NATIONAL WOMEN'S LAW CENTER
EXPANDING THE POSSIBILITIES

FACT SHEET

FAQs about the Census Bureau's Poverty Measures

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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 official 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., $24,008 in 2014 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 official 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 food stamps (SNAP) and housing assistance, and refundable tax credits 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.

In determining if an individual or family is poor, the official poverty measure also does not account for 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 official poverty thresholds set?

The official poverty thresholds, which were established in 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.

4. How does the "supplemental" poverty measure differ from the official measure?

To provide a fuller picture of economic wellbeing, the Census Bureau has developed a "supplemental" poverty measure. The supplemental measure accounts for additional resources like refundable tax credits (such as the EITC) and non-cash benefits (such as SNAP and housing assistance). On the expense side, it takes account of work-related expenses (like transportation and child care), taxes, and out-of-pocket medical expenses. It also uses updated data to establish poverty thresholds and considers geographic differences in cost of living.[5]

5. How do the differences in the poverty measures affect reported poverty rates?

The child poverty rate for 2014 is lower under the supplemental poverty measure (16.7 percent)[6] than under the official measure (21.1 percent),[7] because the supplemental measure reflects the impact of many safety net benefits targeted to families with children that are not counted as income in the official measure. In contrast, the poverty rate for seniors is higher under the supplemental measure (14.4 percent)[8] than under the official measure (10.0 percent),[9] because the major source of income for seniors, Social Security, is pre-tax cash income that is already counted in the official measure, while out-of-pocket medical costs that are especially high for seniors are accounted for in the supplemental measure.

6. Is anything else different about the data this year?

A special note on the poverty data release for 2014: after many years of research the Census Bureau has redesigned some of the income questions and survey procedures in the Current Population Survey to increase response rates and reduce reporting errors, and these changes resulted in some differences from previously released data for 2013. Additional technical information is available on the Census Bureau's website.[10]

7. Who is most likely to live in poverty?

Poverty is worse for women, children, and many minority groups. In 2014, nearly six in ten poor adults (18 and older) and more than two-thirds of poor older adults (65 and older) were women. The poverty rate was substantially higher for children than for adults (21.1 percent for children compared to 14.7 percent for adult women and 10.9 percent for adult men). Nearly six in ten (56.7 percent) poor families with children were headed by a woman in 2014. Poverty rates are also higher for many minority groups than they are for whites, and women of color are especially vulnerable; for example, the poverty rate for white, non-Hispanic men in 2014 was 8.1 percent—roughly a third of the poverty rates for African American, Native American, and Hispanic women, which ranged from about 23 to 25 percent.[11]

8. Census data show that more than 46 million Americans lived in poverty last year. What can be done to reduce that number?

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. Unemployment is a key driver of the poverty rate—and some groups, such as African American women and men, continue to experience unemployment at much higher rates than the overall rate, while long-term unemployment remains at crisis levels.[12] Despite some improvements in employment in 2014, the overall poverty rate was unchanged from 2013.[13]

It is important to note that poverty would be considerably more widespread and severe without the federal and state policies and programs designed to support family incomes—a fact demonstrated by the supplemental poverty measure data. For example, refundable tax credits reduced the overall SPM poverty rate by 3.1 percentage points in 2014, and these credits were particularly important for children: without these tax credits, the SPM poverty rate for children would be 23.8 percent instead of 16.7 percent. Social Security benefits had an especially large impact, reducing the overall SPM poverty rate by 8.2 percentage points; among seniors, without Social Security, the poverty rate would rise from 14.4 percent to 50.0 percent. (Social Security benefits are counted as income under the official poverty measure as well, so the official poverty rate would also be much higher without Social Security.)

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 end the austere budget policies that have slowed job growth[14] and cut programs and services that help low-income families make ends meet.[15] Congress can also promote economic growth by investing in infrastructure[16] and providing aid to states and localities to invest in education—starting with the first years of life[17]—and other key services. And it can help women support themselves and their families by promoting equal pay for women; raising the minimum wage; and ensuring access to health care (including reproductive health care), supports for pregnant and parenting workers, paid leave and predictable schedules, high-quality affordable child care, job training, and other supports for women workers.[18]

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 2014, http://www.census.gov/hhes/www/poverty/data/threshld/ (last visited Sept. 16, 2015).
3 U.S. Census Bureau, How the Census Bureau Measures Poverty, http://www.census.gov/hhes/www/poverty/methods/measure.html (last visited Sept. 16, 2015).
4 U.S. Census Bureau, History of the Poverty Measure, http://www.census.gov/hhes/www/poverty/about/history/index.html (last visited Sept. 16, 2015).
5 *See generally* U.S. Census Bureau, Supplemental Poverty Measure Overview, http://www.census.gov/hhes/povmeas/methodology/supplemental/overview.html (last visited Sept. 16, 2015).
6 Kathleen Short, U.S. Census Bureau, The Supplemental Poverty Measure: 2014, at 5 (Sept. 2015), *available at* http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-254.pdf.
7 Carmen DeNavas-Walt & Bernadette D. Proctor, U.S. Census Bureau, Income and Poverty in the United States: 2014, at 13 (Sept. 2015), *available at* http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-254.pdf.
8 Short, *supra* note 6.
9 DeNavas-Walt & Proctor, *supra* note 7.
10 *See generally* U.S. Census Bureau, Press Kit: Technical Meeting on Income, Poverty & Health Insurance (Aug. 2015), *available at* http://www.census.gov/newsroom/press-kits/2015/20150824_tech_ip.html?eml=gd&utm_medium=email&utm_source=govdelivery.
11 NWLC Analysis of 2014 Census Poverty Data, http://www.nwlc.org/nwlc-analysis-2014-census-poverty-data (last visited Sept. 17, 2015).
12 Press Release, NWLC, Jobless Rates Still Painfully High for Vulnerable Women (Sept. 4, 2015), *available at* http://www.nwlc.org/press-release/jobless-rates-still-painfully-high-vulnerable-women-nwlc-analysis-shows.
13 DeNavas-Walt & Proctor, *supra* note 7, at 12.
14 *See, e.g.*, Rebecca Thiess, Econ. Policy Inst. (EPI), Repealing Sequestration Would Create 900,000 New Jobs in a Year (Aug. 2013), *available at* http://www.epi.org/publication/repealing-sequestration-create-900000-jobs/.
15 Coalition on Human Needs, Selected Human Needs Programs: Shrinking Since 2010 (Sept. 2014), *available at* http://www.chn.org/wp-content/uploads/2014/07/Shrinking-Funding-Since-2010-plus-FY-15-Updates-Attachment.pdf.
16 Josh Bivens, EPI, The Short- and Long-Term Impact of Infrastructure Investments on Employment and Economic Activity in the U.S. Economy (July 2014), *available at* http://www.epi.org/publication/impact-of-infrastructure-investments/.
17 *See generally* NWLC, Strong Start for Children Campaign, http://www.nwlc.org/our-issues/child-care-%2526-early-learning/strong-start-for-children-campaign (last visited Sept. 16, 2015).
18 *See generally* NWLC, A Women's Economic Agenda Must Help Women and Families Succeed, http://www.nwlc.org/resource/women%E2%80%99s-economic-agenda-must-help-women-and-families-succeed (last visited Sept. 16, 2015).