

119TH CONGRESS
2D SESSION

S. 3756

To require the Bureau of the Census, in measuring poverty, to incorporate the distributional analysis of household income used by the Congressional Budget Office, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 2, 2026

Mr. KENNEDY introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

A BILL

To require the Bureau of the Census, in measuring poverty, to incorporate the distributional analysis of household income used by the Congressional Budget Office, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Poverty Statistics En-
5 hancement Act”.

6 **SEC. 2. DEFINITIONS AND SPECIAL RULES.**

7 In this Act:

1 (1) ADMINISTERING AGENCY.—The term “ad-
2 ministering agency” means a Federal, State, or local
3 governmental agency responsible for assessing in-
4 come, collecting revenue, administering a benefit, or
5 collecting, compiling, and analyzing data related to
6 income assessments, revenue collections, or benefits
7 administration.

8 (2) DIRECTOR.—The term “Director” means
9 the Director of the Bureau of the Census.

10 (3) EARNED INCOME.—

11 (A) IN GENERAL.—The term “earned in-
12 come” means income paid to individuals from
13 the following:

14 (i) Earnings from employment or self-
15 employment, including employment by a
16 governmental entity to perform specific
17 services, with continued employment condi-
18 tional on successful delivery of those serv-
19 ices.

20 (ii) Interest.

21 (iii) Dividends.

22 (iv) Rents, royalties, and estates and
23 trusts.

24 (v) Realized capital gains.

1 (vi) The monetary value of employer-
2 paid benefits, including—

3 (I) health insurance premiums;

4 (II) the actuarial value of—

5 (aa) employer-funded health
6 insurance net of employee con-
7 tributions;

8 (bb) life insurance pre-
9 miums;

10 (cc) contributions to a
11 health savings account (as de-
12 fined in section 223(d) of the In-
13 ternal Revenue Code of 1986);

14 (dd) contributions to a
15 qualified cash or deferred ar-
16 rangement (as defined in section
17 401(k)(2) of such Code);

18 (ee) contributions to an indi-
19 vidual retirement plan (as de-
20 fined in section 7701(a)(37) of
21 such Code); and

22 (ff) employer contributions
23 to a defined contribution retire-
24 ment plan (as defined in section
25 414(i) of such Code);

1 (III) benefits from a defined ben-
 2 efit retirement plan (as defined in sec-
 3 tion 414(j) of such Code) at the time
 4 the benefits are delivered;

5 (IV) benefits provided to govern-
 6 ment employees tied specifically to
 7 their employment, including veterans
 8 benefits; and

9 (V) other benefits paid by an em-
 10 ployer during retirement, including
 11 pensions, healthcare coverage, and
 12 other benefits, counted at the time at
 13 which the benefit is received.

14 (vii) In-kind compensation such as
 15 cost-free or reduced-cost lodging or meals,
 16 except for items required by the employer
 17 for performing work, such as uniforms or
 18 personal protective equipment.

19 (B) SPECIAL RULES FOR EARNED IN-
 20 COME.—

21 (i) ADJUSTMENTS GENERALLY.—For
 22 purposes of subparagraph (A), all types of
 23 earned income shall be reconciled and ad-
 24 justed to known, reliable independent
 25 benchmarks, including benchmarks pro-

duced by statistical agencies, programmatic agencies, the Internal Revenue Service, private sources, and such other sources as the Director determines appropriate.

(ii) READJUSTMENTS.—In addition to adjusting earned income under clause (i), additional adjustments shall be made for missing and misreported data based on existing and future research by the Bureau of the Census, other government agencies, academic researchers, and other private research.

(4) GOVERNMENT TRANSFER PAYMENTS.—

(A) IN GENERAL.—The term “government transfer payments” means any money, goods, services, or discounts provided to individuals, families, or households by or at the direction of Federal Government or State, local, or other government sources, including agencies and agents thereof, or by private entities at the direction of any such source, that are not payments for services performed as an employee or that are not provided equally to all legal residents of the United States without any condi-

tions related to income, assets, economic status, age, social condition, or any other restriction.

(B) INCLUSIONS.—The term “government transfer payments” includes the following:

(i) Unemployment insurance compensation.

(ii) Workers’ compensation.

(iii) Benefits administered by the Social Security Administration, including—

(I) old-age insurance benefits and disability insurance benefits under title II of the Social Security Act (42 U.S.C. 401 et seq.); and

(II) supplemental security income benefits under title XVI of such Act (42 U.S.C. 1381 et seq.).

