27,951	\$35,964	\$42,609	\$48,179	\$54,655	\$61,055
2030	\$18,282	\$23,242	\$28,585	\$36,781	\$43,576	\$49,272	\$55,895	\$62,441
2031	\$18,697	\$23,770	\$29,235	\$37,617	\$44,567	\$50,392	\$57,166	\$63,861
2032	\$19,123	\$24,312	\$29,901	\$38,474	\$45,582	\$51,540	\$58,468	\$65,315
2033	\$19,560	\$24,867	\$30,584	\$39,352	\$46,623	\$52,717	\$59,803	\$66,807
<b>Poverty guidelines</b>								
2023	\$14,580	\$19,720	\$24,860	\$30,000	\$35,140	\$40,280	\$45,420	\$50,560
2024	\$15,200	\$20,600	\$26,000	\$31,400	\$36,800	\$42,200	\$47,600	\$53,000
2025	\$15,670	\$21,230	\$26,790	\$32,350	\$37,910	\$43,470	\$49,030	\$54,590
2026	\$16,010	\$21,690	\$27,370	\$33,050	\$38,730	\$44,410	\$50,090	\$55,770
2027	\$16,350	\$22,150	\$27,950	\$33,750	\$39,550	\$45,350	\$51,150	\$56,950
2028	\$16,690	\$22,610	\$28,530	\$34,450	\$40,370	\$46,290	\$52,210	\$58,130
2029	\$17,080	\$23,120	\$29,160	\$35,200	\$41,240	\$47,280	\$53,320	\$59,360
2030	\$17,460	\$23,640	\$29,820	\$36,000	\$42,180	\$48,360	\$54,540	\$60,720
2031	\$17,840	\$24,160	\$30,480	\$36,800	\$43,120	\$49,440	\$55,760	\$62,080
2032	\$18,270	\$24,730	\$31,190	\$37,650	\$44,110	\$50,570	\$57,030	\$63,490
2033	\$18,700	\$25,300	\$31,900	\$38,500	\$45,100	\$51,700	\$58,300	\$64,900

Sources: Creamer et al. (2022); Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); author's calculations.

Notes: Average official poverty thresholds for 2021 are taken from page 20 of Creamer et al. (2022). Average official poverty thresholds in 2022 through 2033 are calculated by multiplying the average threshold in the previous year by the ratio of the annual CPI-U in the current year to the annual CPI-U in the previous year. Poverty guidelines are calculated in accordance with the process laid out in Becerra (2023) and U.S. Department of Health and Human Services (2023). For a given year T, the poverty guideline for a family of four is equal to the average official poverty threshold for year T-2, times the ratio of the CPI-U in year T-1 to the CPI-U in year T-2, rounded up to the nearest \$50. The poverty guidelines for all other family sizes in year T are calculated by applying the mean increment between family sizes from average poverty thresholds reported for year T-1, rounded up to the nearest \$20. Projected values of the CPI-U are from Congressional Budget Office (2023). Separate poverty guidelines for Alaska and Hawaii are not shown.

Table 1 shows projected average official poverty thresholds in each year from 2021 through 2033, and the corresponding poverty guidelines from 2023 through 2033. The 2021 average official poverty thresholds are taken directly from the latest Census Bureau poverty report (Creamer et al. 2022). Also, the poverty guidelines that I calculate for 2023 match the guidelines published by HHS (see Becerra 2023). Average official poverty thresholds for 2022-2033 are calculated based on changes in the CPI-U as projected by Congressional Budget Office (2023). Poverty guidelines for 2024-2033 are calculated based on the steps described above. For a family of four, the poverty guideline is projected to increase from \$30,000 in 2023 to \$38,500 in 2033.

I then calculate how the average poverty thresholds and corresponding poverty guidelines would change if the SPM were to become the official measure as defined by OMB Statistical Policy Directive 14. Because statute largely defines how poverty guidelines must be calculated, and because there is no reason to believe HHS practice for operationalizing the statutory language would change if the SPM became the new official measure, this exercise solely requires recalculating the average official poverty thresholds in each year and then applying, to these new thresholds, the same series of steps that HHS currently applies.

For this analysis, I model changes to the poverty guidelines based solely on the existing formulation of the SPM, while noting that estimates could change if the Census Bureau modifies the SPM in the coming years consistent with the recommendations of National Academy of Sciences (2023). Notably, while changes could be made to both the SPM resource measure and SPM thresholds, the statutes authorizing the relevant government assistance programs typically define the resources for purposes of determining program eligibility, and so only changes to the SPM thresholds are relevant for program eligibility and spending effects. Recommended changes to the SPM thresholds would likely cause them to rise, for example by adding health insurance and child care “needs” to the existing thresholds. Thus, spending effects of adopting the SPM thresholds would likely exceed those I estimate in this paper.

The SPM thresholds are updated in a more complicated way than the OPM thresholds. Whereas the OPM thresholds are simply increased with the CPI-U each year, the SPM thresholds are set at a 5-year average of 83 percent of median expenditures by consumer units on food, clothing, shelter, utilities, telephone and internet services.<sup>7</sup> The SPM thresholds are adjusted for

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<sup>7</sup> Before 2021, SPM thresholds were set at the five-year average of 1.2 times the mean spending by consumer units in the 30<sup>th</sup> to 36<sup>th</sup> percentile of the spending distribution on food, clothing, shelter, and utilities.

geographic differences in the cost of housing, and are set separately for renters, homeowners with a mortgage, and homeowners without a mortgage.<sup>8</sup> This method for updating SPM thresholds makes it less straightforward to project how the average SPM thresholds will change over time.

To project future increases in the SPM thresholds, I begin by calculating the average SPM threshold by family size in 2021 from the public use version of the 2022 CPS ASEC, which includes income and poverty information for calendar year 2021. Note that I must calculate the average SPM thresholds because they are not currently reported in the Census poverty report. As shown in Appendix Table 1, I can almost exactly replicate the average OPM thresholds reported by Creamer et al. (2022), validating the use of the public use CPS ASEC to calculate average SPM thresholds as well.<sup>9</sup> Mean SPM thresholds for 2021 are reported in the first row of Table 2.

The next step is to forecast how these average SPM thresholds in 2021 will change over time. Because I am not aware of projections over the next decade of spending on food, clothing, shelter, utilities, telephone and internet services, I instead rely on CBO forecasts of Personal Consumption Expenditures (PCE) more generally to update the SPM thresholds.

I begin by calculating per capita PCE in each year, using projections of PCE and the U.S. population aged 16 and over from Congressional Budget Office (2023). I then form 5-year averages of per capita PCE, to match the 5-year averages used by the Bureau of Labor Statistics (BLS) to calculate SPM thresholds. The 5-year average for year  $T$  is equal to the arithmetic mean of per capita PCE over the set of years,  $\{T - 5, T - 4, T - 3, T - 2, T - 1, \}$ , with per capita PCE in each of the five years put in terms of year  $T$  prices.<sup>10</sup>

BLS uses a specially created price index called the FCSUti CPI-U to adjust spending in all five years of the 5-year average to the current year.<sup>11</sup> I follow the same approach when calculating the 5-year average of per capita PCE. Because the FCSUti CPI-U is available only until 2021, and because there are no forecasts of which I am aware, I calculate the mean percentage point difference in the annual growth of the FCSUti CPI-U and CPI-U over the period 2002-2021, the entire period for which both measures are available (U.S. Bureau of Labor Statistics 2022).

