MEASURING AMERICA

How the Census Bureau Measures Poverty

The U.S. Census Bureau releases two poverty measures every year that describe who is poor in the United States. The first is the nation's official poverty measure based on cash resources. The second is the Supplemental Poverty Measure (SPM) that includes both cash resources and noncash benefits from government programs aimed at low-income families and subtracts taxes and necessary expenses.

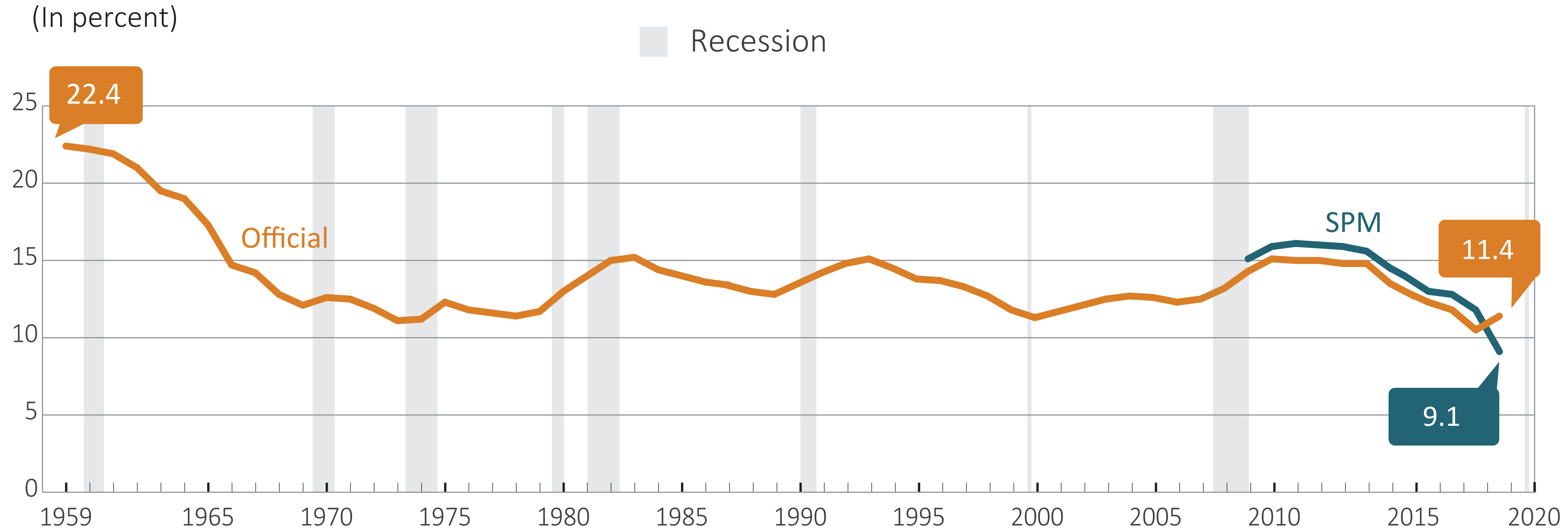
The official poverty measure has remained mostly unchanged since the mid-1960s, whereas the SPM was designed to keep pace with changes in data, methods, and new research.

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 method does not reflect key government policies enacted since then to help low-income individuals meet their needs.

Poverty Rate: 1959 to 2020

(In percent)



Note: The data points are placed at the midpoints of the respective years. The data for 2013 and beyond reflect the implementation of the redesigned income questions. The data for 2017 and beyond reflect the implementation of an updated processing system.

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2021 Annual Social and Economic Supplements.

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.

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

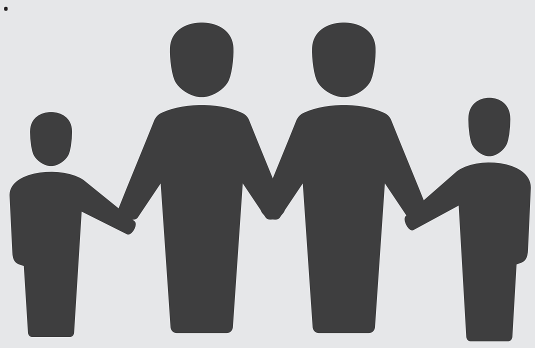
Official Measure

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.