(iv) Benefits under the Railroad Retirement Act of 1974 (45 U.S.C. 231 et seq.).

(v) Other disability benefits from government, except those provided to government employees as part of their employment compensation.

(vi) Benefits provided under the Medicare program under title XVIII of the So-

1 cial Security Act (42 U.S.C. 1395 et seq.),
 2 including any income-related subsidy de-
 3 scribed in section 1860D–14 of such Act
 4 (42 U.S.C. 1395w–114), and any other re-
 5 duction in premiums or cost sharing, such
 6 as deductibles, copayments, or coinsurance
 7 under such title.

8 (vii) So much of the amount of any
 9 income tax refund paid to a taxpayer
 10 which is attributable to—

11 (I) the earned income credit
 12 under section 32 of the Internal Rev-
 13 enue Code of 1986;

14 (II) the child tax credit under
 15 section 24 of such Code; and

16 (III) any other refundable credit
 17 under subpart C of part IV of sub-
 18 chapter A of chapter 1 of such Code.

19 (viii) Assistance or benefits provided
 20 under the Temporary Assistance for Needy
 21 Families program established under part A
 22 of title IV of the Social Security Act (42
 23 U.S.C. 601 et seq.).

24 (ix) Medical assistance provided under
 25 the Medicaid program established under

1 title XIX of the Social Security Act (42
2 U.S.C. 1396 et seq.).

3 (x) Child health assistance or preg-
4 nancy-related assistance provided under
5 the State Children's Health Insurance Pro-
6 gram established under title XXI of the
7 Social Security Act (42 U.S.C. 1397aa et
8 seq.).

9 (xi) Benefits provided pursuant to an
10 Indian health program (as defined in sec-
11 tion 4 of the Indian Health Care Improve-
12 ment Act (25 U.S.C. 1603)).

13 (xii) Premium tax credits under sec-
14 tion 36B of the Internal Revenue Code of
15 1986, cost-sharing reduction payments
16 under section 1402 of the Patient Protec-
17 tion and Affordable Care Act (42 U.S.C.
18 18071), or any other payment that reduces
19 the premium amount paid by the enrollee.

20 (xiii) Any other government payments
21 to assist in purchasing medical care or
22 health insurance.

23 (xiv) Benefits under the supplemental
24 nutrition assistance program established

1 under the Food and Nutrition Act of 2008
2 (7 U.S.C. 2011 et seq.).

3 (xv) Free and reduced price meals
4 provided under the Richard B. Russell Na-
5 tional School Lunch Act (42 U.S.C. 1751
6 et seq.) and section 4 of the Child Nutri-
7 tion Act of 1966 (42 U.S.C. 1773).

8 (xvi) Benefits and services provided
9 under the special supplemental nutrition
10 program for women, infants, and children
11 established by section 17 of the Child Nu-
12 trition Act of 1966 (42 U.S.C. 1786).

13 (xvii) Meals provided under the child
14 and adult care food program established
15 under section 17 of the Richard B. Russell
16 National School Lunch Act (42 U.S.C.
17 1766).

18 (xviii) Rental assistance under section
19 8 of the United States Housing Act of
20 1937 (42 U.S.C. 1437f), including housing
21 choice vouchers and project-based rental
22 assistance.

23 (xix) Assistance provided by the Rural
24 Housing Service of the Department of Ag-
25 riculture, including rental assistance.

1 (xx) Assistance (including services)
 2 under the Low-Income Home Energy As-
 3 sistance Program, established under the
 4 Low-Income Home Energy Assistance Act
 5 of 1981 (42 U.S.C. 8621 et seq.).

6 (xxi) A Federal Pell Grant under sec-
 7 tion 401 of the Higher Education Act of
 8 1965 (20 U.S.C. 1070a).

9 (xxii) So much of the American Op-
 10 portunity Tax Credit under section 25A of
 11 the Internal Revenue Code of 1986 as is
 12 allowed under subsection (i) thereof.

13 (xxiii) Such other transfers by or at
 14 the direction of Federal Government or
 15 State, local, or other government sources
 16 that the Director determines to be con-
 17 sistent with subparagraph (A) using avail-
 18 able data sources.

19 (5) INCOME TAX DATA.—The term “income tax
 20 data” means return information, as defined in sec-
 21 tion 6103(b)(2) of the Internal Revenue Code of
 22 1986 (26 U.S.C. 6103(b)(2)).