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<sup>8</sup> See Burkhauser et al. (2021) for a discussion of how this complicated formula for updating SPM thresholds makes it difficult to interpret changes in the SPM poverty rate over time.

<sup>9</sup> Reasons for slight discrepancies between the official poverty rate calculated by Census and the poverty rate calculated using the public use version from IPUMS, which would likely affect calculations of the average poverty threshold as well, can be found here: [https://cps.ipums.org/cps/poverty\\_notes.shtml](https://cps.ipums.org/cps/poverty_notes.shtml).

<sup>10</sup> Excluding the current year from the 5-year average follows the SPM threshold methodology.

<sup>11</sup> FCSUti CPI-U refers to the Food, Clothing, Shelter, Utilities, Telephone and Internet Services CPI-U. It adjusts only for prices of items in these categories.

**Table 2. Average official poverty thresholds and poverty guidelines by family size, by year: Scenario in which Supplemental Poverty Measure becomes official measure**

Year	Family/household size							
	1	2	3	4	5	6	7	8
<b>Average official poverty thresholds</b>								
2021	\$14,282	\$19,617	\$28,589	\$33,149	\$37,318	\$41,398	\$45,966	\$51,528
2022	\$15,526	\$21,326	\$31,079	\$36,037	\$40,569	\$45,004	\$49,970	\$56,017
2023	\$16,409	\$22,540	\$32,848	\$38,088	\$42,878	\$47,566	\$52,814	\$59,205
2024	\$17,077	\$23,457	\$34,185	\$39,638	\$44,623	\$49,501	\$54,964	\$61,615
2025	\$17,581	\$24,150	\$35,194	\$40,808	\$45,940	\$50,963	\$56,586	\$63,434
2026	\$18,488	\$25,396	\$37,010	\$42,913	\$48,310	\$53,592	\$59,505	\$66,706
2027	\$19,067	\$26,190	\$38,167	\$44,255	\$49,821	\$55,268	\$61,367	\$68,792
2028	\$19,670	\$27,019	\$39,376	\$45,657	\$51,398	\$57,018	\$63,310	\$70,970
2029	\$20,316	\$27,906	\$40,668	\$47,155	\$53,085	\$58,889	\$65,387	\$73,299
2030	\$21,012	\$28,862	\$42,061	\$48,771	\$54,904	\$60,907	\$67,628	\$75,811
2031	\$21,738	\$29,859	\$43,515	\$50,456	\$56,801	\$63,011	\$69,965	\$78,431
2032	\$22,491	\$30,894	\$45,023	\$52,204	\$58,769	\$65,195	\$72,389	\$81,148
2033	\$23,270	\$31,963	\$46,581	\$54,011	\$60,804	\$67,451	\$74,895	\$83,957
<b>Poverty guidelines</b>								
2023	\$18,570	\$24,330	\$30,090	\$35,850	\$41,610	\$47,370	\$53,130	\$58,890
2024	\$19,560	\$25,640	\$31,720	\$37,800	\$43,880	\$49,960	\$56,040	\$62,120
2025	\$20,350	\$26,650	\$32,950	\$39,250	\$45,550	\$51,850	\$58,150	\$64,450
2026	\$20,990	\$27,510	\$34,030	\$40,550	\$47,070	\$53,590	\$60,110	\$66,630
2027	\$21,550	\$28,250	\$34,950	\$41,650	\$48,350	\$55,050	\$61,750	\$68,450
2028	\$22,680	\$29,720	\$36,760	\$43,800	\$50,840	\$57,880	\$64,920	\$71,960
2029	\$23,470	\$30,730	\$37,990	\$45,250	\$52,510	\$59,770	\$67,030	\$74,290
2030	\$24,200	\$31,700	\$39,200	\$46,700	\$54,200	\$61,700	\$69,200	\$76,700
2031	\$24,970	\$32,730	\$40,490	\$48,250	\$56,010	\$63,770	\$71,530	\$79,290
2032	\$25,840	\$33,860	\$41,880	\$49,900	\$57,920	\$65,940	\$73,960	\$81,980
2033	\$26,750	\$35,050	\$43,350	\$51,650	\$59,950	\$68,250	\$76,550	\$84,850

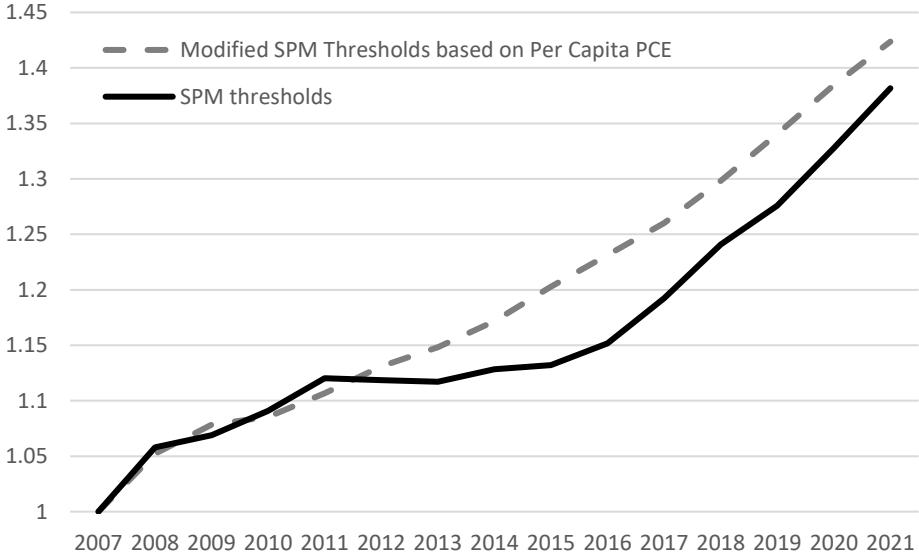
Sources: Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2022; Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); U.S. Bureau of Labor Statistics (2022); author's calculations.

Notes: Average official poverty thresholds for 2021 are calculated as the mean SPM threshold by family size calculated in the 2022 Current Population Survey Annual Social and Economic Supplement (corresponding to calendar year 2021). Average official poverty thresholds in 2022 through 2033 are calculated by multiplying the average threshold in the previous year by the percent change in the 5-year average of per capita Personal Consumption Expenditures (PCE). The 5-year average is based on the 5 years prior to the year in question, and values in the 5-year average are updated to current year dollars based on growth in the FCSUtI CPI-U. The projected growth in the FCSUtI CPI-U is equal to the growth in the CPI-U plus 0.1 percentage point. Poverty guidelines are calculated in accordance with the process laid out in Becerra (2023) and U.S. Department of Health and Human Services (2023). Projected values of the CPI-U are from Congressional Budget Office (2023). Separate poverty guidelines for Alaska and Hawaii are not shown.