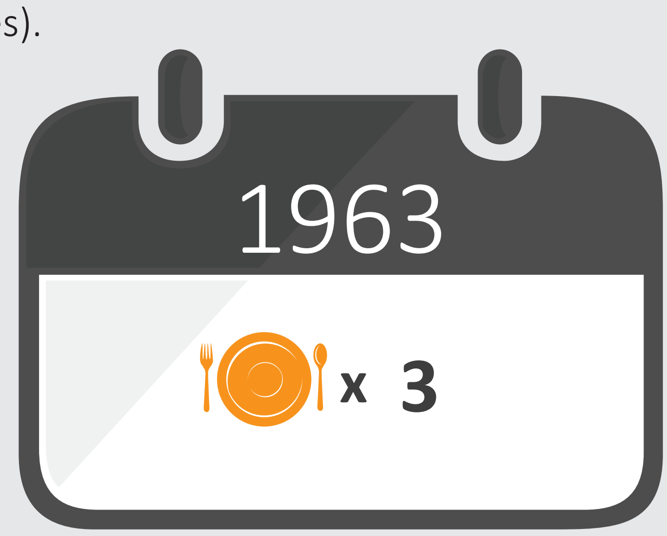


The SPM starts with the official family definition and then adds any coresident unrelated children, foster children, and unmarried partners and their relatives.

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 is three times the cost of a minimum food diet from 1963 (in today's prices).



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

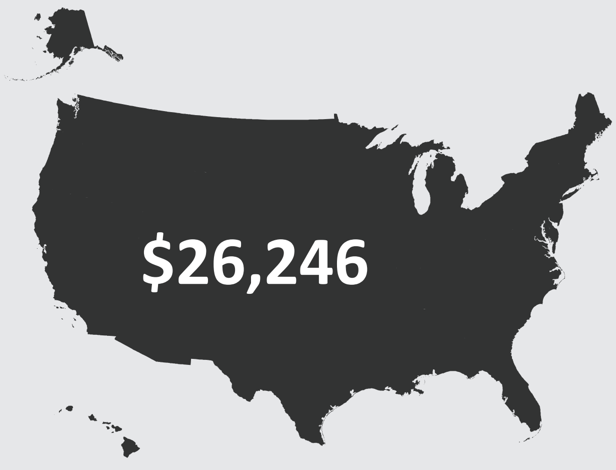
Are needs the same in every state?

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.

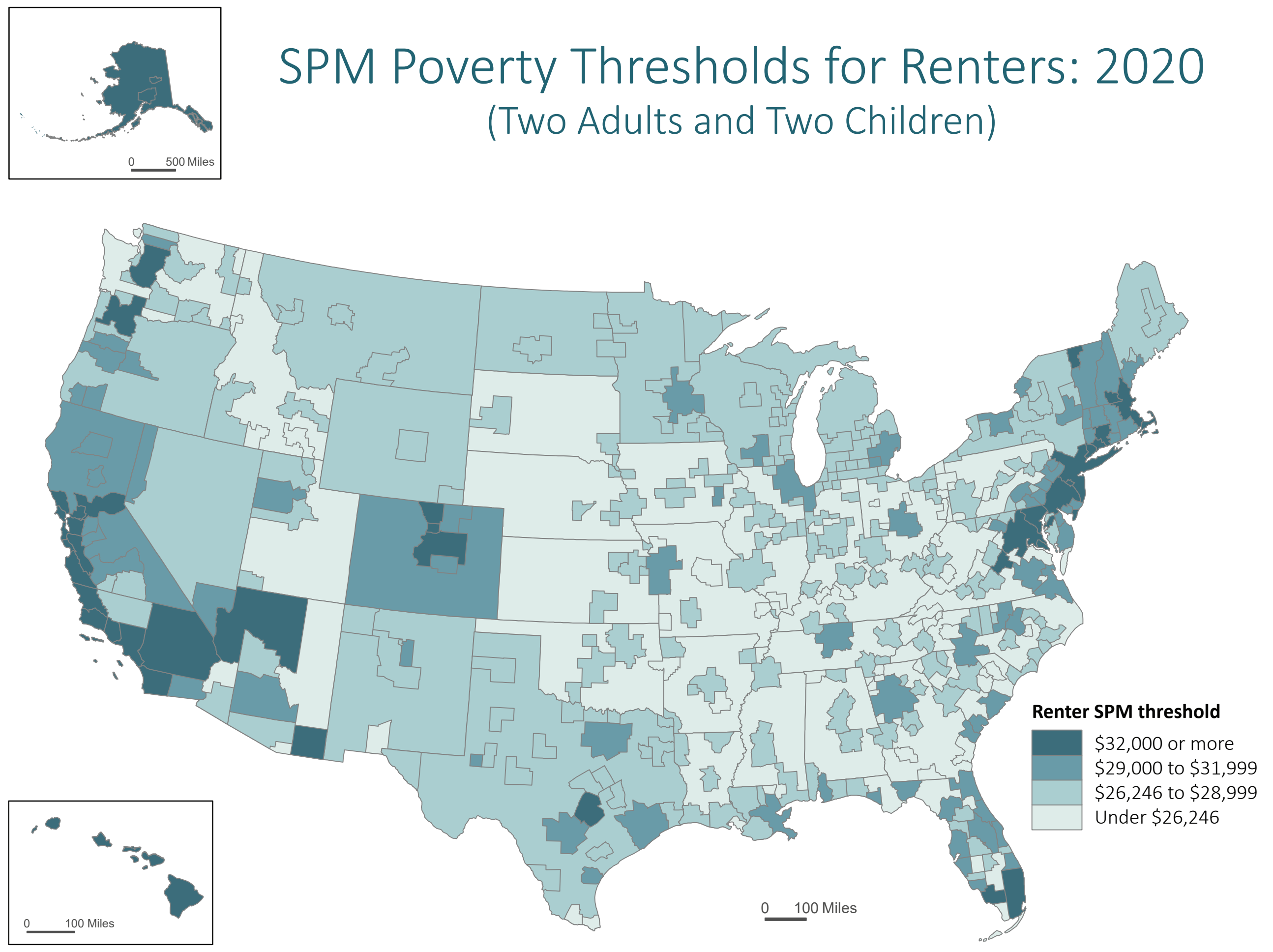
No, SPM thresholds vary based on several factors such as place of residence and whether it is a rental unit or purchased property or home with a mortgage.

