

IRP, 2008



# Institute for Research on Poverty

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## What are poverty thresholds and poverty guidelines?

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### What are poverty thresholds and poverty guidelines?

Each year, generally in the fall, the **U.S. Census Bureau** issues a report on poverty in the United States. Among other information, it provides statistics on how many people are poor, and on how poverty is distributed by age, by race or ethnicity, by region, and by family type. Individuals or families are poor if their annual pretax cash income falls below a federal measure of poverty that is also recalculated each year. The Census Bureau's [most recent poverty report](#) is for 2007, and was issued in August 2008 as a combined report, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*.

Since 1965, there have been two slightly different versions of the federal poverty measure:

- the poverty thresholds, and
- the poverty guidelines.

The **poverty thresholds** are the [original version of the federal poverty measure](#) (developed by [Mollie Orshansky](#) of the Social Security Administration). They are updated each year by the Census Bureau. The thresholds are used mainly for **statistical purposes**—for instance, preparing the estimates of the number of Americans in poverty for each year's report. Values of the [poverty thresholds](#) for the years 1980–2007 for families of different sizes are available on the [Census Bureau's Web site](#). For example, for a four-person family unit with two children, the 2007 poverty threshold is \$21,027. For one- or two-person family units, the poverty thresholds differ by age; the 2007 threshold for one individual under age 65 is \$10,787, whereas for an individual 65 or over it is \$9,944.

The **poverty guidelines** are the other version of the federal poverty measure. They are issued each year, generally in the winter, in the *Federal Register* by the **Department of Health and Human Services (HHS)**. The guidelines are a simplification of the poverty thresholds for use for **administrative purposes**—for instance, determining financial eligibility for certain federal programs. They are adjusted for families of different sizes.

Poverty guidelines for the years since 1982 and other historical information appear on the

Web page "[Poverty Guidelines, Research, and Measurement](#)" of the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services. Separate HHS poverty guidelines for Alaska and Hawaii reflect Office of Economic Opportunity administrative practice beginning in the 1966-1970 period.

Both the thresholds and the guidelines are the same for all mainland states, regardless of regional differences in the cost of living. Both are updated annually for price changes using the [Consumer Price Index for All Urban Consumers \(CPI-U\)](#). The poverty guidelines are sometimes loosely referred to as the "federal poverty level" or "poverty line," but these terms are ambiguous, and should be avoided in situations (e.g., legislative or administrative) where precision is important.

Academics, statisticians, and policy analysts at IRP and elsewhere believe that existing methods for determining the poverty measure and estimating who is poor could be greatly improved. Topics of [revising the poverty measure](#) and the [methodological issues](#) involved are discussed elsewhere on this site, and on the [Census Bureau's Web site under Poverty Measurement Research](#). In July 2008, testimony on why the United States needs to improve its poverty measure was delivered by Rebecca M. Blank, a senior fellow at the Brookings Institution, to the subcommittee on Income Security and Family Support of the House Ways and Means Committee. A transcript of the testimony is available on the [Brookings Institution's Web site](#).

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### The Census Bureau's poverty thresholds for 2007

U.S. Census Bureau Poverty Thresholds, 2007	
Size of Family Unit	Poverty Threshold
One person (unrelated individual)	\$10,590
Under 65 years	\$10,787
65 years and over	\$9,944
Two people	\$13,540
Householder under 65 years	\$13,954
Householder 65 years and over	\$12,550
Three people	\$16,530
Four people	\$21,203
Five people	\$25,080
Six people	\$28,323
Seven people	\$32,233
Eight people	\$35,816
Nine people or more	\$42,739
<b>Source:</b> U.S. Census Bureau, <a href="#">Weighted Average Poverty Thresholds</a>	

2007, released in August 2008. Preliminary estimates for 2008 were released January 15, 2009.

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## The Department of Health and Human Services' poverty guidelines for 2009

Department of Health and Human Services 2009 Poverty Guidelines				
Persons in Family or Household	48 Contiguous States and D.C.	Alaska	Hawaii	
1	\$10,830	\$13,530	\$12,460	
2	14,570	18,210	16,760	
3	18,310	22,890	21,060	
4	22,050	27,570	25,360	
5	25,790	32,250	29,660	
6	29,530	36,930	33,960	
7	33,270	41,610	38,260	
8	37,010	46,290	42,560	
>8 persons	Add \$3,740 for each additional person	Add \$4,680 for each additional person	Add \$4,300 for each additional person	
<b>Source:</b> U.S. Department of Health and Human Services, 2009 Poverty Guidelines, released February 28, 2009.				

### How are the HHS poverty guidelines used?

The HHS poverty guidelines are used in setting eligibility criteria for a number of federal programs. Some programs actually use a percentage multiple of the guidelines, such as 125 percent, 150 percent, or 185 percent. This is not the result of a single coherent plan; instead, it stems from decisions made at different times by different congressional committees or federal agencies.

