

U.S. Census Bureau

Poverty

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Definitions

- How the Census Bureau Measures Poverty
- [Poverty Thresholds](#) — dollar amounts the Census Bureau uses to determine poverty status
- [HHS Poverty Guidelines](#) — a different poverty measure, used by the Department of Health and Human Services (HHS)
- CPS definitions and explanations — terms used in Current Population Survey (CPS) reports -- includes many topics, not just poverty
[Variables](#) used to construct the Alternative Income Definitions [Excel] (21kb)
- [Poverty definition](#) applied in the American Community Survey

Absolute poverty thresholds vs. relative poverty thresholds --- As explained by a National Academy of Sciences panel, "Absolute thresholds are fixed at a point in time and updated solely for price changes.... In contrast, relative thresholds, as commonly defined, are developed by reference to the actual expenditures (or income) of the population." See Citro and Michael, eds., [Measuring Poverty: A New Approach](#) (National Academy Press, 1995), page 31, "Types of Poverty Thresholds."

Annual poverty rate --- percent of people who were in poverty in a calendar year.

Annual poverty rates from the Current Population Survey and the decennial census long form are based on income reported at an annual figure.

- In the Survey of Income and Program Participation (SIPP), income is reported a few months at a time, several times a year. Therefore, in the SIPP, annual poverty rates are calculated using the sum of family income over the year divided by the sum of poverty thresholds that can change from month to month if one's family composition changes.

Average monthly poverty --- Average percent of people poor per month in each year of a longitudinal survey panel. See also [Longitudinal survey data](#).

Chronic or long-term poverty --- Percent of people in poverty every month for the duration of a longitudinal survey panel (typically 3 to 4 years). See also [Longitudinal survey data](#).

Cross-sectional survey data --- Data from a survey in which a new group of respondents is sampled for each interview, instead of following the same group of respondents over time. The Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the American Community Survey (ACS), and the decennial census long form are cross-sectional surveys. See also [Longitudinal survey data](#).

Entrance rate --- Percent of people who were not in poverty during the first year of a [Longitudinal survey](#), but were in poverty in a subsequent year. Uses an annual poverty measure.

Episodic poverty --- Percent of people who were poor in 2 or more consecutive months in a given time period. Episodic poverty can only be computed using [Longitudinal survey data](#).

Equivalence scale --- the numerical relationship by which poverty thresholds vary for families of different sizes and compositions.

Exit rate --- Percent of people who were in poverty during the first year of a [Longitudinal survey](#) but were not in poverty in a subsequent year. Uses an annual poverty measure.

Federal Poverty Level (FPL) --- According to the Department of Health and Human Services, "The poverty guidelines are sometimes loosely referred to as the 'federal poverty level' (FPL), but that phrase is ambiguous and should be avoided, especially in situations (e.g., legislative or administrative) where precision is important." [<http://aspe.hhs.gov/poverty/05poverty.shtml>, last accessed May 24, 2005.] See also HHS [poverty guidelines](#).

Gini ratio --- The Gini ratio (or index of income concentration) is a statistical measure of income equality ranging from 0 to 1. A measure of 1 indicates perfect inequality; i.e., one person has all the income and rest have none. A measure of 0 indicates perfect equality; i.e., all people have equal shares of income. The Census Bureau used grouped data to compute all Gini ratios. For a more detailed discussion, see Current Population Reports, Series P-60, No. 123.

Income deficit / income surplus --- Income deficit is the number of dollars that the income of a family in poverty (or unrelated individual) falls below its poverty threshold. If income is negative, the deficit equals the threshold. Income surplus is the difference in dollars between the income of a family or unrelated individual above the poverty level and its poverty threshold.

Income surplus --- Income surplus is the difference in dollars between the income of a family or unrelated individual above the poverty level and its poverty threshold.

Income-to-poverty ratio --- See [Ratio of income to poverty](#).

Longitudinal survey data --- Data from a survey in which the same respondents are interviewed multiple times, using the same set of questions, over a period of time (a panel). The Survey of Income and Program Participation (SIPP) is a longitudinal survey. While cross-sectional data have been compared to "snapshots" in that differences between two cross-sectional estimates are based on two different samples of people, longitudinal data instead allow the analyst to observe how the status of the same group of people changes over time--for instance, by observing the average number of months a person falls below the poverty level, or by observing the demographic characteristics of people who enter and leave poverty. In that sense, longitudinal data have been compared to "videos." See, for instance, Mary Naifeh, "Dynamics of Economic Well-Being, Poverty, 1993-94: [Trap Door? Revolving Door? Or Both?](#)"

Long-term poverty --- See [Chronic or long-term poverty](#).