Official Poverty Thresholds: 2020
(Two Adults and Two Children)



Source: U.S. Census Bureau, 2021 Current Population Report, P60-273.

SPM Poverty Thresholds for Renters: 2020
(Two Adults and Two Children)



Note: Geographic adjustments are based on housing costs from the U.S. Census Bureau, 2015–2019 American Community Survey, 5-Year Estimates. Unadjusted thresholds are from the Bureau of Labor Statistics at <https://stats.bls.gov/pir/spmhome.htm>.
Source: U.S. Census Bureau, 2015–2019 American Community Survey, 5-Year Estimates.

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, pensions, or other retirement income.

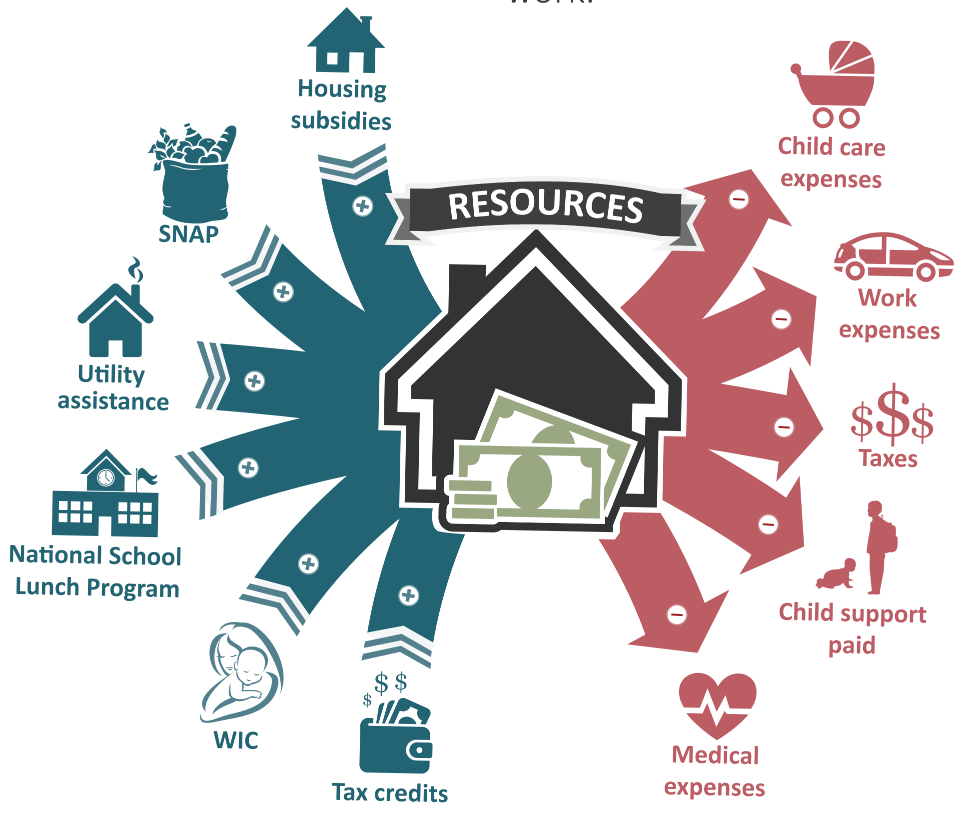
The SPM starts with cash income, then. . .

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
- Housing subsidies
- Utility assistance
- SNAP
- School lunch
- WIC

Pushing Millions of People Into Poverty

- Work expenses
- Payroll tax
- Child support paid
- Federal income tax
- Medical expenses

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Note: Data are subject to errors arising from a variety of sources. All results were approved for release by the U.S. Census Bureau, authorization number CBDRB-FY22-SEHSD003-022.
Source: U.S. Census Bureau, American Community Survey 2015–2021; Current Population Survey, 1960 to 2021 Annual Social and Economic Supplements.