

Poverty Higher in 2011, but Falling?

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The official U.S. poverty rate was 15 percent in 2011, roughly unchanged since 2010, but about as high as it has been in any year since the mid-1960s (Nichols 2012). This rate translates to 46.2 million people living in poverty and is based on the Current Population Survey (CPS) of 2012. However, the 2011 American Community Survey (ACS) tells a different story (Bishaw 2012): the poverty rate is 15.9 percent, up from 15.3 percent in 2010, making 48.5 million people poor. The ACS estimate is more precise, but it may be a precise estimate of something other than poverty in calendar year 2011.

Partly, the difference between the ACS and CPS poverty numbers may be due to the larger sample size in the ACS. Surveys have random sampling errors, and the CPS may just have gotten an unlucky low poverty estimate by chance. Figure 1 shows that metro-specific rates are much more comparable across the CPS and ACS for larger metros, which supports the notion that larger samples lead to more closely aligned estimates.

Another reason the ACS poverty numbers look worse, though, is that the ACS represents a rolling set of months covering 2010 and 2011, while the CPS just measures 2011, and monthly poverty has fallen from a peak in late 2010 and early 2011. Figure 2 shows monthly poverty rates computed from yet another data source, the Survey of Income and Program Participation (SIPP).

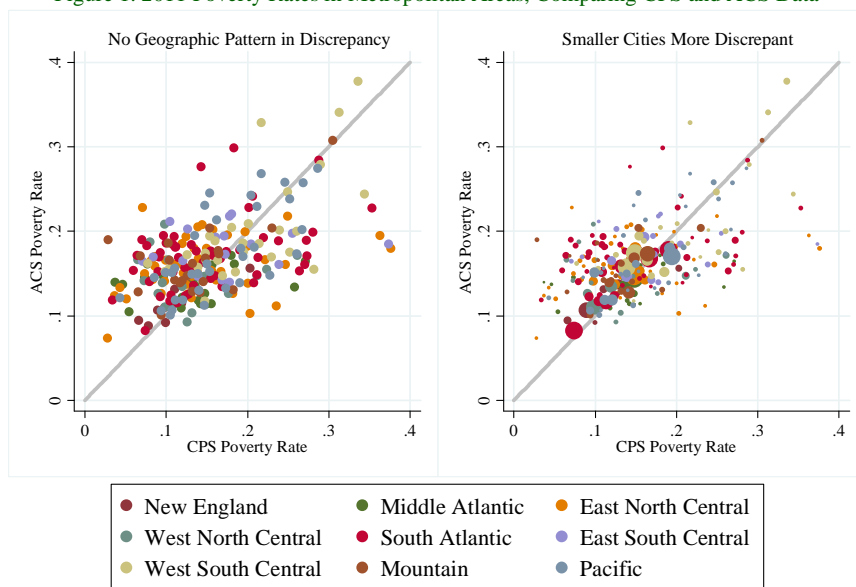
Official statistics also suggest some good news. Safety net programs appear to have smoothed some effects of the Great Recession, with unemployment insurance lifting 2.3 million people out of poverty in 2011, even as long-term unemployment was at record highs (Nichols 2012). The fraction of unemployed people out of work more than 26 weeks, while still higher than at any point between 1960 and 2008, has been falling since April 2011, as shown in figure 2.

References

Bishaw, Alemayehu. 2012. "Poverty: 2010 and 2011." <http://www.census.gov/prod/2012pubs/acsbr11-01.pdf>.

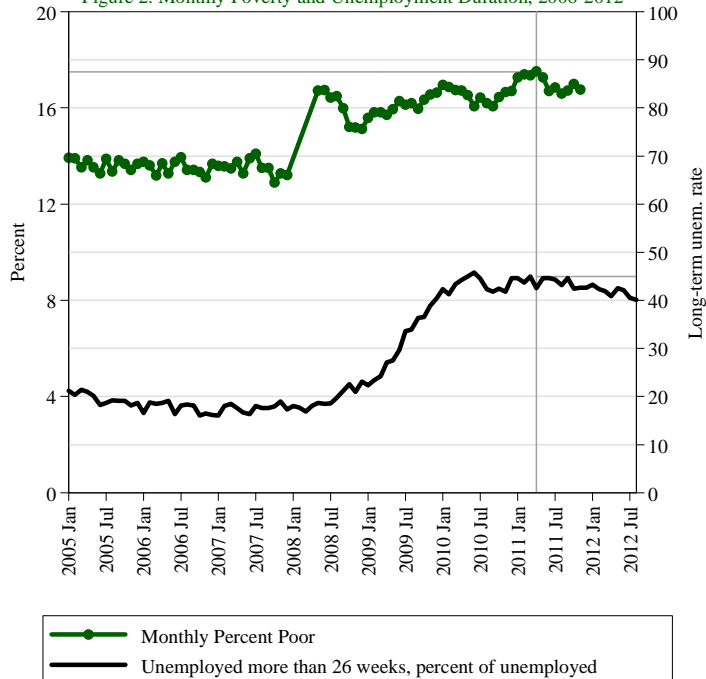
Nichols, Austin. 2012. "Poverty in the United States." <http://www.urban.org/UploadedPDF/412653-Poverty-in-the-United-States.pdf>.

Figure 1. 2011 Poverty Rates in Metropolitan Areas, Comparing CPS and ACS Data



Source: Author's tabulations of CPS and ACS data.

Figure 2. Monthly Poverty and Unemployment Duration, 2006-2012



Source: Author's tabulations of CPS and SIPP data.