



ASPE

ISSUE BRIEF

INFORMATION ON RESEARCH SUPPLEMENTAL POVERTY MEASURE A SUMMARY OF 2012 CURRENT POPULATION SURVEY DATA

- The Census Bureau recently released data on the research supplemental poverty measure (SPM) indicating that 16.1 percent of the U.S. population in 2011 was poor, representing 49.7 million individuals. This compares to 15.1 percent of the U.S. population, or 46.6 million individuals, under the official measure.¹ Both the official poverty rate and the SPM poverty rate remained statistically unchanged from 2010 to 2011.
- This is the second year the Census Bureau has published research SPM estimates. The SPM adds greater refinement and thus differs from the official measure in both the measurement of needs (or thresholds) and resources available to meet those needs.
- The official poverty thresholds were initially set in the early 1960s to represent the cost of a minimum food diet multiplied by three to allow for costs of other goods and services. The SPM thresholds, on the other hand, are based on out-of-pocket spending on food, clothing, shelter, and utilities for families at the 33rd percentile of the spending distribution with some adjustments for housing ownership and geographic cost of living. For resources, the official measure counts only before-tax cash income. The SPM adds to cash income the value of federal in-kind benefits and tax credits that help to meet the needs identified in the thresholds, and subtracts the value of taxes paid and other necessary expenses such as childcare costs and out-of-pocket medical care expenditures.
- Similar to last year, the overall poverty rate measured using SPM methods was higher than the rate using official poverty measure methods. For example, poverty was higher among the elderly in large part due to medical out-of-pocket expenses that reduced their available resources. Poverty also was higher for working families because of work expenses and childcare costs that reduced available resources and for individuals living in metropolitan areas where costs of living were higher.
- For children under 18, poverty in 2011 was lower when measured using the SPM compared to the official measure, largely due to the receipt of federal in-kind program benefits and federal tax credits among families with children.

¹ The 2011 *official* poverty estimates in this Issue Brief have been modified by the Census Bureau to include unrelated individuals under the age of 15, since these individuals are included in the SPM but are not counted in the official poverty definition used by the Census Bureau.

- Social Security, Refundable Tax Credits and the Supplemental Nutrition Assistance Program (SNAP) had the largest poverty-reduction effects of all tax and transfer programs included in the SPM, reducing poverty by 8.3, 2.8 and 1.5 percentage points in 2011, respectively.
- Poverty measured with the SPM in 2011 was higher for individuals identifying as Asian, Hispanic of any race, or White non-Hispanic, but was lower for those identifying as African-American or Black, compared to the official measure. Foreign-born individuals had higher poverty rates in 2011 under the SPM compared to the official measure.
- A larger proportion of individuals living in metropolitan areas and a smaller proportion of individuals living in non-metropolitan areas were poor in 2011 using the SPM compared to the official measure.
- Poverty measured using the SPM was higher in the West and Northeast, and lower in the Midwest, than poverty measured using the official poverty measure.
- SPM poverty rates in 2011 were higher than official poverty rates for individuals in married-couple families, workers (including full-time/year-round workers), those with private health insurance, and the uninsured. Poverty rates in 2011 were lower for those with public health insurance and not statistically different for individuals in female-householder families using the SPM relative to the official poverty measure.
- Roughly half of all individuals in the country lived below 200 percent of the poverty threshold in 2011 using the SPM, compared with about one-third using the official measure.

**POVERTY IN 2011: OFFICIAL MEASURE AND RESEARCH
SUPPLEMENTAL MEASURE**

	Official Poverty	SPM Poverty
Demographic characteristics:		
All individuals	15.1	16.1
Children under age 18	22.3	18.1
Individuals ages 18 – 64	13.7	15.5
Individuals age 65 and older	8.7	15.1
Hispanic	25.4	28.0
Black	27.8	25.7
Asian	12.3	16.9
White, non-Hispanic	9.9	11.0
Foreign-born	19.0	25.8
In married-couple units	7.4	10.0
In female-householder units	29.6	30.0

POVERTY IN 2011: OFFICIAL MEASURE AND RESEARCH
SUPPLEMENTAL MEASURE *continued*

	Official Poverty	SPM Poverty
Employment and insurance:		
All workers	7.2	9.4
Full-time/year-round workers	2.8	5.1
With private health insurance	5.0	7.6
With public health insurance, no private	36.7	31.3
Not insured	28.3	30.9
Geographic areas:		
Metropolitan Statistical Areas (MSAs)	14.7	16.6
Non-metropolitan Areas	17.1	13.5
West	15.9	20.0
South	16.1	16.0
Northeast	13.2	15.0
Midwest	14.1	12.8
Poverty by threshold:		
0 – 50 % of the poverty threshold	6.7	5.2
50 – 100 % of the poverty threshold	8.4	10.9
100 – 200 % of the poverty threshold	19.4	32.0

Data: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2012.

Source: U.S. Census Bureau, “The Research Supplemental Poverty Measure: 2011”, *Current Population Reports*, Series P60-244.

BACKGROUND

The Census Bureau, in cooperation with the Bureau of Labor Statistics (BLS), developed the SPM after years of research and collaboration. The SPM is based on the 2010 recommendations of an Interagency Technical Working Group, which included representatives from the Census Bureau, BLS, the Economics and Statistics Administration, the Council of Economic Advisors, the U.S. Department of Health and Human Services, and the Office of Management and Budget. The Working Group’s suggestions drew on the recommendations of a 1995 National Academy of Sciences report and the extensive research on poverty measurement conducted over the past 15 years.

The SPM makes changes to how income is measured. Compared to the official measure, where only gross before-tax income is included, the SPM:

- Counts the value of federal in-kind benefits that are available to satisfy basic food, clothing, shelter, and utility (FCSU) needs, including nutritional assistance from the Supplemental Nutrition Assistance Program (SNAP) and school meals.
- Subtracts income and payroll taxes paid and adds refundable tax credits received.

- Subtracts from income other necessary expenses such as the cost of child care, other work expenses, child support payments, and out-of-pocket medical expenditures.

The SPM makes changes to the poverty thresholds. Compared to the official poverty threshold, which is set at three times the cost of the minimum food diet in 1963 and updated annually for inflation using the Consumer Price Index (all items), the SPM poverty threshold incorporates the following changes:

- The SPM poverty threshold is the 33rd percentile of out-of-pocket FCSU expenditures of consumer units with two children multiplied by 1.2.
- The SPM threshold varies based on the shelter and utility expenses of three groups: home owners with mortgages, home owners without mortgages, and renters.
- The SPM threshold is adjusted for geographic differences in housing costs to account for regional cost of living differences.
- The SPM uses the five-year moving average of FCSU expenditures to account for inflation.

The Census Bureau continues to release the official measure, which is not being replaced by the SPM. The new SPM thresholds are not intended to assess eligibility for government programs. The SPM is an additional macroeconomic statistic providing further understanding of economic conditions and trends.