Some examples of federal programs that use the guidelines in determining eligibility are:

- **HHS:** Community Services Block Grant, Head Start, Low-Income Home Energy Assistance, Children's Health Insurance Program
- **Department of Agriculture:** Food Stamps; Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the National School Lunch and School Breakfast programs
- **Department of Energy:** Weatherization Assistance
- **Department of Labor:** Job Corps, Senior Community Service Employment Program, National Farmworker Jobs Program
- **Legal Services Corporation:** Legal services for the poor

Certain relatively recent provisions of **Medicaid** use the poverty guidelines; however, the rest of that program (accounting for roughly three-quarters of Medicaid eligibility

determinations) does not use the guidelines.

Major means-tested programs that do NOT use the poverty guidelines in determining eligibility include Temporary Assistance for Needy Families (and its predecessor, Aid to Families with Dependent Children), Supplemental Security Income, the Earned Income Tax Credit program, the Department of Housing and Urban Development's means-tested housing assistance programs, and the Social Services Block Grant.

Some state and local governments have chosen to use the federal poverty guidelines in some of their own programs and activities. Examples include state health insurance programs, financial guidelines for child support enforcement, and determination of legal indigence for court purposes. Some private companies such as utilities, telephone companies, and pharmaceutical companies have also adopted the guidelines in setting eligibility for their services to low-income persons.

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### **What is the most recent poverty line?**

When members of the public try to search for the latest poverty line, they sometimes become frustrated at only being able to find out the poverty threshold for the preceding year. They don't want to know what the poverty line was last year; they want to know what it is now.

But that information is simply not available. The reason is that the Census Bureau poverty thresholds—the primary version of the federal poverty measure—are updated each year by the Consumer Price Index (CPI-U). It is impossible for the Labor Department to produce an annual average CPI-U until that year is over.

For instance, the final Census Bureau poverty thresholds for each calendar year are usually issued in September or October, although [preliminary weighted-average poverty thresholds](#) are usually issued in January. (The final thresholds may differ by a few dollars from the preliminary figures.)

Some people think that the HHS poverty guidelines will tell them what the poverty line is this year. The poverty guidelines that HHS released in January 2009 are labeled as [year 2009 poverty guidelines](#).

The 2009 poverty guidelines may appear to be one year more up-to-date than the Census Bureau's poverty thresholds for 2007, but they are not. The Census Bureau and HHS follow different labeling practices. Each makes sense within the context of its own agency's work but looking at the two versions together may lead to confusion.

The Census Bureau labels its poverty thresholds by the year to which they are applied. The 2007 poverty thresholds will be applied to income data for calendar year 2007 to calculate figures on how many Americans were poor in 2007; the 2007 thresholds reflect price changes through calendar year 2007. The time at which the Bureau actually issues the thresholds is not particularly relevant.

HHS, in contrast, labels its poverty guidelines by the year in which it issues them. The [2009 poverty guidelines](#) are the guidelines that were issued in January 2009. HHS does not try to project price changes for the current year; instead, it issues guidelines based on price changes through the most recent completed year.

Accordingly, the 2009 poverty guidelines reflect price changes only through calendar year

2008. For program administrators and others using the guidelines, it is more important to know that they are using the most recent available guidelines than to know the specific time period for the price data used in calculating those guidelines.

Because of these disparate but reasonable labeling practices, the Census Bureau poverty thresholds for 2007 and the 2008 HHS poverty guidelines both reflect price changes through calendar year 2007. So, despite the labels, the 2008 poverty guidelines are not one year more up-to-date than the poverty thresholds for 2007 but are approximately equal to the 2007 thresholds. For instance, the 2007 threshold for a four-person family is \$20,650, whereas the 2008 guideline for a four-person family is \$21,203.

**Note:** This description is based in part upon explanations by Gordon M. Fisher, a program analyst in the Office of the Assistant Secretary for Planning and Evaluation in the Department of Health and Human Services, who has been responsible since 1982 for preparing the annual update of the poverty guidelines. Guideline values were updated in January 2009.

The 2007 poverty thresholds were updated in August 2008; the 2008 poverty thresholds will be updated in August 2009.

*For further reading:* Gordon M. Fisher, "The Development and History of the Poverty Thresholds," Social Security Bulletin 55, no. 4 (Winter 1992): 3-14 (a [two-page summary](#) is available on the Department of Health and Human Services' Poverty Guidelines web site); and [Focus 19.2: Revising the Poverty Measure](#) (pdf, 64 pp.).

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## Resources

- [Contacts and References on the Poverty Guidelines, the Poverty Thresholds, and the Development and History of U.S. Poverty Lines](#)
- [ASPE's main Poverty Guidelines, Research and Measurement page](#)
- [The Census Bureau's main Poverty site](#)

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Posted: 6 December, 2004  
Last Updated: 19 March, 2009