The mean percentage point difference is 0.1 percentage point. I then form a projected FCSUti CPI-U whose annual growth is equal to the forecasted growth in the CPI-U plus an additional 0.1 percentage point each year. Finally, I increase the 2021 average SPM thresholds by the annual percent increase in the 5-year average of per capita PCE as defined above.

Because there could be important differences in annual changes in per capita PCE versus spending on food, clothing, shelter, utilities, telephone and internet services, I test whether these approaches lead to a similar evolution of SPM thresholds for the years 2007 to 2021, when sufficient data are available to calculate changes in both sets of thresholds. Figure 1 shows the SPM thresholds and SPM thresholds updated based on changes in per capita PCE (as adjusted using 5-year averages and the FCSUti CPI-U price index as described above), each indexed to 2007.

**Figure 1. SPM Thresholds and Modified SPM Thresholds Based on Growth in Per Capita Personal Consumption Expenditures, Indexed to 2007, 2007-2021**



Sources: U.S. Bureau of Labor Statistics (2022); Congressional Budget Office (2023); author’s calculations.  
 Notes: SPM thresholds are obtained from U.S. Bureau of Labor Statistics (2022). For each year, I calculate the weighted average threshold over the three housing tenure types, using as weights the reported percentage of the weighted sample. The modified SPM thresholds are calculated by taking the same 2007 SPM threshold and increasing it each year based on changes in the 5-year average of per capita Personal Consumption Expenditures (PCE), using the FCSUti CPI-U as reported by U.S. Bureau of Labor Statistics (2022) to put dollar values in the 5-year average into dollars corresponding to the year in question.

The modified SPM thresholds based on per capita PCE grow slightly faster overall, as they are 42 percent higher in 2021 compared to 2007, while the SPM thresholds are 38 percent higher. The rates of change are similar except for 2012-2015 when the SPM series is flatter. Thus, the

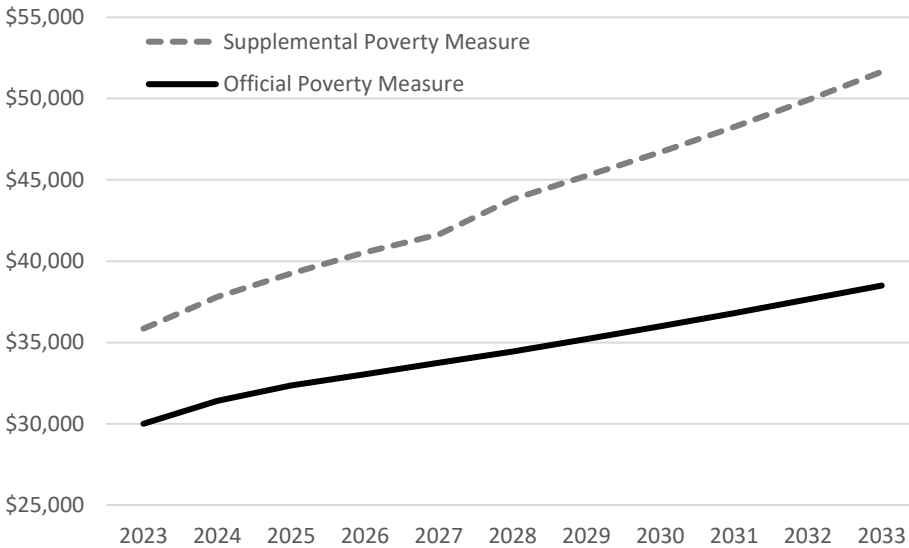
growth in the modified SPM thresholds that I use to project SPM threshold growth in future years are a reasonable approximation to growth in the SPM thresholds themselves, at least historically.

Given the projected average SPM thresholds in each year through 2033, it is straightforward to calculate the corresponding poverty guidelines using the steps currently applied by HHS. Table 2 reports the average poverty thresholds and poverty guidelines, under the scenario that the OMB deems the SPM the official poverty measure. The poverty guideline for a family of four would be \$35,850 in 2023 and rise to \$51,650 by 2033.

Figure 2 compares the poverty guideline for a family of four under the two scenarios described above: (i) the OPM remains the official measure, and (ii) the SPM is deemed the new official measure. In 2024, the first year in which a change in the poverty guidelines would take effect, the poverty guideline for a family of four would be \$6,400 (20 percent) higher if the SPM became the new official measure for determining program eligibility. The effect on the poverty guideline increases each year, and in 2033, the poverty guideline would be \$13,150 (34 percent) higher. The effect on the poverty guideline grows over time because the OPM thresholds are increased only with inflation each year, while the SPM thresholds increase with a measure of nominal spending, which generally increases faster than inflation.

While not shown in Figure 2, a comparison of Table 1 and Table 2 further illuminates how making the SPM the new official measure would affect poverty guidelines for families of other sizes. The poverty guideline in 2033 would be 43 percent higher for a family of one, 39 percent higher for a family of two, 36 percent higher for a family of three, 33 percent higher for a family of five, and 32 percent higher for a family of six.

**Figure 2. Projected poverty guideline for family of four, defined based on the Official Poverty Measure and Supplemental Poverty Measure, 2023-2033**



Sources: Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2022; Creamer et al. (2022); Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); U.S. Bureau of Labor Statistics (2022); author’s calculations.

