

WHAT ARE THE SOURCES OF POVERTY DATA?

SUMMARY

The **Decennial Census** provides the most comprehensive source of poverty data. About one in six households nationwide receive the Decennial Census long form, making this a relatively large sample of households (nearly 19 million). The Decennial Census provides reliable information on the extent of poverty by age, race, and other demographic characteristics down to the census tract level. However, because the census is only conducted once every ten years, the information becomes dated as we approach the end of each decade. The **Current Population Survey (CPS)** sample is the source of official national estimates of poverty and income. However, because the CPS sample is only about 60,000 households nationwide, it is not large enough to provide reliable estimates at the state or sub-state level. In response to the need for state and county level estimates, the Census Bureau has developed a model-based estimation technique to produce poverty estimates at the state and sub-state level. This program, the **Small Area Income and Poverty Estimates Program (SAIPE)** produces poverty estimates down to the county and school district level.

DESCRIPTION OF SOURCES

Decennial Census

The long form of the Decennial Census provides the most comprehensive data on poverty. Because of the large sample size it is possible in most cases to estimate poverty down to the census tract level. The Decennial Census data also provide a sufficient sample size to estimate poverty by a number of other factors including age, race, and household type.

Decennial Census data and CPS data, however, produce different estimates of poverty. Differences result from the way in which the data are collected and processed, differences in the definition of the "poverty universe," and the effect of the Decennial Census undercount. For certain population subgroups and for certain states, differences between estimates derived from these two sources are statistically significant.

For more information on the Census go to:

<http://www.census.gov/>

The California Department of Finance (DOF) also publishes data on poverty from the Decennial Census for the state of California, counties, and smaller geographic designations. For more information on the DOF Census publications go to:

http://www.dof.ca.gov/HTML/DEMOGRAP/SCDC_Products.HTM

Annual Demographic Supplement to the March Current Population Survey (CPS)

The CPS is a monthly survey of approximately 60,000 households nationwide (of which approximately 5,000 are in California) conducted by the Bureau of the Census for the Bureau of Labor Statistics. The primary purpose of the CPS is to collect information on the labor force characteristics of the U.S. population. This survey is a stratified random sample scientifically selected to represent the civilian non-institutional population. Information on employment, unemployment, earnings, and hours of work is obtained for each member of a household 15 years of age and older. Every March additional topics, including income, are added to the regular CPS questionnaire. This March Supplement is the official source of annual estimates of income and poverty at the national level.

The design of the CPS sample provides reliable national-level estimates of poverty. However, the sample size for many states is too small to derive official state level and sub-state level poverty estimates from a single year's data. When comparing poverty rates among states, the Census Bureau recommends using a three-year moving average of CPS data. When comparing poverty rates for a single state over time, the Census Bureau recommends using a two-year moving average.

For more information on the CPS estimates go to:

For multi-year estimates-

<http://www.census.gov/hhes/poverty/poverty01/table4.pdf>

For single-year estimates-

http://ferret.bls.census.gov/macro/032002/pov/new25_000.htm

The California Department of Finance also publishes data on poverty from the 2001 CPS for the state and nation. For more information on this publication go to:

<http://www.dof.ca.gov/HTML/DEMOGRAP/CPS-2001.doc>

Small Area Income and Poverty Estimates (SAIPE)

The SAIPE program was developed by the Census Bureau to provide small-area estimates of income and poverty more frequently than once every ten years. SAIPE estimates are developed using a model-based methodology rather than a survey. The SAIPE program produces state, county and school district level estimates. Currently state level estimates are available for 1989, 1993, 1995 through 1999. County level estimates are available for the same period, excluding 1996.

The SAIPE model based estimates are developed by combining survey and administrative data. These data include: CPS, census, administrative data from the Food Stamp and Supplemental Security Income programs, and income data from federal tax returns. The SAIPE estimates are considered more accurate than estimates based solely on CPS data. This is because SAIPE estimates have smaller standard

errors than the estimates based solely on CPS data. However, the major drawback of the SAIPE estimates is that they are not timely. SAIPE estimates are not published until two years after the CPS single year estimates are released. For example, SAIPE estimates for 1999 were not available until late 2002.

The SAIPE estimates are used by the Administration for Children and Families as the official measurement for assessing whether an increase in a state's child poverty rate is the result of the Temporary Assistance to Needy Families (TANF) program.

