How Census Measures Poverty

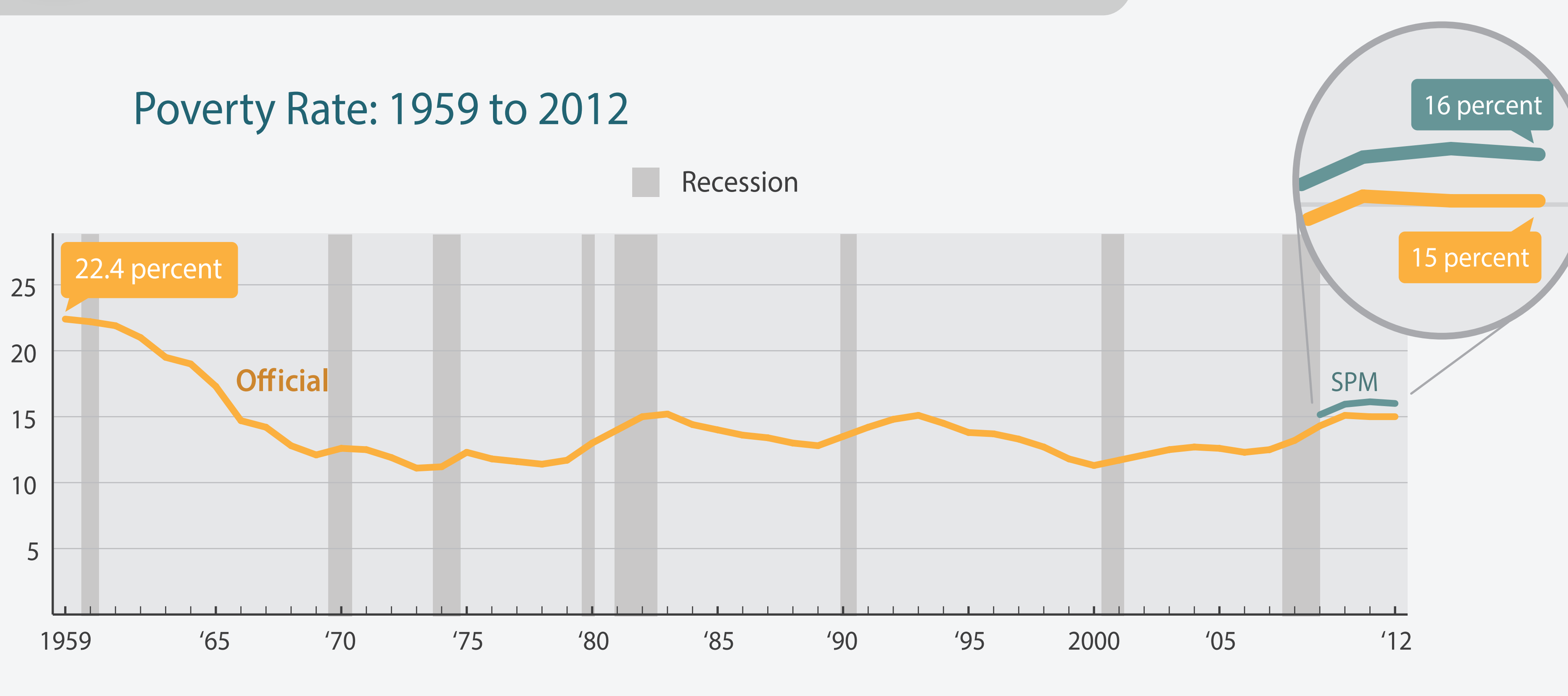
The Census Bureau releases two reports every year that describe who is poor in the United States. The first report calculates the nation's official poverty measure based on cash resources. The second is known as the supplemental poverty measure (SPM) and takes account of cash resources and noncash benefits from government programs aimed at low income families.

In 2012, there were 46.5 million people in poverty.

The Official Measure

The United States has an **official** measure of poverty**.** The current official poverty measure was developed in the early 1960s when President Lyndon Johnson declared war on poverty. This measure does not reflect the key government policies enacted since that time to help low-income individuals meet their needs.

