Poverty in the United States in 2020

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Calendar year 2020 saw the onset of the COVID-19 pandemic, and an accompanying rise in the poverty rate—the percentage of the population living in poverty (economic hardship characterized by low income). Under the Census Bureau’s official poverty measure, the nation as a whole was estimated to have 37.2 million people (11.4% of the population) living in poverty in 2020, compared with 34.0 million (10.5%) in 2019.

Comparing recent poverty rates with those from before 2019 is somewhat complicated because of changes in the way household income data were collected during the pandemic (in-person interviewing was stopped in favor of telephone-only interviewing in both 2020, which measured 2019 poverty, and 2021, which measured 2020 poverty). This change in survey procedures is largely believed to have biased the overall poverty rate in 2019 downward by a little over half a percentage point. That said, the recent poverty rates in 2019 (10.5%) and 2020 (11.4%) are closer to the previous historical low of 11.1% in 1973 than to the most recent peak of 15.1% in 2010, after the Great Recession.

Between 2019 and 2020, poverty rates rose among the following:

- married-couple families (from 4.0% in 2019 to 4.7% in 2020) and female-householder families (from 22.2% to 23.4%),
- children (from 14.4% to 16.1%) and working-age adults (from 9.4% to 10.4%),
- the Hispanic population (from 15.7% to 17.0%) and White non-Hispanic population (from 7.3% to 8.2%), and
- both workers (from 4.7% to 5.0%) and nonworkers (from 26.4% to 28.8%) aged 18 to 64.

Work reduces the estimated likelihood of being in poverty but does not eliminate it. For example, among 18-to 64-year-olds in poverty, 36.8% had jobs. Among jobless 18-to-64-year-olds in poverty, 19.6% had a family member who worked.

Criticisms of the official poverty measure have inspired poverty measurement research and eventually led to the development of the Supplemental Poverty Measure (SPM). The SPM uses different definitions of needs and resources than the official measure.

- The SPM includes the estimated effects of taxes and in-kind benefits (such as housing, energy, and food assistance) on poverty, while the official measure does not. Because some types of tax credits and noncash benefits are used to assist the poor, the SPM may be of interest to policymakers.
- For the first time since the SPM was measured, its poverty rate (9.1% in 2020) was lower than that of the official measure (11.4%). This appears to be explained in large part by stimulus payments and tax credits, which are measured in the SPM but not in the official measure, and the SPM’s treatment of cohabiting couples as a single economic unit (which means that resources such as unemployment insurance are identified as lifting a greater number of people out of poverty in the SPM compared with the official measure, which treats cohabiting couples as separate economic units).
- Unlike the official measure, the SPM includes adjustments to reflect geographic variations in housing costs.
- Under the SPM, the profile of the poverty population is slightly different than under the official measure. Compared with the official measure, the estimated child poverty rate under the SPM is lower (largely because tax credits, which often benefit families with children, are counted in the SPM and not the official measure, and stimulus payments, which came in the form of tax credits, tended to be higher for families with children). The SPM poverty rate is higher for those 65 and older than the corresponding official poverty rate (largely because medical out-of-pocket expenses are subtracted from income in the SPM but not in the official measure). The SPM also estimated a lower poverty rate among working-age adults than did the official measure in 2020, largely due to stimulus payments.
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Introduction

Calendar year 2020 saw the onset of the COVID-19 pandemic, and an accompanying rise in the poverty rate—the percentage of the population living in poverty (economic hardship characterized by low income). In 2020, approximately 37.2 million people had incomes below the official definition of poverty in the United States, which was an increase from 34.0 million people in 2019. The poverty rate rose to 11.4% from 10.5%. The increase in poverty was especially acute among the population under age 65, whose work statuses were most likely to have been affected by the economic fallout of the pandemic.

This report presents a general overview of poverty in the United States. It introduces the concepts and data sources used in defining and measuring poverty. It then offers a historical perspective on poverty at the national level by presenting trend data on the official poverty measure. Next, it focuses on poverty by demographic group, mainly by comparing 2020 estimates with 2019, along four characteristics:

- family structure, because poverty is defined according to the composition, needs, and resources of families, and because antipoverty interventions have often been targeted to families;
- age, because age groups vary in the types and sources of income available to them, and because congressional policymaking has often focused on children and the aged population;
- race and Hispanic origin, because poverty rates among these demographic groups historically have had wide differences; and
- work status, because economic well-being is typically tied to the current or past work of oneself or one’s family members.

State poverty rates are then presented to provide a geographical perspective on poverty throughout the United States. Last, the report describes a newer poverty measure, the Supplemental Poverty Measure (SPM), which improves upon some of the official poverty measure’s limitations, and illustrates how the SPM offers a different view of poverty from the official measure. This different view of poverty using the SPM is particularly relevant for examining the impact on poverty of the refundable tax credits and other measures Congress undertook to counteract the recession related to the pandemic.

Poverty Data As Estimates: Survey Collection during the Pandemic, the Official Poverty Measure, and the Supplemental Poverty Measure

The numbers and percentages of those in poverty presented in this report are based on the Census Bureau’s estimates. While this official measure is often regarded as a statistical yardstick rather

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1 The national-level data in this report were obtained from the report by Jessica Semega, Melissa Kollar, Emily A. Shrider, and John Creamer, *Income and Poverty in the United States: 2019*, U.S. Census Bureau, Current Population Reports number P60-270, September 15, 2020, at https://www.census.gov/library/publications/2020/demo/p60-270.html, and the detailed tabulations and the CPS ASEC public use file that accompanied the release of that report. Details on the Supplemental Poverty Measure, also based primarily on the CPS ASEC, were obtained from Liana Fox,
than a complete description of what people and families need to live, it does offer a measure of economic hardship faced by the low-income population. The poverty measure compares family income against a dollar amount called a poverty threshold, a level below which the family is considered to be poor. The Census Bureau releases these poverty estimates every September for the prior calendar year. Most of the comparisons discussed in this report are year-to-year. The report only considers a number or percentage to have changed from the previous year, or to be different from another number or percentage, if the difference has been tested to be statistically significant at the 90% confidence level.  

