Overview

Nearly a decade into a long economic recovery from the Great Recession, the Census Bureau’s poverty and health insurance reports for 2018 show resounding signs of trouble for our country’s lowest income residents. Most alarmingly, the number of people with health insurance coverage declined for the first time since 2009, by nearly 2 million, reversing the trend of dramatic and historic gains in coverage since passage of the Affordable Care Act (ACA).

Among children, 425,000 more were uninsured in 2018 versus 2017, reversing a decades-long trend toward greater coverage. This concerning reversal, including a significant worsening among Hispanic children and among young children (under age 6), likely reflects multiple attacks on health insurance coverage for people with low incomes. Notably, the Trump Administration is waging ongoing efforts to undermine the ACA and Medicaid access and a hateful anti-immigrant agenda that’s causing a chilling effect on immigrant families’ access to public programs.

Poverty in the United States continued a sluggish decline in 2018, falling to 11.8 percent, with children and young adults still experiencing the highest rates. Child poverty (ages 0-18) and young adult poverty (ages 18-24) remained unacceptably high at 16.2 percent and 15 percent respectively with alarmingly large racial and ethnic disparities in poverty. Young children, under age 5, remain the poorest of all, at 17.7 percent, despite their vulnerable developmental stage. And while child poverty declined on the official poverty measure, it was stagnant when tracked by the more comprehensive Supplemental Poverty Measure (SPM), which considers help from nutrition assistance, tax credits, and other key public supports. In other words, the full set of census data paint a complicated and uncertain picture of whether families saw their living standards improve in 2018.

At the same time, the data continue to underscore the crucial role of major public programs in reducing poverty. In 2018, the Supplemental Nutrition Assistance Program (SNAP) lifted 1.3 million children out of poverty, and refundable tax credits did the same for 4.2 million children.

Yet these and other public programs that support families, children, workers, and students with low incomes have been and continue to be under threat by the Trump Administration. Real gains on poverty are impossible without both defeating these threats once and for all and advancing major policy improvements to ensure the economy works for children and families, young people, and people of color.
Key Findings from the Census Data

While child poverty has declined, it remains alarmingly high among children and young adults, with consequential outcomes. America’s next generation of students and workers has the highest poverty rates of all age groups. Nearly one in six children under age 18 (16.2 percent) were poor in 2018, a decline of 1.2 percentage points compared to 2017. Our youngest children (under age 5) continue to have the highest poverty rates (17.7 percent)—during a crucial and foundational developmental time period. Evidence of the profound consequences of poverty, especially for young children, is well documented and continues to grow. Earlier this year, a National Academies of Sciences report reviewed the available evidence and added to the strong body of research proving that child poverty compromises children’s growth and development, while also hurting the broader society. Child poverty causes negative outcomes across numerous health, mental health and other indicators during childhood, as well as lower educational attainment and earnings into adulthood. It endangers both the wellbeing of individual children and the future skills and capacity of America’s labor force and the nation’s economic future.

Young adults (ages 18-24), who are striving to complete education and find pathways to good jobs, have a higher-than-average rate of poverty at 15.0 percent, with young adult parents even more likely to be poor. Young adults with children are balancing educational and economic challenges with the demanding task of parenting, often without family-supporting policies such as affordable child care, paid sick days, and paid family and medical leave. Poverty during this life period is consequential for both generations.

Children & young adults living in poverty

Poverty rates for White children and young adults exclude Hispanics, while poverty rates for Black and Asian American children and young adults include Hispanics. Hispanic children and young adults can be of any race.
Families are poor despite high levels of employment. More than two-thirds of poor children (70.3 percent) live in households with at least one worker. Low wages, inadequate hours, and underemployment mean that work still does not pay a family-sustaining wage for millions of households. While unemployment remains near historical lows, a substantial share of low-income workers is employed part time involuntarily, meaning they would prefer to be working full time but are unable to find full-time work or get sufficient hours from their employer.

Low-wage jobs predominate in the fastest-growing sectors, such as retail and food service. Such jobs are characterized by few benefits; unstable and unpredictable schedules; and temporary or part-time status. In addition to poor-quality jobs, workers face the absence of work supports such as child care, paid family and medical leave, paid sick days, and limited opportunities for the affordable education and training that leads to improved job prospects. While states and cities raised minimum wages in 2018 for some low-wage workers, far too many workers live in areas that haven’t raised wages.

