Measuring Material Hardship is Critical for Capturing Economic Need in US Census Bureau Data

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The Census Bureau sets the bar for measuring economic need

The Census Bureau defines measures of poverty or economic need that are accepted in most policymaking, program design and implementation, and research. Most notably, the Census Bureau produces the annual measure of income poverty in the US, based on data from the Current Population Survey (CPS). Because there are a number of well-established limitations to measures of poverty based on income, the Census Bureau also calculates the Supplemental Poverty Measure (SPM), addressing some of these concerns. However, SPM is still an income-based measure and therefore has limitations as a measure of poverty. Direct measures of need such as material hardship offer essential and notably different information about deprivation.

The Census Bureau knows how to measure material hardship effectively

The Census Bureau already recognizes the value of measuring material hardship. The Census Bureau fields measures of material hardship in the Survey of Income and Program Participation (SIPP), usually once per four-year panel. Measures in the SIPP encompass the most common categories of material hardship, such as food insecurity, utility shutoffs, and difficulty paying bills for housing, medical care, and other essentials.\(^1\) The SIPP measures represent a clear and established battery of material hardship measures (9 questions) already developed and endorsed by the Census Bureau. However, the SIPP only measures material hardship intermittently, with typical gaps of 4 to 5 years between each measurement period. Incorporating material hardship as a common measure of economic need requires regular measures, every year, like the established income poverty measures.

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<th>Key Material Hardship Questions in the SIPP</th>
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<td>1. During the past 12 months, has there been a time when your household did not meet all of your essential expenses?</td>
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<td>2. Was there any time in the past 12 months when your household did not pay the full amount of the rent or mortgage?</td>
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<td>3. In the past 12 months was anyone in your household evicted from your home or apartment for not paying rent or mortgage?</td>
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<td>4. How about not paying the full amount of the gas, oil or electricity bills? Was there a time in the past 12 months when that happened to your household?</td>
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<td>5. In the past 12 months did the gas or electric company turn off service, or the oil company not deliver oil?</td>
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<td>6. How about the telephone company disconnecting service because payments were not made?</td>
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<td>7. In the past 12 months, was there a time anyone in your household needed to see a doctor or go to the hospital but did not go?</td>
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<td>8. In the past 12 months, was there a time anyone in your household needed to see a dentist but did not go?</td>
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<td>9. Getting enough food can also be a problem for some people. Which of these statements best describes the food eaten in your household in the last four months:</td>
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<td>a. Enough of the kinds of food we want</td>
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<td>b. Enough but not always the kinds of food we want to eat</td>
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<td>c. Sometimes not enough to eat</td>
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<td>d. Often not enough to eat</td>
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\(^{1}\) Ouellette et al. (2004)
Measuring material hardship improves our knowledge about economic need

Material hardship identifies people who cannot meet some basic needs, while income poverty estimates who is likely to have trouble meeting basic needs. Material hardship and income poverty measures complement each other and meet different policy and information needs. Different groups of people experience income poverty and material hardship. For instance, research found that 33% of families in New York City experienced material hardship but not income poverty. Material hardship is especially prominent among people with income just above the poverty threshold: In New York City, among those with income between 100% and 200% of the poverty threshold, 42% experienced material hardship. But, material hardship also impacts 22% of people with income above 200% of the poverty threshold.⁡

![Material Hardship Experience by Poverty Status in NYC](image)

Source materials: Neckerman et al. (2016)

Similar trends appear among adults (18-64) in the US, with decreasing rates of material hardship experience as income to poverty ratio increases, but still notable levels of material hardship experience among those with incomes well above the federal poverty level (FPL).⁴

![Material Hardship Experience by Poverty Status in the US](image)

Because material hardship is a direct measure of need, it captures inconsistent or occasional experiences of unmet needs, which measures of income can miss. For instance, a family with moderate annual income, say $50,000, might experience a major medical issue in a given month that results in too little money to pay rent that month, or forgoing medical

⁡Neckerman et al. (2016)
⁣Karpman et al. (2018)
care the next month, or losing telephone service after missing a bill. In such a case, family income remains above the poverty threshold, but one or more experiences of material hardship occur. Identifying these experiences of material hardship that impact people across the income distribution is vital, because material hardship is associated with health and wellbeing. Material hardship is sometimes a better predictor of wellbeing outcomes than income poverty. For instance, experiencing material hardship is associated with worse mental health more strongly than is income poverty. Understanding the scope of material hardship in the US will greatly improve our knowledge about economic need and may contribute to long-run improvements in social welfare policy and program design.

**Researchers and policymakers are starting to collect and rely on material hardship measures**

Important differences between income poverty and material hardship have been established, and thus innovative work designed to improve policy and programs is incorporating measures of material hardship. For instance, the Robin Hood Poverty Tracker monitors income poverty and material hardship to most accurately capture experiences of deprivation in New York City. This model data program grew out of the recognition that economic need is far more complex than income poverty alone. Projects like this are providing evidence that income poverty may impact people’s wellbeing through pathways that include material hardship. That is, experiencing unmet basic needs, like food insecurity or utility shut-offs, may help explain some of the negative outcomes associated with income poverty. Cutting edge projects like this emphasize the vital importance of measuring and understanding material hardship in order to understand poverty and economic wellbeing.

**Incorporating measures of material hardship improves Census Bureau data and contributes to essential knowledge**

The established material hardship measures fielded in the SIPP should be incorporated into the Census Bureau’s Current Population Survey Annual Social and Economic Supplement (CPS ASEC) and collected on an annual basis with relative administrative simplicity. The CPS ASEC is the best fit for this new data as it already includes detailed attention to income and poverty, particularly as compared to the American Community Survey (ACS). In doing this, the Census Bureau would establish an essential source of annual, national estimates of material hardship which will greatly strengthen the measurement of economic wellbeing and our understanding of who experiences unmet basic needs. The Census Bureau defines and collects the most important and widely used measures of poverty in the US. Expanding these measures to incorporate material hardship keeps Census Bureau data at the forefront of poverty measurement and enhances our knowledge about the US population.

**References**


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<sup>1</sup>Mccarthy et al. (2016)

<sup>2</sup>Wimer et al. (2014)


