



# ASPE

## ISSUE BRIEF

### SUPPLEMENTAL POVERTY MEASURE BRIEF: 2009–2012

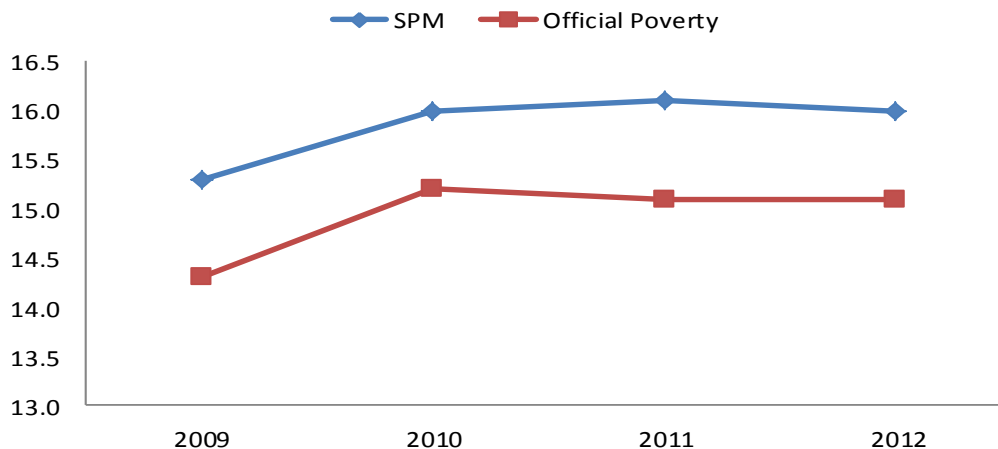
(November 7, 2013)

The Census Bureau has released data on the research supplemental poverty measure (SPM) indicating that 16.0 percent of the U.S. population in 2012 was poor, representing 49.7 million individuals. This compares to 15.1 percent of the U.S. population, or 47.0 million individuals, under the official measure.<sup>1</sup> Both the official poverty rate and the SPM poverty rate remained statistically unchanged from 2011 to 2012.

The SPM adds greater refinement and thus differs from the official measure in both the measurement of needs (or thresholds used to define the poverty level) and resources available to meet those needs. In particular, the SPM accounts for the ways that the social safety net helps families by counting non-cash benefits and tax credits as income. The official poverty measure counts only cash benefits and other cash income.

Between 2009 and 2012, the percentage of the U.S. population that was poor using the SPM increased from 15.3 percent to 16.0 percent. This increase followed a similar trend as the official poverty measure, which increased from 14.3 percent to 15.1 percent over the same time period.

**Figure 1. Poverty Rates from 2009-2012**

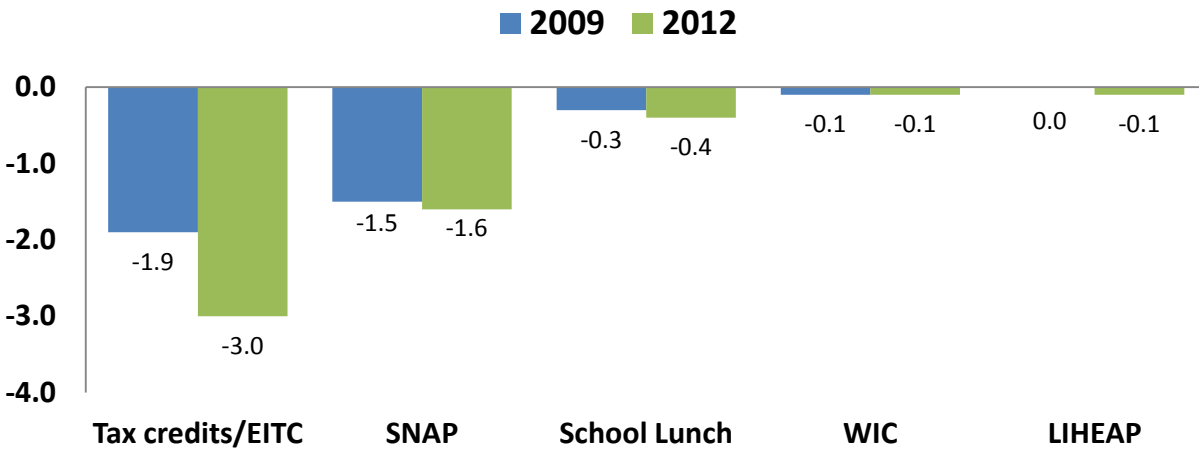


Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

<sup>1</sup> The U.S. Census Bureau released revised official poverty measures for 2010, 2011, and 2012 (that include unrelated children under age 15) for the exclusive purpose of comparison with the Supplemental Poverty Measure. We use these adjusted official poverty estimates. The official poverty estimates for 2009 are not adjusted.