“Low income” is defined as less than 200 percent of the federal poverty level.
Stark drop in health insurance coverage puts families at risk. In a striking departure from a decade’s worth of progress, health insurance coverage declined for the first time since 2009. The share of insured Americans fell by 0.5 percentage points from 92.1 percent in 2017 to 91.5 percent in 2018. Coverage under Medicaid declined by 0.7 percentage points, while coverage under private insurance showed no change.

Of grave concern is the backward movement on children’s health insurance coverage. Coverage rates for children under age 19, who are the most likely age group to have health coverage after adults age 65 and older, declined from 95.0 percent to 94.5 percent, resulting in 425,000 more uninsured children in 2018. This drop was largely caused by a decline in public coverage through Medicaid and the Children’s Health Insurance Program (CHIP). Access to health care is arguably the most basic ingredient for children’s healthy development and wellbeing and is essential for family economic stability. Children need medical care to support their physical, cognitive, and emotional development. Adults also need medical care, which can help prevent economic instability caused by high medical costs or untreated health issues that interfere with work. Losing ground on coverage for kids is likely to have devastating consequences for child wellbeing.6
The drop in public coverage is consistent with evidence from states about declining enrollment in Medicaid and CHIP. Among those with the largest decline in coverage were Hispanic children who are overrepresented among children in immigrant families. This is likely an early indicator of a “chilling effect” discouraging immigrant families from accessing public benefits—including for their eligible citizen children—but likely not the only factor. The Trump Administration has taken multiple actions to undermine public health insurance programs, and some states have also moved to deter families from enrolling by making the process more cumbersome and doing less outreach to educate people about the programs.

**Public programs are critical to reducing poverty.** Poverty rates would be far higher without crucial public programs that support the health and wellbeing of families in poverty. The Supplemental Poverty Measure (SPM) is an alternate poverty measure that accounts for the poverty reduction element of important public programs, such as tax credits and nutrition assistance. The support these programs provide allow families to use their income for other necessities and improve their day-to-day standard of living.

Unlike the official poverty rate, poverty based on the SPM did not decline in 2018. Even so, the Child Tax Credit and the Earned Income Tax Credit kept more than 7.9 million people, including 4.2 million children, out of poverty in 2018. Similarly, 3.1 million people, including 1.3 million children, would be poor without nutrition assistance through SNAP. In addition to its strong poverty-reduction impact, SNAP also contributes to long-term positive outcomes such as improved health and educational achievement for children.

**Racial disparities are persistent, stark, and caused by structural factors.** Across nearly all ages, racial and ethnic groups are disproportionately poor compared to their non-Hispanic white counterparts. Black and Hispanic children are more likely to be poor (29.5 and 23.7 percent respectively) compared to 8.9 percent of non-Hispanic white children, despite high levels of work among their families. Because today’s child cohort is the country’s first to be majority children of color, the circumstances of children of color are more important than ever to our country’s future. Young adults of color face similar disparities: 19.2 percent of Black young adults, 21.6 percent of Asian young adults, and 16.4 percent of Hispanic young adults were poor in 2018, compared to 12.4 percent of non-Hispanic white young adults. These disparate poverty rates result from structural racism and systemic barriers to education and employment—such as discrimination, segregation, mass incarceration, and grossly inadequate investments in education and good jobs in communities of color.
Policy Threats on the Horizon

Today’s Census Bureau reports make clear that low-income workers and communities of color have not sufficiently shared in the gains of a decade of economic growth. That reality stands to significantly worsen due to policy actions being pushed by the Trump Administration and by policymakers in some states. While some harmful legislative threats have been defeated, numerous policy actions are still in development or at the proposal stage, while others are in effect and still others are being challenged in court.

**Reducing access to food, housing, and health insurance.** The Trump Administration has led efforts to undermine access to health insurance coverage and basic needs programs for people with low incomes. Even as Congress has consistently rejected its legislative agenda, the Trump Administration has attacked these programs through regulations and waivers. For example, the administration has proposed rules to restrict access to SNAP benefits and housing assistance—along with approving work-reporting requirements as a condition of Medicaid access, which is a deeply misguided and harmful policy that undercuts health coverage for low-wage workers. Despite many of these requirements being challenged in courts, they are already causing reduced coverage among low-income individuals, including eligible working people. For instance, more than 18,000 Arkansas residents lost their health insurance due to work-reporting requirements in just six months before the courts forced the state to stop disenrolling Arkansans, even though the vast majority were either working or should have been exempt under the state’s rules. Proposed SNAP rules now open for comment would, by the administration’s own estimates, result in the loss of nutrition assistance for more than 3 million people.

