

## Appendix V: Poverty Guidelines

The Federal poverty guidelines are used to determine financial eligibility for assistance or services under certain Federal programs. The guidelines are a simplified version of the Federal Government's official statistical poverty thresholds, which were originally developed in the mid-1960's by the Social Security Administration. The thresholds are now updated annually by the Census Bureau and are used for statistical purposes (for example, to determine the number of persons in poverty and to present data classifying them by type of residence, race, and other social, economic, and demographic characteristics). The poverty guidelines, which are derived from the poverty thresholds, are issued by the Department of Health and Human Services and are used for administrative purposes (for example, as an eligibility criterion for a number of Federal programs).

Both thresholds and guidelines are a series of income levels, with different values for family units of different sizes, below which the family units are considered poor.

Since 1973, the guidelines have been computed by increasing the Census Bureau's weighted average poverty thresholds by the most recently available year-to-year percentage change in the Consumer Price Index for All Urban Consumers (CPI-U). For a family of four, the resulting value is rounded to the next higher multiple of \$50; for family sizes above and below four, guidelines are computed by adding or subtracting equal dollar amounts derived from the average difference between adjusted threshold figures for different family sizes (rounded to the nearest multiple of \$20).

### Federal poverty guidelines, March 1997<sup>1</sup>

Family size	The 48 contiguous States and the District of Columbia	Alaska	Hawaii
1	\$7,890	\$9,870	\$9,070
2	10,610	13,270	12,200
3	13,330	16,670	15,330
4	16,050	20,070	18,460
5	18,770	23,470	21,590
6	<b>21,490</b>	<b>26,870</b>	<b>24,720</b>
7	24,210	30,270	27,850
8	26,930	33,670	30,980

<sup>1</sup> For family units with more than eight members, add the following amount for each additional family member: \$2,720 in the 48 contiguous States and District of Columbia; \$3,400 in Alaska; and \$3,130 in Hawaii.

## Federal Poverty Guidelines

A single set of guidelines applies to the 48 contiguous States and the District of Columbia. There are separate sets of poverty guidelines for Alaska and for Hawaii reflecting Office of Economic Opportunity administrative practice beginning in the 1966-70 period. (Note that the poverty thresholds—the original version of the poverty measure—have never had separate figures for Alaska and Hawaii.)

Some programs use the poverty guidelines as only one of several eligibility criteria, or use a modification of the guidelines. For example, the eligibility level may be set at 130% or 185% of the guidelines rather than 100%. Other programs, although not using the guidelines as a criterion of individual eligibility, use them for the purpose of targeting assistance or services. The guidelines become effective on the date they are published in the *Federal Register* (unless an office administering a program using the guidelines specifies a different effective date for that particular program) and remain in effect until the next update is issued.

Poverty guidelines, or percentage multiples of them, are used as an eligibility criterion by a number of Federal programs, including the following:

### Department of Health and Human Services

Community Services Block Grant

Head Start

Low-Income Home Energy Assistance

Hill-Burton Uncompensated Services Program

(in connection with previous medical facilities construction and modernization assistance to hospitals or other health care facilities)

AIDS Drug Reimbursements (under Title II of the Ryan White Act)

Medicaid (The guidelines are used only for certain parts of Medicaid; however, the rest of the program—which probably still accounts for a majority of Medicaid eligibility determinations—does not use the poverty guidelines.)

### Department of Agriculture

Food Stamps

Special Supplemental Food Program for Women, Infants, and Children (WIC)

National School Lunch Program

School Breakfast Program

Child and Adult Care Food Program

Special Milk Program for Children

**Department of Energy**

Weatherization Assistance for Low-Income Persons

**Department of Labor**

Job Corps

Migrant and Seasonal Farmworkers

Native American Employment and Training Programs

Senior Community Service Employment Program

**Corporation for National Service**

Foster Grandparent Program

Senior Companion Program

**Legal Services Corporation**

Legal services for the poor

The following Federal programs do not use the poverty guidelines in determining eligibility:

Aid to Families with Dependent Children and  
Temporary Assistance for Needy Families

Supplemental Security Income

Social Services Block Grant

Department of Housing and Urban Development's  
means-tested housing assistance programs