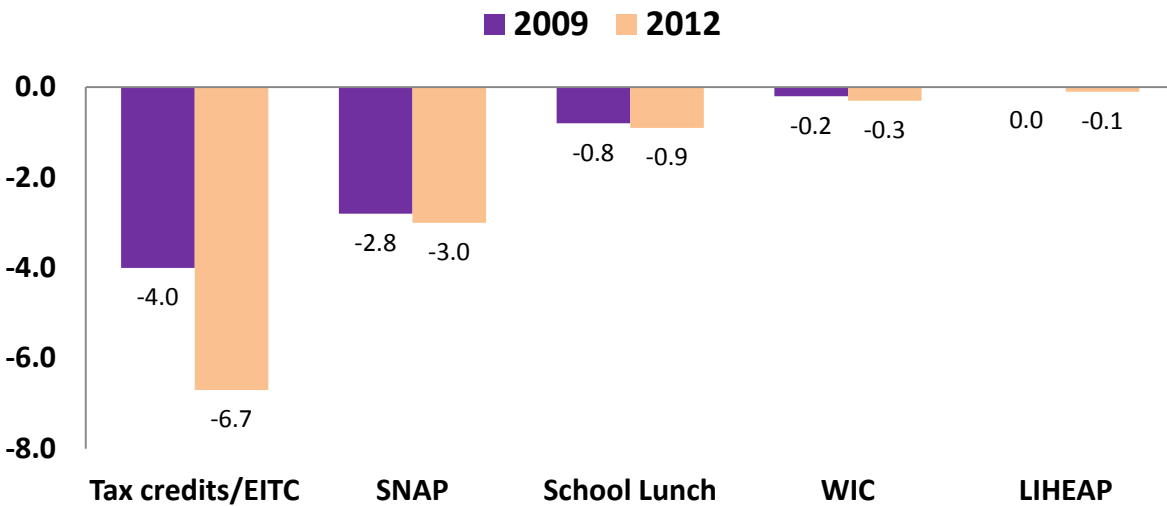
With the SPM, it is possible to show the effects that social safety net programs had on the poverty rate in 2009 and 2012, holding all else the same and assuming no behavioral changes. Poverty rate reductions for social safety net programs that are included only in the supplemental measure and not in the official measure are shown for the total population and for all children under the age of 18.

**Figure 2. Anti-Poverty Effectiveness of Select Social Safety Net Programs, 2009 and 2012**



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

**Figure 3. Children Ages 0-17: Anti-Poverty Effectiveness of Select Social Safety Net Programs, 2009 and 2012**



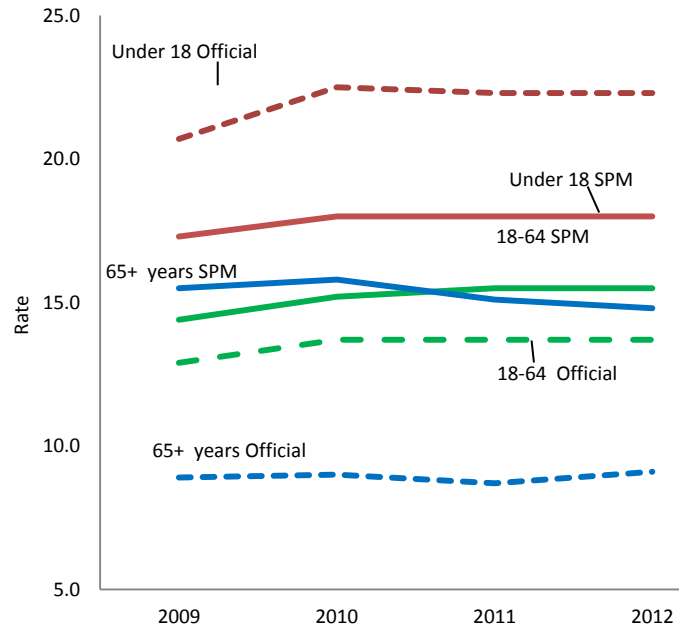
Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

