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At the Forefront:

Poverty Impact Projections

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August 2011

"The aftermath of Katrina has shown the American people's deep compassion and concern for others, yet our legislation is often at odds with our values as a nation…

Will a certain bill increase the growing level of poverty in our country? What will its impact be on the lives and livelihoods of low-income people? We need a clear way to measure this impact beforehand, because we have seen the tragic results of trying to measure it after the fact."

U.S. Representative Barbara Lee (D-CA9)

By Jodie Levin-Epstein and Milla Sanes

A Poverty Impact Projection is an emerging tool that asks and answers the question at the forefront of the policy process, "if we pursue this policy, how much should it increase or decrease poverty?" Bills that would establish a process for a Poverty Impact Projection have been introduced in a few state legislatures and the United States Congress. While no law in the U.S. yet requires Poverty Impact Projections (also called poverty impact statements) to be attached to pending legislation, a number of states and communities have begun this kind of analysis. Getting a clearer prognosis of the potential impact of a pending policy is valuable not just for elected officials who need to vote on bills, but also for other policymakers and community stakeholders who need to make planning and implementation decisions.

It's possible to do a back-of-the-envelope projection that anticipates poverty impacts but that kind of calculation is risky not just because it might miss some decimal points. What makes it risky is that not all poverty reduction policy immediately reduces the poverty rate; for example, some policies can lessen the depth of a person's poverty but fail to raise that person above the poverty line. Further, when eligibility changes are made to government programs, sophisticated estimation is helpful not only to identify how many are newly eligible but also, of that new group, how many are likely to choose to participate. Little-noticed tweaks in a program can have large impacts, particularly any rules that make it tricky to actually access the program. Also, certain policies may impact poverty such as some education strategies, and training and work programs whose effects are not immediate.

While envelopes can be helpful, sorting through these and other issues with more sophisticated analysis helps decision makers and the public get a clearer sense of what a decision today likely means in the years ahead.

Interest in Poverty Impact Projections may in part reflect a growth in deadlines that states have set for reducing poverty. About 20 states have established task forces or commissions to recommend strategies for reducing poverty and providing opportunity; eleven of these states have a law which sets a poverty reduction target such as cutting child poverty in half in a decade.[i] The mission of such task forces is to make policy recommendations to meet their goals within a deadline. Poverty Impact Projections (PIP) provide increased clarity as to whether or not a proposed policy takes an important step toward the target or if alternatives might move the state closer to its goal.

A state or community does not need to have a poverty reduction deadline to benefit from tools that better predict impacts. Better informed policymakers can make smarter decisions and a more informed public can make better advocacy arguments for or against particular policy options.

What is a Poverty Impact Projection?

A Poverty Impact Projection (PIP) assesses the effect that proposed policy would have on the number of people in poverty. A PIP could measure, for example, the degree to which a proposed child care subsidy or increased earned income tax credit could cut poverty and over what period of time. It could include the effect on the depth and on the demographics of poverty. A Poverty Impact Projection or statement could be institutionalized through legislation, periodically undertaken at government request, or accomplished at the instigation of community groups. The goal is better informed decision-making.

From county governments to national advocacy and research organizations, PIPs are being implemented. While there are currently no legislated requirements for Poverty Impact Projections in the United States, bills have been introduced in state legislatures and the U.S. House of Representatives. Relatively new in the U.S., PIPs have been implemented internationally in a range of ways. Impact assessments in other issue arenas such as health and the environment could inform how PIPs are undertaken. As organizations and governments consider developing a PIP, there are a variety of considerations to think about in developing and implementing this tool, which should help the public and policymakers gain insight into how a policy might or might not make a difference in providing opportunity and reducing poverty.

Where have Poverty Impact Projections been undertaken in the U.S?

PIPs have been undertaken not just at the national level but at the state level as well. The analysis, often using alternative measures (see Appendix A), has been accomplished by government agencies and by research organizations:

National: **In 2007,** the Center for American Progress (CAP) laid out 12 federal policy recommendations in the report, From Poverty to Prosperity. For the report, the Urban Institute modeled the impact of four recommendations that could be assessed using already existing data and research: increased minimum wage, expanded Earned Income Tax Credit and Child Tax Credit, and expanded child care assistance. The analysis predicted that implementation of just these four recommendations would reduce poverty by 26 percent; leading to the conclusion that halving poverty over the course of a decade is achievable. Following the report, the Half in Ten Campaign was launched as a project of the Center for American Progress Action Fund, the Coalition on Human Needs, and the Leadership Conference on Civil and Human Rights. The Campaign is committed to building public and political will to halve poverty in the United States within a decade.