Effect of the Pandemic on Survey Collection and Survey Estimates

In addition to affecting people’s poverty statuses, the pandemic also affected the collection of the data used to measure poverty, which in turn affects how the data may be interpreted. The official, annual data on income and poverty are measured retrospectively by a Census Bureau survey conducted in February, March, and April of the following year. Data collection for income in 2020 (collected in 2021) and 2019 (collected in 2020) were thus affected by social distancing measures that began in March 2020 in order to contain the pandemic. As a result, any interviews that would have been conducted in person, by a field representative visiting respondents at their homes, were conducted by telephone only. The switch to telephone-only interviewing

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3 Not every apparent difference in point estimates is a real difference. The official poverty measure uses information from the CPS ASEC, which surveys about 95,000 addresses nationwide. All poverty data discussed here are therefore estimates, which have margins of error. Error in this case refers to a difference from the true data that is caused by using a sample instead of the entire population, not mistakes in computation or biases from imperfect data collection or processing. Even if a survey were implemented perfectly and had collected complete and accurate information from all respondents in the sample, surveying a different sample would likely yield slightly different estimates of the poverty population or the poverty rate. Thus, even if the true poverty rate were exactly the same in two different years, it is possible to get survey estimates that appear different. In order to report that a change has occurred in the poverty rate—that is, that the difference between the estimates is likely not caused by sampling variability—the difference has to be large enough that fewer than 10% of all possible survey samples would produce a difference that large (and, conversely, 90% of the samples would not). Such a difference is said to be statistically significant at the 90% confidence level. Point estimates whose differences are not statistically significant are described as such in this report.

4 The Current Population Survey (CPS), the source of most of the data in this report, asks an extra set of questions (the Annual Social and Economic Supplement, or ASEC) in February, March, and April, with most of the data collection taking place in March, in order to obtain detailed information about the previous year’s income. According to the U.S. Census Bureau, “It was thought that since March is the month before the deadline for filing federal income tax returns, respondents were likely to have recently prepared tax returns or be in the midst of preparing such returns and could report income more accurately than at any other time of the year”; U.S. Census Bureau, Current Population Survey: Design and Methodology, Technical Paper 66, October 2006, Chapter 11, “Current Population Survey Supplemental Inquiries,” p. 11-5, https://www.census.gov/prod/2006pubs/tp-66.pdf.

contributed to a lower response rate, which affected the estimates. Further, the persons who did not respond were more likely to have had low incomes than high incomes. While data used to estimate poverty in both 2020 and 2019 were affected by these changes to survey data collection, this drop in survey response tempers the conclusions that may be drawn from the data, particularly when examining longer historical trends. The information in this report necessarily uses the official estimates. Detailed experimental estimates that adjust for nonresponse bias specific to the pandemic are not available for the characteristics discussed in the report.

How the Official Poverty Measure is Computed

The Census Bureau determines a person’s poverty status by comparing his or her resources against a measure of need. For the official measure, resources is defined as total family income before taxes, and the measure of need is a dollar amount called a poverty threshold. There are 48 poverty thresholds that vary by family size and composition. If a person lives with other people to whom he or she is related by birth, marriage, or adoption, the money income from all family members is used to determine his or her poverty status. If a person does not live with any family members, his or her own income is used. Only money income before taxes is used in calculating the official poverty measure, meaning this measure does not treat in-kind benefits such as the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), housing assistance program (Housing Choice Voucher Program), and unemployment compensation as resources.

6 According to Jonathan Rothbaum and Charles Hokayem, “During the onset of the pandemic, response rates fell sharply to 73.0% in March 2020 and 69.9% in April 2020. In March and April of this year [2021], response rates climbed to 76.2% and 78.8%, respectively, but were still below the prepandemic trend.” See Jonathan Rothbaum and Charles Hokayem, “How Did the Pandemic Affect Survey Response: Using Administrative Data to Evaluate Nonresponse in the 2021 Current Population Survey Annual Social and Economic Supplement,” on the Census Bureau’s “Research Matters” blog entry for September 14, 2021, at https://www.census.gov/newsroom/blogs/research-matters/2021/09/pandemic-affect-survey-response.html. This decreased response rate could have many contributing causes, such as a respondent’s lack of a telephone, difficulties in finding a telephone number associated with a household selected for the survey, some respondents’ lower willingness to respond to a telephone call than to an in-person visit, or other reasons. See Jonathan Rothbaum and Adam Bee, Coronavirus Infects Surveys Too: Nonresponse Bias During the Pandemic in the CPS ASEC, U.S. Census Bureau, working paper number SEHSD WP2020-10, September 2020, at https://www.census.gov/library/working-papers/2020/demo/SEHSD-WP2020-10.html.

7 Every year, when processing the CPS ASEC data, the Census Bureau applies weighting procedures that attempt to correct for nonresponse, so that totals by age, sex, race, and Hispanic origin match independently computed totals based on administrative data. These procedures reduced but did not eliminate nonresponse bias. In a research paper (i.e., separate from the official reports), Census Bureau analysts estimated the likely effects of nonresponse bias on the 2019 income and poverty estimates; an updated analysis was published online for the 2020 income and poverty estimates. For a detailed analysis of the lower response to the CPS ASEC conducted in 2020, see Jonathan Rothbaum and Adam Bee, Coronavirus Infects Surveys Too: Nonresponse Bias During the Pandemic in the CPS ASEC, U.S. Census Bureau, working paper number SEHSD WP2020-10, September 2020, at https://www.census.gov/library/working-papers/2020/demo/SEHSD-WP2020-10.html. A succinct and less technical explanation by Jonathan Rothbaum is available on the Census Bureau’s “Research Matters” blog at https://www.census.gov/newsroom/blogs/research-matters/2020/09/pandemic-affect-survey-response.html. The updated analysis for the 2021 CPS ASEC by Rothbaum and Hokayem is available on the “Research Matters” blog at https://www.census.gov/newsroom/blogs/research-matters/2021/09/pandemic-affect-survey-response.html.

subsidies, or employer-provided benefits as income. Because the official measure uses income before taxes, it also excludes refundable tax credits such as the Earned Income Tax Credit and the Child Tax Credit, as well as stimulus payments that were made as refundable tax credits.

