Center on Budget and Policy Priorities

202-408-1080
center@cbpp.org
www.cbpp.org

CBPP STATEMENT

For Immediate Release:
Tuesday, September 9, 2025

Contact:
Nanci Flores, 202-408-1080,
nflores@cbpp.org

Republican Megabill Will Erode Much of the Progress on Health Coverage and Push Poverty and Inequality Higher

Statement of Sharon Parrott, CBPP President, on 2024 Census Income, Poverty, and Health Insurance Data

2024 Census numbers show economy was reasonably strong, though wide inequities persist

Today's Census report shows that the economy was reasonably strong in 2024, but wide inequities across income, racial, and ethnic groups persisted. Median income kept pace with inflation and stood at a record high under one measure; health coverage was unchanged overall; and the official poverty rate declined. (One Supplemental Poverty Measure fell and another was unchanged.)

Viewed over the longer term, the data highlight the powerful impact policymakers' decisions have on people's lives. Policy advances over the last 25 years have helped millions of people secure health coverage and lifted millions of people above the poverty line. **However, if left unchanged, July's Republican megabill will erode much of the progress on health coverage and push poverty and inequality higher**.

The Congressional Budget Office (CBO) projects that July's Republican megabill will increase the number of people without health coverage by 15 million in the coming decade due to the law's health care cuts and failure to extend enhanced premium tax credits that make Affordable Care Act (ACA) marketplace coverage affordable for millions of people. If policymakers act to extend the enhanced premium tax credits, the estimate would be reduced to roughly 11 million, still an enormous loss of health coverage.

At the same time, the megabill's cuts to SNAP will increase poverty. SNAP's food assistance kept 3.6 million people above the poverty line in 2024, today's figures show, and lessened the severity of poverty for millions more. But despite these achievements, the megabill cuts the program by 20 percent, the largest cut in the history of the program, which will bring more and deeper poverty. The Administration's proposed cuts to rental assistance and food assistance through WIC are two more examples of policies that would exacerbate, rather than ease, challenges for families in affording the high cost of food and housing.

Today's data also paint a troubling portrait of the economy not working well for Black households in 2024. While official poverty declined overall, the Black official poverty rate remained flat (with the Supplemental Poverty Measure rising), Black household income declined, and the share of Black individuals without health insurance rose, adding to long-standing inequities that are often a result of discrimination and systemic racism that create barriers to education, job, and housing opportunities. Trends among Black workers, who are often last hired and first fired, can also be an early warning of a more broadly weakening economy, though further data will be needed to know if that is the case today.

Inequality by race and ethnicity remains a persistent problem, with poverty and the uninsured rate much higher and incomes much lower for Black, Latino, and Indigenous households as compared to white households.

The difference between the incomes of households with incomes in the bottom and middle of the distribution and those with incomes at the top also remains very high, with one measure of after-tax income inequality at a record high in 2024, Census reported.

In 2024, poverty and the number of people without health coverage remained too high, but because of policy changes over decades, the data show real progress over the longer term. **The President and congressional majority turned their backs on this progress this year. Their megabill takes away health coverage and food assistance that people need to go to the doctor, access life-saving medical care, and afford food — all partially to pay for tax cuts for the already wealthy, who have seen large income growth in recent decades.** This legislation marks the first time that policymakers have enacted legislation that makes poverty, health coverage, and inequality worse while *increasing* deficits.

Health Coverage Remained Steady in 2024, Is Expected to Worsen Sharply as Soon as 2026

The share of people without health insurance remained at 8.0 percent in 2024, statistically unchanged from all-time lows of 8.0 percent in 2023 and 7.9 percent in 2022, Census figures show. While Medicaid coverage dropped substantially as the temporary Medicaid policy put in place to keep people covered during the COVID-19 pandemic expired, direct purchase coverage — including ACA marketplace coverage — rose significantly as enhanced premium tax credits and other marketplace policies continued to make coverage more affordable. Unfortunately, these enhanced premium tax credits are slated to expire at the end of the year if lawmakers do not act, which will exacerbate coverage losses in future years.