Poverty Rate: 1959 to 2012

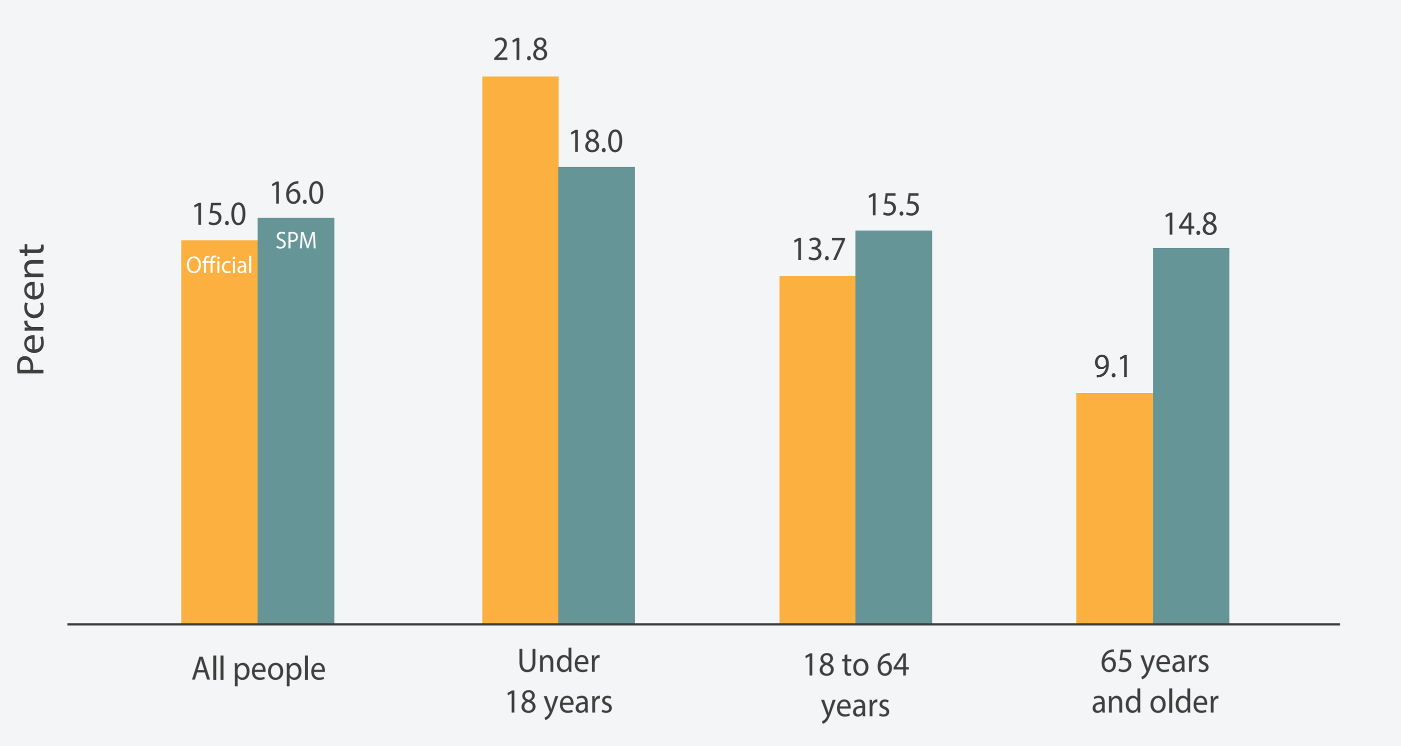


Note: The data points are placed at the midpoints of the respective years.
Source: U.S. Census Bureau, Current Population Survey, 1960 to 2013 Annual Social and Economic Supplements.

The Supplemental Measure

There is now a second measure of poverty called the **Supplemental Poverty Measure (SPM)**. Every year since 2010, the Census Bureau has released a report describing the SPM. The SPM extends the official poverty measure by taking account of government benefits and necessary expenses like taxes that are not in the official measure. In 2012, the SPM rate was slightly higher than the official rate, identifying 49.7 million people as poor. This was 16 percent of the population.

2012 Poverty Rates by Age Group



Source: Current Population Survey, 2013 Annual Social and Economic Supplement.

For both measures, individuals are considered poor if the resources they share with others in the household are not enough to meet basic needs.

But the two measures are very different.

Official Measure | Supplemental Measure

Who shares resources?

The two measures make different assumptions about who shares resources. The SPM assumes that more people in a household share resources with one another.

