American Community Survey (ACS)

**Why We Ask: Income**

We ask questions about the funds a person receives from various sources to create statistics about income, earnings, and poverty. These estimates help gauge the need for economic assistance for populations in need (such as children and seniors), and measure the economic well-being of the nation. Income and poverty estimates are often part of allocation formulas that determine how food, health care, job training, housing and other assistance are distributed.

Income questions originated with the 1940 Census, as a way to understand the financial situation of Americans in the wake of the Great Depression. Today, income estimates still help policy makers and others understand how such factors as where a person lives, the kind of work they do, and their education affect their earnings, and how those earnings compare to their housing costs (rent, mortgage, utilities, etc.). Income estimates are also vital for measuring poverty.

**Examples of Federal Uses**

- Used in formulas that allocate funding to geographic areas with the greatest need.
- Used to understand the characteristics of people living at or below the poverty line. These estimates are then used to set eligibility requirements for individuals, governments, and organizations seeking funding for education, housing assistance, health care, food assistance, legal services, and many other programs.
- Used to prepare and respond to disasters. Information about disability status, income, and plumbing facilities is used to estimate the size and nature of populations in a disaster-affected area and determine how best to respond to community needs.
- Used to estimate future demand for assistance and services, including disaster response. For example, people living on small, fixed incomes may not be able to evacuate as easily or as long as other groups.

**Examples of Other Uses**

States and counties use these statistics to identify local areas eligible for grants to stimulate economic recovery, run job-training programs, and define areas as empowerment or enterprise zones. States and counties also use this information to assist children in poverty, and to allocate funds to counties and school districts for resources and services that improve the education of economically disadvantaged children. Advocacy groups and other organizations use these estimates to report on the conditions facing fixed and low-income individuals and families. Researchers use these estimates to understand the effect of income on other aspects of life, including health and health care.