Behind the Math

The Urban Institute utilizes an alternative poverty measure that is close to the Supplemental Poverty Measure and the Transfer Income Model (TRIM3), which is a microsimulation that can produce results from the individual to the national level. A baseline is established that includes government program participation and costs; it offers a more precise set of numbers than existing surveys provide. As Urban explains, "TRIM3 simulates the effects of different program rules on family incomes and poverty by first calculating the direct effect of the alternatives on families' program benefits and taxes and second estimating any potential labor supply response to the alternative policies… The model subsequently recalculates all other benefits and taxes to capture any program interactions. For example, if child care expenses are lower for a family receiving a new child care subsidy, the child care disregard in the food stamp benefit calculation will be lower, resulting in a lower food stamp benefit. Similarly, poverty status will be recalculated to capture changes in family income and expenses."

The Urban Institute has completed reports on the impacts of proposed policies for Connecticut and Minnesota. Analysis of recommendations in Illinois is currently underway. The Urban Institute recently assessed safety net program variation and their impacts on poverty across Georgia, Illinois and Massachusetts and is working with a Wisconsin non-profit to model the anti poverty impacts of a range of policies including subsidized jobs and elderly/disabled tax credits.

Connecticut: In 2009, the Child Poverty and Prevention Council contracted with the Urban Institute to predict the impacts of several of the Council's recommended proposals on child poverty.[ii] The Urban Institute established a baseline for child poverty in Connecticut with both the official poverty measure and one based on the National Academy of Sciences (NAS) recommendations (see Appendix A). Estimates for different policy alternatives were provided. Five of the policy recommendations – a child care subsidy expansion, education and training initiatives, full child support payments, transitional assistance for those leaving cash-aid, and increased participation in selected safety net programs – were modeled. Using the NAS type measure, these policies were found to decrease the child poverty rate by almost 35 percent if all were enacted.

Illinois: The Urban Institute is currently undertaking work to model several of the Commission on the Elimination of Poverty's policy recommendations to reduce extreme poverty in Illinois. These recommendations include expanding Illinois' Rental Housing Support Program to increase the number of rental subsidies available, raising the number of comprehensive scholarships for low-income community college students, creating a statewide transitional jobs program with the capacity to reach 40,000 individuals a year, increasing the participation rate in the Temporary Assistance to Needy Families (TANF) program to 50 percent, and increasing TANF grants until they reach 50 percent of the federal poverty line.

Minnesota: The Legislative Commission to End Poverty in Minnesota by 2020 engaged the Urban Institute in 2009 to project the potential effects of their policy recommendations for their Legislative Report. The simulation process was the same as for Connecticut, with each policy modeled to estimate its effect on family income and their eligibility for government programs. The Commission noted that for the five policies, the combination with the "most far-reaching and cost-effective economic impact" included: a $9.50 per hour minimum wage, expanded Earned Income Tax Credit aimed at workers without children and working spouses, guaranteed child care subsidies for families below 300 percent the federal poverty threshold, increasing the food stamp program participation rate to 85 percent of eligible households, and an expansion in education and training for adults under 49 years old with a high school diploma or degree. The combination of all five policies, if implemented, was projected to cut the number of Minnesotans living below poverty using an NAS type measure by 27.4 percent.

The PIP tools used to project the impact of policies can also be employed to look back and assess how much of a difference a policy or set of policies made to poverty:

New York City: The Center for Economic Opportunity (CEO) issued its most recent annual report on poverty in New York City in the spring of 2011. The report, "Policy Affects Poverty," focused on the role that economic stimulus programs played in bolstering family incomes during 2009. CEO found that had it not been for the expansion in tax credits made in the American Recovery and Reinvestment Act along with increased benefit levels and participation in the Food Stamp program, the New York City poverty rate would have risen by 3percentage points from 2008 to 2009. When those programs' effects are accounted for, the poverty rate was unchanged.

Wisconsin: The University of Wisconsin-Madison's Institute for Research on Poverty (IRP) released an analysis "The effects of the 2009 American Recovery and Reinvestment Act (ARRA) on poverty in Wisconsin," which reported on the simulated statewide impacts of four Recovery Act provisions. The 2010 IRP report found that had the ARRA tax credit expansions and increased Supplemental Nutrition Assistance Program (SNAP) (food stamp) benefits been in effect in 2008 there would have been a 1.4 percentage point reduction in poverty on top of the effects from already existing public benefits.