Median income --- Median income is the amount which divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The medians for households, families, and unrelated individuals are based on all households, families, and unrelated individuals, respectively. The medians for people are based on people 15 years old and over with income.

Monthly poverty --- See [Average monthly poverty](#).

National Academy of Sciences (NAS) panel --- The National Research Council's Panel on Poverty and Family Assistance: Concepts, Information Needs, and Measurement Methods. - -- A group of scholars who co-authored a publication in 1995, [Measuring Poverty: A New Approach](#) (National Academy Press, 1995), that recommended alternative methods for measuring poverty. The Census Bureau has conducted research to refine some of the panel's measurement methods and to examine how its recommendations would affect the number in poverty and the poverty rate. (For further information see [Poverty Measurement Studies and Alternative Measures](#).)

Poverty areas --- Poverty areas are census tracts or block numbering areas (BNA's) where at least 20 percent of residents were below the poverty level.

Poverty definition --- Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps).

Poverty in the past 12 months --- The American Community Survey measures poverty in the previous 12 months instead of the previous calendar year. For more information see [ACS poverty definition](#).

Poverty rate --- The percentage of people (or families) who are below poverty.

Poverty spell --- Number of months in poverty as measured using panel data from a [longitudinal survey](#) (excluding spells underway in the first interview month of the panel). Minimum spell length is 2 months. Spells are separated by 2 or more months of not being in poverty. Individuals can have more than one spell.

Poverty thresholds --- Dollar amounts the Census Bureau uses to determine a family's or person's poverty status.

Poverty universe --- Persons for whom the Census Bureau can determine poverty status (either "in poverty" or "not in poverty"). For some persons, such as unrelated individuals under age 15, poverty status is not defined. Since Census Bureau surveys typically ask income questions to persons age 15 or older, if a child under age 15 is not related by birth, marriage, or adoption to a reference person within the household, we do not know the child's income and therefore cannot determine his or her poverty status. For the decennial censuses and the American Community Survey, poverty status is also undefined for people living in college dormitories and in institutional group quarters. People whose poverty status is undefined are excluded from Census Bureau poverty tabulations. Thus, the total

population in poverty tables--the poverty universe--is slightly smaller than the overall population.

Ratio of income to poverty --- People and families are classified as being in poverty if their income is less than their poverty threshold. If their income is less than half their poverty threshold, they are below 50% of poverty; less than the threshold itself, they are in poverty (below 100% of poverty); less than 1.25 times the threshold, below 125% of poverty, and so on. The greater the ratio of income to poverty, the more people fall under the category, and so because higher ratios include more people with higher incomes.

Relative poverty thresholds --- See [Absolute poverty thresholds vs. relative poverty thresholds](#).

Small Area Income and Poverty Estimates --- The Small Area Income and Poverty Estimates (SAIPE) program produces estimates of income and poverty for states and counties, and population and poverty for school districts. The estimates are provided for the administration of federal programs and the allocation of federal funds to local jurisdictions.

Spells of poverty --- see [poverty spell](#).

Standard error --- A measure of an estimate's variability. The greater the standard error in relation to the size of the estimate, the less reliable the estimate.

Threshold --- See [poverty threshold](#).

Unrelated individual --- Unrelated individuals are people of any age who are not members of families or subfamilies.

Working poor --- The Census Bureau does not use the term "working poor." The "working poor" may mean different things to different data users, based on the question they are trying to answer, such as:

-People who worked, but who, nevertheless, fell under the official definition of poverty. See table POV22 of our Detailed Poverty Tables. Table [POV22](#) focuses on workers versus non-workers, age 16 and over.

-People who were in poverty and had at least one working family member. See table POV10 of our Detailed Poverty Tables. Table [POV10](#) includes the children and other family members of workers (such as stay-at-home parents, retired family members, and others).

-People who may not necessarily be "in poverty" according to the official measure of poverty, but who fall below some percentage of the poverty level (for instance, 200 percent of poverty).

-Percentages of the poverty level are referred to as "Ratio of income to poverty" in our Detailed Poverty Tables.

-"Below 100% of poverty" is the same as "in poverty."

-"Below 200% of poverty" includes all those described as "in poverty" under the official definition, plus some people who have income above poverty but less than 2 times their poverty threshold.

Contact the Demographic Call Center Staff at 301-763-2422 or 1-866-758-1060 (toll free) or visit ask.census.gov for further information on Poverty Statistics.

Source: *U.S. Census Bureau, Housing and Household Economic Statistics Division*

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