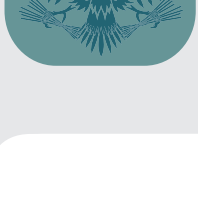


# How the U.S. Census Bureau Measures Poverty

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 report focuses on the Supplemental Poverty Measure (SPM) and takes into account cash resources and noncash benefits from government programs aimed at low-income families.

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

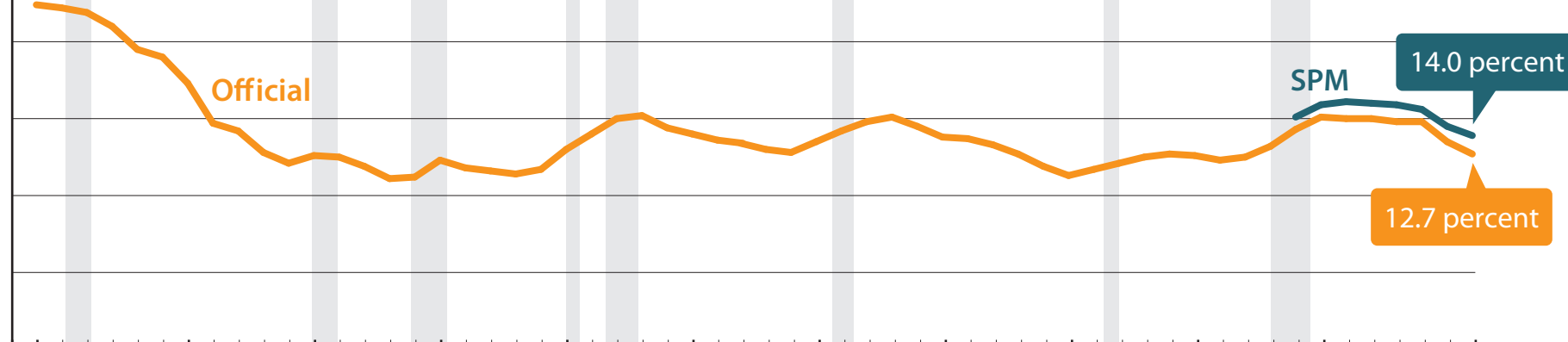
## The Official Poverty Measure



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.

## Poverty Rate: 1959 to 2016

(In percent)



Note: The data points are placed at the midpoints of the respective years. Source: U.S. Census Bureau, Current Population Survey, 1960 to 2017 Annual Social and Economic Supplements.