The drop in Medicaid coverage, though significant, was not as large as would be indicated by administrative enrollment data. Part of the reason for this difference is that the Current Population Survey (CPS) — the basis of the data released today — only considers people to be uninsured if they had no coverage during the entire year. That means that Medicaid coverage loss that occurred during 2024 due to the expiration of the continuous coverage provision would not be evident in the CPS — only coverage loss in 2023 would be reflected.

Note that the National Health Insurance Survey released in June finds a modest increase in the uninsured rate in 2024, and it is possible that the American Community Survey data that will be released on Thursday will as well. But overall the story is likely to be broadly consistent — Medicaid coverage fell and many people were able to secure coverage through the ACA marketplace, which was made more affordable because the enhanced premium tax credits were in place.

The 2024 changes in Medicaid are likely to be dwarfed in coming years by massive Medicaid cuts in the megabill, which the nonpartisan CBO projects will cause 7.5 million people to become uninsured by 2034. Combined with the megabill's ACA marketplace cuts, failure to extend the enhanced premium tax credits, and other harmful ACA marketplace rule changes, roughly 15 million people will lose coverage and become uninsured by 2034 unless Congress acts.

Income at a Record High, Official Poverty Declines, but Income Inequality Is High

Today's income figures put the 2024 economy in a more positive light than some have suggested. Median income for households overall kept pace with inflation and stood at an inflation-adjusted record high ($83,730), in data back to 1967, while a measure of after-tax income rose 1.8 percent in 2024 after adjusting for inflation. (The reason for this difference isn't clear yet.) Household income also rose for non-elderly households, suggesting that the aging of the population contributed to keeping the overall income figure from growing.

Inflation-adjusted median income for Hispanic households rose to its highest level on record ($70,950) in data back more than 50 years, although Census also released data suggesting that the size of the increase (5.5 percent) might be somewhat overstated due to technical issues, such as declining survey response rates. Income for non-Hispanic white households, while statistically unchanged at $92,530, also stood at its highest on record.

These improvements in income suggested that faster-than-inflation wage growth in 2024, previously reported by the Labor Department, helped lift household income.

In a troubling development, however, Black household income declined 3.3 percent to $56,020 from the record high point it reached in 2023. More data and analysis are needed to understand the potential cause of this finding.

Inequality remained high or reached new highs by a variety of measures. The Census Bureau's preferred inequality measure, the Gini index, was unchanged while the income difference between high-income and low-income households widened as the incomes of the 90th percentile (that is, the household ranked in the middle of the richest one-fifth of households) rose 4.2 percent and the income of the 10th percentile (that is, the household in the middle of the poorest one-fifth) was unchanged in 2024.

After-tax income inequality stood at a record high by one measure, with the households with incomes in the 90th percentile making 9.85 times as much as households with incomes in the 10th percentile for the first time in after-tax data back to 2009.

Rather than pushing back against years of unequal income growth, July's megabill pushes in the direction of even wider gaps in income, particularly when cuts in food assistance and health coverage are taken into account. At the same time, high taxes on imported goods (tariffs) are disproportionately squeezing the budgets of low- and middle-income families.

The official poverty rate — chiefly an indicator of the private economy's impact on financial hardship — fell 0.4 percentage points to 10.6 percent, and stood at a record low of 15.0 percent for

Hispanic households and 7.6 percent for non-Hispanic white people in data back more than 50 years. Under the official measure, child poverty fell to a 55-year low of 14.3 percent.

By the government's more comprehensive Supplemental Poverty Measure (SPM), 12.9 percent of people had incomes below the poverty line, statistically unchanged from 2023. An alternative version of the SPM (relying on 2024 inflation to update the poverty threshold rather than also factoring in changes in multi-year spending data) showed poverty declined from 12.9 percent to 12.4 percent in 2024, Census said.

Poverty, Inequality, and Lack of Health Coverage Are a Policy Choice

SNAP's food assistance lifted 3.6 million people above the poverty line in 2024, including 1.4 million children and 571,000 seniors, today's SPM figures show. For millions of others, SNAP reduces the depth of their poverty and helps them to be better able to afford food and other basic needs. Before SNAP existed, children experiencing severe hunger and malnutrition were not hard to find in the United States.