The poverty threshold dollar amounts vary by the size of the family (from one person not living in a family, to nine or more family members living together) and the ages of the family members (how many of the members are children under 18 and whether or not the family head is 65 or older). Collectively, these poverty thresholds are often referred to as the poverty line. As a rough guide, the poverty line in 2020 can be thought of as $26,496 for a family of four, $20,591 for a family of three, $16,733 for a family of two, or $13,171 for an individual not living in a family, though the official measure is actually much more detailed.\(^9\)

The threshold dollar amounts are updated annually for inflation using the Consumer Price Index. Notably, the same thresholds are applied throughout the country: no adjustment is made for geographic variations in living expenses.\(^10\)

The official poverty measure used in this report is the federal government’s definition of poverty for statistical purposes, such as comparing the number or percentage in poverty over time. A related definition of poverty, the poverty guidelines published by the Department of Health and Human Services (HHS), is used for administrative purposes such as eligibility criteria for assistance programs and will not be discussed in this report.\(^11\)

**The Supplemental Poverty Measure: Its Relevance in Relation to the Official Measure**

Over the past several decades, criticisms of the official poverty measure have led to the development of an alternative research measure called the Supplemental Poverty Measure, which the Census Bureau also computes and releases. Statistics comparing the official measure with the SPM are provided at the conclusion of this report.

The SPM includes adjustments to reflect geographic variations in housing costs, and the estimated effects of taxes and in-kind benefits (such as housing, energy, and food assistance) on poverty, while the official measure does not. The SPM also takes a more expansive approach than the official measure in recognizing relationships among household members, for the purpose of identifying how those members share costs and pool resources. Furthermore, one-time payments such as economic stimuli are not considered as part of the official definition of income, but these

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\(^9\) To provide a general sense of the poverty line, the Census Bureau computes weighted averages of the thresholds within each family size. For example, a family of three may consist of any of the following combinations: three adults, two adults and one child, or one adult and two children. Each combination has its own distinct threshold. The $20,591 figure cited represents an average of those family combinations, adjusted to reflect that some types of three-person families are more common than others. The averages are a convenience for the reader, but are not actually used to compute poverty status for statistical reports. In actual computations, 48 thresholds are used in the official measure.

\(^10\) Unlike the poverty thresholds that are used to compute official poverty statistics, the Health and Human Services (HHS) poverty guidelines used for administrative purposes do include separate amounts for Alaska and Hawaii.

\(^11\) The official poverty measure described in this report was established in the Office of Management and Budget’s Statistical Policy Directive 14, May 1978, reproduced on the Census Bureau’s website at https://www.census.gov/topics/income-poverty/poverty/about/history-of-the-poverty-measure/omb-stat-policy-14.html. It states that the official measure is to be used for statistical purposes, but should not be construed as required for administrative purposes. Though the poverty guidelines published by HHS use the official thresholds as part of their computation, the HHS poverty guidelines are collectively a distinct poverty definition and are often used as a criterion in federal assistance programs. The HHS poverty guidelines are often referred to as the federal poverty level or FPL. See CRS Report R44780, *An Introduction to Poverty Measurement*, for further discussion.
payments are considered as resources in the SPM. Because some types of tax credits and noncash benefits provide financial help to families and individuals in poverty, the SPM may be of interest to policymakers, particularly in light of the economic stimulus payments and tax credits provided in 2020 in response to the COVID-19 pandemic.

The official measure provides a comparison of the population below poverty over a longer period than does the SPM, including some years before many current antipoverty assistance programs had been developed.\(^{12}\) In developing poverty-related legislation and conducting oversight on programs that aid the low-income population, policymakers may be interested in these historical trends.

**Historical Perspective Under the Official Poverty Measure**

Figure 1 shows a historical perspective of the number and percentage of the population below the poverty line. The number in poverty and the poverty rates are shown from the earliest year available (1959) through the most recent year available (2020). Because the total U.S. population has grown over time, poverty rates are useful for historical comparisons because they control for population growth.

Poverty rates fell through the 1960s. Since then, they have generally risen and fallen according to the economic cycle, though during the two most recent expansions poverty rates did not fall measurably until four to six years into the expansion. Historically notable lows occurred in 1973 (11.1%), 2000 (11.3%), and 2019 (10.5%).\(^{13}\) Poverty rate peaks occurred in 1983 (15.2%), 1993 (15.1%), and 2010 (15.1%).\(^{14}\)

Poverty rates tend to rise during and after recessions, as opposed to leading economic indicators such as new housing construction, whose changes often precede changes in the performance of the overall economy. The poverty rate’s lag is explainable in part by the way it is measured: it uses income from the entire calendar year.\(^{15}\)

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\(^{12}\) While their methodology is not discussed in this report, researchers at Columbia University have developed an anchored SPM, which estimates what the SPM would have been in previous years before the data necessary for computing the SPM according to current methods were available. See Christopher Wimer, Liana Fox, Irv Garfinkel, Neeraj Kaushal, and Jane Waldfogel, “Trends in Poverty with an Anchored Supplemental Poverty Measure,” Institute for Research on Poverty Discussion Paper No. 1416-13, December 11, 2013, at https://www.irp.wisc.edu/resource/trends-in-poverty-with-an-anchored-supplemental-poverty-measure/.

\(^{13}\) The rate in 2019 is the lowest numerically, but suffered from nonresponse bias, as was described in the “Introduction” section. Before 2019, the poverty rates in 1973 and 2000 had been considered to be tied for the lowest measured poverty rate because they are not statistically different from each other.