Where has legislation been proposed for Poverty Impact Projections?

Poverty Impact Projections are gaining traction as a tool. While neither the federal nor local or state governments have yet institutionalized PIP, proposals to move the tool into legislative decision making have been offered at multiple levels of government. (See Appendix B)

U.S. Senate: The Democratic Policy Committee in 2009 proposed developing an Opportunity Impact Statement which would require an assessment of the potential outcomes of federally funded projects as to "whether the project would promote equal opportunity or deepen patterns of inequality."[iii]

Tennessee: Shelby County Child Impact Statements

Child Impact Statements are changing the way government makes decisions. By completing child impact statements, Shelby County and City of Memphis are mainstreaming consideration of child and family well being into the local legislative process.

Shelby County
Office of Early Childhood & Youth

In 2007, half of the children born in Shelby County, Tennessee were born into poverty. The next year, in response to these overwhelming rates of child poverty, the governments of Memphis and Shelby County, Tennessee, passed a joint resolution to establish an office dedicated to child and youth well-being. This led to the development of a web-based application that generates Child Impact Statements. The system's acronym is SHELBY which stands for "Safety, Health, Education, and Land-use decisions on Behalf of children and Youth." While prompted by child poverty, the impact statements are framed with the lens of child well-being; some, but not all, impact statements assess income impacts.

Any local policymaker or their staff can generate an analysis. The primary goal of the Child Impact Statements is to keep the issue of children at the forefront for policymakers as well as facilitate more informed decisions. SHELBY has created impact statements to accompany proposals from those to lower homelessness among ex-offender adults, to combat childhood obesity and preventable diseases, to repair and increase public infrastructure. In 2010 the Shelby County Board of Commissioners approved a resolution to mandate Child Impact Statements on proposed resolutions and ordinances coming before the commission.

U.S. House of Representatives: In the aftermath of Hurricane Katrina in 2005, California Representative Barbara Lee wanted to call attention to poverty nationally and to establish mechanisms to better ensure that government actions were having the biggest impact possible per dollar spent. She, along with 15 other legislators introduced a package of poverty bills which included a poverty impact projection requirement. Representative Lee has introduced a "Poverty Trigger Act" in every Congressional session since then. The 2011 measure, H.R. 385, has been referred to the Committee on Rules and the Committee on the Budget. Under the act, all bills or joint resolutions which appropriate $10 million or more would be subject to a Congressional Budget Office impact statement. The impact statement would contain a ratio of the amount of the appropriation that would go toward people below the poverty threshold over the entire appropriation. Also included would be two projections of the measure's impact. First, an assessment of the number of individual and family incomes that may move above or below the poverty threshold and second, an analysis of the impact on access to basic human services.

California: The legislature approved a 2006 bill that required a poverty impact analysis; the measure was vetoed by then Governor Arnold Schwarzenegger. Assemblyman Brian Jones introduced Assembly Bill No. 2556, which set a target of halving child poverty by 2016 and eliminating it fully by 2026 and required annual reports to legislative committees on California's progress toward that goal. In addition, the legislation would require that analysis of the Governor's budget proposals include "a determination how the proposed budget, if implemented, would impact the state's goal of reducing child poverty."

Colorado: Colorado law sets a target of cutting poverty in half by 2019. In 2011, Representative John Kefalas moved bill HB-1078, "Poverty Impact Statements for Bills," which would have allowed committee chairs or ranking minority members of committees of reference to request a poverty impact statement be prepared on proposed legislation with the potential to impact people in poverty. Issues that would trigger a PIP were enumerated and were included, but not limited to: household income, assets and financial security; early childhood development and education; employment and workforce development; work and income supports such as child care, housing health care, transportation, utilities and food assistance. The poverty impact statement would provide policymakers with information about how implementation of the bill would affect access to basic human services. The bill would allow for the use of several poverty measures in its quantitative analysis. The measure died in committee along party lines in part because of some concerns around the cost of doing the projections and some who preferred a limited government role in undertaking the analysis.

Louisiana: In 2011, a Senate Concurrent Resolution was introduced that called for a poverty impact statement to be included along with fiscal notes for certain proposed measures. The sponsor, Senator Sharon Weston Broome, decided not to pursue a bill and is now working with the Legislative Fiscal Office to determine how best to implement the process administratively. The interest in impact statements was evident in earlier work of The Louisiana Child Poverty Prevention Council. Established in 2008 to pursue strategies to reduce child poverty in Louisiana by 50 percent over ten years, the call for poverty impact projections emerged from a 2009 strategic planning session.

