

POVERTY & FAMILY SUPPORTS

FREQUENTLY ASKED QUESTIONS

FAQs about the Census Bureau's Official Poverty Measure

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Each year, the Census Bureau releases data on poverty and income in the United States, and the National Women's Law Center analyzes these data to provide a picture of how women and their families are faring.¹

The following frequently asked questions take a closer look at what the Census Bureau numbers tell us—and don't tell us—about poverty.

1. What does the poverty rate measure?

The poverty rate measures the percentage of the U.S. population with income below the federal poverty threshold,² often referred to as the "poverty line," for their family size (e.g., \$22,811 in 2011 for a family of four with two kids). Income is calculated before taxes and includes only cash income such as earnings, pension/retirement income, Social Security, unemployment benefits, and child support payments.³

2. What doesn't the poverty rate measure?

A number of federal and state benefits that help support lower-income families are not counted as income in the official poverty measure. "Non-cash benefits" like Supplemental Nutrition Assistance (SNAP, formerly Food Stamps) and housing assistance, and tax benefits like the Earned Income Tax Credit (EITC) and the Child Tax Credit, do not count as income for purposes of calculating the official poverty rate.

The official poverty measure also does not account for any expenditures, such as those on medical needs or child care, which can be very large for some families and leave them little income to meet other basic needs.

3. How are the poverty thresholds set?

The official poverty thresholds, which were established in the 1960s,⁴ are adjusted for inflation annually—but they have not been adjusted over the past 50 years to reflect changes in consumption patterns, demographics, and overall living standards. Moreover, the same poverty thresholds apply to every family of a given size across the country; they do not vary based on the cost of living in different areas.

To supplement the official poverty measure, the Census Bureau has developed several "experimental" poverty measures that account for a broader range of factors.⁵

4. Who is most likely to live in poverty?

Poverty is worse for women, children, and many minority groups. In 2011, nearly six in ten poor adults (18 and older) and nearly seven in ten poor older adults (65 and older) were women. The poverty rate was about 1.7 times higher for children than for adults (21.9 percent for children compared to 12.8 percent for adults) and nearly six in ten poor families with children were headed by a woman in 2011.⁶ Poverty rates were also higher for many minority groups than they were

for whites; the poverty rate for whites in 2011 was 12.8 percent—less than half the poverty rates for blacks, Native Americans, and Hispanics, which ranged from 25 to nearly 29 percent.⁷

5. Census data show that there are near record numbers of people living in poverty. What can be done to reduce poverty and increase economic security?

The high rates of poverty we have seen in the U.S. in recent years are due in large part to the very severe recession that lasted from December 2007 to June 2009.⁸ Unemployment is a key driver of the poverty rate; although the unemployment rate has declined since 2009, it remained above 8 percent through the first half of 2012.

It is important to recognize that, in the wake of the deepest recession since the Great Depression, poverty would be even more widespread and severe without the federal and state policies and programs designed to support family incomes. For example, Social Security alone prevented 21.4 million people from falling into poverty in 2011 (including 1.1 million children), and unemployment insurance (UI) benefits kept an

additional 2.3 million people out of poverty.⁹ As noted above, the official poverty measure does not count the value of non-cash benefits as income—but if it did, the poverty rate would be lower. For example, counting income families receive from the EITC would have lifted 5.7 million people above the poverty line in 2011, including 3.1 million children. If the value of SNAP benefits were counted as income in the poverty measure, 3.9 million fewer people would have been below the poverty line in 2011.¹⁰

There is more that the federal government can do. To lift more people out of poverty, Congress can maintain and strengthen effective programs like Social Security, SNAP, and tax credits for low-income families. It can help ensure that workers unable to find jobs do not fall into poverty by maintaining federal emergency unemployment insurance benefits in 2013—a measure that would also create jobs because families typically spend UI benefits quickly to meet basic needs, stimulating the economy.¹¹ Congress can further promote economic growth by investing in infrastructure and providing aid to states and localities to invest in education and other key services, preventing the public sector job losses that have been slowing the recovery.¹² And it can ensure that people who work full-time do not live in poverty by raising the federal minimum wage.¹³

1 Analyses by the National Women's Law Center are available at <http://www.nwlc.org/povertydata>.

2 See U.S. Census Bureau, Poverty Thresholds for 2011, <http://www.census.gov/hhes/www/poverty/data/threshld/> (last visited Sept. 12, 2012).

3 U.S. Census Bureau, How the Census Bureau Measures Poverty, <http://www.census.gov/hhes/www/poverty/methods/measure.html> (last visited Sept. 12, 2012).

4 U.S. Census Bureau, History of the Poverty Measure, <http://www.census.gov/hhes/www/poverty/about/history/index.html> (last visited Sept. 12, 2012).

5 U.S. Census Bureau, Poverty—Experimental Measures, <http://www.census.gov/hhes/povmeas/> (last visited Sept. 12, 2012).

6 NWLC, Insecure and Unequal: Poverty and Income Among Women and Families, 2000-2011(2012), available at <http://www.nwlc.org/povertydata>.

7 U.S. Census Bureau, Current Population Survey (CPS), CPS Table Creator, <http://www.census.gov/cps/data/cpstablecreator.html> (last visited Sept 12, 2012).

8 See generally NWLC, Poverty Among Women and Families, 2000-2010: Extreme Poverty Reaches Record Levels as Congress Faces Critical Choices (2011), available at <http://www.nwlc.org/sites/default/files/pdfs/povertyamongwomenandfamiliesin2010.pdf>.

9 U.S. Census Bureau, Income, Poverty and Health Insurance Coverage: 2011, at 22 (Sept. 2012), available at http://www.census.gov/newsroom/releases/pdf/2010_Report.pdf (PowerPoint slides).

10 Ibid.

11 See Nat'l Employment Law Project, Phase Out of Federal Unemployment Insurance (Sept. 2012), available at http://www.nelp.org/page/-/UI/2012/EUC_fact_sheet.pdf?nocdn=1; Hannah Shaw & Chad Stone, Ctr. on Budget & Policy Priorities, Key Things to Know About Unemployment Insurance, at 3-4 (Dec. 2011), available at <http://www.cbpp.org/files/12-16-11ui.pdf>.

12 See generally NWLC, Third Anniversary of the Recovery Shows Job Growth for Women Slowed by Public Sector Job Losses (July 2012), available at http://www.nwlc.org/sites/default/files/pdfs/v5_anniversaryrecoveryfactsheet.pdf.

13 See generally NWLC, Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage (Aug. 2012), <http://www.nwlc.org/sites/default/files/pdfs/minimumwagefactsheetupdatedaug14.pdf>.