\(^{14}\) These poverty rates may not necessarily be distinguishable from the poverty rates in their adjacent years. See footnote footnote 3 for an explanation of statistical significance.

\(^{15}\) For further historical information about poverty and recessions, see CRS Report R45854, *Trends in the U.S. Poverty Rate after Recessions*, by Joseph Dalaker; and CRS Report R46939, *Underemployment, Recessions, and Poverty*, by Joseph Dalaker.
Poverty by Demographic Group

Increases in poverty rates between 2019 and 2020 were widespread, occurring among married-couple families and female-householder families, children and working-age adults, the Hispanic and White non-Hispanic populations, and both workers and nonworkers.

Family Structure

Because poverty status is determined at the family level by comparing resources against a measure of need, vulnerability to poverty may differ among families of different compositions. In this section, poverty data by family structure are presented using the official poverty measure, with families defined as persons related by birth, marriage, or adoption to the householder (the person in whose name the home is owned or rented). In the “Supplemental Poverty Measure” section of this report, a different definition will be used.

In general, women have higher poverty rates than men: 12.6% compared with 10.2% in 2020. Both sexes experienced poverty rate increases from 2019 (from 11.5% for women and 9.4% for men). Historically, families with a female householder and no spouse present (female-householder families) have had higher poverty rates than both married-couple families and
families with a male householder and no spouse present (male-householder families). This remained true in 2020: the poverty rate among female-householder families was 23.4%, compared with 11.4% for male-householder families and 4.7% for married-couple families (Figure 2).

Female-householder families experienced an increase of 1.2 percentage points in their poverty rate from 2019. Despite the increase, the 2020 poverty rate for female-householder families was the second-lowest reported for that group, though those estimates are somewhat lower than would be expected had in-person interviewing been available. Even though nonresponse affected low-income families more than high-income families, and female-householder families are more likely to be low income than the other family types, the 2020 poverty rate is the latest in a series of lower poverty rates for this group, compared with previous decades.\(^\text{16}\)

Married-couple families experienced a poverty rate increase as well, from 4.0% in 2019 to 4.7% in 2020. No discernible change was detected for male-householder families, nor for persons living alone or with non-relatives only (19.1% in 2020).

### Figure 2. Poverty Rates of Families by Family Structure: 2020

(Poverty rates in percentages)

<table>
<thead>
<tr>
<th>Family Structure</th>
<th>Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All families</td>
<td>8.7%</td>
</tr>
<tr>
<td>Married couple</td>
<td>4.7%</td>
</tr>
<tr>
<td>Female householder, no spouse present</td>
<td>23.4%</td>
</tr>
<tr>
<td>Male householder, no spouse present</td>
<td>11.4%</td>
</tr>
</tbody>
</table>


Notes: The poverty rates above include only families with a householder (the survey’s reference person for the household; typically the person in whose name the home is owned or rented). The Census Bureau defines a family as those living together related by birth, marriage, or adoption.

### Age

When examining poverty by age, the three main groups (under 18, 18 to 64, and 65 and older) are noteworthy for distinct reasons. People under age 18 are typically dependent on other family members for income, particularly young children below their state’s legal working age. People aged 18 to 64 are generally thought of as the working-age population and typically have wages and salaries as their greatest source of income. People aged 65 and older, referred to as the aged population, are often eligible for retirement, and those who do retire typically experience a change in their primary source of income, such as from earnings to Social Security.

\(^{16}\) Poverty rates for female-householder families are available from 1959 onward. Until 1964, the rates for this group were estimated to be above 40%. From 1964 through 1997, poverty rates for female-householder families were between 30% and 40%, and from 1998 to 2014, they hovered close to or below 30% except during the years following the Great Recession, when they peaked above 30%. From 2015 to 2020, the poverty rates for this group remained below 30%.
As shown in Figure 3, poverty rose among children and the working-age population. Among children, 11.6 million (16.1%) lived in poverty in 2020, up from 10.5 million (14.4%) in 2019. Among the working-age population, 20.6 million (10.4%) lived in poverty in 2020, up from 18.9 million (9.4%) in 2019. The 65-and-older population experienced no significant change: 9.0% were below poverty in 2020.

**Figure 3** illustrates poverty rates historically by age because the overall poverty rate (seen in Figure 1) masks the decline in poverty among the aged population. In earlier years, the poverty rate for those aged 65 and over was the highest of the three age groups. In 1966, people aged 65 and over had a poverty rate of 28.5%, compared with 17.6% for those under 18 and 10.5% for working-age adults. By 1974, the poverty rate for people aged 65 and over had fallen to 14.6%, compared with 15.4% for people under 18 and 8.3% for working-age adults. Since then, people under 18 have had the highest poverty rate of the three groups. Meanwhile, the poverty rate among the 65-and-older population eventually fell below the poverty rate of the working-age population, and has trended below that group since the mid-2000s.

**Figure 3. Poverty Rates by Age: 1959 to 2020**

(Poverty rates in percentages; shaded bars indicate recessions)

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**Source:** Congressional Research Service (CRS), based on poverty data from Table B-5 of Emily A. Shrider, Melissa Kollar, Frances Chen, and Jessica Semega, *Income and Poverty in the United States: 2020*, U.S. Census Bureau, Current Population Reports number P60-273, issued September 2021. Recession dates were obtained from the National Bureau of Economic Research at [http://www2.nber.org/cycles/](http://www2.nber.org/cycles/).