**Denying health, nutrition, and other help to immigrant families.** In August, the administration issued a final rule on “public charge,” which makes it harder for low-income immigrants to obtain lawful permanent status in the United States. Among the factors the federal government will consider are immigrants’ use of critical supports such as Medicaid and SNAP. This rule is now being challenged by multiple lawsuits, citing both Constitutional violations of the equal protection clause, and the Trump Administration’s failure to adequately address the 260,000 public comments submitted, largely opposing the rule. The rule, if not stopped by litigation, is estimated to have a “chilling effect” on as many as many as 26 million people in immigrant and mixed-immigration status families who would be deterred from using housing, health, and nutrition programs. The Census Bureau’s data suggest early signs of a chilling effect, which aligns with growing evidence—even before a final rule was issued—that immigrant families were avoiding these programs, even for their citizen children. This rule, if implemented, would dramatically impact the country, prioritizing wealth over hard work, and putting the health and wellbeing of millions of people at great risk.
Rolling back civil rights. Systemic racism contributes to disparate rates of poverty among people of color. The Trump Administration’s efforts by many federal agencies to reverse civil rights protections and racial justice policies will worsen disparities in racial and ethnic communities and further impoverish people of color. For example, the Department of Justice has taken numerous actions to roll back criminal justice reforms and further dehumanize and criminalize people of color, which has direct links to incarceration and poverty.14 The Department of Health and Human Services issued a proposed rule eliminating certain nondiscrimination protections in the Affordable Care Act, which would exacerbate barriers for individuals with limited English proficiency (LEP), LGBT populations, and those with chronic illnesses overall, and even more so for people living with low incomes.15 And the Department for Housing and Urban Development in August furthered its efforts to roll back civil rights protections by proposing an overhaul of the “disparate impact” rule, which protects individuals from housing discrimination in all forms. Under this proposal, people of color would have a much harder time claiming discrimination under the Fair Housing Act. We cannot reduce poverty for all unless our policies systematically address racial injustice.

Obscuring poverty. In May, the Trump Administration proposed to change how the poverty threshold is calculated, which would result in artificially lowering the number of individuals living in poverty.16 If implemented, hundreds of thousands of children and individuals would have a harder time accessing health and nutrition programs because they would no longer qualify for programs that set eligibility based on the federal poverty line, even without any increase in their actual household income. This seemingly technical change would lead to a less accurate understanding of the economic struggles of families and ultimately reduced support for crucial health, nutrition, and other public benefit programs for people with low incomes.

Reducing Poverty is Possible and Urgent

The data show unequivocally that even as the country’s economic indicators are strong, today’s economy is leaving out far too many people. Among them are children, young adults, families with children, and low-wage workers. And yet, today’s poverty rates are not inevitable or immutable.

Public policies can reduce poverty, promote economic opportunity, and reduce racial and ethnic disparities. So, too, can they put up barriers to support for basic needs, create and exacerbate hardship, allow systemic racism to go unchecked, and consign individuals to poverty and all of its adverse outcomes. In fact, the census data would paint a far worse picture if many Trump Administration threats to health coverage, nutrition assistance, and families’ economic stability had not already been defeated in Congress and the states. That said, we must fervently reject similar efforts that still threaten to dramatically worsen the circumstance of children, young adults, communities of color and immigrant communities.
Instead, policymakers should expand anti-poverty programs, including programs that support basic needs and tax credits that keep more money in working families’ pockets. Policymakers should address the circumstance of millions of low-wage earners in this country, make it easier to earn a living and raise a family simultaneously, and ensure that families and individuals can meet their basic needs. Indeed, increases in earnings in 2018 were likely in part due to state and local minimum wage increases, which improve the condition of low-wage earners. Along with higher wages, workers need access to education and training, predictable schedules, paid family and medical leave, paid sick days, and affordable child care.

Policymakers should confront racial injustice and remove systemic barriers that block access to economic security for millions of individuals and children. At a time of economic growth, as millions of households reap the benefits of a strong economy, our public policies should be fully leveraged to ameliorate poverty and improve the lives of those workers, children, and families who have been left behind.

Endnotes


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