Minnesota: The Legislative Commission to End Poverty in Minnesota by 2020 included in its recommendations that the legislature establish a poverty impact statement process for pending bills. It would be a tool to measure the consequences of proposed policy on the number of people in poverty. The assessment would provide policymakers with information as to the effectiveness of competing proposals and facilitate more informed decisions. The Minnesota analysis would also "include impact by race, ethnicity, age, and gender when data is available."[iv] The Commission recommended that poverty impact statements be phased in with a limited number of bills assessed in the first few years so that a methodology could be developed and improved on over time. To determine the effect of proposed legislation on poverty, the statement would define "a significant impact as one that reduces or increases the number of Minnesotans in poverty by at least one-tenth of one percent of the population of Minnesota, as measured by the National

Academy of Sciences modernized poverty measure."[v] The Commission's recommendation was translated into legislation and poverty impact statement bills were introduced in both the House and the Senate in March 2009. Neither made it out of committee. In part, the legislation did not move because its modest implementation cost was viewed as too expensive during a period of large budget cuts.

Wisconsin/Dane County: When the Dane County Task Force on Poverty issued its report of findings and policy recommendations in the fall of 2009, it included a statement that "poverty issues need to be front-burner issues for Dane County government."[vi] The Task Force's top recommendation for policy initiatives is considering "the impact on people in poverty before any decisions (finance, zoning, ordinances, resolutions, and otherwise) are made by the Dane County Board." Part of this would include a poverty impact section to Policy Analysis Statements, which are attached to resolutions and staff reports. The task force chair, Greta Hansen, envisioned the poverty impact statement to not be a lengthy process, but that it would cause policymakers "to pause long enough in the policymaking process to project what the impact will be."[vii] The Human Services Board has been charged with implementing the report's recommendations, but has not yet acted on the impact recommendation.[viii]

Are there other Policy Impacts that could inform Poverty Impact Projections?

Governments in different parts of the world as well as global institutions have more experience than the U.S. with projecting poverty policy impacts:

Global Institutions: The Organization for Economic Cooperation and Development (OECD) developed Poverty Impact Assessments (PIA) in 2005 to provide international aid organizations and their partner nations with the tools to gauge the intended and unintended consequences of donor interventions before they occur. The PIA also provides a direct measurement of how policies will advance towards the Millennium Development Goals that include cutting developing nation poverty in half by 2015. The OECD has released a variety of materials about the tool, called the Ex Ante Poverty Impact Assessment. The OECD tool builds upon others including the World Bank's Poverty and Social Impact Analysis which focuses on the distributional impact of policy reforms.

The World Bank and the International Monetary Fund (IMF) initiated a Poverty Reduction and Strategy Papers (PRSP) approach in 1999 and the individual country plans became a framework for progress towards to the Millennium Goals.[ix] At least 70 nations have participated. In rolling out the Strategy Papers, the IMF established that they are best if accompanied by an upfront analysis that would "inform the choice of policy mix." The promotion of upfront 'poverty and social impact analysis' aimed to "help countries to assess policy alternatives before reforms are implemented and, based on monitoring and evaluation, to reformulate policies as necessary. It will also be useful in informing and facilitating public debate on policy choice."[x] The World Bank has developed and studies a range of related tools.[xi] For example, a tool has been developed to anticipate how price shocks associated with increased food or fuel costs might influence poverty and safety net programs; the predictive strength of a tool that was used to project the likely impacts of a particular poverty reduction strategy was assessed against the actual impacts several years after implementation;[xii] and, PovStat is a web based tool designed to assess how overall economic growth could influence future poverty rates.

Ireland: The first European country to formally adopt a global target for poverty reduction, Ireland released their precedent-setting National Anti-Poverty Strategy in 1997. This included a requirement for "poverty proofing." The proofing process was to assess the impact of certain proposals not just on those who already were poor but on those at risk of falling into poverty. After several years, the poverty proofing practices themselves were assessed. Poverty proofing was found to have raised the awareness of policymakers to the poverty dimensions of policies. The review also recommended some alterations in how the practice was carried out. New guidelines created the Poverty Impact Assessment which emphasizes that in addition to using it for new proposals it also should be undertaken when changes are proposed for pre-existing policies.[xiii] Further it makes clear that income is not the only policy that influences poverty, and such factors as education and health need to be of concern as well.

Impact projections or statements have been undertaken in other arenas and are gaining hold in new ones. Experience with impact statements in other policy arenas could help inform the emerging interest in Poverty Impact Projections.