**Notes:** The 2019 and 2020 estimates were biased downward because of increased nonresponse associated with telephone-only interviewing during the pandemic; for details, see the “Effect of the Pandemic on Survey Collection and Survey Estimates” section. Data are not available from 1960 to 1965 for persons aged 65 and older and for persons aged 18 to 64. Two estimates are shown for 2013 for each age group because the Census Bureau implemented a change to the CPS ASEC income questions. Some households received the old questionnaire and others the new, so that it would be possible to see the effect of changing the questionnaire. The CPS ASEC processing system was also updated for 2017. Those updates did not affect the overall poverty rate, nor the poverty rates for children or the population aged 18-64, though the 2017 poverty rate for the aged was 0.3 percentage points higher than under the legacy system. For details, see John Creamer and Ashley Edwards, *Examining Poverty in 2016 and 2017 Using the Legacy and Updated Current Population Survey Processing System*, U.S. Census Bureau, Social, Economic, and Housing Statistics Division, Working Paper #2019-28, July 30, 2019, [https://www.census.gov/library/working-papers/2019/demo/SEHSD-WP2019-28.html](https://www.census.gov/library/working-papers/2019/demo/SEHSD-WP2019-28.html).
Race and Hispanic Origin

Poverty rates vary by race and Hispanic origin, as shown in Figure 4. In surveys, Hispanic origin is asked about separately from race; accordingly, people identifying as Hispanic may be of any race. Comparing poverty rates in 2019 and 2020, among the White non-Hispanic population the poverty rate rose from 7.3% to 8.2%, and among the Hispanic population it rose from 15.7% to 17.0%. No statistical difference was observed among the Black population (19.5% in 2020) or the Asian population (8.1% in 2020).

![Figure 4. Poverty Rates by Race and Hispanic Origin: 2020](Poverty rates in percentages)

<table>
<thead>
<tr>
<th>Race Group</th>
<th>Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All persons</td>
<td>11.4%</td>
</tr>
<tr>
<td>Non-Hispanic White alone</td>
<td>8.2%</td>
</tr>
<tr>
<td>Black alone</td>
<td>19.5%</td>
</tr>
<tr>
<td>Asian alone</td>
<td>8.1%</td>
</tr>
<tr>
<td>Hispanic (of any race)</td>
<td>17.0%</td>
</tr>
</tbody>
</table>


**Notes:** People of Hispanic origin may be of any race. Additionally, respondents may identify with one or more racial groups. Except for “All persons” and “Hispanic,” the remaining groups shown include those who identified with one race only. The “non-Hispanic White alone” group includes only the White non-Hispanic population, the “Black alone” group includes Blacks of Hispanic origin, and the “Asian alone” group includes Asians of Hispanic origin. Data for Native Hawaiians and Other Pacific Islanders, American Indians and Alaska Natives, and the population of two or more races are not shown separately.

Work Status

While having a job reduced the likelihood of being in poverty, it did not guarantee that a person or his or her family would avoid poverty. Among the population aged 18 to 64 living in poverty, 36.8% had jobs in 2020. Poverty rates among workers in this age group were 5.0% for all workers (up from 4.7% in 2019), 1.6% for full-time year-round workers (down from 2.0% in 2019), and 11.3% for part-time or part-year workers (down from 12.0% in 2019). Among those who did not work at least one week in 2020, 28.8% were poor (up from 26.4% in 2019).

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17 Since 2002, federal surveys have asked respondents to identify with one or more races; previously, they could choose only one. The groups in this section represent those who identified with one race alone. Another approach is to include those who selected each race group either alone or in combination with one or more other races. Those data are also available on the Census Bureau’s website at https://www.census.gov/library/publications/2020/demo/p60-270.html, where they are published in Appendix B of Emily A. Shrider, Melissa Kollar, Frances Chen, and Jessica Semega, *Income and Poverty in the United States: 2020*, U.S. Census Bureau, Current Population Reports number P60-273, issued September 2021; and in accompanying historical data tables.

18 Includes Blacks of Hispanic origin.

19 Includes Asians of Hispanic origin.
Because poverty is a family-based measure, a change in one member’s work status can affect the poverty status of his or her entire family. Among all 18- to 64-year-olds who did not have jobs in 2020, 59.0% lived in families in which someone else did have a job. Among 18- to 64-year-olds with income below the poverty line and without jobs, 19.6% lived in families where someone else worked.

The COVID-19 pandemic and various responses to it, including shutdowns, affected workers. As a result, large shifts occurred in the work status categories when measured on an annual basis, and these shifts affected the poverty rates for these groups. The total number of people who worked full-time year-round fell as a result of some of the shutdowns: in 2019, 112.6 million people worked full-time year-round, while in 2020 this number was 99.4 million. Conversely, the number of people who worked, but not full-time year-round, rose from 42.0 million in 2019 to 52.8 million in 2020—a net increase of nearly 11 million workers. However, while many workers whose status was impacted by the shutdowns fell below poverty, many more did not. Unemployment insurance eligibility requirements were relaxed and benefit levels increased due to interventions such as the Family First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act, and an estimated 40 million people, or 16.0% of the population ages 18 and older, received unemployment insurance benefits. Furthermore, while many shutdowns lasted for weeks or months, poverty status is computed using income over the entire year. As a result, while the number of persons working less than full-time year-round and living in poverty rose by nearly 1 million, the poverty rate for that same group fell (from 12.0% in 2019 to 11.3% in 2020).

**Poverty Rates by State**

Poverty is not equally prevalent in all parts of the country. Figure 5 shows states with relatively high poverty rates across parts of the Appalachians, the Southwest, and the Deep South. Mississippi’s poverty rate (18.8%), seemingly the highest, was in a statistical tie with Louisiana’s (17.4%—see footnote 3 for a discussion of statistical significance). The poverty rate in New Hampshire (5.3%), seemingly the lowest, was not statistically distinguishable from that in Utah (7.2%). When comparing poverty rates geographically, the official poverty thresholds are not