- Refundable tax credits, such as the Earned Income Tax Credit (EITC), and Supplemental Nutrition Assistance Program (SNAP) benefits show the largest poverty reduction effects of the social safety net programs included in the SPM but not included in the official poverty measure. In 2012, family receipt of refundable tax credits (alone) reduced the poverty rate for all persons by 3.0 percentage points and receipt of SNAP benefits (alone) reduced the poverty rate for all persons by 1.6 percentage points.
- The School Lunch program, the Women, Infants, and Children (WIC) program, and the Low Income Home Energy Assistance Program (LIHEAP) also reduced poverty levels in 2012 but to a comparatively less degree than refundable tax credits and SNAP.
- Poverty reductions associated with social safety net programs that are included only in the supplemental measure and not in the official measure were even greater for children than for all persons. In 2012, refundable tax credits (alone) reduced the child poverty rate by 6.7 percentage points and SNAP benefits (alone) reduced the child poverty rate by 3.0 percentage points.
- Including the value of School Lunch (alone) reduced poverty for children by 0.9 percentage points. The poverty reduction effects for the WIC program (alone) and LIHEAP (alone) were much smaller.
- For refundable tax credits, SNAP, and School Lunch, poverty reductions were greater in 2012 than in 2009 for all persons as well as for children. Note that the 2009 poverty reductions associated with refundable tax credits include only the effect of the EITC, while the 2012 poverty reductions include the refundable portion of the child tax credit in addition to the EITC. This difference likely accounts for some portion of the change in the effect of tax credits between 2009 and 2012.

### Change in Poverty by Age

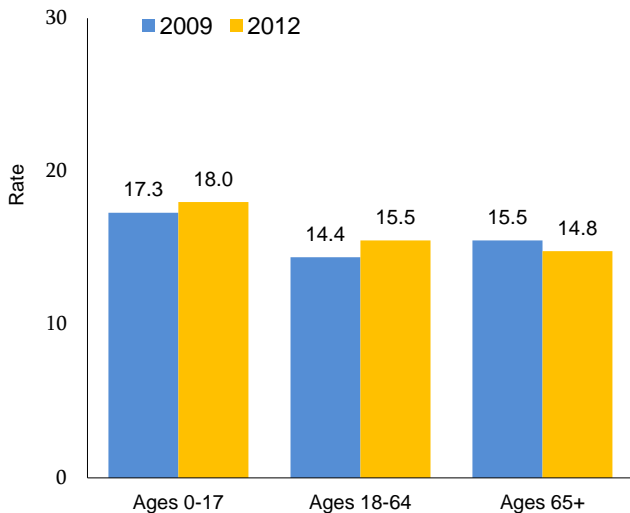
- For children under 18, poverty was lower in each year when measured using the SPM compared to the official measure, largely due to the receipt of federal in-kind program benefits and federal tax credits among families with children.
- For adults age 18 to 64, poverty was somewhat higher in each year when using the SPM. SPM poverty also was higher in each year among the elderly in large part due to medical out-of-pocket expenses accounted for in the SPM that reduced their available resources.
- The SPM poverty rate increased between 2009 and 2012 for children from 17.3 percent to 18.0 percent (reflecting an increase of 400,000 poor children) and for working age adults from 14.4 percent to 15.5 percent (reflecting an increase of 2.5 million poor adults). Among the population age 65 and older, the SPM poverty rate decreased from 15.5 percent in 2009 to 14.8 percent in 2012.

Figure 4a. Poverty Rate by Age, 2009–2012



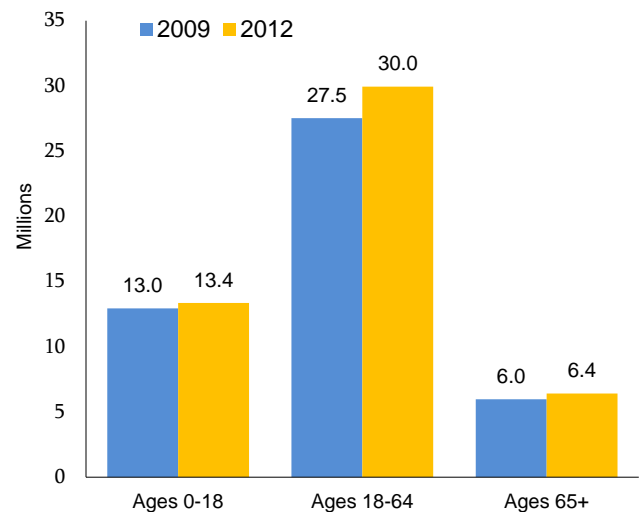
Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