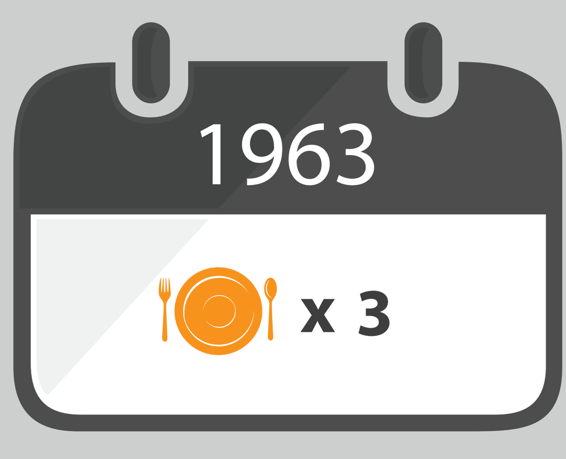
The official measure of poverty assumes that all individuals residing together who are related by birth, marriage, or adoption share income.

The SPM starts with the family and then adds some unrelated people such as foster children and unmarried partners.

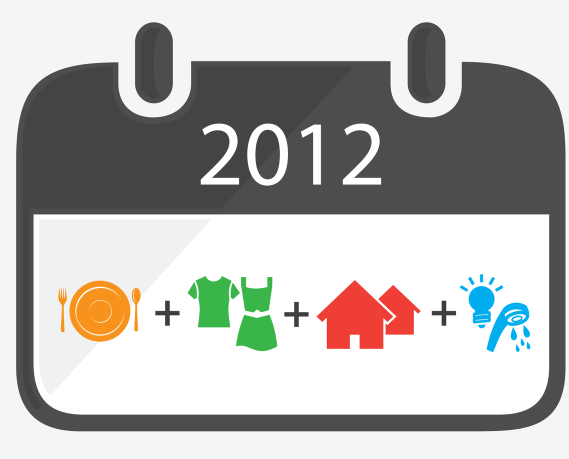
How do we measure needs?

The **poverty threshold**, or **poverty line**, is the minimum level of resources that are adequate to meet basic needs.

The official measure uses three times the cost of a minimum food diet in 1963 in today's prices.



The SPM uses information about what people spend today for basic needs— food, clothing, shelter, and utilities.



Are needs the same in New York and Mississippi?

Poverty thresholds for both measures are adjusted to reflect the needs of families of different types and sizes. Only the SPM thresholds take account of geographic differences in housing costs.

Yes, the official poverty threshold is the same throughout the United States. In 2012, the poverty threshold for a family with two adults and two children was $23,283*.

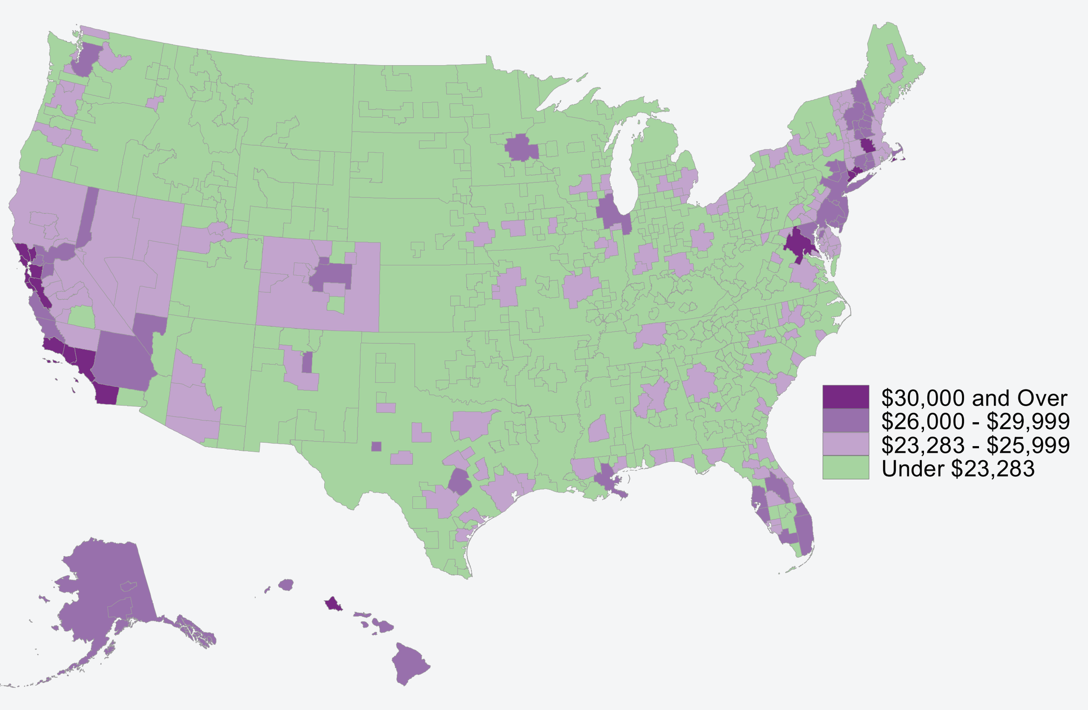
No, SPM thresholds vary based on several factors such as place of residence and whether it is a rental unit or purchased property or home with a mortgage. The map below shows the SPM thresholds for renters with two adults and two children in 2012.

