
Greenstein: Census Data Show Largest Two-Year Income Gain in Five Decades, Progress Against Poverty in 2016 Uninsured Rate Hits Historic Low

Today's Census data bring good news on income, poverty, and health coverage. The typical household's income rose more from 2014 to 2016 than in any other two-year period on record (with data back to the 1960s), poverty declined, and the share of Americans without health insurance fell to a record low. This marks the first time on record, with data back to 1988, that all three measures of well-being improved for two years in a row.

The challenge for policymakers now is to build on the last few years' progress and not worsen poverty, inequality, and health coverage. A number of the steps they are eyeing this fall — such as cuts in poverty-reducing programs, costly tax breaks for the most well-off, and measures that would roll back the Affordable Care Act's (ACA) coverage gains — would raise poverty, widen inequality, and reduce health coverage.

What the Data Show

Broad growth in jobs and wages in 2016 produced improvements in living standards. The typical household's income rose by 3.2 percent or \$1,800 from 2015 to 2016, after adjusting for inflation, while the official poverty rate fell from 13.5 percent to 12.7 percent. Coming on top of 2015's progress, this means that over the two-year period from 2014 to 2016, household median income rose quite impressively — by 8.5 percent or \$4,600 — while the poverty rate fell by 2.1 percentage points or 6 million people. Even so, median income appears to have returned only to roughly its pre-recession — i.e., 2007 — level (changes in Census methodology since 2007 make a precise comparison difficult). And poverty, which also returned to its 2007 level, remains well above its levels in most other wealthy nations.

On health care, 2016 was the third full year of ACA implementation, and the Census data show ongoing coverage gains. The uninsured rate fell to 8.8 percent in 2016, an all-time low. The number of uninsured fell by 900,000 in 2016 and by 13.7 million between 2013 and 2016 (and by some millions more from 2010 to 2013, when the ACA was partly implemented).

Today's data also underscore the importance of state participation in the ACA's Medicaid expansion. As a group, the 32 states (including the District of Columbia) that expanded Medicaid have experienced much larger declines in their uninsured populations than other states did. In addition, the ACA reversed the once-stubborn trend of shrinking health coverage; before the ACA, coverage often failed to improve or deteriorated from year to year, even when the economy was growing.

The data show, as well, that poverty and economic hardship would be far more widespread if not for key federal programs. Census data using the Supplemental Poverty Measure show that government assistance

lifted tens of millions of people above the poverty line in 2016: 3.6 million people were lifted above the poverty line by SNAP (formerly known as food stamps), 8.2 million by refundable tax credits (the Earned Income Tax Credit and Child Tax Credit), 3.4 million by the Supplemental Security Income (SSI) program for low-income people who are elderly or have serious disabilities, and 3.1 million by low-income housing assistance. For tens of millions more, the programs reduced the severity of their poverty. (Unlike the official poverty measure, which only considers families' cash incomes, the supplemental measure also counts income from tax credits and government non-cash benefits, as most analysts favor. Today's figures do not, however, correct for the underreporting of government benefits in survey data and therefore *understate* how much these programs reduce poverty.)

The Path Forward

The goal now should be to continue the recent progress. One in eight Americans remains poor and, as noted, incomes for middle-income households in 2016 are (after adjusting for inflation) only roughly where they were in 2007, before the Great Recession. Some 28.1 million Americans still lack health insurance.

Yet continued progress is far from certain. Another ACA “repeal and replace” proposal that would add millions to the ranks of the uninsured may come to the Senate floor later this month (via legislation that Senators Bill Cassidy and Lindsey Graham are about to introduce), and the Administration is taking or threatening various steps that are likely to weaken insurance markets substantially. The historic progress under the ACA in reducing the nation's uninsured rate remains at risk.

Further, the Trump Administration is undercutting workers' economic standing through administrative actions, such as undermining recent rules to extend overtime pay protections to more workers and rules to ensure that financial advisers place workers' retirement funds in the best investments, instead of investments that give advisers the higher fees. In addition, both President Trump's 2018 budget and the budget the House Budget Committee approved in July (which the full House may consider soon) call for cuts to programs assisting low- and moderate-income households, including programs like SNAP, refundable tax credits, and SSI. As today's data make clear, cutting those and other basic assistance programs would increase poverty and hardship, moving the dial in the wrong direction. (Moreover, enacting such *budget* cuts in conjunction with *tax* cuts that disproportionately favor the most affluent, as Administration and past House Republican leadership tax proposals would do, also would exacerbate inequality.)

Other approaches would build on recent progress rather than jeopardize it. The Federal Reserve should pay special heed to the positive consequences of tight labor markets, given continued low inflation. The President and Congress should enact a long-overdue increase in the minimum wage, which has remained unchanged for eight years and so has shrunk considerably in purchasing power. And they also should strengthen refundable tax credits for the working poor and increase access for low-income families to affordable housing and child care, which would enable more parents to work or work more hours. Together with potential bipartisan steps to stabilize and strengthen health insurance markets, these approaches would make it more likely that the gains of a growing economy will be more broadly shared.

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