Figure 4b. SPM Poverty Rate by Age, 2009 and 2012



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

Figure 4c. Number of SPM Poor by Age, 2009 and 2012

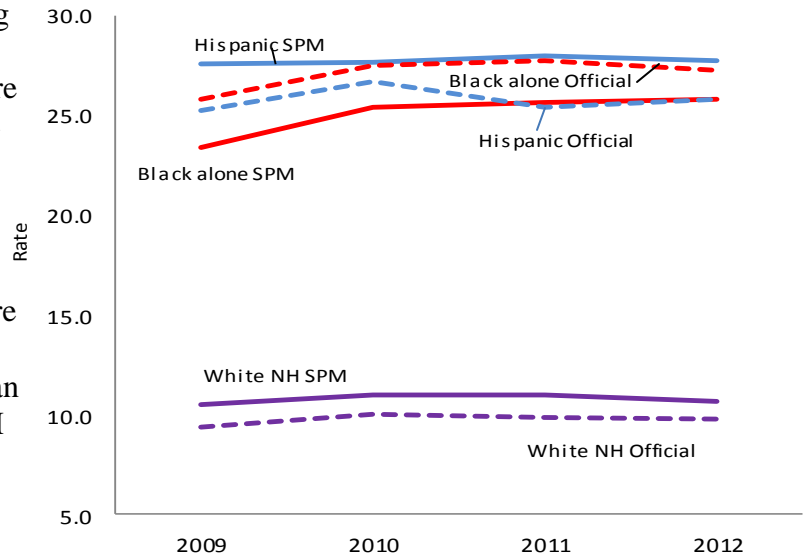


Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

### Change in Poverty by Race and Ethnicity

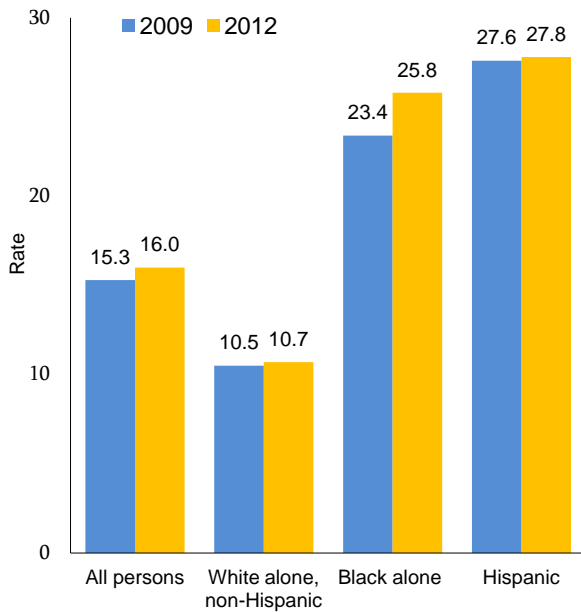
- Poverty measured with the SPM was somewhat higher for individuals identifying as White non-Hispanic. In 2012, 10.7 percent of White non-Hispanic persons were poor using the SPM while 9.8 percent were poor using the official poverty measure.
- Persons identifying as Hispanic also had higher poverty rates when using the SPM. In 2012, 27.8 percent of Hispanics were poor using the SPM while 25.8 percent were poor using the official poverty measure.
- For persons identifying as African American or Black, poverty was lower using the SPM compared to the official poverty measure.
- From 2009 to 2012 the SPM poverty rates for White non-Hispanic persons and for Hispanic persons remained similar, while the SPM poverty rate among Black persons increased.

Figure 5a. Poverty Rate by Race and Ethnicity, 2009–2012



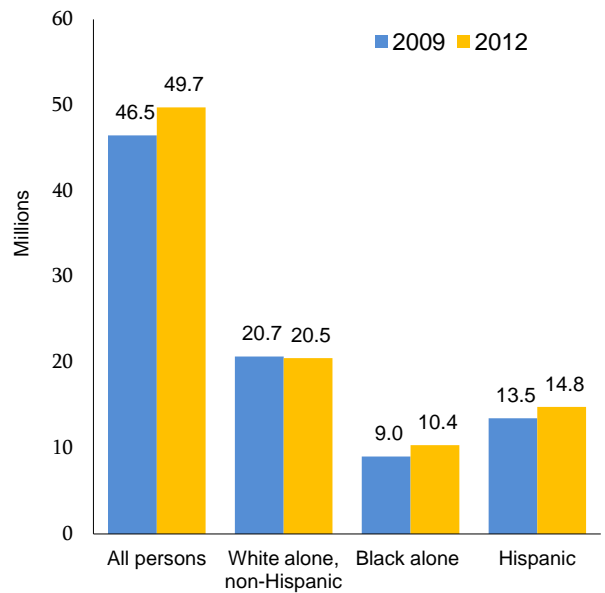
Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements.