2012 Official Poverty Thresholds
(Two Adults and Two Children)

Source: DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica C. Smith. Income, Poverty, and Health Insurance Coverage in the United States: 2012. U.S. Census Bureau, Current Population Reports, P60-245, U.S. Government Printing Office, Washington DC, September 2013.

*Revised since first release on Jan. 7, 2014. Original number was $22,283.

2012 SPM Poverty Thresholds for Renters
(Two Adults and Two Children)



Sources: Geographic adjustments based on housing costs from the American Community Survey 2007-2011. Base thresholds are from the Bureau of Labor Statistics <www.bls.gov/pir/spm/spm_thresholds_2012.htm>.

What resources do people have to meet their needs?

What we count as available resources differs between the two poverty measures.

The official measure uses cash income, such as wages and salaries, Social Security benefits, interest, dividends, pension or other retirement income.

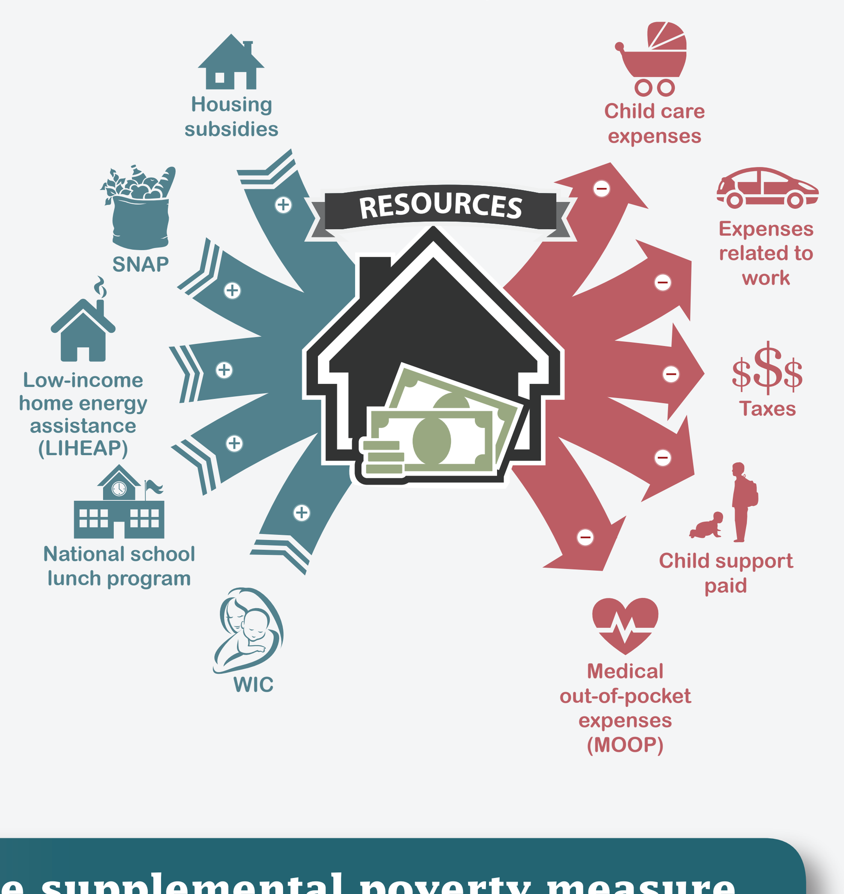
The SPM starts with cash income, then...