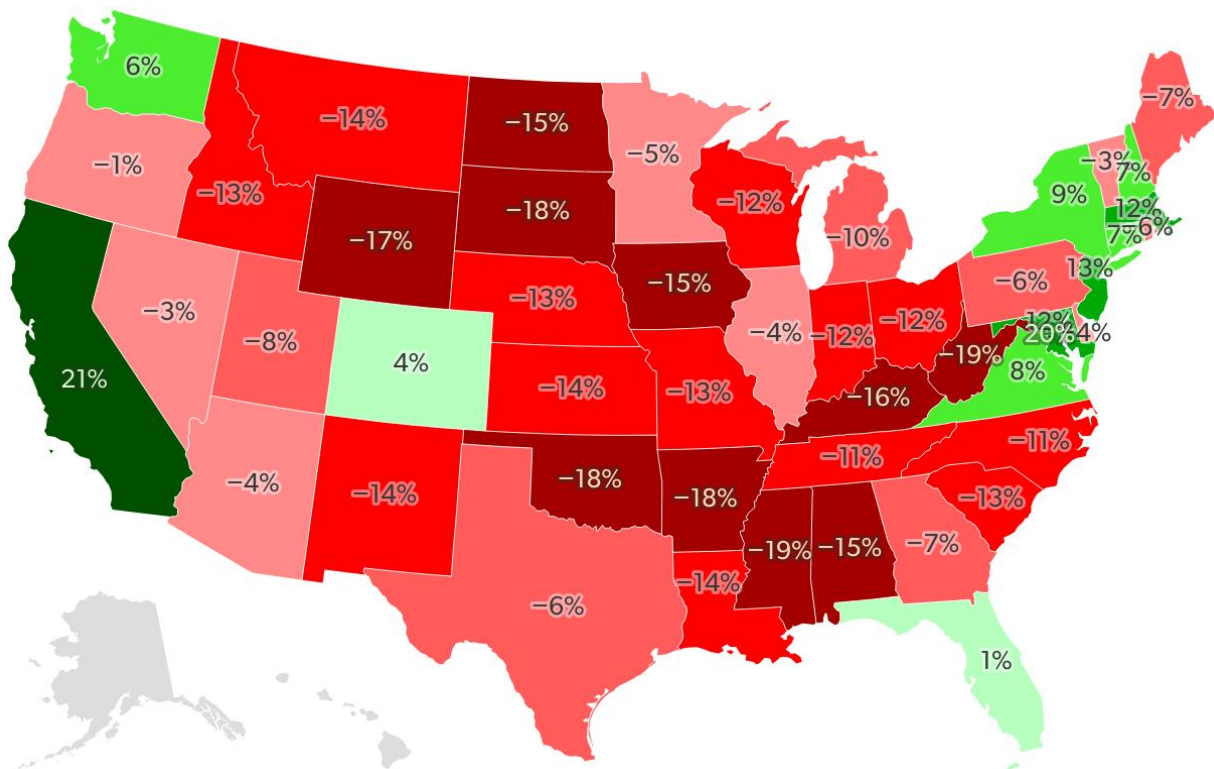
Notes: Poverty guidelines are projected for each year from 2023 to 2033. See notes for Table 1 and Table 2 for the methodologies for updating Official Poverty Measure and Supplemental Poverty thresholds, as well as the corresponding poverty guidelines reported in this figure.

While the analysis to this point has assumed that Census would report national average poverty thresholds by family size in its annual poverty report, Census could instead report state-specific average thresholds. Such a decision would be consistent with the design of the SPM to vary thresholds across geographic areas based on differences in housing costs. If Census were to publish state-specific SPM poverty thresholds in its poverty reports, the poverty guidelines published by HHS could also vary across states. HHS already publishes separate poverty guidelines for Alaska and Hawaii, so there could be precedent for varying the poverty guidelines across other states as well. Adopting state-specific poverty guidelines would have major consequences for program eligibility and the distribution of government funds across states, given that the SPM varies its poverty thresholds across geographic areas based on differences in housing costs. I project state-specific poverty guidelines by calculating average state-specific SPM thresholds from the 2022 CPS ASEC, projecting them to future years based on projected growth in the U.S. average SPM thresholds, and applying the HHS formula to convert thresholds into poverty guidelines.



Figure 3 reports how state-specific SPM-based poverty guidelines would differ from the U.S. average SPM-based poverty guideline of \$37,800 in 2024, for a four-person family. Excluding Alaska and Hawaii, the states with the highest poverty guidelines, relative to the national average, would include California (21 percent higher), the District of Columbia (20 percent higher), and New Jersey (13 percent higher). The states with the lowest poverty guidelines would include West Virginia (19 percent lower), Mississippi (19 percent lower), and South Dakota (18 percent lower). The state with the highest poverty guideline would be California and the state with the lowest poverty guideline would be West Virginia. Relative to West Virginia, the poverty guideline in California for a family of four would be \$15,200 higher in 2024 and \$20,800 higher in 2033. See Appendix Table 2 for state-specific SPM-based poverty guidelines in all states from 2024-2033.

**Figure 3. Percent difference between state SPM-based poverty guideline and United States average SPM-based poverty guideline for a family of four, 2024**



Sources: Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2022; Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); U.S. Bureau of Labor Statistics (2022); author's calculations.

Notes: See Table 2 for methodology used to estimate poverty guidelines for 2024. State-specific SPM thresholds are projected to future years based on projected percentage growth in the overall United States average SPM threshold.

Because eligibility thresholds for affected government programs are often set at more than 100 percent of the poverty guideline, the dollar gap for qualifying for government programs across states would be even larger. For example, in 2024, a family of four in California could have an income that was \$19,760 higher than a family of four in West Virginia and still qualify for SNAP, since SNAP eligibility is set at 130 percent of the poverty guideline. That same family of four in California could also have an income that was \$60,800 higher than a family of four in West Virginia and still qualify for ACA premium subsidies, since ACA premium subsidy eligibility is set at 400 percent of the poverty guideline.

Given research showing that geographic adjustment of poverty thresholds leads a poverty measure to capture a less deprived population, allowing poverty guidelines to vary across states based on housing costs could lead government programs to provide less assistance to the more deprived people who live in low-cost states, and provide more assistance to the less deprived people who live in high-cost states (Meyer, Wu, and Curran 2021).

### **3. Effect on Government Spending**

This section translates the increased poverty guidelines estimated in the previous section into increased government spending on programs over the period 2024-2033. Table 3 below lists the five entitlement programs that tie eligibility to the poverty guidelines and thus would experience increases in government spending due to an increase in the poverty guidelines. These five programs include Medicaid, SNAP, ACA premium subsidies, Medicare Part D low income subsidies, and the National School Lunch Program.

Government spending on these programs totaled \$756 billion in 2019 and \$954 billion in 2021. The rise in spending over this two-year period was in large part due to program reforms put in place by COVID-era legislation that expanded benefits. The two largest programs in terms of spending are Medicaid (\$734 billion in 2021) and SNAP (\$114 billion in 2021). These two programs comprise 89 percent of total government spending on the five affected entitlement programs, and thus, these are the two programs for which I estimate the spending increase due to basing the poverty guidelines on the SPM. Notably, at least 27 other non-entitlement programs tie

eligibility to the poverty guidelines, and thus, while total government spending would not be affected for those programs, the composition of families served would likely change.<sup>12</sup>

**Table 3. Entitlement programs with eligibility thresholds that depend on poverty guidelines, government spending, and ratio of eligibility standard to poverty guideline**

Program	Government spending (billions \$)		Ratio of eligibility standard to poverty guideline
	2019	2021	
Medicaid	\$615	\$734	133% (adults); 133% to 375% (children)
SNAP	\$60	\$114	130%
ACA premium subsidies	\$40	\$63	400%
Medicare Part D subsidies	\$27	\$34	150%
School Lunch Program	\$14	\$9	185%
<b>Total</b>	<b>\$756</b>	<b>\$954</b>	

Source: Centers for Medicare and Medicaid Services; U.S. Department of Agriculture; Internal Revenue Service; Congressional Budget Office

Notes: For Medicaid, the ratio of eligibility standard to poverty guideline varies across states for adults and children. The reported value for adults corresponds to ratio in Medicaid expansion states, and the range for children excludes the separate Children’s Health Insurance Program. Government spending on ACA premium subsidies in 2021 is calculated as the average monthly enrollment in Advance Premium Tax Credit (10.3 million) times the average Advance Premium Tax Credit per month (\$509) times 12 months. Restriction of ACA premium subsidies to families with income below 400 percent of the poverty guideline is relaxed through 2025, although the generosity of subsidies remains tied to the poverty guideline in these years.

