

# The Federal Poverty Level: What Is It and Why Does It Matter?

The Federal Poverty Level (FPL) defines the income level under which an individual or family is considered to be “living in poverty.” The FPL is the primary factor used to determine eligibility for many government programs, including Medicaid, SCHIP, and premium subsidy programs aimed at helping moderate- and lower-income families purchase private insurance plans.

Use of the FPL is often criticized for its failure to reflect a typical family in the modern world, as it’s definition has not changed since its inception more than four decades ago.<sup>1,2</sup> For example, the FPL calculation does not take into account certain major costs like child care, because when the formula was established policymakers assumed that a family included at least one homemaker and that child care was not a typical item in the family budget. Moreover, the FPL does not reflect geographic differences in the cost of living.<sup>3,4</sup>

Adjusted annually to reflect inflation, the FPL for 2008 is \$17,600 of income per year for a family of three. Income includes—among other things—general earnings, unemployment compensation, worker’s compensation, income from Social Security payments, alimony or child support, and financial assistance from outside sources. In 2006, 17 percent of women—almost one in six—lived in families with incomes at or below 100 percent of the FPL.<sup>5</sup>

<b>2008 Federal Poverty Level (FPL) Guidelines</b> (Valid In the 48 contiguous states and D.C.)				
Number of Persons in Family or Household	100% FPL		200 % FPL	300 % FPL
	Income per <i>Year</i>	Income per <i>Month</i>	Income per <i>Year</i>	Income per <i>Year</i>
1	\$10,400	\$867	\$20,800	\$31,200
2	\$14,000	\$1,167	\$28,000	\$42,000
3	\$17,600	\$1,467	\$35,200	\$52,800
4	\$21,200	\$1,767	\$42,400	\$63,600
5	\$24,800	\$2,067	\$49,600	\$74,400
For each additional person	Add \$3,600	Add \$300	Add \$7,200	Add \$10,800

Source: U.S. Department of Health and Human Services, *2008 Federal Poverty Guidelines*, Federal Register Vol. 73 no. 15.

## References

- 1 Gordon M. Fisher, *The Development and History of the U.S. Poverty Thresholds – A Brief Overview*, Newsletter of the Government Statistics Section and the Social Statistics Section of the American Statistical Association: 6-7 (Winter 1997).
- 2 International Union, United Automobile, Aerospace and Agricultural Implement Workers, *Making Ends Meet: New Approaches to Measuring Poverty*, [http://www.uaw.org/publications/jobs\\_pay/01/0901/jpe02.html](http://www.uaw.org/publications/jobs_pay/01/0901/jpe02.html) (last visited June 19, 2008).
- 3 Jessie Willis, Oregon Center for Public Policy, *How We Measure Poverty: A History and Brief Overview* (Feb. 2000), <http://www.ocpp.org/poverty/how.htm>.
- 4 Deborah Reed, *Poverty in California: Moving Beyond the Federal Measure*, California Counts: Population Trends and Profiles 7(4), (May 2006).
- 5 The Henry J. Kaiser Family Foundation: State Health Facts, *Adult Poverty Rate by Gender, States (2005-2006), US (2006)*, <http://statehealthfacts.org/comparebar.jsp?ind=12&cat=1> (last visited June 19, 2008).