Figure 5b. SPM Poverty Rate by Race and Ethnicity, 2009 and 2012



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

Figure 5c. Number of SPM Poor by Race and Ethnicity, 2009 and 2012

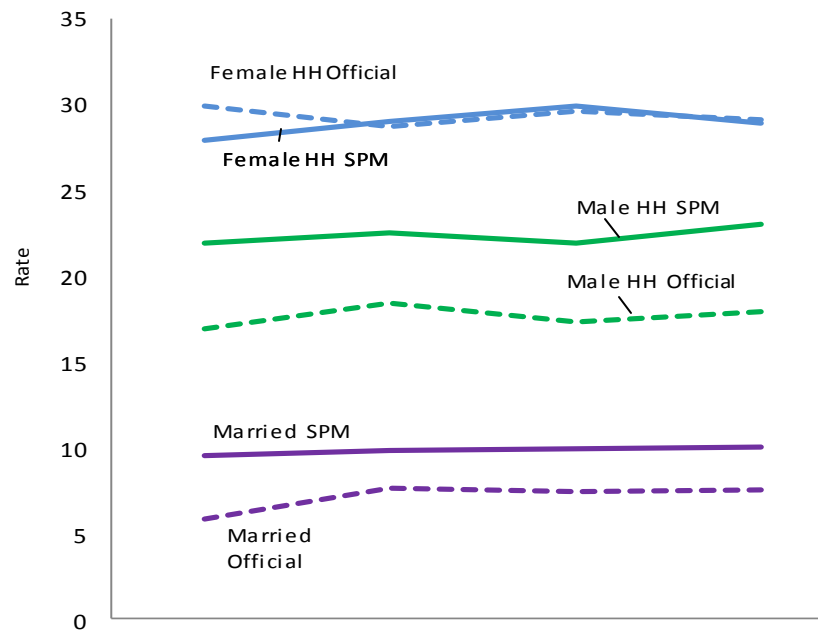


Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

### Change in Poverty by Family Type

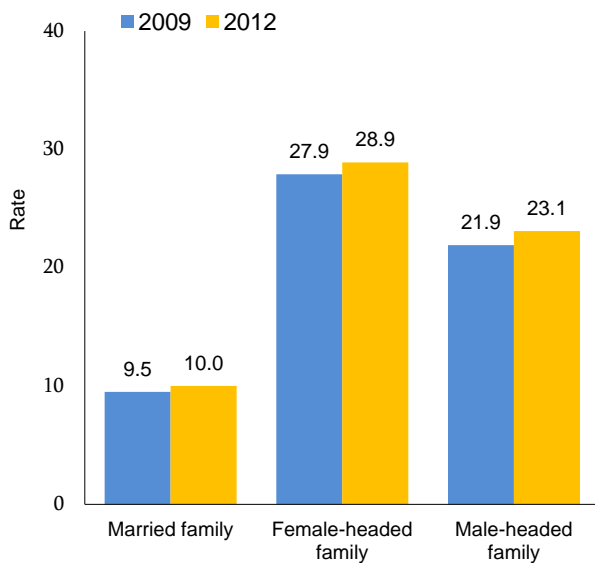
- SPM poverty rates were higher than official poverty rates for persons in married-couple families and for persons in male-headed households.
- The SPM and official poverty rates for persons living in female-headed families were more similar during the 2009 to 2012 time period. In 2012, 2011, and 2010, poverty rates for persons in female-headed families were nearly the same using the SPM and the official measure, ranging between 28.7 and 30.0 percent. In 2009 there was a gap of 2.0 percentage points.
- From 2009 to 2012, SPM poverty rates by family type and the number of persons within each family type who were poor increased somewhat.

Figure 6a. Poverty Rate by Family Type: 2009–2012



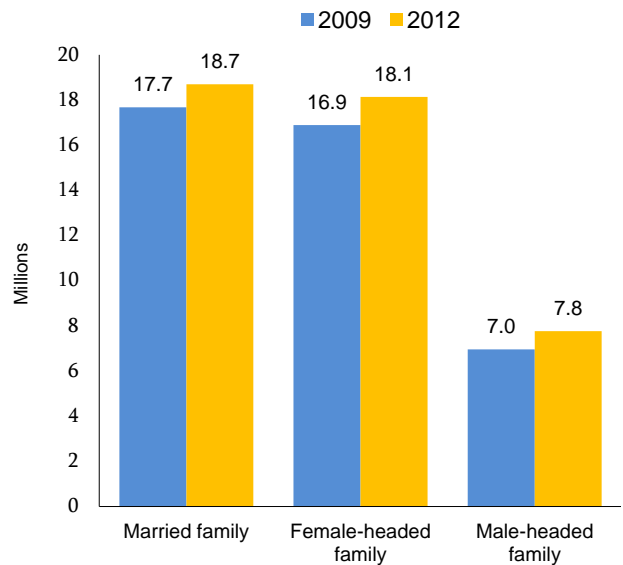
Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements.