### ***Effect on spending on the Supplemental Nutrition Assistance Program***

To estimate the SNAP spending effect of basing the poverty guidelines on the SPM, I use a population of SNAP recipients in 2019 who were “barely” eligible for benefits to extrapolate the benefits received by newly eligible SNAP recipients in future years. To begin, I use the U.S. Department of Agriculture’s (USDA) 2019 SNAP Quality Control microdata, which provides a representative sample of SNAP recipients, including their income and benefit levels.

<sup>12</sup> Non-entitlement programs whose eligibility thresholds are tied to the poverty guidelines, as listed by U.S. Department of Health and Human Services (2023), include: Community Services Block Grant, Head Start, Low-Income Home Energy Assistance Program, Hill-Burton Uncompensated Services Program, AIDS Drug Assistance Program, Children’s Health Insurance Program, Community Health Centers, Migrant Health Centers, Family Planning Services, Health Professions Student Loans—Loans for Disadvantaged Students, Health Careers Opportunity Program, Scholarships for Health Professions Students from Disadvantaged Backgrounds, Job Opportunities for Low-Income Individuals, Assets for Independence Demonstration Program, Special Supplemental Nutrition Program for Women, Infants, and Children, School Breakfast Program, Child and Adult Care Food Program, Expanded Food and Nutrition Education Program, Weatherization Assistance for Low-Income Persons, Job Corps, National Farmworker Jobs Program, Senior Community Service Employment Program, Workforce Investment Act Youth Activities, Low-Income Taxpayer Clinics, Foster Grandparent Program, Senior Companion Program, Legal Services for the Poor. Some states also tie eligibility for Temporary Assistance to Needy Families to the poverty guidelines.

For each household size, I estimate the number of SNAP recipient households with gross income between 100 percent and 130 percent of the OPM-based poverty guidelines, along with their mean monthly SNAP benefit. I then use the 2020 CPS ASEC to estimate the total number of households in 2019 whose pre-tax, post transfer income (excluding in-kind transfers and the value of health insurance) falls between 100 percent and 130 percent of the 2019 OPM-based poverty guideline.<sup>13</sup> This allows me to calculate the share of households in this “barely” eligible group in 2019 that received SNAP. Appendix Table 3 reports, for 2019, the mean monthly SNAP benefit, the share of “barely” eligible households that received SNAP, and their mean annual income (three right-most columns).

The next step is to estimate how SNAP spending would increase in 2024-2033 by adopting SPM-based poverty guidelines. To do so, I again rely on the 2020 CPS ASEC which has income information for 2019. I do not use the more recent 2022 CPS ASEC (corresponding to income in 2021) because 2021 was atypical in terms of government assistance provided to households. I update each household’s income to future years based on projected growth in per capita wages and salaries, and I increase each household’s weight to reflect projected population growth, based on Congressional Budget Office (2023) projections. I identify newly eligible households as those who pre-tax, post-transfer income is between 130 percent of the OPM-based poverty guideline and 130 percent of the SPM-based poverty guideline.

For each of these newly eligible households, I first impute their SNAP benefit (conditional on receiving any benefit) as the mean monthly amount in 2019 according to their household size (as reported in Appendix Table 3), updated to the relevant year. I update the SNAP benefit to the relevant year by increasing the 2019 mean amount by the dollar increase in the maximum benefit level for their household size.<sup>14</sup> The mean benefit amount increases dollar for dollar with the

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<sup>13</sup> For all analyses of spending effects using the 2020 CPS ASEC, I use weights adjusted for nonresponse bias due to the COVID-19 pandemic (Rothbaum and Bee 2021).

<sup>14</sup> For example, to update the mean monthly benefit for a household of four to 2024, I would increase the \$211 mean benefit by \$325 (\$967 minus \$642). The maximum benefits until 2023 shown in Appendix Table 3 are the USDA-reported values in effect for the year, while maximum benefits for 2024-2033 are imputed. The maximum benefit for 2024-2033 is increased annually by the Congressional Budget Office (2023) forecasted inflation rate (based on the CPI-U), except in 2027 and 2032 when the maximum benefit is increased by approximately 12 percent, the average of the inflation rate and 23 percent. A 23 percent nominal increase in 2027 and 2032 would follow the 23 percent nominal increase USDA imposed for maximum benefits in 2022, a faster than food price increase that the agency has interpreted to have the discretion to implement once every five years. In all other years, USDA must increase the Thrifty Food Plan cost (the basis for calculating the maximum SNAP benefit) based on price increases of the items in the market basket for the Thrifty Food Plan, which I approximate using the CPI-U. I update maximum benefits by the

increase in the maximum benefit because of the structure of the benefit formula for SNAP—the awarded amount is equal to a maximum dollar amount that is reduced as income rises.

I next adjust for the phase out of SNAP benefits, which phase out at a rate of 24 cents per dollar of earnings.<sup>15</sup> To do so, I reduce the annualized SNAP benefit by 0.24 times the difference between the household’s income in a given year and the mean 2019 income of barely eligible households reported in Appendix Table 3. This can reduce the SNAP benefits to some households to zero. Finally, I account for incomplete take-up by multiplying the total SNAP benefit received among all newly eligible households by the share of barely eligible households who received SNAP in 2019, as reported in Appendix Table 3. Note that the share receiving SNAP among newly eligible households will ultimately be lower than the share receiving SNAP among the barely eligible, because the phase out of benefits leads some households to receive zero benefits.

Table 4 reports the additional spending on newly eligible households that results from switching from OPM-based poverty guidelines to SPM-based poverty guidelines, as well as the number of new recipient households. SNAP spending would rise by \$2.6 billion in 2024, and by \$7.9 billion in 2033. Over the entire 10-year period from 2024-2033, basing the poverty guidelines on the SPM would increase SNAP spending by \$46.5 billion. An additional 2.0 million households would receive benefits in 2024 and an additional 3.1 million households would receive benefits in 2033.

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average of the inflation rate and 23 percent in 2027 and 2032 to reflect the uncertainty over whether USDA will continue to increase maximum benefits faster than inflation once every five years.

<sup>15</sup> I use the 0.24 phase out rate for earnings under the premise that additional income for households barely eligible for SNAP under the OPM-based guidelines is likely to be in the form of earnings.

**Table 4. Simulated additional Supplemental Nutrition Assistance Program spending and households by year, due to tying poverty guidelines to Supplemental Poverty Measure, 2024-2033**

Year	Additional Spending (billions \$)	Additional Households (millions)
2024	\$2.6	2.0
2025	\$2.5	2.0
2026	\$2.5	1.9
2027	\$4.2	2.3
2028	\$4.5	2.5
2029	\$4.6	2.6
2030	\$4.9	2.6
2031	\$5.0	2.6
2032	\$7.8	3.1
2033	\$7.9	3.1
<b>Total</b>	<b>\$46.5</b>	

Sources: Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2020; U.S. Department of Agriculture Quality Control Data, 2019; U.S. Department of Agriculture; Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); U.S. Bureau of Labor Statistics (2022); author’s calculations.