Fiscal Impact Statements: Since 1974, the Congressional Budget Office has provided fiscal impact statements to inform legislators about the likely costs and benefits of congressional actions. The nonpartisan CBO creates cost estimates for virtually every bill reported by a Congressional committee to show how the legislation would affect spending or revenues over the next five years or more. CBO scoring is a purely economic measure that is particularly highlighted in times like these with a spotlight on the federal budget deficit. Many states have similar practices for their state legislative bodies. The cost estimates, or "scoring," put out by state and national legislative offices allow for comparisons across proposed policies and reflect the impacts of amendments or other changes to the bill throughout the legislative process.

Environmental Impact Statements: The National Environmental Policy Act of 1969 requires federal executive agencies to "analyze and consider the environmental impacts of their proposed actions before they take them, [and] analyze alternatives to the proposed action."[xiv] The impact statement process does not require that the agency picks the alternative that is the least environmentally damaging. However, the process does require that findings be made available to the public. This step allows for public engagement and many times will lead to outside pressure to choose one of the less damaging alternatives.

Health Impact Assessments: HIA have rarely been legislated yet there is a growing movement to predict the health impacts of policy proposals ranging from land use to transportation to job quality.[xv] The primary goal of HIA is to provide information on health impacts and disparities and to make sure all information possible is on the table in decision making and that multiple stakeholders are engaged. On the federal level, the White House Task Force on Childhood Obesity's recommendations to the president include using HIA when considering "built environment policies and regulations on human health."[xvi] In June 2011, the Institute of Medicine issued a report recommending a *health in all policies* approach where "state and federal governments evaluate the health effects and costs of major legislation, regulations, and policies that could have a meaningful impact on health. This evaluation should occur before and after enactment."[xvii] HIA also touch on poverty impacts as health care is one of the three largest expenses for low-income families. Focusing on prevention or mitigating negative health impacts can work to alleviate some of that financial burden for distressed communities.

What are some key considerations in structuring Poverty Impact Projections?

If a legislative body proposes institutionalizing a Poverty Impact Projection for new bills, a variety of issues must be considered, from who should undertake the analysis to how does that get paid for; other organizations undertaking a PIP also have a set of decisions in designing the process. A key factor for all entities is how to avoid establishing just a hoop to jump through and instead creating a tool that effectively contributes to deliberations. Impact statements are tools for encouraging better informed decision making – they do not dictate outcomes. A PIP can be vital information; it does not create wisdom. Some key considerations include:

Community Practice or Legislated Policy: Poverty Impact Projections are conducted at the beginning of the decision making process, before a policy is implemented. A PIP can be legislated but need not be. Executive agencies may have the authority to institute PIPs. In addition, community organizations or research groups can undertake the analysis.

Legislative Triggers that Prompt Projections: When a PIP is legislated, an essential question is whether it is required for every bill that is introduced or a subset of them. In determining a subset, a PIP could be triggered by the policy topic, its cost, its committee of origin, its sponsor or other mechanisms. The proposed federal bill, "Poverty Impact Trigger Act of 2011," is triggered by cost: all bills or joint resolutions with a cost of $10 million or more would set the PIP process in motion. Proposed legislation in Colorado would allow for committee chairs or ranking minority members to request a poverty impact statement for bills that fall under a range of topics. Under the legislation proposed in Minnesota, a PIP would be conducted based on the request of any committee chair or ranking minority member for any bill that "appears as though its enactment could have a significant impact on the economic well-being of low-income Minnesotans."[xviii]

Timing of Impact Projection: PIP can be particularly effective when conducted at the forefront of the decision making process by providing a better sense of the likely impact of a decision. As well, the tools used for PIP at the forefront can be used after the policy is implemented to track progress.

Who is Responsible for Projections: The responsibility for carrying out the PIP analysis can fall on a range of people and organizations. "Who" conducts the projections can influence "how" the results are perceived and accepted. In several poverty impact statement bills, existing legislative analysts would conduct the PIP. Colorado's proposed bill gave the responsibility to the Legislative Council using existing resources to supplement the already required fiscal analysis. The federal bill proposes that a Poverty Impact Division be created within the Congressional Budget Office to conduct the assessments. A number of research organizations have already undertaken poverty impact projections sometimes under government contract. Another potential model for PIP is Human Impact Partners, which is a nonprofit with the mission of building the capacity of organizations to undertake health impact assessments.