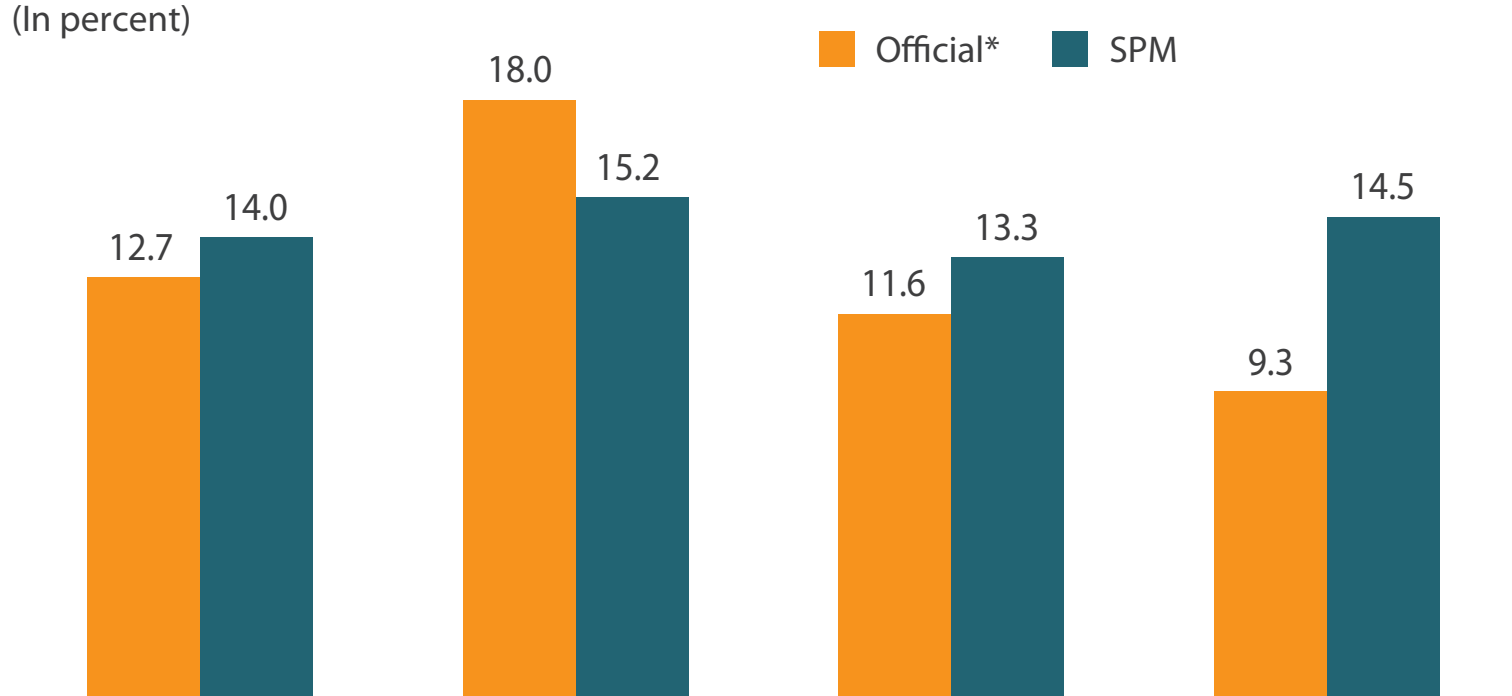
## The Supplemental Poverty Measure



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. 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.

## Poverty Rates Using Two Measures for Total Population and by Age Group: 2016

(In percent)



\* 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>. Source: U.S. Census Bureau, Current Population Survey, 2017 Annual Social and Economic Supplement.

**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

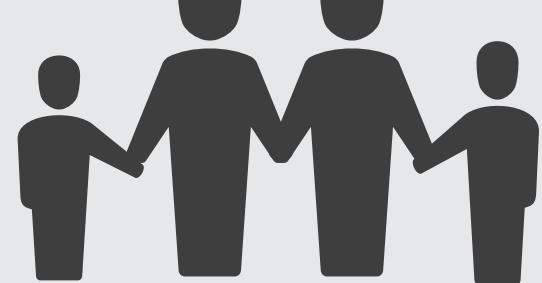


### Supplemental Measure

#### 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.



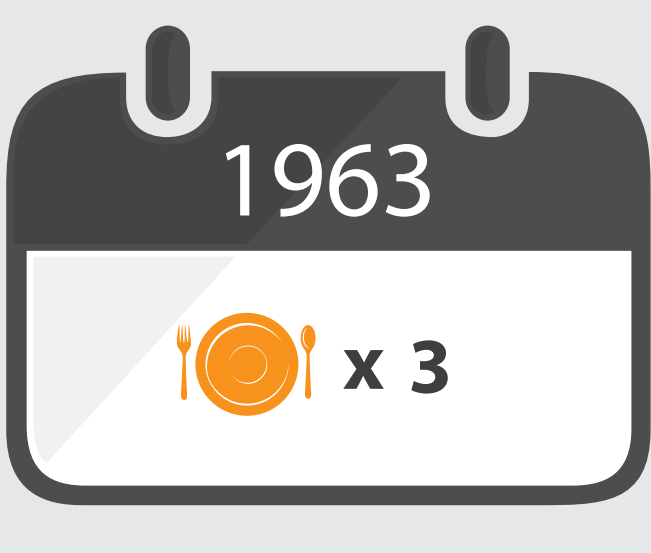
The SPM starts with the official family definition and then adds any coresident unrelated children, foster children, and unmarried partners and their relatives.



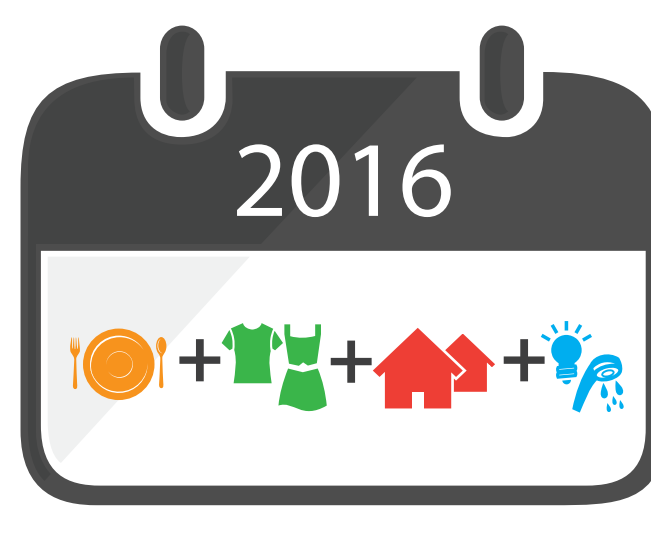
#### How do we measure needs?

