



Census Data Demonstrate Success of Federal Investments to Address Poverty

Hannah Matthews & Priya Pandey | September 2021

CLASP
The Center for Law and Social Policy

Overview

2020 was a year marked by illness, death, multiple hardships, and uncertainty for families across the country. The start of the COVID-19 pandemic created a crisis of public health, but also laid bare the cracks in our economic system and public policies—with the most harmful impacts disproportionately concentrated among people with low incomes, essential workers, women, and Black, Latinx, Asian, Indigenous, and immigrant communities.

Yet even in this tragic context, this week's Census Bureau annual release on income, poverty, and health insurance coverage shows that government investments in 2020 **successfully reduced poverty**. Even though household earnings and full-time, full-year employment were sharply down, particularly for women, people of color, and people in jobs paying low wages, the Census Bureau found that the number of people in poverty (measured by the Supplemental Poverty Measure (SPM), which incorporates income from key public programs as well as earnings) was down 2.6 percentage points from 2019 to 9.1 percent.¹ This was the first year-to-year decrease in the SPM since the measure was created in 2009.

The decrease in poverty occurred because Congress passed COVID relief bills in response to the pandemic that put direct cash payments in people's pockets. This assistance included stimulus payments and refundable tax credits, expanded nutrition benefits to keep families fed, and expanded unemployment insurance so that COVID-induced job loss did not lead to a further economic decline. Congress also provided emergency paid leave benefits and maintained government-sponsored health coverage for individuals who might have otherwise lost coverage. These policies mattered enormously. They blunted the impacts of the pandemic for many and prevented what could otherwise have been far more substantial increases in poverty.

With clarity of the importance of these programs, policymakers should continue to build on investments in children, families, and workers. Policies that were expanded in response to COVID—such as refundable tax credits and investments in health and nutrition—must be continued. With the Build Back Better Act, the country has an opportunity to go further to transform the economy so it works for everyone by making long-overdue investments in good jobs, child care, and paid leave.

Even as government response efforts in 2020 decreased poverty across racial/ethnic groups, longstanding inequities in poverty and hardship persisted. Black, Latinx, Asian, Indigenous and immigrant families have borne the brunt of the pandemic, and there remains a crucial need to harness the full resources of the federal government to support those whose potential has been perpetually blocked by structural barriers.

Although the relief responded directly to the impacts of COVID, it did not address widespread structural inequities in our public policies and economic systems. Relying on an emergency response means that many people – particularly families with children and people of color – experienced hardship such as hunger before the relief came, which is another reason to have permanent and effective public investments. To sustain the effects of these positive programs, the government must move beyond COVID relief and invest in rebuilding an economy that works for all.

Poverty in 2020: Increased Public Investments Offset Deep Declines in Earnings

Government action in the face of COVID showed us what is possible and confirmed that anti-poverty programs work. While the official poverty rate (which counts earned income but does not count all the key government interventions) increased 1 percent from 2019 to 11.4 percent, government response to the pandemic prevented millions more people from becoming poor.² The SPM, the bureau's alternate poverty measure that captures the effect of government programs excluded from the official measure, shows unequivocally the positive impact of COVID relief efforts. Despite high levels of job and income loss in 2020, expanded income support in the form of stimulus payments, pandemic unemployment insurance, and expanded nutrition benefits actually reduced

poverty compared to 2019, keeping millions out of poverty.

In 2020, two rounds of economic stimulus payments kept 11.7 million individuals out of poverty; expanded unemployment insurance kept 5.5 million individuals from poverty; refundable tax credits—including the Child Tax Credit and Earned Income Tax Credit—prevented poverty for 5.3 million individuals; and nutrition assistance, including the Supplemental Nutrition Assistance Program (SNAP) and the new Pandemic EBT program, kept 3.2 million out of poverty.³ Improvements to the Child Tax Credit that went into effect in 2021 have already reached millions of children who were previously excluded from the tax credit's benefits or who previously received a smaller credit. The improvements have also coincided with reduced levels of hunger and allowed families to meet essential needs.⁴

Before the government interventions, the recession took a major toll on family income and sharply reduced full-time, full-year employment – particularly for women of color, and workers with low incomes. Not surprisingly, this economic damage hit children hard. Women, Black, and Latinx workers—who are overrepresented in the low-paid workforce—have disproportionately suffered from the pandemic-induced economic crisis. Women have been at the forefront of the COVID-19 crisis since the beginning—overrepresented in unpaid caregiving roles in their families and communities and facing the highest job and earnings loss. An estimated 3.1 million women were forced out of the labor market and have still not returned.⁵

Measures of parental stress—an important factor in child wellbeing—have skyrocketed during the pandemic.⁶ While many children have been spared the worst of the virus's direct health effects, they have the potential to suffer the greatest collateral damage as the pandemic rages on. Disruptions in school and child care have worsened instability and suffering for families.

In looking at the official poverty measure, children and young adults experienced the highest rates of poverty, which has been the case for many years. Sixteen percent of children and 14.6 percent of young adults (ages 18-24) lived in households with incomes below the federal poverty threshold.⁷ Evidence of the profound consequences of poverty, especially for young children, is well documented. It endangers both the wellbeing of individual children and the nation's economic future. While government interventions reduced poverty across racial and ethnic groups, the poverty rate continues to show vast disparities due to historic and present systemic racist policies that limit access to opportunity.