Notes: Additional spending estimates are in nominal dollars and exclude administrative costs. Estimates show the effect in each year from using the Supplemental Poverty Measure to determine poverty guidelines instead of using the Official Poverty Measure, which is current practice. Households in Alaska and Hawaii are excluded. See text for methodology.

### ***Effect on spending on Medicaid***

To estimate the Medicaid spending effect of basing the poverty guidelines on the SPM, I identify individuals who are both (i) not currently covered by health insurance, and (ii) would become newly eligible for Medicaid if the poverty guidelines were based on the SPM. I rely on the 2020 CPS ASEC, corresponding to income and health insurance status as of 2019, prior to temporary COVID-era provisions that extended health insurance coverage and affected incomes of households. I again update household incomes and population weights based on projected per capita wage and salary growth and population growth respectively by Congressional Budget Office (2023). I use Medicaid eligibility rules as of July 1, 2022 to determine the ratio of the poverty guidelines states use to determine Medicaid eligibility for children of different ages, parents and other adults in all years from 2024-2033 (see Appendix Table 4). I also use average per-person Medicaid spending according to the risk class and state of each individual as calculated by Burkhauser et al. (Forthcoming), updated to future years for inflation.

I then assume Medicaid coverage expansions due to SPM-based poverty guidelines do not lead to increased coverage among the disabled or elderly, and thus apply Medicaid spending averages only for children and non-disabled, non-elderly adults. I also assume that expanded Medicaid eligibility does not crowd out other forms of coverage, by restricting new Medicaid enrollees to individuals without any existing health insurance coverage.<sup>16</sup>

Table 5 reports the additional spending on newly eligible individuals that results from switching from OPM-based poverty guidelines to SPM-based poverty guidelines. Medicaid spending would rise by \$5.6 billion in 2024, and by \$10.5 billion in 2033. Over the entire 10-year period from 2024-2033, Medicaid spending would rise by \$77.5 billion as a result of adopting SPM-based poverty guidelines. An additional 1.3 million individuals would receive Medicaid coverage in 2024 and an additional 2.0 million individuals would receive coverage in 2033.

**Table 5. Simulated additional Medicaid spending by year, due to tying poverty guidelines to Supplemental Poverty Measure, 2024-2033**

Year	Additional Spending (billions \$)	Additional Individuals (millions)
2024	\$5.6	1.3
2025	\$5.9	1.3
2026	\$6.4	1.4
2027	\$6.6	1.4
2028	\$7.3	1.6
2029	\$7.9	1.6
2030	\$8.4	1.7
2031	\$9.2	1.8
2032	\$9.7	1.9
2033	\$10.5	2.0
<b>Total</b>	<b>\$77.5</b>	

Sources: Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2020; Centers for Medicare and Medicaid Services; Burkhauser et al. (Forthcoming); Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); U.S. Bureau of Labor Statistics (2022); author’s calculations.

Notes: Additional spending estimates are in nominal dollars and exclude administrative costs. Estimates show the effect in each year from using the Supplemental Poverty Measure to determine poverty guidelines instead of using the Official Poverty Measure, which is current practice. See text for methodology for estimating additional spending. Households in Alaska and Hawaii are excluded.

<sup>16</sup> Estimates may further be biased downward because the household income reported in the CPS ASEC will generally differ from the household income reported for purposes of Medicaid eligibility, and so there may be newly eligible individuals who I do not capture in the CPS ASEC given the difference in income. At the same time, imperfect take-up of Medicaid by newly eligible individuals would bias my estimates upward.

## 4. Conclusion

Without Congressional action, the recently released National Academy of Sciences report, “An Updated Measure of Poverty: (Re)Drawing the Line,” could have large effects on government program eligibility and spending—if its recommendation to “redraw the line” is implemented by the Census Bureau and its preferred poverty measure is made the official one by OMB. Making the SPM the official measure would automatically increase government spending in five entitlement programs on which spending totaled close to a trillion dollars in 2021. It would also affect the distribution of funds across individuals in dozens of non-entitlement programs.

I project that making the SPM the new official poverty measure would increase the poverty guideline for a family of four by 20 percent in 2024 and by 34 percent by 2033. I then show how this increase in the poverty guidelines would affect spending on SNAP and Medicaid, the two largest entitlement programs affected by the poverty guidelines. I estimate that SNAP spending would rise by \$47 billion and Medicaid spending would rise by \$78 billion from 2024-2033. Thus, government spending on the two programs combined would rise by \$124 billion over the ten-year period due to adopting SPM-based poverty guidelines.

For these reasons, at a minimum the spending effect I estimate here from making the SPM the new official poverty measure should spur more detailed cost studies. The CBO should conduct a fuller accounting of how making the SPM the new official measure would affect federal spending across all entitlement programs. The CBO should also study the effects on the number of program recipients and effects on other outcomes such as family income, poverty, employment, and marriage for all affected programs, including non-entitlement programs. And it should study the effects on the distribution of government funds across states if geographically adjusted thresholds were reported by the Census Bureau.

More importantly, given the large potential effects on entitlement spending without the enactment of legislation, Congress should scrutinize the authority of the Census Bureau and OMB to make such a consequential change to the official poverty measure. Because the Census Bureau releases its next poverty report in September 2023, which could itself replace the current official poverty measure with the SPM, and/or could be immediately followed by OMB revision of Statistical Policy Directive 14 that deems the SPM the new official measure, additional information on the effects of such actions is needed in a timely fashion to best inform policymaker decisions.



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**Appendix Table 1. Average Official Poverty Measure thresholds, survey-based calculation versus Census reported, 2021**

Family size	Survey-based	Census reported	Difference
1	\$13,788	\$13,788	\$0
2	\$17,536	\$17,529	\$7
3	\$21,561	\$21,559	\$2
4	\$27,739	\$27,740	-\$1
5	\$32,864	\$32,865	-\$1
6	\$37,161	\$37,161	\$0
7	\$42,153	\$42,156	-\$3
8	\$47,093	\$47,093	\$0

Source: Creamer et al. (2022); Current Population Survey Annual Social and Economic Supplement, 2022; author's calculations  
Notes: Thresholds are family weighted averages of Census reported thresholds calculated over all families in the 2022 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), corresponding to income year 2021. Following Census, the primary family and related subfamilies are combined into a single family unit for purposes of calculating average thresholds. Survey-based average thresholds are calculated by the author using the public use CPS ASEC. Census reported thresholds are those reported on page 20 of Creamer et al. (2022).