Figure 6b. SPM Rate Poverty by Family Type, 2009 and 2012



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

Figure 6c. Number of SPM Poor by Family Type, 2009 and 2012

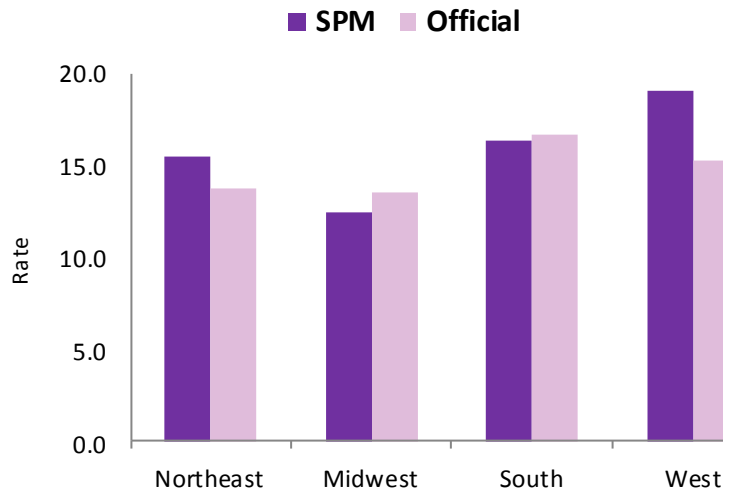


Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

### Change in Poverty by Region<sup>+</sup>

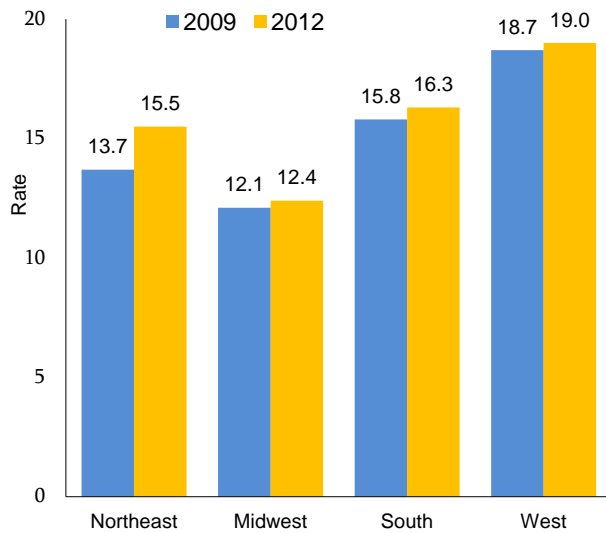
- Poverty measured using the SPM compared to the official rate was higher in the West and Northeast, with a 3.8 percentage point gap in the West and a 1.8 percentage point gap in the Northeast. The higher SPM poverty rates for residents in the West and Northeast were largely driven by geographic adjustments for cost of living that are included in the SPM. The official poverty measure makes no geographic adjustments.
- SPM poverty rates in the Midwest were lower than poverty measured using the official poverty measure, and rates were similar in the South.
- In all regions, the SPM poverty rates and the number of poor persons were higher in 2012 compared to 2009. Still the number of poor persons was highest in the South for both years.

Figure 7a. Poverty Rate by Region, 2012



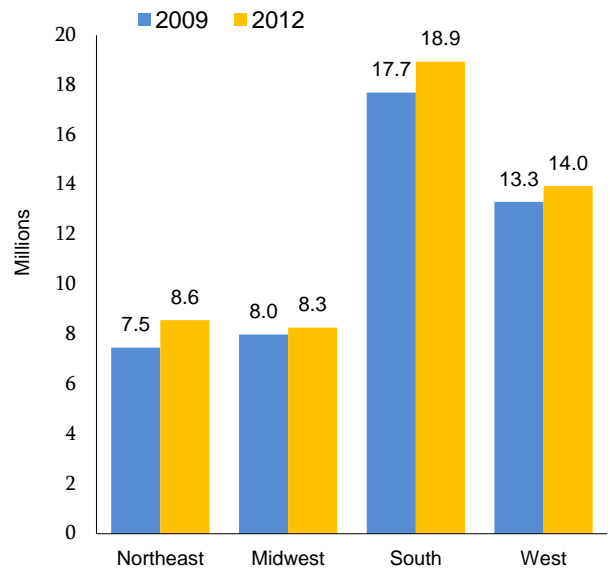
Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