Separate, but related to who actually conducts the data analysis, is the question of who oversees and manages utilization of the tool. For example, in Shelby County, Tennessee, which has instituted a Child Impact Statement, promoting the tool is accomplished through the Office of Early Childhood and Youth. The mission of the Office, which does not itself provide direct services, is to attract funding that supports early childhood and youth. A key effort is encouraging county departments to complete child impact assessments to demonstrate the impacts of proposed local resolutions and ordinances.[xix]

Measuring Poverty: Determining the likely impact of a policy on poverty requires several steps; the first is to choose a poverty measure. The official federal poverty measure is widely recognized as outmoded. The income level (or threshold) that defines poverty is based on basic needs developed originally in the 1960s and updated since only for inflation. The measure of family resources considers only gross, pre-tax income. It fails to consider modern sources of income such as the earned income tax credit and fails to adequately factor typical household costs such as child care. Further, the current threshold is generally understood to be set too low.

The National Academy of Sciences as long ago as 1995 set out a series of recommendations to improve measuring poverty. A significant advance is expected soon. The Census Bureau expects to release a preliminary Supplemental Poverty Measure (SPM) in October 2011 that is based on the NAS recommendations. The preliminary SPM would not replace, but would supplement, the current official federal poverty measure. In addition, a number of organizations have developed other kinds of income measures, including designing "income plus" measures which include other elements of well-being (see Appendix A).

Another important consideration is getting state level poverty numbers that parallel the preliminary federal SPM. The federal poverty numbers are based on estimations and for smaller areas extrapolating from those estimations can become problematic. The best source of state level data is the American Community Survey. The Census Bureau has not proposed a state SPM measure using the American Community Survey, but in each state where a PIP has been undertaken the researchers have developed their own procedures.

Estimating Impacts on Poverty: Simulating impact requires several steps. In addition to selecting one or more poverty measures, any PIP process would establish a baseline, collect data and research on the proposed policies, and then run simulations that show how the policy moves the poverty rate from the estimated baseline. Myriad decisions about data underlie each of these basic steps.

Both direct and indirect effects of policies need to be considered. An earned income tax credit, for example, has a direct effect on a family's tax income and on program benefits they might receive. The EITC could also have an indirect effect on labor force participation and earnings.

How Does a Soda Tax Impact Poverty?

A policy's impact on poverty can be complicated to determine, particularly when it can both reduce and increase poverty at the same time. A soda tax illustrates this kind of challenge in determining the net impact on poverty. A soda tax levies a special tax on high sugar, low nutrient beverages to dissuade demand.

The soda tax presents a minimum of three factors to consider regarding poverty impacts:

↑**First**, a sales tax is one of the more regressive forms of taxation, disproportionately affecting low-income people.

↓**Second**, a soda tax could lead to reduced health care costs if it reduces the consumption of sugary drinks and related health problems such that it reduces medical expenses -- one of the biggest items in low income family budgets. As health improves, so too could job retention which would lead to increased earnings and reduced poverty.

→**Third**, a soda tax can generate revenues. Increased revenue from a soda tax could prevent cuts to programs that assist low income families and individuals; or the revenue might not reach low income families.

In designing a poverty impact statement could all three of these consequences be modeled? If data is not available for modeling, but common sense suggests impacts are likely, is there an appropriate way for the PIP to address this?

Workers' total hours might change as could the overall rate of employment. The full picture needs to include estimates of these direct and indirect effects.

Some policies are expected to have immediate anti-poverty impacts, others are longer range. For example, subsidized child care has an immediate effect on parental employment and this can be readily modeled and its poverty impact estimated. In contrast, the long-term effects of generational interventions, such as the future economic gains from early childhood education, are more challenging and costly to model. In part this is because typical models are not built to predict impacts over a generation but for a shorter time frame. A PIP process, however, should not have the perverse effect of removing worthy ideas from consideration because of methodological limitations or costs. Just because something is hard to or costly to measure should not take it out of the policy debate. The PIP process should be transparent on this point.

Whether and how to assess a policy's ripple effect is another tricky yet common question (see Soda Tax sidebar) that analysts need to grapple with, whether the issue is agricultural subsidies or poverty reduction. Most poverty impact analyses undertaken to date also try to stick close to reality and avoid the unforeseeable. Since the timing of business cycles and other major events are generally unpredictable, researchers often simulate impact utilizing the real experience of the recent past.

In addition to projecting impact, a PIP could take on another challenge: providing cost estimations of proposed policies. Cost estimations help assess a policy's cost against its estimated impact. It could be that one policy costs relatively little but has a big impact whereas another with the same impact is vastly more expensive. Further, when the costs are attached to a new or increased benefit, how those costs are distributed can reveal whether the proposal is well targeted.

