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CBPP STATEMENT

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Census Data Show Income Growth and Steady Health Coverage, With Significant Work to Do to Bring Down Poverty

Statement of Sharon Parrott, CBPP President, on 2023 Census Income, Poverty, and Health Insurance Data

What is most striking in this year's Census data is how the data again demonstrate that if policymakers made different choices and adopted common-sense measures like an expanded Child Tax Credit, far fewer people would live in households that struggle to afford the basics. Some measures of poverty in 2023 reached or remained at all-time lows *except* for 2020 and 2021, when pandemic relief measures including an expanded Child Tax Credit drove poverty down dramatically. Poverty stood far above the levels achieved in those pandemic years despite a stronger economy in 2023, providing clear evidence that more robust policies could dramatically reduce poverty.

Still, the year-over-year data are worth a close look. While overall median income increased by 4 percent, the fourth-largest rise on record, the growth wasn't even across racial and ethnic groups but concentrated among white households, whose incomes had fallen in 2022 and then more than caught up in 2023. Income growth among Black households has brought Black median income to all-time highs, with the 2023 level statistically unchanged from 2022 when this record was reached.

The poverty data are also somewhat complicated, but point to steady or falling poverty in 2023 using measures that adjust for inflation. Using a version of Census's most complete poverty measure, the Supplemental Poverty Measure (SPM), that adjusts only for inflation, there is evidence of uneven trends, with poverty improving among seniors and remaining about flat among other age groups. (Poverty using the standard SPM showed an increase, but this was due to a sharp upward adjustment to the poverty thresholds between 2022 and 2023 that far outpaced inflation.)

In 2023, the share of people with health insurance was statistically unchanged from 2022, when it reached an all-time high as a result of policies during the pandemic that expanded access to Medicaid and expanded premium tax credits that make Affordable Care Act marketplace coverage far more affordable. But here too there were signs of unevenness, with data showing the share of children without coverage ticking up, though remaining low at 5.8 percent. When the more robust American Community Survey data come out on Thursday, it will be important to see whether this decline in coverage is found in those data as well.

The pandemic-era Medicaid provisions have now expired and that has led to declining Medicaid enrollment, but marketplace enrollment has continued to rise since 2023. Congress will decide next year whether to maintain the expanded premium tax credits, which are responsible for a sizable increase in marketplace coverage.

Enacting robust policies to drive down poverty and further expand health coverage should be a national priority. In 2021, the expanded Child Tax Credit and other pandemic relief drove child poverty to just 5.2 percent, the lowest level ever recorded. Research across decades finds that cutting poverty among children not only reduces near-term hardship, but is associated with better health, education, and earnings outcomes for children later in life. As we look ahead to next year's critical tax debate, expanding the Child Tax Credit and making other investments in areas like housing and child care could substantially improve children's well-being and our nation's future prosperity.

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