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20 Author’s tabulation using 2021 CPS ASEC public use file.
21 Ibid.
23 The National Bureau of Economic Research determined the recession in 2020 to have begun in February (the business cycle peak) and ended in April (the business cycle trough), meaning that the contraction in the economy had stopped. For details, see https://www.nber.org/research/business-cycle-dating.
24 These state estimates are based on multi-year averages using 2018-2021 CPS ASEC data, rather than from the 2021 CPS ASEC alone. Because the CPS ASEC surveys 90,000 to 100,000 addresses nationwide, it is sometimes difficult to obtain reliable estimates for small populations or small geographic areas—the sample may not have selected enough people from that group or area to provide a meaningful estimate. Using multi-year averages therefore affords greater statistical precision for comparing state areas. Three-year averages for 2018-2020 are used in Figure 5 and in comparing poverty rates across states. For measuring poverty rate changes within a single state, two two-year averages were used: the 2017-2018 average and the 2019-2020 average. Alternatively, the American Community Survey (ACS) is typically recommended by the Census Bureau for estimates at the state level and smaller areas; however, as of the cover date of this report, the available data for 2020 from the ACS are experimental estimates. Official ACS estimates for 2020 have not yet been released. For details, see Ceci A. Villa Ross, Hyon Shin, and Matthew C. Marlay, “Pandemic Impact on 2020 American Community Survey 1-Year Data” at https://www.census.gov/newsroom/blogs/random-samplings/2021/10/pandemic-impact-on-2020-acs-1-year-data.html.
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adjusted for geographic variations in the cost of living—the same thresholds are used nationwide. As such, an area with a lower cost of living accompanied by lower wages will appear to have a higher poverty rate than an area with a higher cost of living and higher wages, even if individuals’ purchasing power were exactly the same in both areas.

**Figure 5. Three-Year Average State Poverty Rates: 2018-2020**
(Poverty rates in percentages)

![Figure 5: Three-Year Average State Poverty Rates: 2018-2020](image)


**Notes:** Data by state are based on three-year averages in order to reduce sampling error.

Sixteen states experienced statistically significant declines in their poverty rates, comparing their 2019-2020 average to their 2017-2018 average, and one experienced an increase. Among those that experienced decreases, three were in the Northeast (Massachusetts, New Hampshire, and New Jersey), four were in the Midwest (Illinois, Kansas, Minnesota, and North Dakota), four were in the South (North Carolina, Texas, Virginia, and West Virginia), and five were in the West (Arizona, California, New Mexico, Washington, and Wyoming). Delaware, the only state with an increase, is in the South region. These decreases appear to run counter to the poverty rate increases discussed in earlier sections because these state estimates compare two consecutive two-year averages, while the national estimates discussed earlier compared 2019 with 2020 (see footnote 24).
Supplemental Poverty Measure

Criticisms of the official poverty measure led to the development of the SPM. Described below are the development of the official measure, its limitations, attempts to remedy those limitations, the research efforts that eventually led to the SPM’s first release in November 2011, and a comparison of poverty rates in 2020 based on the SPM and the official measure.\(^{25}\)

How the Official Poverty Measure Was Developed

The poverty thresholds were originally developed in the early 1960s by Mollie Orshansky of the Social Security Administration. Rather than attempt to compute a family budget by using prices for all essential items that low-income families need to live, Orshansky focused on food costs.\(^{26}\) Unlike other goods and services such as housing or transportation, which did not have a generally agreed-upon level of adequacy, minimum standards for nutrition were known and widely accepted. According to a 1955 U.S. Department of Agriculture (USDA) food consumption survey, the average amount of their income that families spent on food was roughly one-third. Therefore, using the cost of a minimum food budget and multiplying that figure by three yielded a figure for total family income. That computation was possible because USDA had already published recommended food budgets as a way to address the nutritional needs of families experiencing economic stress. Some additional adjustments were made to derive poverty thresholds for two-person families and individuals not living in families to reflect the relatively higher fixed costs of smaller households.

Motivation for a Supplemental Measure

While the official poverty measure has been used for nearly 60 years as the source of official statistics on poverty in the United States, it has received criticism over the years for several reasons. First, it does not take into account benefits from most of the largest programs that aid the low-income population. For instance, it uses money income before taxes—meaning that it does not necessarily measure the income available for individuals to spend, which for most people is after-tax income. Therefore, any effects of tax credits designed to assist persons with low income are not captured by the official measure. The focus on money income also does not account for in-kind benefit programs designed to help the poor, such as SNAP or housing assistance.

The official measure has also been criticized for the way it characterizes families’ and individuals’ needs in the poverty thresholds. That is, the method used to compute the dollar amounts used in the thresholds, which were originally based on food expenditures in the 1950s and food costs in the 1960s, does not accurately reflect current needs and available goods and services.\(^{27}\) The official measure also does not take account of the sharing of expenses and income

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\(^{25}\) For a more thorough discussion of the SPM’s development and methodology, see CRS Report R45031, *The Supplemental Poverty Measure: Its Core Concepts, Development, and Use*.

\(^{26}\) While Orshansky did not attempt to compute a complete basket of goods and services, her focus on food costs was already a more detailed empirical approach to poverty measurement than were the dollar amounts used in the 1964 Economic Report of the President, issued by the Council of Economic Advisers (chapter 2, “The Problem of Poverty in America”). In that report, a flat figure of $3,000 was used for all families and $1,500 for unrelated individuals. See also Economic Report of the President (1964), https://fraser.stlouisfed.org/title/45#8135. For a thorough history of the official poverty measure, see Gordon Fisher, *The Development of the Orshansky Thresholds and Their Subsequent History as the Official U.S. Poverty Measure*, 1992, rev. 1997, reproduced on the Census Bureau’s website at https://www.census.gov/library/working-papers/1997/demo/fisher-02.html.

\(^{27}\) Criticisms have been discussed in the mainstream press as well as academia. A 1988 article (Spencer Rich, “Drawing
among household members not related by birth, marriage, or adoption. And, as mentioned earlier, the official thresholds do not take account of geographic variations in the cost of living.

In 1995, a panel from the National Academy of Sciences issued a report, *Measuring Poverty: A New Approach*, which recommended improvements to the poverty measure. Among the suggested improvements were to have the poverty thresholds reflect the costs of food, clothing, shelter, utilities, and a little bit extra to allow for miscellaneous needs; to broaden the definition of family; to include geographic adjustments as part of the measure’s computation; to include the out-of-pocket costs of medical expenses in the measure’s computation; and to subtract work-related expenses from income. An overarching goal of the recommendations was to make the poverty measure more closely aligned with the real-life needs and available resources of the low-income population, as well as the changes that have taken place over time in their circumstances, owing to changes in the nation’s economy, society, and public policies (see Table 1).