ADDING BENEFITS

The SPM adds benefits from the government that are not cash but help families meet their basic needs.

SUBTRACTING EXPENSES

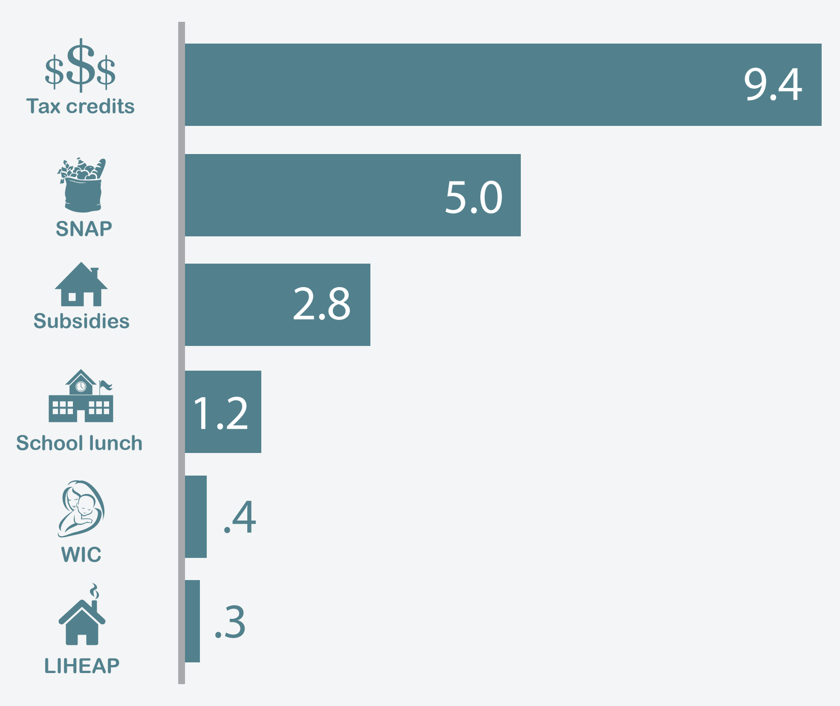
The SPM subtracts necessary expenses like taxes, health care, commuting costs for all workers, and child care expenses while parents work.



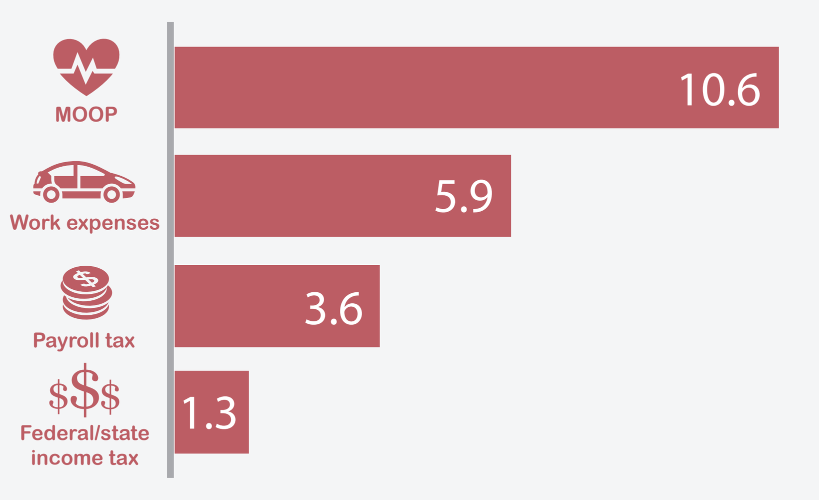
Unlike the official, the supplemental poverty measure accounts for noncash government benefits and living expenses in determining who is poor.

The SPM calculates the number of people affected by tax credits and government benefits. It also shows the effect of necessary expenses that families face such as paying taxes, work-related costs, and medical out-of-pocket expenses.

Keeping Millions of People Out of Poverty



Pushing Millions of People Into Poverty



Source: Current Population Survey, 2013 Annual Social and Economic Supplement.

United States Census Bureau
U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU

Source: U.S. Census Bureau.
Current Population Survey, 1960 to 2013 Annual Social and Economic Supplements.

For more information, visit <www.census.gov/how/infographics/sources.html>.

Data are subject to errors arising from a variety of sources.

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