Figure 7b. SPM Poverty Rate by Region, 2009 and 2012



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

Figure 7c. Number of SPM Poor by Region, 2009 and 2012



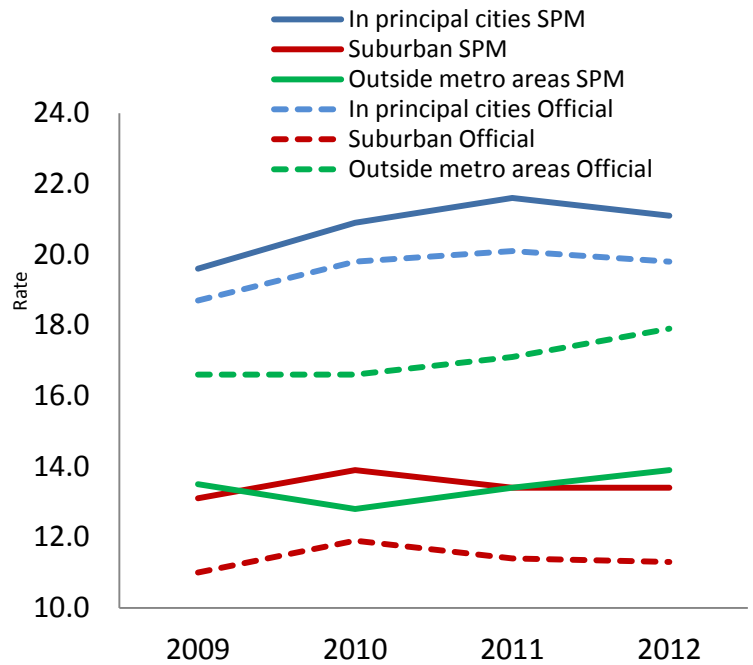
Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

<sup>+</sup> The South includes AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, and WV. The Midwest includes IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, and WI. The Northeast includes CT, ME, MA, NH, NJ, NY, PA, RI, and VT. The West includes AK, AZ, CA, CO, HA, ID, MT, NV, NM, OR, UT, WA, and WY.

**Change in Poverty by Residence**

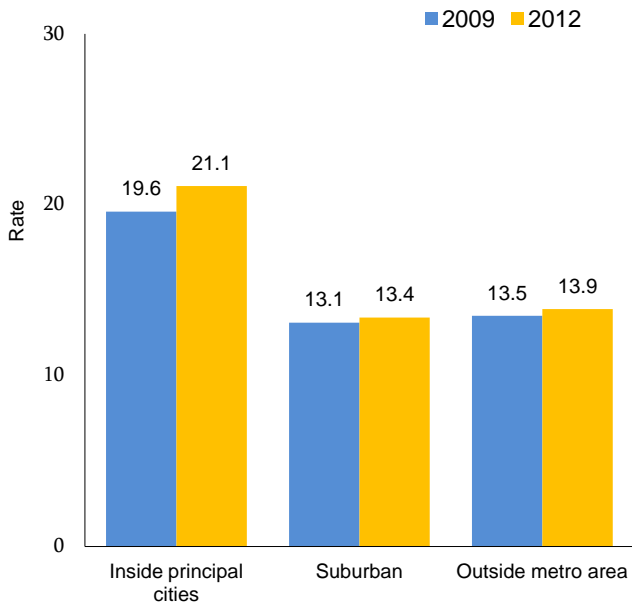
- A larger proportion of persons living in metropolitan areas, both those living inside principal cities and in suburbs, were poor using the SPM compared to the official poverty measure.
- In contrast, a smaller proportion of persons living outside metropolitan areas were poor using the SPM compared to the official poverty measure. In 2012, 13.9 percent of non-metropolitan residents were poor under the SPM compared to 17.9 percent under the official poverty measure.
- From 2009 to 2012, the SPM poverty rates and the number of SPM poor persons increased more for metropolitan residents living in principal cities, than for other residents.
- The overall number of SPM poor persons by residence was lowest for those living outside metropolitan areas.

Figure 8a. Poverty Rate by Residence, 2009–2012



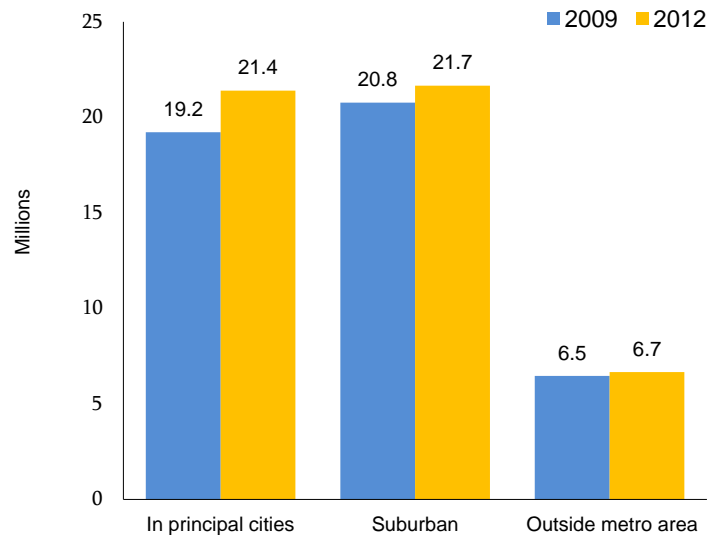
Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.