After over a decade and a half of research to implement and refine the methodology suggested by the panel, conducted both from within the Census Bureau as well as by other federal agencies and the academic community, the Census Bureau issued the first report using the SPM in November 2011.

**Table 1. Differences Between the Official and Supplemental Poverty Measures**

<table>
<thead>
<tr>
<th>Resource units (families)</th>
<th>Official Poverty Measure</th>
<th>Supplemental Poverty Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>People related by birth, marriage, or adoption (official Census Bureau definition of family). People aged 15 and older not related to anyone else in the household are considered as their own economic units.</td>
<td>People related by birth, marriage, adoption, plus unrelated and foster children, and cohabiting partners and their children or other relatives (if any) are considered as “SPM resource units” (sharing resources and expenses together).</td>
<td></td>
</tr>
</tbody>
</table>

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29 The effort to consolidate the previous research and create the SPM was done under the auspices of an Interagency Technical Working Group (ITWG) led by the Office of Management and Budget (OMB) and received public commentary via a Federal Register notice (Federal Register, vol. 75 no. 101, Wednesday, May 26, 2010, pp. 29513-29514, https://www.federalregister.gov/documents/2010/05/26/2010-12628/developing-a-supplemental-poverty-measure). The Federal Register notice referenced a report by the ITWG (“Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure”), which has since been moved to a new URL at https://www.census.gov/content/dam/Census/topics/income/supplemental-poverty-measure/spm-twgo.html. The comments that the Census Bureau received on that report are available on the Census Bureau’s website at https://www.census.gov/content/dam/Census/topics/income/supplemental-poverty-measure/redactedcomments.pdf. These and additional methodological documents on the SPM are available at https://www.census.gov/topics/income-poverty/supplemental-poverty-measure/guidance/methodology.html.
Poverty in the United States in 2020

Official Poverty Measure | Supplemental Poverty Measure

**Needs (thresholds)**
- Vary according to family size and ages of family members.
- Dollar amounts based on the cost of a food plan for families in economic stress in the early 1960s, times three (with adjustments for two-person families and individuals).
- Updated for inflation using the Consumer Price Index.
- No geographic cost adjustments.
- Vary according to the size and composition of the resource unit (see above).
- Dollar amounts based on consumer expenditure data for food, clothing, shelter, and utilities, with adjustments by homeownership and mortgage or rental status.
- Based on five years of consumer expenditure data (not fixed at one point and trended forward), lagged one year from the most recent for consistency with the CPS ASEC data available for computing in-kind benefit amounts for the SPM thresholds.
- Housing costs geographically adjusted for individual metropolitan areas and the entire nonmetropolitan area within states.

**Resources**
Money income before taxes (includes 18 private and government sources of income, including Social Security, cash assistance, and other sources of cash income).

Money income (both private and government sources) after taxes
- Minus: work expenses, child care expenses, child support paid, out-of-pocket medical expenses.
- Plus: tax credits (such as the Child Tax Credit and the Earned Income Tax Credit) and the value of in-kind benefits (such as food and housing subsidies).


Notes: For caveats, see the “Supplemental Poverty Measure” section of this report.

Official and Supplemental Poverty Findings for 2020

Compared with the official measure, the SPM takes into account greater detail of individuals’ and families’ living arrangements and provides a more up-to-date accounting of the costs and resources available to them. Because the SPM recognizes greater detail in relationships among household members and geographically adjusts housing costs, it provides an updated rendering, compared with the official measure, of the circumstances in which the poor live. In that context, some point out that the SPM’s measurement of taxes, transfers, and expenses may offer policymakers a clearer view of how government policies affect the population living in poverty today. However, the SPM was developed as a research measure, and the Office of Management and Budget set the expectation that it would be revised periodically to incorporate improved measurement methods and newer sources of data as they became available; it was not developed for administrative purposes. The fact that tax liabilities and credits are modeled, or that in-kind

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Data in this section are available in Liana Fox and Kalee Burns, *The Supplemental Poverty Measure: 2020*, U.S. Census Bureau, September 2021, Appendix Table 1, Appendix Table 2, and Appendix Table 6, at http://www.census.gov/content/dam/Census/library/publications/2021/demo/p60-275.pdf (hereinafter, “Fox and Burns”).
benefits are estimated using limited data, can be useful to bear in mind when comparing SPM estimates with official poverty estimates, or when any changes to the SPM methodology become implemented in the future.\footnote{For instance, work expenses such as commuting costs can be difficult to pin down precisely for every person or family, because they often influence and are influenced by a person’s or family’s decision about where to live. Rather than attempting to estimate the relevant work expenses for every family, in the SPM a flat amount is assigned to workers, multiplied by the number of weeks they worked. Some researchers have also found that the tax model used in the SPM underestimates refundable tax credits, in comparison with administrative data, which particularly affects families with children. Therefore, refinements to the SPM methodology based on the ongoing SPM research may not be trivial. Working papers that present results of research into SPM methodology may be found on the Census Bureau’s website at https://www.census.gov/topics/income-poverty/supplemental-poverty-measure/library/working-papers.html.} Conversely, the official measure’s consistency over a longer time span makes it easier for policymakers and researchers to make historical comparisons.

