

Executive Summary

Researchers have increasingly used measures of material hardship to examine the well-being of low-income families, especially in the context of welfare reform. These measures employ direct indicators of consumption and physical living conditions to examine whether families meet certain basic needs. In many cases, material hardship measures have been used to supplement more traditional income-based poverty measures, such as household income and the federal poverty level. However, researchers and policymakers interested in material hardship face methodological challenges in developing and using hardship measures and neither a commonly accepted definition nor a standard approach to its measurement has emerged.

In light of increased interest in material hardship measurement, the U.S. Department of Health and Human Services' Office of the Assistant Secretary for Planning and Evaluation (ASPE) developed a project to advance the study of material hardship. The project convened a series of workgroup meetings with federal researchers and a subsequent roundtable meeting, involving people inside and outside of the government, to gain insights and input on material hardship measurement. This report responds to roundtable meeting participant recommendations for: 1) additional syntheses of what is known about material hardship and its application to research with low-income families with children; and 2) further analyses of the measures that have most often been used to assess material hardship. Specifically, the report discusses:

- Why researchers and policymakers are interested in measuring material hardship;
- The challenges associated with defining and measuring material hardship and, based on a synthesis of the literature, practical suggestions for developing measures of material hardship;
- What we know about some of the material hardship indexes that have been used to date in domestic research; and
- New analyses of the SIPP for the purpose of furthering our understanding of material hardship measurement among families with children.

The report's goal is to pull together, in one place, the various strands of research and thinking on defining and measuring material hardship in the US, with an emphasis on how this has been applied to low-income families with children.

The Value of Hardship Measures

Material hardship measures allow researchers and policymakers to assess the challenges families face when they have limited income and resources. The proponents of material hardship measures see them as an important complement to income-based measures and as providing a different picture of the extent to which families are able to meet their basic needs. Poverty is not a unidimensional concept and the relationships between income, expenditures, consumption, and material hardship are complex. Changes in income may not result in parallel changes in the distribution of material well-

being or hardship and, as a practical matter, different populations of people may be identified when different measures are used.

In addition, differences in household living standards are not fully explained by current income. For example, income-based measures do not account for wealth, debt, or access to credit – all of which may be used to help meet families’ basic needs. Income’s ability to provide a meaningful picture of household resources is further limited by the reliability of the data used to construct income-based measures.

Finally, measures of material hardship also are a useful tool for policy analysis and program evaluation. This is especially the case with the growth in “in-kind” benefits and services relative to cash transfers, and in the wake of recent welfare reform policies. Moreover, these measures have been portrayed as “making more sense” to the public and policymakers than the official poverty statistic, which has been characterized as providing a less concrete sense of the living conditions of the poor and non-poor. As noted by one group of researchers, measuring material hardship gets at the issue of, “what does it mean to be poor,” by examining families’ living conditions and the extent to which they meet their basic needs.

Defining and Measuring Hardship

Consensus has not been reached on the definition and measurement of material need. While there is some agreement on how need may be defined within a specific domain, such as food security, researchers struggle with how to assess families’ overall material hardship experience across multiple aspects of need. As a result, different definitions of material hardship have emerged.

Based on a synthesis of research by European and US researchers, this report suggests some practical guidelines for developing a common definition of material need and identifying a standard below which people experience material hardship. First, direct measures should be used to assess the extent to which people are able to meet their needs. These are different from the income-based measures used to assess poverty. Second, the measures should start with basic physical needs that are related to physiological functioning in order to strengthen the claim that their absence represents a true hardship. Focusing on material needs that are essential to survival – basic levels of shelter, medical care, food and clothing – reduces the influence of personal preferences on observed living conditions.

These guidelines are a starting point for future discussion on how to define material hardship. However, there are still important differences in researchers’ views on what constitutes material need and a corresponding threshold for material hardship. Further work is needed in improving scientific knowledge regarding which hardships cause negative outcomes, as well as in developing societal consensus about what represents a true material hardship. Additionally, there are other aspects of measurement and analysis that require further clarification: choosing appropriate constructs for measuring need; selecting reliable and valid measures; and, deciding how to summarize a wide array of potential measures into a smaller, more manageable number of measures, or a material hardship index.

Material Hardship Indexes

A number of researchers have developed material hardship indexes. These indexes share some similarities: 1) they all define hardship in terms of direct measures of families' experiences and actual living conditions; and 2) they all include a core set of basic needs and food security indicators. Additionally, the majority of the hardship indexes examined in this report use data from the Survey of Income and Program Participation (SIPP).

Despite these similarities, however, there is considerable variability in the number and types of indicators (e.g., food security, housing quality) researchers have included in their material hardship indexes. Even in cases where all studies use the same basic indicator, researchers use different questions and combinations of questions to construct these indicators. Furthermore, although many researchers have used data from the SIPP in their hardship indexes, not much is known about whether these measures are “valid” measures of material hardship among families with children and how they should be combined to form a hardship index.

The variability in how researchers have constructed their indexes makes it difficult to determine whether there has been movement by researchers towards a “core” set of indicators or measures of material hardship. The differences among hardship indexes also makes it difficult to compare the results from these studies – both for specific aspects of hardship such as food or housing, and for overall material hardship.

Measuring Hardship Using the SIPP

Descriptive analyses of the SIPP measures most frequently used to assess material hardship show that these measures are potentially useful indicators of material hardship among families with children, particularly those with household incomes less than 100 percent of the federal poverty level. These results indicate that the measures included in the SIPP generally correspond to notions about hardship: they are more prevalent among households with low household income and liquid assets, and among households headed by single adults. Specifically:

- Families with children who have low incomes and limited assets experience basic needs, food security, and housing safety hardships more often than their counterparts with higher incomes and assets.
- For the most part, basic needs and food security hardships are equally prevalent among rural and urban households; however, when controlling for income, rural households are less likely to experience these types of hardships.
- Families that are headed by a single adult are more likely to experience basic needs or food security hardships than households with married adults or other types of households with multiple adults.