
Parrott: Today's Census Data Show That Vigorous Policies Kept 53 Million People Above Poverty Line in 2020

CBPP today released a statement from Sharon Parrott, President, on the release of Census Bureau data on U.S. poverty, income, and health insurance in 2020:

Today the Census Bureau released data that highlight the successes of the government's extraordinary if imperfect steps to bolster households' incomes in 2020 in response to the COVID-19 pandemic and its economic fallout. The figures show how much vigorous policies can do to prevent poverty and preserve access to health care. All government aid combined protected 53 million people from poverty in 2020 (up from 35 million in 2019), we calculate using additional data Census released today. If income from government assistance is excluded, the poverty rate would have increased substantially (by 2.8 percentage points), reflecting in part that many people saw their private incomes fall because of the pandemic. When government assistance is factored in, poverty *fell* by 2.6 percentage points.

Today's data show that in 2020, according to the broader of Census's two main poverty measures, the number of people with yearly family income below the poverty line declined by 8.5 million from 2019, chiefly due to relief measures and existing programs. Stimulus payments kept the annual incomes of nearly 12 million people above the poverty line in 2020. Unemployment insurance (UI) benefits kept 5.5 million people out of poverty (5.0 million more than in 2019) and monthly nutrition assistance 3.2 million.

But because today's figures are annual, they put the best face on an unusually turbulent year. The annual figures average together impressive amounts of relief — including stimulus payments and boosts to jobless benefits, food assistance, medical coverage, and more — obscuring the weeks and months of hardship when families were waiting for aid to arrive or wondering if Congress would renew expiring benefits or pass a second stimulus payment. Over [\\$163 billion in stimulus payments](#) weren't even enacted until December 27, yet most of these dollars are counted in today's annual income figures because Census counts tax credits (including the stimulus payments, which were delivered through the tax system) based on the tax year for which they are received.

Despite delays and other issues with how relief was provided, poverty would have been *far* worse without the unprecedented relief. UI benefits kept a record number of people above the official poverty line, more even than in 2010 in the economic collapse following the Great Recession. (These historical comparisons use figures from the official poverty measure that Census provides

back to 1981, earlier than the Bureau’s broader Supplemental Poverty Measure figures, which include non-cash income and taxes.) The UI expansions both broadened the group of workers eligible for jobless benefits and increased the level of benefits they received; both were important in protecting people from poverty during the crisis.

These UI expansions have now expired and the underlying UI system, which leaves out broad swaths of jobless workers and provides very low benefits to many who do qualify, is back in place. While UI protected millions of people from poverty in 2020, many had to wait months after losing their job to get jobless benefits. This reflects the weakness of state UI administrative systems and the challenges of trying to put in place new policies and systems during a crisis. Had the UI system been stronger going into the crisis, workers would have been far better served and families would have faced far fewer months of real hardship — trouble buying food or paying the rent — when the help they needed was badly delayed.

Meanwhile, policies enacted during the pandemic to help Medicaid enrollees maintain coverage, combined with Medicaid’s success in fulfilling its protective role during recessions, helped stabilize the uninsured rate in the face of rapidly rising unemployment. Unfortunately, the health data in the last two years from the Census Bureau have had significant data quality issues and so the role of Medicaid isn’t as clear in these data as in administrative data, which show that enrollment in Medicaid and the Children’s Health Insurance Program increased by nearly 9 million people from February through December 2020. Providing coverage is key to improving access to care and saving lives.

Recovery Legislation Would Repair Gaps Highlighted by Pandemic

Large-scale, emergency action was needed in the pandemic to protect households from serious hardship in part because our underlying economic and health security programs do too little even in normal economic times to help support families, children, and workers who struggle to afford the basics and access health coverage. The House recovery legislation now being crafted would address many of these policy gaps. Among the historic advances it would make is permanently ensuring that the 27 million low-income children — disproportionately Black and Latino children and children in rural communities — receive the same Child Tax Credit that most other children receive. And it would ease federal tax obligations on the only group we currently tax into, or deeper into, poverty, childless adults, by expanding the Earned Income Tax Credit for those workers. The House package would also address the longstanding gap between low-income households’ incomes and the rents in their communities by expanding rental assistance, a key strategy for reducing homelessness and housing instability.

The House recovery package would also improve health coverage by enhancing financial assistance for health care marketplace plans and by permanently closing the Medicaid “coverage gap.” This gap leaves 2.2 million people with income below the poverty line — most of them people of color — without any pathway to coverage because their states have refused to adopt the Medicaid expansion despite robust federal subsidies. Together, the Medicaid and marketplace subsidies would help about [7 million uninsured people gain coverage in 2022](#). And it would further reduce poverty and hardship immediately through stronger rental assistance, a permanent paid family and medical leave program, broader child care assistance, and stronger nutrition assistance for children in the summer months, while strengthening opportunity by investing in early learning and higher education.

One omission in the legislation is in UI, which left out about two-thirds of unemployed workers (especially workers of color) before the pandemic. Updating eligibility rules so that more workers can qualify when they are between jobs, ensuring more adequate benefits, and funding state UI agencies to better process UI claims would advance equity and economic security now and help states be ready for the next crisis.

Stronger Economic Security and Health Coverage Important for Nation's Future

Congress should pass these recovery proposals, which represent responsible long-term investments for the nation. And to finance them, it should not shy away from raising revenue from the wealthiest and most fortunate corporations and individuals, many of whom thrived in the crisis.

Maintaining momentum against poverty is important not just to reduce near-term hardship but because research has shown that poverty has a lasting negative impact on children's education, health, and future success. Poverty and hardship were high even before the pandemic. According to the Urban Institute, about [4 in 10 \(39 percent\) of all children](#) — including 3 in 4 Black children (75 percent) and nearly 1 in 3 white children (30 percent) — experienced a year or more of poverty before turning 18 prior to the pandemic. The entire nation has a stake in improving economic security and giving all children the tools they need to thrive.

Providing health coverage is similarly critical: it improves access to care and saves lives. Yet even before the pandemic some 30 million people lacked coverage. We have taken temporary steps to reduce the number of uninsured, but to make real progress, we need lasting change that closes the Medicaid coverage gap and makes marketplace coverage more affordable.

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