**Appendix Table 2. State-specific Supplemental Poverty Measure-based poverty guidelines, family of four, 2024-2033**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Alabama	\$32,350	\$33,600	\$34,700	\$35,650	\$37,500	\$38,700	\$39,950	\$41,300	\$42,700	\$44,200
Arizona	\$36,750	\$38,150	\$39,400	\$40,500	\$42,600	\$44,000	\$45,400	\$46,900	\$48,500	\$50,200
Arkansas	\$31,200	\$32,400	\$33,450	\$34,400	\$36,150	\$37,350	\$38,550	\$39,800	\$41,200	\$42,600
California	\$46,150	\$47,950	\$49,500	\$50,900	\$53,500	\$55,250	\$57,050	\$58,900	\$60,950	\$63,050
Colorado	\$39,450	\$41,000	\$42,300	\$43,500	\$45,750	\$47,250	\$48,750	\$50,400	\$52,100	\$53,900
Connecticut	\$40,950	\$42,500	\$43,900	\$45,150	\$47,450	\$49,000	\$50,600	\$52,250	\$54,050	\$55,900
Delaware	\$36,750	\$38,150	\$39,400	\$40,500	\$42,600	\$44,000	\$45,400	\$46,900	\$48,500	\$50,200
Dist. Columbia	\$45,650	\$47,400	\$48,950	\$50,300	\$52,900	\$54,650	\$56,400	\$58,250	\$60,250	\$62,350
Florida	\$38,400	\$39,900	\$41,150	\$42,350	\$44,500	\$45,950	\$47,450	\$49,000	\$50,700	\$52,450
Georgia	\$35,300	\$36,700	\$37,900	\$38,950	\$40,950	\$42,300	\$43,650	\$45,100	\$46,650	\$48,250
Idaho	\$33,100	\$34,400	\$35,500	\$36,500	\$38,400	\$39,650	\$40,950	\$42,250	\$43,700	\$45,250
Illinois	\$36,650	\$38,050	\$39,300	\$40,400	\$42,500	\$43,850	\$45,300	\$46,800	\$48,400	\$50,050
Indiana	\$33,700	\$35,000	\$36,100	\$37,150	\$39,050	\$40,350	\$41,650	\$43,000	\$44,500	\$46,000
Iowa	\$32,350	\$33,600	\$34,700	\$35,650	\$37,500	\$38,750	\$40,000	\$41,300	\$42,700	\$44,200
Kansas	\$32,600	\$33,850	\$34,950	\$35,950	\$37,800	\$39,000	\$40,300	\$41,600	\$43,050	\$44,500
Kentucky	\$32,000	\$33,250	\$34,350	\$35,300	\$37,150	\$38,350	\$39,550	\$40,900	\$42,300	\$43,750
Louisiana	\$32,950	\$34,250	\$35,350	\$36,350	\$38,200	\$39,450	\$40,700	\$42,050	\$43,500	\$45,000
Maine	\$35,450	\$36,850	\$38,050	\$39,100	\$41,150	\$42,450	\$43,850	\$45,300	\$46,850	\$48,450
Maryland	\$42,800	\$44,450	\$45,900	\$47,200	\$49,650	\$51,250	\$52,900	\$54,650	\$56,500	\$58,450
Massachusetts	\$42,700	\$44,400	\$45,800	\$47,100	\$49,550	\$51,150	\$52,800	\$54,550	\$56,400	\$58,350
Michigan	\$34,400	\$35,750	\$36,900	\$37,950	\$39,900	\$41,200	\$42,550	\$43,950	\$45,450	\$47,000
Minnesota	\$36,300	\$37,700	\$38,900	\$40,000	\$42,050	\$43,450	\$44,850	\$46,300	\$47,900	\$49,550
Mississippi	\$31,000	\$32,200	\$33,250	\$34,200	\$35,950	\$37,100	\$38,300	\$39,550	\$40,950	\$42,350
Missouri	\$33,150	\$34,450	\$35,600	\$36,600	\$38,450	\$39,700	\$41,000	\$42,350	\$43,800	\$45,300
Montana	\$32,650	\$33,950	\$35,000	\$36,000	\$37,850	\$39,100	\$40,350	\$41,700	\$43,150	\$44,600
Nebraska	\$33,050	\$34,350	\$35,450	\$36,450	\$38,350	\$39,600	\$40,850	\$42,200	\$43,650	\$45,150
Nevada	\$37,100	\$38,550	\$39,800	\$40,900	\$43,050	\$44,450	\$45,850	\$47,400	\$49,000	\$50,700
New Hampshire	\$40,750	\$42,350	\$43,700	\$44,950	\$47,250	\$48,800	\$50,400	\$52,050	\$53,850	\$55,700
New Jersey	\$43,000	\$44,650	\$46,100	\$47,400	\$49,850	\$51,450	\$53,150	\$54,900	\$56,750	\$58,750
New Mexico	\$32,650	\$33,950	\$35,000	\$36,000	\$37,850	\$39,100	\$40,350	\$41,700	\$43,100	\$44,600
New York	\$41,600	\$43,250	\$44,600	\$45,900	\$48,250	\$49,800	\$51,450	\$53,150	\$54,950	\$56,850
North Carolina	\$33,850	\$35,200	\$36,350	\$37,350	\$39,300	\$40,550	\$41,850	\$43,250	\$44,750	\$46,300
North Dakota	\$32,300	\$33,550	\$34,650	\$35,600	\$37,450	\$38,650	\$39,900	\$41,250	\$42,650	\$44,100
Ohio	\$33,350	\$34,650	\$35,750	\$36,750	\$38,650	\$39,950	\$41,200	\$42,600	\$44,050	\$45,550
Oklahoma	\$31,200	\$32,400	\$33,450	\$34,400	\$36,200	\$37,350	\$38,550	\$39,850	\$41,200	\$42,600
Oregon	\$37,700	\$39,150	\$40,400	\$41,550	\$43,700	\$45,150	\$46,600	\$48,100	\$49,750	\$51,500
Pennsylvania	\$35,650	\$37,050	\$38,250	\$39,350	\$41,350	\$42,700	\$44,100	\$45,550	\$47,100	\$48,750
Rhode Island	\$36,000	\$37,400	\$38,600	\$39,700	\$41,750	\$43,100	\$44,500	\$45,950	\$47,550	\$49,200
South Carolina	\$33,050	\$34,350	\$35,450	\$36,450	\$38,350	\$39,600	\$40,900	\$42,250	\$43,650	\$45,200
South Dakota	\$31,100	\$32,350	\$33,350	\$34,300	\$36,100	\$37,250	\$38,450	\$39,750	\$41,100	\$42,500
Tennessee	\$33,800	\$35,100	\$36,250	\$37,250	\$39,200	\$40,450	\$41,800	\$43,150	\$44,650	\$46,200
Texas	\$36,000	\$37,400	\$38,650	\$39,700	\$41,750	\$43,150	\$44,500	\$46,000	\$47,550	\$49,200
Utah	\$35,000	\$36,350	\$37,500	\$38,600	\$40,550	\$41,900	\$43,250	\$44,650	\$46,200	\$47,800

Vermont	\$37,050	\$38,500	\$39,750	\$40,850	\$43,000	\$44,350	\$45,800	\$47,300	\$48,950	\$50,650
Virginia	\$41,100	\$42,700	\$44,100	\$45,300	\$47,650	\$49,200	\$50,800	\$52,500	\$54,300	\$56,150
Washington	\$40,450	\$42,050	\$43,400	\$44,600	\$46,950	\$48,450	\$50,000	\$51,650	\$53,450	\$55,300
West Virginia	\$30,950	\$32,150	\$33,200	\$34,100	\$35,900	\$37,050	\$38,250	\$39,500	\$40,850	\$42,250
Wisconsin	\$33,550	\$34,850	\$36,000	\$37,000	\$38,900	\$40,200	\$41,500	\$42,850	\$44,300	\$45,850
Wyoming	\$31,600	\$32,850	\$33,900	\$34,850	\$36,650	\$37,850	\$39,100	\$40,400	\$41,750	\$43,200

Sources: Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2022; Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); U.S. Bureau of Labor Statistics (2022); author's calculations.