Under the SPM, the profile of the poverty population is slightly different than under the official measure. The SPM poverty rate was 2.3 percentage points lower in 2020 than the official poverty rate (9.1%, compared with 11.4%; see \textbf{Figure 6}).\footnote{To establish a more accurate comparison with the SPM, a set of poverty estimates using the official measure was recomputed to include unrelated individuals under age 15 (such as foster children) who are not normally included in the official measure. Additionally, both the SPM and the official poverty measure were affected by increased rates of nonresponse in the CPS ASEC in 2021 and 2020 (see footnote 6 for detailed references). After adjusting for the increase in nonresponse bias, the SPM poverty rate in 2019 (based on the 2020 CPS ASEC) was 11.9% compared with 11.1\% for the official poverty rate. As with the estimates based on the official measure, the SPM estimates discussed in this report will use the estimates as published, because adjusted estimates are not available for the characteristics examined in the report.}

This comparison is the opposite of what has been seen in previous years—before 2020, SPM poverty rates had been higher than official poverty rates. Two factors help to explain this reversal, and both highlight policy responses to the economic downturn in 2020. First, the SPM counts some resources that the official measure does not, such as refundable tax credits (which include stimulus payments).\footnote{The 2020 SPM poverty rate would have been 3.6 percentage points higher if the first two rounds of 2020 stimulus payments had not been included in that measure; these payments did not exist in 2019. Combining stimulus payments with other types of refundable tax credits, the 2020 SPM poverty rate would have been 5.2 percentage points higher if these payments were not included in the measure. In contrast, the 2019 SPM poverty rate would have been 2.4 percentage points higher if refundable tax credits were not included (see Fox and Burns, Appendix Table 6).} Second, the SPM defines families differently from the official measure, and this can make cash payments like unemployment insurance—which are included in both measures—appear to have larger antipoverty effects in the SPM because more people in a family are counted as having received them.\footnote{The official measure does not treat cohabiting partners as being in the same family unit, while the SPM does. As a result, the antipoverty effects of unemployment insurance payments are greater as measured under the SPM. Among members of cohabiting partner families, the SPM counted approximately 4.2 million fewer persons in poverty in 2020 compared with the official measure (see Fox and Burns, Appendix Table 1). In 2019, the corresponding figure was 2.6 million (see Liana Fox, \textit{The Supplemental Poverty Measure: 2019}, U.S. Census Bureau, September 2020, Appendix Table 1, at https://www.census.gov/content/dam/Census/library/publications/2020/demo/p60-272.pdf).} The sharp increase in unemployment insurance payments in 2020, in response to layoffs related to the COVID-19 pandemic, highlighted how the SPM’s family definition makes a difference in who gets classified as poor. Among the over 14 million persons classified as poor in 2020 under the SPM but not under official measure, approximately 2 million lived in families that received unemployment compensation according to the official definition of family, but 2.6 million received it according to the SPM’s definition of family.\footnote{Author’s computations, using data from the 2021 CPS ASEC.} In the previous year (2019), fewer unemployment compensation payments were made, and the differences between the poverty measures in who received them were less stark: then, approximately 9.2 million were poor under the official measure but not the SPM, and of these,
approximately 0.2 million lived in families that received unemployment compensation payments according to the official measure, while 0.3 million received them under the SPM’s family definition.\textsuperscript{36} Fewer people aged 18 to 64 were in poverty under the SPM (8.8\%, compared with 10.4\% under the official measure), as were people under age 18 (9.7\%, compared with 16.0\%, with foster children included). The poverty rate for people age 65 and older was higher under the SPM (9.5\%) than under the official measure (9.0\%).\textsuperscript{37} As with the overall poverty rate, the results for working-age adults in 2020 run counter to the usual comparisons between the SPM and the official measure, again, likely due in large part to refundable tax credits, including stimulus payments.\textsuperscript{38} Working-age adults usually have a higher SPM poverty rate than official poverty rate because the SPM deducts work expenses and child care expenses from income, but in 2020 the increase in refundable tax credits (including stimulus payments) made the SPM poverty rate lower for that group than under the official measure. Further, while children under 18 have consistently already had SPM poverty rates below the official rate (because refundable tax credits are often targeted to families with children), in 2020 the stimulus payments seem to have made this difference even more striking.\textsuperscript{39} While geographically adjusted thresholds usually result in regional differences in how the SPM and official poverty rates compare, reflecting the differences in housing costs by region, that was not the case in 2020. The poverty rate in 2020 was lower under the SPM than under the official measure for all four major geographic regions of the country. In the Northeast, the SPM poverty rate was 8.5\% compared with 10.1\% under the official measure; for the Midwest, 6.7\% compared with 10.1\%; for the South, 10.1\% compared with 13.3\%; and in the West, 10.1\% compared with 10.6\%.

\textsuperscript{36}Author’s computations, using data from the 2020 CPS ASEC. The impact on the SPM of the increase in unemployment insurance payments between 2019 and 2020 can also be seen by recomputing SPM poverty rates without including these payments. If unemployment insurance payments were not counted in the SPM, the 2020 SPM poverty rate would have been 1.7 percentage points higher; in contrast, the 2019 SPM poverty rate would have been approximately 0.2 percentage points higher (see Fox and Burns, Appendix Table 6).

\textsuperscript{37}The SPM deducts medical out-of-pocket expenses from income, while the official measure does not. Adults 65 and older are more likely to incur those expenses than are other age groups; hence, SPM poverty rates for those 65 and older are typically higher under the SPM than the official measure.

\textsuperscript{38}The SPM counts refundable tax credits, including two stimulus payments in 2020, but the official measure does not. If the SPM had not included stimulus payments and other types of refundable tax credits, the 2020 SPM poverty rate among 18- to 64-year-olds would have been 4.5 percentage points higher; in contrast, the corresponding 2019 SPM poverty rate would have been approximately 1.8 percentage points higher (Fox and Burns, Appendix Table 6).

\textsuperscript{39}The 2020 SPM poverty rate among children would have been approximately 8.2 percentage points higher if stimulus payments and other types of refundable tax credits were not included. The 2019 SPM poverty rate for children would have been approximately 5.7 percentage points higher if refundable tax credits were not included (there were no stimulus payments that year). See Fox and Burns, Appendix Table 6.
Figure 6. Poverty Rates Under Official Measure and Supplemental Poverty Measure for the United States, by Age and by Region: 2020

(Poverty rates in percentages)


Notes: Figures include unrelated individuals under age 15 (such as foster children), who are not usually included in official poverty estimates.

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