Building on What Works to Invest in Children, Families, and the Economy

These most recent poverty reports are an unmistakable validation of the role that government can play in addressing basic needs and reducing poverty—if policymakers have the will to act. **Building on what works, now is the time for bold and transformational investments.** Policymakers must consider the impacts of COVID relief efforts, continue essential programs for people with low incomes, *and* go further to create stronger policies that address persistent poverty, gender inequity, and racial injustice that were prevalent prior to the pandemic and have since only worsened. Solutions cannot be temporary and reactive—instead they need to be robust and inclusive.

Congress is now considering a comprehensive economic recovery package that would support the advancement of individuals and communities with historic barriers to work and economic stability; prioritize investments in children and their wellbeing; and uproot historic and systemic racism that pervades our public policies. The Build Back Better Act, currently being considered in the U.S. House of Representatives, is the transformative change our children and families need. The Act would:

- **Create the nation’s first paid family and medical leave program** so that no worker has to choose between caring for a loved one and their family’s financial stability. Families lose an estimated \$22.5 billion dollars per year due to inadequate paid leave, and the economy loses trillions in GDP when women’s labor force participation is reduced.⁸
- **Guarantee affordable high-quality child care and pre-kindergarten for families**, which supports children’s healthy development and parental employment. A national investment to ensure universal child care and early education is long overdue and would support children’s development, parental employment, and good-paying jobs for the child care workforce.
- **Create a pathway to citizenship for Dreamers, Temporary Protected Status (TPS) holders, essential workers, and farmworkers**, making our country stronger by boosting wages, creating jobs, and reducing child poverty. Over 5 million children have at least one undocumented parent. A pathway to citizenship would ensure improved outcomes for children and parents.⁹
- **Invest in workforce development and postsecondary education.** Investments to make college more affordable for students, investments in our public workforce system, and the creation of a national subsidized employment program can drive equity and economic justice for populations that have been hit hardest by the pandemic. These include opportunity youth and young adults, people impacted by the criminal legal

system, and individuals in jobs paying low wages.

- **Extend improvements to the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC)** to reach more individuals and families and to have a strong poverty-reducing impact. Expansions to the CTC will reduce child poverty by half,¹⁰ with even greater benefits for children of color. Expansions of the EITC for workers without dependent children in the household will particularly help young workers.
- **Invest in health and mental health** to strengthen families, close the Medicaid coverage gap, grow the mental health work force, address violence and trauma in communities, and reduce maternal mortality. These improvements would make progress toward addressing racial inequities in access to health care and health outcomes.

Conclusion

The large-scale emergency relief that millions received during the pandemic was successful in keeping millions out of poverty. These efforts—and additional supports for working families—should be the foundation of a transformative and inclusive economic recovery. Congress should commit to continuing anti-poverty programs and furthering investments in children and families. A strong and equitable economy will advance the health and wellbeing of all.



Endnotes

¹ Burns, Katee and Fox, Liana, *The Supplemental Poverty Measure 2021*, September 2021, U.S. Census Bureau, <https://www.census.gov/library/publications/2021/demo/p60-275.html>.

² US Census Bureau, *POV 01: Age and Sex of All People, Family Members and Unrelated Individuals: 2020* <https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pov/pov-01.html>.

³ US Census Bureau, *The Supplemental Poverty Measure*, September 2021, <https://www.census.gov/content/dam/Census/library/publications/2021/demo/p60-275.pdf>.

⁴ Perez-Lopez Daniel J., *Economic Hardship Declined in Households with Children as Child Tax Credit Payments Arrived*, July 2021, U.S Census Bureau <https://www.census.gov/library/stories/2021/08/economic-hardship-declined-in-households-with-children-as-child-tax-credit-payments-arrived.html>.

⁵ National Women's Law Center, *A Year of Strength and Loss: The Pandemic, The Economy, and The Value of Women's Work*, March 2021,

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⁶ Rapid E.C, *A Long and Heavy Road: Material Hardship and Emotional Well-being*, June 2021, University of Oregon,

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⁷ U.S. Census Bureau, "POV01: Age and Sex of All People, Family Members and Unrelated Individuals: 2020"

⁸ Sarah Jane Glynn. "The Rising Cost of Inaction on Work-Family Policies," The Center for American Progress, January 2020. <https://www.americanprogress.org/issues/women/news/2020/01/21/479555/rising-cost-inaction-work-family-policies>.

⁹ Cervantes, Wendy, *A Pathway to Citizenship is Essential for Children to Thrive*, September 2021, Children Thrive Action Network, https://secureservercdn.net/104.238.69.231/kpc.cec.myftpupload.com/wp-content/uploads/2021/09/1_CTAN_pathwaystocitizenship_onepager_final_update.pdf.

¹⁰ Pulliam, Chris and Reeves, Richard V., *New Child Tax Credit Could Slash Poverty Now and Boost Social Mobility Later*, March 2021, Brookings Institute, <https://www.brookings.edu/blog/up-front/2021/03/11/new-child-tax-credit-could-slash-poverty-now-and-boost-social-mobility-later/>.