23 (6) STATISTICAL AGENCY.—The term
 24 “statistical agency” means—

1 (A) the Bureau of Labor Statistics of the
2 Department of Labor;

3 (B) the Bureau of Economic Analysis of
4 the Department of Commerce; and

5 (C) any other Federal, State, or local gov-
6 ernment entity that collects, processes, or pub-
7 lishes data related to any of the components of
8 income covered by this Act.

9 (7) TAXES.—

10 (A) IN GENERAL.—

11 (i) GENERAL DEFINITION.—The term
12 “taxes” means all money revenues paid by
13 individuals, families, or households to the
14 Federal Government or a State, local, or
15 other government either directly or indi-
16 rectly through an employer or other entity
17 based on their earnings from employment,
18 savings, investing, real estate, trusts, or
19 other sources or on the value, ownership,
20 or usage of real estate property, personal
21 property, other assets of any kind, or pur-
22 chases of goods and services (including
23 both real and financial).

24 (ii) INCLUSIONS.—The term “taxes”
25 includes—

- 1 (I) employment taxes under sub-
2 title C of the Internal Revenue Code
3 of 1986 (whether paid by the em-
4 ployer or employee);
- 5 (II) income taxes, including taxes
6 on investment income;
- 7 (III) corporate income taxes allo-
8 cated to shareholders based on best
9 research on share of corporate taxes
10 that reduce dividends;
- 11 (IV) corporate income taxes allo-
12 cated to employees based on best re-
13 search on share of corporate taxes
14 that reduce compensation;
- 15 (V) self-employment income and
16 payroll taxes;
- 17 (VI) property taxes;
- 18 (VII) capital gains taxes;
- 19 (VIII) estate taxes;
- 20 (IX) inheritance taxes;
- 21 (X) gift taxes;
- 22 (XI) sales taxes, use taxes, value
23 added taxes, or any other fee collected
24 by government on sales of any goods

1 or any services (either real or finan-
 2 cial) to households or individuals;

3 (XII) excise taxes paid either
 4 separately or included as part of the
 5 price paid for a good or service;

6 (XIII) tariffs and duties paid ei-
 7 ther directly or as part of the price
 8 paid for a good or service; and

9 (XIV) such other sources of
 10 money revenues that the Director de-
 11 termines to be consistent with clause
 12 (i).

13 (B) SPECIAL RULES FOR DETERMINING
 14 AMOUNTS OF TAX.—

15 (i) IN GENERAL.—For purposes of
 16 subparagraph (A), totals of taxes shall be
 17 reconciled and adjusted to sum to total tax
 18 and other revenue income available from
 19 other reliable sources, including the Office
 20 of Management and Budget, the Depart-
 21 ment of the Treasury, and the Bureau of
 22 Economic Analysis.

23 (ii) TREATMENT OF TAX CREDITS.—
 24 With respect to any taxpayer:

1 (I) The amount of taxes paid
 2 shall be determined without regard to
 3 any refund paid to the taxpayer which
 4 is attributable to any refundable cred-
 5 it under subpart C of part IV of sub-
 6 chapter A of chapter 1 of the Internal
 7 Revenue Code of 1986.

8 (II) The amount of any refund
 9 paid to the taxpayer which is attrib-
 10 utable to any such refundable credit
 11 shall be treated as a government
 12 transfer payment in accordance with
 13 paragraph (3).

14 **SEC. 3. ADJUSTMENT OF CENSUS INCOME INEQUALITY**
 15 **CALCULATION.**

16 (a) NEW METHODOLOGY.—

17 (1) IN GENERAL.—Not later than 1 year after
 18 the date of enactment of this Act, the Director, in
 19 consultation with the heads of other appropriate
 20 Federal, State, and local agencies, as determined by
 21 the Director, shall implement a new methodology to
 22 measure poverty, in addition to the Official Poverty
 23 Measure and the Supplemental Poverty Measure,
 24 that—

1 (A) uses the methodology outlined in the
2 report of the Congressional Budget Office titled
3 “Reconciling the Official Poverty Measure and
4 CBO’s Distributional Analysis of Household In-
5 come”; and

6 (B) measures the income of an individual
7 as the amount equal to—

8 (i) the sum of earned income and gov-
9 ernment transfer payments received by the
10 individual, less

11 (ii) the taxes paid by the individual.