Reports and Transparency: Once completed, the poverty impact statement process generally results in a report. It should be transparent and explain its methodology and any limitations. The report should play a role in the decision making process to the degree that it forces attention to the issue of poverty and the capacity of the policy to tackle it. The report can also prove a catalyst for wider involvement by a variety of stakeholders.

Role of Community Engagement: Engagement with stakeholders and the community are integral to the process for both the Health Impact Assessments (HIA) promoted by Human Impact Partners and the Poverty Impact Assessments (PIA) mandated in Ireland. The Irish

PIA involves a consultation with stakeholders most likely to be affected by the proposed policy and with experience in the areas that the policy addresses. Human Impact Partners highlights the centrality of community engagement throughout the process as a means to build relationships and connections, as well as empower the community in decisions vital to its well-being.

"When I give an anti-poverty talk in the community, I can tell the audience thinks I'm trying to sprinkle fairy dust to transport them to an unimaginable world where it's possible to end poverty. That's until I start talking concretely, using the Minnesota projections that predict how much a set of specific policies would cut poverty. I show them how our commitment to just a few policy initiatives can cut poverty by 30 percent and that gets people excited. The linear argument and the actual numbers help move people from viewing poverty as intractable to seeing poverty reduction as achievable. That's a changed public mindset."

Brian Rusche, Executive Director
Joint Religious Legislative Coalition
Minnesota

Conclusion

Poverty Impact Projections (PIP) are gaining traction around the nation as a way to better grasp whether and how much proposed policies will reduce poverty. As our nation grapples with both an economy premised on high levels of low wage work and with the aftermath of the Great Recession, we need a marketplace of ideas on how to most effectively reduce poverty and enhance opportunity.

In the United States, projecting the impacts of policies on poverty is relatively new compared to other arenas such as health and environmental impacts. Internationally, there is a wealth of experience with poverty reduction and projections that could offer insights beyond methodology into such critical issues as how best to engage stakeholders and how to address policy proposals in the face of data limitations. We have a lot to learn. CLASP expects to continue to track developments and invites you to let us know your news and questions about PIP.

"PIP is a tool, a handle, a hook. It isn't a bill, a law or a movement; but it can be an important step at the forefront of action. The economic modeling made a difference; the findings were utilized in community organizing, particularly a drive to use SNAP (food stamp) employment and training funds. Significantly, it was used by the Governor in determining her budget allocations and policy direction for vulnerable children and was central to the Poverty and Prevention Council's decision to prioritize early care and education , housing and safety net commitments."

Elaine Zimmerman
Executive Director
Connecticut Commission on Children

Appendix A. Measures of Poverty

INCOME MEASURES

Official Federal Poverty: compares pre-tax income to a threshold (the poverty "line"), which varies by family size The threshold is three times the cost of the "Economy Food Plan," which was developed in the 1960s and is adjusted annually for inflation based on the Consumer Price Index. Calculations and tracking are done by the Census Bureau

Supplemental Poverty Measure: compliments the current official poverty measure and modernizes the calculations based on recommendations made by the National Academy of Sciences. The SPM defines family resources as cash and "near-cash" government assistance and after tax income with work-related expenses and medical out-of-pocket expenses subtracted. The threshold is adjusted annually by the change in expenditures of these items and adjusted geographically due to differences in housing costs. The threshold is calculated using the 33rd percentile of the median. Census is expected to release a preliminary SPM in October 2011.

Self Sufficiency Standard: calculates the income working adults need to meet their basic needs without public subsidies or any private or informal assistance. The measure was developed in the 1990s by Wider Opportunities for Women.

Basic Economic Security Tables: measures the assets and basic needs required for a worker to have economic security over a lifetime and across generations by family type. BEST was released in 2011 by Wider Opportunities for Women.

Wisconsin Poverty Measure (BEST): provides an alternative similar to the SPM with the addition of state specific income support programs, such as the Wisconsin Homestead Credit, included in a family's measured resources. Created by the Institute for Research on Poverty at the University of Wisconsin-Madison.

New York City and State Measures: The CEO Poverty Measure provides an alternative similar to the SPM with the addition of New York City specific data including an adjustment for the relatively high cost of living in New York City. It was created by the City's Center for Economic Opportunity. A state level measure has also been developed. The Office of Temporary and Disability Assistance developed a measure which closely follows the methods developed by CEO. The main difference is that the NYS measure uses special tabulations of HUD administrative data to estimate the value of housing subsidies and estimates separate thresholds for each county in NYS based on differences in the costs of housing

Urban Institute: utilizes an alternative poverty measure close to SPM and incorporating the Transfer Income Model (TRIM3), which is a microsimulation model that can produce results from the individual to the national level.