Based on our analysis of CBO's projections, July's megabill is projected to terminate or substantially cut food assistance for about 4 million people, including children, seniors, veterans, and individuals with disabilities, needlessly causing food insecurity and deepening SPM poverty. The cuts to SNAP could be larger than CBO's estimates if more states deeply cut or terminate SNAP in response to the reduction in federal funding and shift of program costs to states. The risk of such cuts would rise during recessions, when state budgets are even more stretched.

Cuts in health care and food assistance will fall hardest on those groups who already experience high rates of poverty, including those with less formal education and those facing hiring discrimination, systemic racism, and other barriers to economic opportunity. The poverty rate for Black people (20.7 percent) and Latino people (20.3 percent) are more than double the rate for non-Hispanic white people (8.7 percent) in today's SPM poverty data. The megabill's cuts will not spare any group, however. Because of population size, there were more non-Hispanic white people in poverty in 2024 (16.8 million) than any other single racial or ethnic group.

Policymakers' choices can drive poverty lower or higher. The combination of the Earned Income Tax Credit and Child Tax Credit, two tax credits that bipartisan majorities in Congress have expanded numerous times since 1975, lifted 3.7 million children above the poverty line in 2024, Census reported (counting only the refundable portion of the Child Tax Credit). July's Republican megabill increased the maximum Child Tax Credit from $2,000 to $2,200 per child for 2025. Yet lawmakers chose to provide no increase to about 1 in 4 children under age 17 (17 million children), and only a partial credit to another 2 million children, whose families have incomes too low to qualify for the maximum credit. For example, a couple with two children with income less than $41,500 won't get the full credit $2,200 credit in 2025.

Merely increasing the maximum Child Tax Credit won't lower poverty much; instead, to reduce poverty, lawmakers must ensure that lower-income families can receive the full, or at least significantly more, Child Tax Credit.

To illustrate why this is important, we used data Census released this morning to estimate how the megabill's increased $2,200 credit would have impacted child poverty if it had been in place in 2024, instead of the existing $2,000 credit. We estimate solely increasing the maximum credit amount would have reduced the number of children in poverty by only an additional 66,000, not enough to change the unrounded child poverty rate.

But if lawmakers had also expanded the Child Tax Credit to ensure that families with low and moderate incomes, who are currently shut out of receiving the full credit, could access the maximum amount, a further 1.4 million children would have been lifted out of poverty in 2024.

Lawmakers had many options for reducing child poverty with the megabill's Child Tax Credit expansion, including the bipartisan approach passed in the House last year that would have gotten significantly more of the Child Tax Credit to millions of low-income families. But in the megabill, the congressional majority chose to reject these more effective options.

Making matters much worse, the megabill eliminates eligibility for the credit for an estimated 2 million children who are U.S. citizens or have lawful immigration status but who don't have at least one parent with a Social Security number. Due to data limitations, the poverty calculations above do not include this restriction, but there is no doubt that it will make many families worse off.

States Face Stark Choices

The megabill passes the buck to states to fund far more of their Medicaid and food assistance programs or risk seeing their states' uninsured rate rise and poverty deepen.

Although ultimate responsibility falls on federal lawmakers to undo the damage they caused by the recent federal legislation, for now, states face a stark choice: invest the state resources needed to mitigate the cuts to food assistance and health coverage or see poverty and hardship rise, access to health care fall, and the health care provider network destabilized. Given the harmful policies in the megabill, some states may even look seriously at ending SNAP altogether or taking food assistance away from a large number of eligible families because of the cost-shift they are facing. This would drive up poverty and hunger, including among children, seniors, people with disabilities, and veterans.

With many states seeing revenues slow as a result of past tax cuts they have enacted and other factors, states will need to raise revenues to meet the needs of people and families in their state, avert significant hardship, and ensure that other public services are not hollowed out.

Lawmakers at both the federal and state levels can and should make choices that help people afford to get and keep health coverage, put food on the table, keep a roof over their heads, and reduce inequities across lines of race, ethnicity, and ZIP code. Both will need to act.

# # # #

The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.