Figure 8b. SPM Poverty Rate by Residence, 2009 and 2012



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

Figure 8c. Number of SPM Poor by Residence, 2009 and 2012

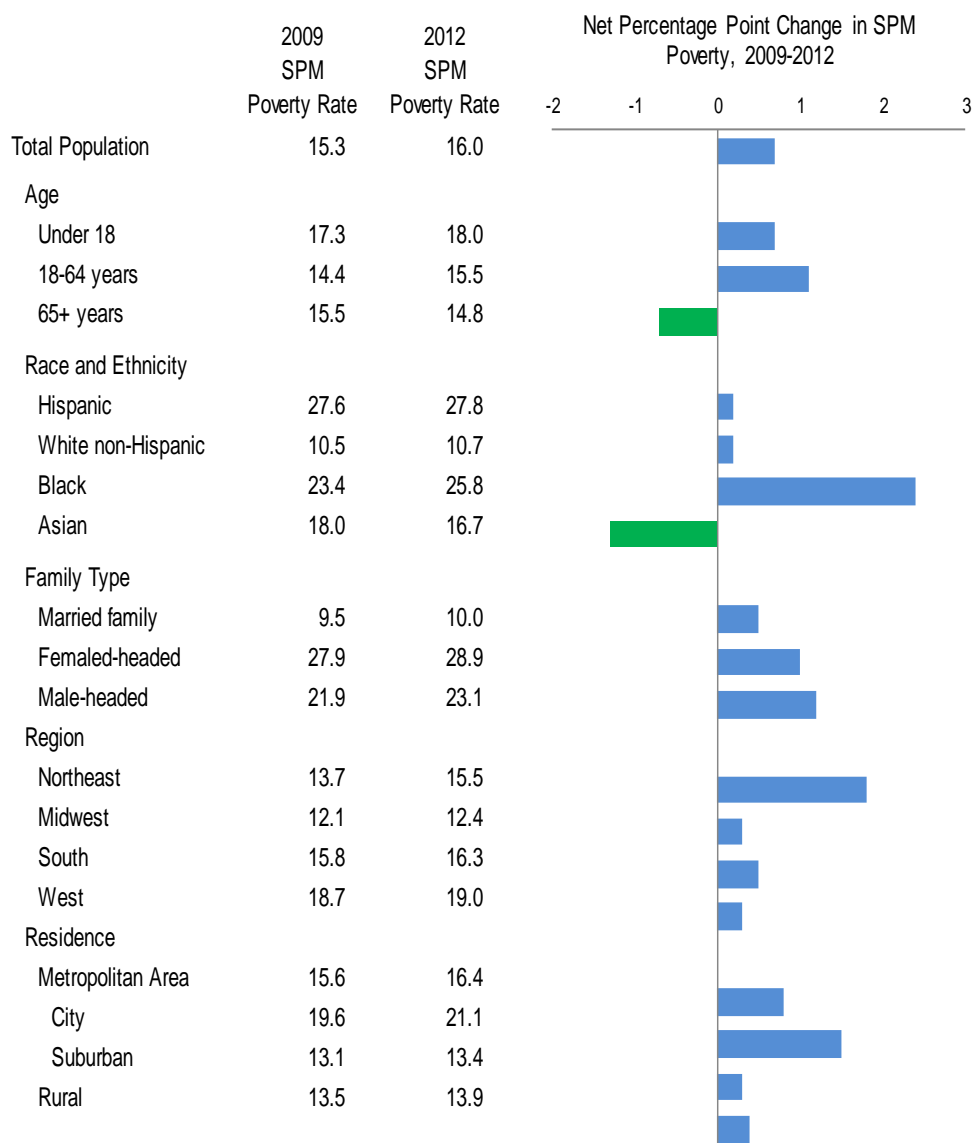


Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplements.



From 2009 to 2012 the Supplemental Poverty Rate increased by 0.7 percentage points for all persons. The SPM poverty rate increased somewhat more for adults ages 18-64, African American or Black persons, persons in female-headed and male-headed families, residents in the Northeast, and those living in cities. The SPM poverty rate decreased from 2009 to 2012 for adults ages 65 and older and for Asians.

**Table 1. Supplemental Poverty Rates for Selected Demographics, 2009 and 2012**



Note: White non-Hispanic refers to White alone. Black refers to Black alone and Asian refers to the Asian group alone. Hispanics may be any race. Family type is a count of people in families. The Northeast includes CT, ME, MA, NH, NJ, NY, PA, RI, and VT. The Midwest includes IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, and WI. The South includes AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, and WV. The West includes AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, and WY.

Source: U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements.

## APPENDIX

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, the Bureau of Labor Statistics, the Department of Commerce, 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 33<sup>rd</sup> 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.