INCOME PLUS MEASURES

OpportunityNation: will be releasing an Opportunity Score Card in November 2011. OpportunityNation, a campaign of Be The Change, Inc., will introduce a scorecard by state and county that identifies the extent to which communities provide assets for their residents (such as good schools, safe neighborhoods, etc.) proven to be most valuable for economic opportunity and upward mobility. This scorecard was developed in partnership with the American Human Development Project.

Half in Ten Campaign: is releasing a report in the fall of 2011 with a set of indicators of how the United States is faring and the index that they will use in measuring progress toward the goal of halving poverty by 2020. The indicators will fall into three categories: creating good jobs, promoting economic security, and strengthening families.

American Human Development Index: The American Human Development Index, an alternative to purely economic measures, is a composite measure of health, education and standard of living modified from the Human Development Index. The index provides the ability to compare across regions, sex, and racial and ethnic groups with a standard numerical 1-10 scale for each of the three dimensions. The Index uses life expectancy at birth to measure health, a combination of educational attainment and school enrollment to measure education, and the median personal earnings of all full- and part-time adult workers as reported in the American Community Survey is used for the income index.

Appendix B. Poverty Impact Projections: Legislative Proposals*

Jurisdiction	United States	California	Minnesota	Colorado
Bill	H.R. 385 – Poverty Impact Trigger Act of 2011 (Rep. Lee – CA)	AB 2556 (Rep. Jones)	HF 1818 (Rep. Mariani)/ SF 1558 (Sen. Marty)	HB 11-1078: Concerning the request of poverty impact statements regarding legislative measures (Rep. Kefalas)
Status	2011: Introduced in the House on Jan. 20; Referred to Committee on Rules and the Committee on the Budget (Bill also introduced in 2005, 2007, and 2009)	2006: Introduced Feb. 23; Passed the Assembly May 31 and Senate Aug. 22; Vetoed by Gov. Schwarzenegger on Sept. 30	2009: HF 1818 introduced Mar. 16; SF 1558 introduced and referred to Senate Finance Committee Mar. 16 2010: HF 1818 Referred to House Finance Committee	2011: Introduced in the House and assigned to House Committee on State, Veterans, & Military Affairs on Jan.19; Committee postpones indefinitely Feb. 9
Who requests?	Automatically required for any bill or joint resolution involving appropriations of $10 million or more	Required Legislative Analyst to report on how Governor's budget proposal would impact the goal of reducing child poverty	Any committee chair or ranking minority member	Any committee chair or ranking minority member
Analysis	Congressional Budget Office Poverty Impact Division (created by the legislation)	California Legislative Analyst	Commissioner of the state department with jurisdiction over the bill's subject matter	Legislative Council staff
Measure	Federal Poverty Line (FPL); the bill defines threshold as an income level below 200 percent of the FPL	FPL	National Academy of Sciences (NAS) modernized poverty measure	FPL; and NAS measure may be used when the methodology is available in the state
Criteria	Any bill or joint resolution requiring an appropriation of $10 million or more	Required for Governor's budget proposal	Any proposed bill that "appears as though its enactment could have a significant impact on the economic well-being of low-income Minnesotans"	Any bill that would: • Affect child and family poverty; • Build the assets and financial security of the state's residents; • Increase preschool through postsecondary educational opportunities • Expand the state's work force with quality jobs that meet private sector needs; • Allow for cooperation with community-based organizations where appropriate; • Establish fair, sustainable, and targeted tax policies; and • Address work support issues for the state's residents such as child care, housing, utilities, health, and food security.

CLASP thanks the Colorado Children's Campaign for their earlier charting of much of this information
*Louisiana [see p. 5] had a bill filed; the sponsor is now pursuing an administrative process

Endnotes

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Acknowledgements

We wish to thank our reviewers for their comments and input: Patrick Guyer, Sarah Burd-Sharps, and Kristen Lewis with the American Human Development Project; Shelia Zedlowski and Linda Giannarelli with the Urban Institute; Mark Levitan with the Center for Economic Opportunity; Indivar Dutta-Gupta with the Center for Budget and Policy Priorities; George Falco with the New York State Office of Temporary and Disability Assistance; Yiyoon Chung with Institute for Research on Poverty at the University of Wisconsin-Madison; and the Colorado Children's Campaign.

While we are grateful to the contributions of our reviewers, the authors are solely responsible for the content.