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

The official measure 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 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. In 2016, the poverty threshold for a family with two adults and two children was \$24,339.

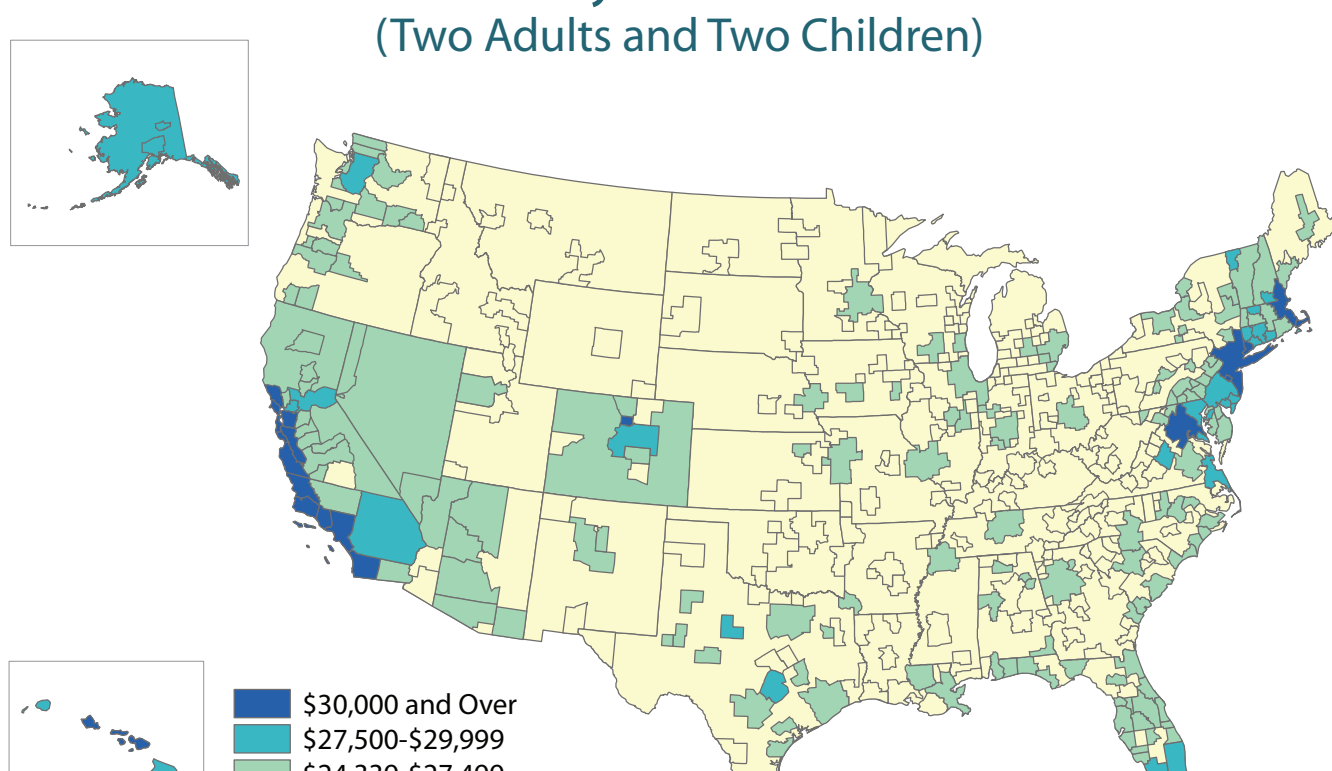
**No**, SPM thresholds vary based on several factors such as place of residence and whether it is a rental unit or purchased property or home with a mortgage. The map below shows the SPM thresholds for renters with two adults and two children in 2016.