For more information on the SAIPE estimates go to:
<http://www.census.gov/hhes/www/saipe/stcty/estimate.html>

WHICH DATA SOURCE TO USE?

In determining which source of poverty data to use, there is a tradeoff between precision and timeliness. The Decennial Census provides the most accurate estimates but describes the situation as it exists in the census year. The model based SAIPE and CPS estimates are less precise but describe the situation in non-census years.

When using sample data it is important to understand the amount of error in the estimate. In general the larger the sample, the smaller the standard error. Therefore, estimates for large states will be more accurate than estimates for smaller states and estimates for the total number of persons in poverty will be more accurate than for sub-groups (e.g., children in poverty). Confidence intervals can be used to represent how "good" an estimate is; the larger a 90% confidence interval for a particular estimate, the more caution is necessary when using the estimate. For CPS estimates the Census Bureau publishes standard errors that can be used to construct confidence intervals around each poverty estimate. For SAIPE data the Census Bureau publishes confidence intervals. For an explanation on how to compare county or state estimates using confidence intervals see FAQ # 16 at:
<http://www.census.gov/hhes/www/saipe/faq.html - q16>)

The following are general recommendations about which poverty estimates to use and should be considered in light of the above discussion on precision and timeliness of the estimates. All sources listed are published data.

- For national year-to-year comparisons for total persons in poverty, children in poverty, or poverty by race - use CPS.
- For California year- to- year comparisons for total persons in poverty or children in poverty - use CPS.
- For California persons in poverty by race- use Decennial Census data.

- For California versus other states, total persons in poverty or children in poverty – use Decennial Census data if the precision of a point in time estimate is of primary importance. Use SAIPE estimates bounded by the confidence intervals for each state estimate if more timely but less precise data is desired. (CPS three- year moving averages may also be used to compare states, and while more current than the SAIPE they are less precise.)
- For county comparisons of total persons in poverty or children in poverty - use Decennial Census data if the precision of a point in time estimate is of primary importance. Use SAIPE estimates bounded by the confidence intervals for each county estimate if more timely but less precise data is desired.
- For county comparisons of persons in poverty by race - use Decennial Census data.

For further information on differences in various income and poverty estimates go to the following U.S.Census Bureau site:

<http://www.census.gov/hhes/income/guidance.html>

	Decennial Census	Current Population Survey (CPS) March Supplement	Small Area Income and Poverty Estimates
Purpose	To collect general statistical information on people and the economy	To collect information on the labor force characteristics of the U.S. population, household and economic/demographic characteristics.	To collect information on income and poverty for small areas as census data become outdated.
Agency	Bureau of the Census	Bureau of the Census for the Bureau of Labor Statistics	Bureau of the Census
Methodology	Sample of approximately one in six households nation wide. Data are collected on the census long form.	Sample that covers the U.S. civilian non-institutionalized population, 60,000 households per month, including approximately 5,000 in California.	Model based on CPS with adjustments for other factors including tax returns, census data, and Food Stamps and SSI usage.
Timeliness of Data	Data are collected every ten years. Poverty data from the 2000 Census was released in 2002.	The March supplement, which includes the poverty data for the previous year, is released in the Fall of each year.	Estimates are reported with approximately a three-year lag.
State Level Data	YES	YES	YES. 1989,1993, 1995-1999
County Level Data	YES	NO (But data available for LA MSA and Oakland-SF MSA)	YES. 1989,1993, 1995, 1997-1999.
Sub-County Data	YES. Census tract level.	NO.	School Districts.
Poverty Under Age 18	YES	National level data published on Census website. 1998, 1999, 2000 state level data published on the Bureau of the Census website Raw data are available to do calculations for prior years.	YES. 1989,1993, 1995-1999
Poverty By Race	YES	National data published on Bureau of the Census website. Raw data are available to do state level calculations.	NO.
Child Poverty By Race	YES	National data published on Bureau of the Census website. Raw data are available to do state level calculations.	NO
Website	http://www.census.gov/ http://www.dof.ca.gov/html/Demograp/SCDC_Products.HTM	http://www.census.gov/hhes/poverty/poverty01/table4.pdf http://ferret.bls.census.gov/macro/032002/pov/new25_000.htm	http://www.census.gov/hhes/www/saipe/stcty/estimate.html

