Analysis of 2018 American Community Survey (ACS) Data Relevant to Philadelphia
and Update on 2017 Data

Executive Summary

On September 26th, the Census released its 2018 1-year American Community Survey (ACS) data for Philadelphia, which included positive economic news: since 2010, Philadelphia has increased its population by 3.7%, median household income has increased by 34%\(^1\), and the poverty rate decreased from 26.7% to 24.5%. In addition to the 2018 data release, the Census Bureau retracted the 2017 information, which incorrectly showed incomes falling and poverty rising in Philadelphia. However, there remains room for growth: Philadelphia remains the poorest amongst the ten largest U.S. cities, with 24.5% of all residents — and 34.6% of residents below the age of 18 — experiencing poverty in 2018.

2017 Data Withdrawal

Last September, the Census Bureau released its 2017 1-year American Community Survey (ACS) data for Philadelphia. The release initially caused a stir, as it showed an unprecedented change in Philadelphia’s growing local economy: between 2016 and 2017, median income in Philadelphia had fallen from $41,449 to $39,759, and the poverty rate had remained unchanged. Juxtaposed to Philadelphia’s stagnant or worsening figures, all local counties in the MSA and comparable major cities saw improvements in income and poverty.

These figures raised alarm, as addressing poverty has been the main legislative issue for City Council, highlighted by the recently released anti-poverty strategy document, “Narrowing the Gap”. City Council Technical Staff, after examining the 1-year ACS data, opted to wait until the 5-year estimates, which provide additional data points, to draw conclusions.

On Wednesday, the Census released the 2018 1-year data, along with the following statement\(^2\):

“After the release of the 2017 data products, the Census Bureau identified an error in the data for Philadelphia County, PA, which impacted estimates in Philadelphia City, Philadelphia County, and Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area... The 2017 ACS 1-year estimates for these topics in the affected geographies should not be compared with other ACS estimates.”\(^3\)

The 2017 1-year observations were not an anomalous observation that fell within the margin of error — they were fundamentally flawed and will no longer be used by the Census Bureau. Due to this disclosure, the below update will omit the 2017 figures.

News of the erroneous 2017 data was well received, as highlighted in a release by the Office of the Mayor, highlighting the Administration and City Council’s multitude of programs, services, and outreach initiatives meant to tackle poverty\(^4\). From the release:

“The big news: Philadelphia’s 2018 poverty rate declined to 24.5%, down from 25.7% in 2016, according to the U.S. Census Bureau. This is the lowest our poverty rate has been since the recession hit in 2008. The 1.2% difference means that nearly 15,000 Philadelphians are no longer living below the poverty line.”

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1 Median household income increased from $34,400 in 2010 to $46,116 in 2018.
2 American Community Survey: 2018 Data Release New and Notable
3 American Community Survey (ACS): Data Collection Error in Philadelphia County, PA
4 Office of the Mayor: "Progress in fight against poverty: Lower poverty rate, higher income"
2018 1-Year Estimates

The newly released information continues the trends highlighted over the past decade: first, that Philadelphia has continued the 19-year trend of moderate population growth. The City of Philadelphia reversed the course of depopulation in the year 2000, when the population hit a low of 1,517,550. Between the 2000 and 2010 decennial census, the City added approximately 10,000 residents. While this growth was relatively small (approximately 1,000 residents annually), this growth represented a seismic shift in Philadelphia’s history. City Council’s priorities have changed since the City’s population trends reversed, shifting from mitigating decline to managing growth. As shown in the graph on the right, the City continues to add population at a rate of approximately 4,000 to 5,000 residents a year (since 2015).

Although the economic issues many Philadelphia residents face are significant, the Census’s data release confirms what many of us know: Philadelphia is moving the needle in the right direction on poverty by taking measures meant to improve the lives of Philadelphia residents. Since 2011, the rate of poverty in Philadelphia has declined 3.9%, from a high of 28.4% down to the current estimate of 24.5%. As previously noted, however, please bear in mind that Philadelphia’s poverty rate remains the highest among the 10 largest cities.

If one were to look at metropolitan area poverty rates (which includes counties outside of the “centrally located” cities), Philadelphia’s 2018 metropolitan area poverty rate estimate is 12.3% — close to the national average of 11.8%. In fact, of the 25 largest metropolitan areas, San Antonio and Houston, which both include a city in the top 10 of population, are experiencing increases in poverty (see chart below).
As highlighted, the faulty 2017 1-year estimates incorrectly showed median incomes in Philadelphia falling from $41,449 to $39,759, while the poverty rate remained unchanged. The 2018 1-year estimates highlight a continued trend of rising incomes: between 2016 and 2018—not adjusted for inflation—median incomes in Philadelphia rose $4,667, from $41,449 to $46,116.

**Conclusion**

As discussed, City Council Technical Staff is awaiting the annual release of the 5-year estimates. When this data is released, Technical Staff will be able to take a deeper, more illustrative dive into Philadelphia's everchanging landscape by continuing to provide updates on homeownership, job characteristics, educational attainment, and other figures relevant to the legislative process.