#### 2016 Official Poverty Thresholds (Two Adults and Two Children)



Source: U.S. Census Bureau, 2017 Current Population Reports, P60-259.

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



Sources: U.S. Census Bureau, Geographic adjustments based on housing costs from the American Community Survey 2011-2015. Unadjusted thresholds are from the Bureau of Labor Statistics at <https://stats.bls.gov/pir/spmhome.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 counts wages and salaries, Social Security benefits, interest, dividends, pension, or other retirement income.



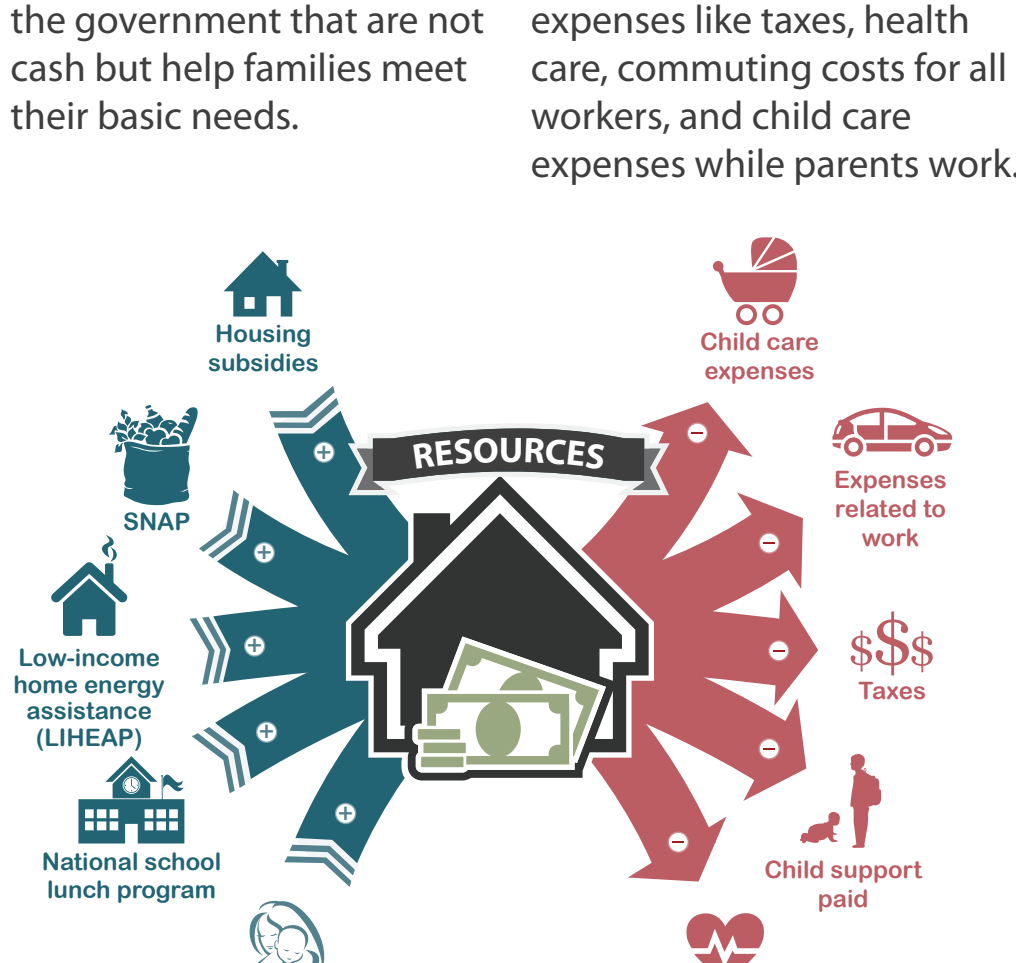
The SPM starts with cash income, then...