12 (2) RESOLUTION OF POTENTIAL CONFLICT.—

13 To the extent of any conflict between the require-
14 ments under subparagraphs (A) and (B) of para-
15 graph (1), the requirement under such subparagraph
16 (A) shall supersede the requirement under such sub-
17 paragraph (B).

18 (b) AGENCY DATA.—

19 (1) FEDERAL AGENCIES.—Not later than 180
20 days after the head of a Federal agency receives a
21 request from the Director for data possessed or rea-
22 sonably obtainable by such Federal agency for car-
23 rying out this section, such head shall make avail-
24 able to the Director such data to the extent other-
25 wise permitted by law.

1 (2) STATE AND LOCAL AGENCIES.—The Direc-
2 tor may request the head of a State or local agency
3 that is an administering agency to provide such data
4 as the Director determines necessary to carry out
5 this section.

6 (c) PUBLICATION OF DATA.—

7 (1) DATA REPORT.—Not later than 1 year after
8 the date on which the Director implements the new
9 methodology required under subsection (a), the Di-
10 rector shall submit to Congress a report detailing
11 the implementation of this Act, including the avail-
12 ability and quality of data from the administering
13 agencies from which the Director has requested in-
14 formation for carrying out this section.

15 (2) MEASUREMENT REPORT.—

16 (A) IN GENERAL.—Not later than 1 year
17 after the date on which the Director implements
18 the new methodology required under subsection
19 (a), the Director shall submit to Congress a re-
20 port detailing the implementation of this Act,
21 including—

22 (i) the recalculated measures of in-
23 come inequality based on the new calcula-
24 tion methodology implemented under sub-
25 section (a);

1 (ii) a comparison between the recal-
2 culated measures of income inequality and
3 of household income dispersion based on
4 the new calculation methodology imple-
5 mented under subsection (a) and such
6 measures based on the calculation meth-
7 odologies in use for such measures on the
8 day before the date on which such new cal-
9 culation methodology was implemented;
10 and

11 (iii) a comparison between each sta-
12 tistic tracked by the Bureau of the Census
13 based on the new calculation methodology
14 implemented under subsection (a) and
15 such statistic based on the calculation
16 methodologies in use for such statistic on
17 the day before the date on which such new
18 calculation methodology was implemented.

19 (B) DATA SOURCES.—

20 (i) IN GENERAL.—The Director shall
21 use the best available data sources in cre-
22 ating the report required under subpara-
23 graph (A), including the use of surveys
24 previously collected by the Bureau of the
25 Census, data from other statistical agen-

1 cies, data from private sources, and, in
 2 cases of missing or unknown data, statis-
 3 tical imputations.

4 (ii) SURVEY AUGMENTATION.—In car-
 5 rying out clause (i), the Director may aug-
 6 ment surveys being carried out by the Bu-
 7 reau of the Census or the Bureau of Labor
 8 Statistics of the Department of Labor.

9 (3) STATISTICS PUBLICATION.—For all publica-
 10 tions and data sets issued after the date on which
 11 the Director implements the new methodology re-
 12 quired under subsection (a), the Director shall use
 13 such new calculation methodology to calculate each
 14 instance of each measure or statistic based on such
 15 methodology, including each historical instance.

16 (d) PROTECTION AND DISCLOSURE OF PERSONALLY
 17 IDENTIFIABLE INFORMATION.—

18 (1) IN GENERAL.—The security, disclosure, and
 19 confidentiality provisions set for in sections 9 and 23
 20 of title 13, United States Code, shall apply to per-
 21 sonally identifiable information obtained by the Bu-
 22 reau of the Census pursuant to this Act.

23 (2) RESTRICTED ACCESS TO PERSONALLY
 24 IDENTIFIABLE INFORMATION.—Access to personally
 25 identifiable information collected to supplement the

1 restricted-use Current Population Survey Annual So-
2 cial and Economic Supplements in accordance with
3 subsection (b)(1) shall be available only to those who
4 have access to the Current Population Survey data
5 with the permission of the Bureau of the Census and
6 in accordance with any other applicable provision of
7 Federal and State law.

8 (3) CRIMINAL PENALTIES.—Any individual who
9 knowingly accesses or discloses personally identifi-
10 able information in violation of this section shall be
11 fined not more than \$300,000, imprisoned for not
12 more than 5 years, or both.

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