Notes: Poverty guidelines shown here are based on the scenario in which the Census Bureau reports state-specific average poverty thresholds under the Supplemental Poverty Measure. Poverty guidelines are calculated in accordance with the process laid out in Becerra (2023) and U.S. Department of Health and Human Services (2023), after calculating state-specific SPM thresholds based on average thresholds calculated from the Current Population Survey Annual and Social Economic Supplement and increasing state-specific thresholds based on the percentage increase in forecasted United States average thresholds. Projected values of the CPI-U are from Congressional Budget Office (2023). Separate poverty guidelines for Alaska and Hawaii are not shown.

**Appendix Table 3. Maximum, mean, and share receiving Supplemental Nutrition Assistance Program benefits, and mean income, by household size, select years**

Household size	Maximum Monthly SNAP Benefit				Mean monthly SNAP benefit 2019	Households between 100% and 130% of poverty guidelines, 2019	
	2019	2023	2024	2033		Share receiving SNAP	Mean annual income
1	\$192	\$281	\$289	\$426	\$64	0.45	\$14,397
2	\$353	\$516	\$532	\$783	\$113	0.37	\$19,404
3	\$505	\$740	\$762	\$1,126	\$174	0.45	\$24,595
4	\$642	\$939	\$967	\$1,427	\$211	0.41	\$29,562
5	\$762	\$1,116	\$1,150	\$1,697	\$224	0.45	\$34,821
6	\$914	\$1,339	\$1,379	\$2,035	\$252	0.26	\$39,520
7	\$1,011	\$1,480	\$1,525	\$2,250	\$264	0.39	\$44,905
8	\$1,155	\$1,691	\$1,742	\$2,571	\$304	0.37	\$48,825
9	\$1,299	\$1,902	\$1,959	\$2,892	\$555	0.05	\$54,709
10	\$1,443	\$2,113	\$2,177	\$3,213	\$544	0.29	\$55,300

Sources: Census Bureau, Current Population Survey Annual Social and Economic Supplement, 2020; U.S. Department of Agriculture SNAP Quality Control Data, 2019; U.S. Department of Agriculture; Becerra (2023); U.S. Department of Health and Human Services (2023); Congressional Budget Office (2023); author's calculations.

Notes: Dollar values are in nominal terms. Maximum monthly SNAP benefits for 2019 and 2023 are the benefit levels published by the U.S. Department of Agriculture, and maximum benefits for 2024 and 2033 are imputed by the author. The mean SNAP benefit for 2019 and share of households between 100% and 130% of poverty guidelines is based on SNAP Quality Control data, using the gross income measure it reports. Mean annual income of households between 100% and 130% of poverty guidelines is based on the 2020 CPS ASEC, which is used to ensure consistency with the incomes of newly eligible households when calculating benefit phase outs. Households in Alaska and Hawaii are excluded.

**Appendix Table 4. Medicaid eligibility thresholds as share of poverty guidelines, by state and individual type**

<b>State</b>	<b>Age 0</b>	<b>Age 1-5</b>	<b>Age 6-18</b>	<b>Adult Parent</b>	<b>Adult Non-parent</b>
Alabama	141%	141%	141%	13%	
Alaska	203%	203%	203%	133%	133%
Arizona	147%	141%	133%	133%	133%
Arkansas	142%	142%	142%	133%	133%
California	261%	261%	261%	133%	133%
Colorado	142%	142%	142%	133%	133%
Connecticut	196%	196%	196%	155%	133%
Delaware	212%	142%	133%	133%	133%
Dist. of Columbia	319%	319%	319%	216%	210%
Florida	206%	140%	133%		
Georgia	205%	149%	133%		
Hawaii	308%	308%	308%	133%	133%
Idaho	142%	142%	133%	133%	133%
Illinois	313%	313%	313%	133%	133%
Indiana	208%	158%	158%	133%	133%
Iowa	375%	167%	167%	133%	133%
Kansas	166%	149%	133%	33%	
Kentucky	195%	159%	159%	133%	133%
Louisiana	212%	212%	212%	133%	133%
Maine	191%	157%	157%	133%	133%
Maryland	317%	317%	317%	133%	133%
Massachusetts	200%	150%	150%	133%	133%
Michigan	212%	212%	212%	133%	133%
Minnesota	283%	275%	275%	200%	200%
Mississippi	194%	143%	133%		
Missouri	196%	150%	150%	133%	133%
Montana	143%	143%	143%	133%	133%
Nebraska	213%	213%	213%	133%	133%
Nevada	160%	160%	133%	133%	133%
New Hampshire	318%	318%	318%	133%	133%
New Jersey	194%	142%	142%	133%	133%
New Mexico	300%	300%	240%	133%	133%
New York	218%	149%	149%	200%	200%
North Carolina	210%	210%	133%		

North Dakota	170%	170%	170%	133%	133%
Ohio	206%	206%	206%	133%	133%
Oklahoma	205%	205%	205%	133%	133%
Oregon	185%	133%	133%	133%	133%
Pennsylvania	215%	157%	133%	133%	133%
Rhode Island	261%	261%	261%	133%	133%
South Carolina	208%	208%	208%	95%	
South Dakota	182%	182%	182%		
Tennessee	195%	142%	133%		
Texas	198%	144%	133%		
Utah	139%	139%	133%	133%	133%
Vermont	312%	312%	312%	133%	133%
Virginia	143%	143%	143%	133%	133%
Washington	210%	210%	210%	133%	133%
West Virginia	158%	141%	133%	133%	133%
Wisconsin	301%	186%	151%	95%	
Wyoming	200%	200%	200%		

Source: Centers for Medicare and Medicaid Services

Notes: Special eligibility thresholds for pregnant women are excluded because pregnancy status cannot be determined in the Current Population Survey Annual Social and Economic Supplement. Eligibility thresholds that are not directly tied to the poverty guidelines are excluded. Children's Health Insurance Program benefits are excluded because they are not an entitlement. Adult parents are assumed to be able to obtain coverage under Medicaid expansion if not covered in their own right.