#### ADDING BENEFITS

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

#### SUBTRACTING EXPENSES

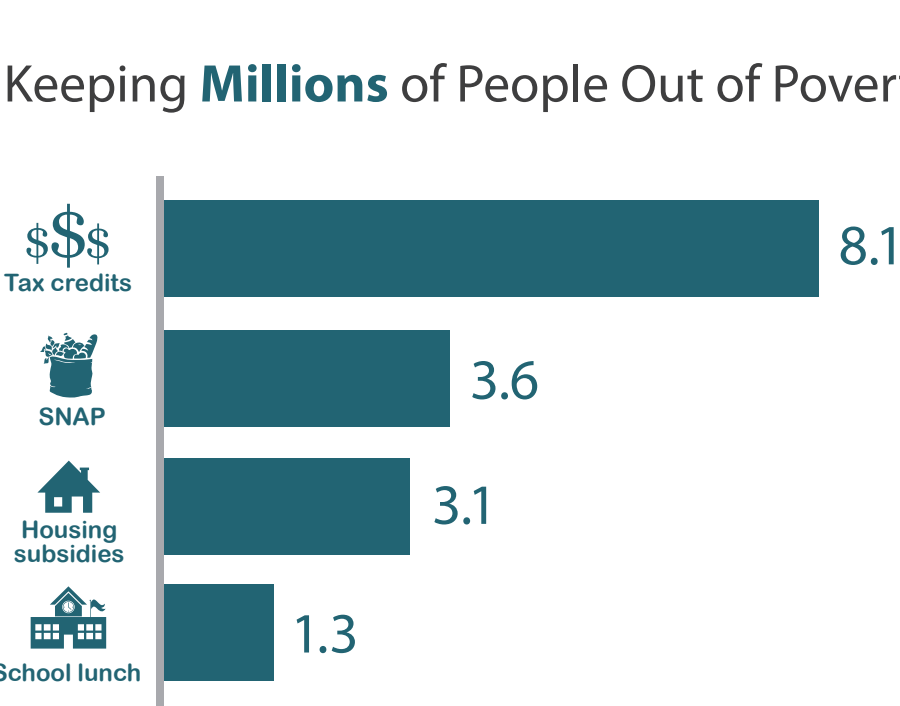
The SPM subtracts necessary expenses like taxes, health care, commuting costs for all workers, and child care expenses while parents work.



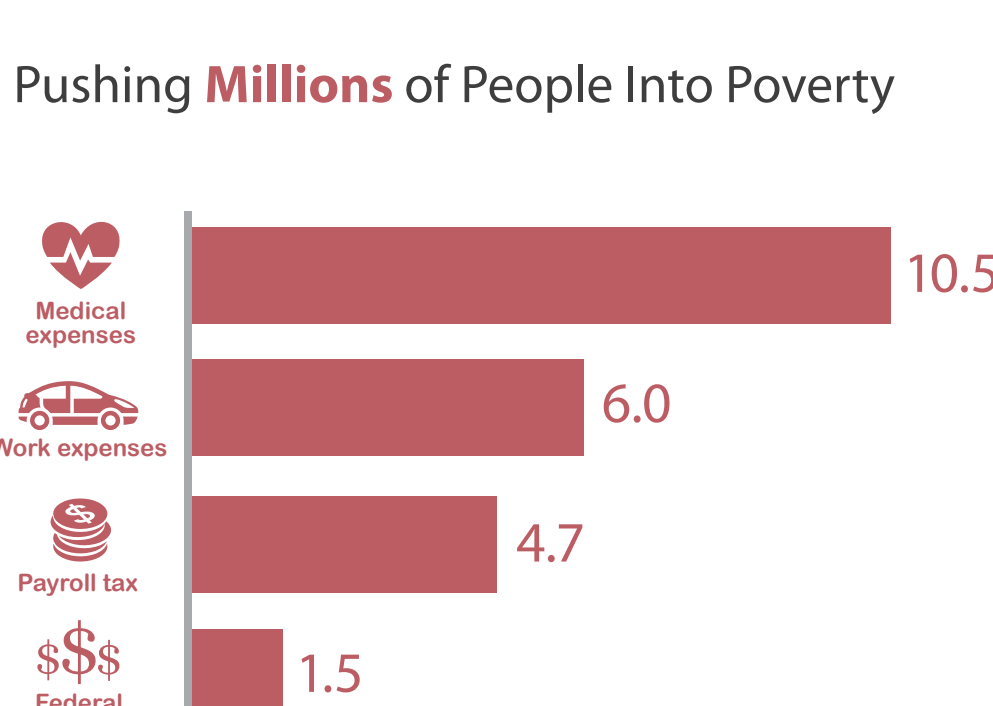
**Unlike the official measure, the SPM accounts for noncash government benefits and living expenses in determining who is in poverty.**

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



#### Pushing Millions of People Into Poverty



Source: U.S. Census Bureau, Current Population Survey, 2017 Annual Social and Economic Supplement.