The Official Poverty 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.

In 2016, there were 40.6 million people in poverty based on the official poverty measure.

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Poverty Rate: 1959 to 2016

(In percent)

Note: The data points are placed at the midpoints of the respective years.

The Supplemental Poverty Measure

The SPM extends the official poverty measure by taking into account government benefits and necessary expenses, like taxes, that are not in the official measure. This second estimate of poverty has been released annually by the Census Bureau since 2011. In 2016, the SPM rate was slightly higher than the official measure identifying 44.8 million people as poor. This was 14.0 percent of the population.

(In percent)

<table>
<thead>
<tr>
<th></th>
<th>Official*</th>
<th>SPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>All people</td>
<td>12.7</td>
<td>14.0</td>
</tr>
<tr>
<td>Under age 18</td>
<td>18.0</td>
<td>15.2</td>
</tr>
<tr>
<td>18 to 64</td>
<td>11.6</td>
<td>13.3</td>
</tr>
<tr>
<td>65 and over</td>
<td>9.3</td>
<td>14.5</td>
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</tbody>
</table>

* Includes unrelated individuals under the age of 15.
Note: For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <www2.census.gov/programs-surveys/cps/techdocs/cpsmar17.pdf>.

For both measures, individuals are considered in poverty if the resources they share with others in the household are not enough to meet basic needs.
How the Two Measures Compare

**Official 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.

**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.

**Supplemental Measure**

The SPM starts with the official family definition and then adds any coresident unrelated children, foster children, and unmarried partners and their relatives.

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

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

Yes, the official poverty threshold is the same throughout the United States. In 2016, the poverty threshold for a family with two adults and two children was $24,339.

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 2016.

2016 SPM Poverty Thresholds for Renters (Two Adults and Two Children)


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 measure, the SPM accounts for noncash government benefits and living expenses in determining who is in poverty.

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 expenses.

Keeping **Millions** of People Out of Poverty

- Tax credits: **8.1**
- SNAP: **3.6**
- Housing subsidies: **3.1**
- School lunch: **1.3**
- WIC: **0.3**
- LIHEAP: **0.2**

Pushing **Millions** of People Into Poverty

- Medical expenses: **10.5**
- Work expenses: **6.0**
- Payroll tax: **4.7**
- Federal income tax: **1.5**