



## Poverty in the US reached historic lows prior to the pandemic

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Each September, the US Census Bureau releases its annual report on “Income and Poverty in the United States,” summarizing data collected in the year prior. This year, many people will dismiss the annual poverty report as irrelevant because the data reflect the state of US poverty in 2019, before the pandemic started. As difficult as times are now, however, the hardships caused by this pandemic will not last forever, and there are valuable lessons to be learned from this year’s annual poverty report about fighting poverty in the US. To be fair, problems collecting data due to the pandemic have likely skewed the incomes of survey respondents slightly higher. However, even when considering these problems one thing remains clear — no matter how you measure it, poverty in the US was at an all-time low before the pandemic.

As the figure below shows, poverty in the US has been declining for the past five years. The official poverty rate has fallen more than 4 percentage points since 2014, from 14.8 percent to 10.5 percent. According to the Census Bureau, “the 2019 poverty rate of 10.5 percent is the lowest rate observed since estimates were initially published in 1959.” Census Bureau researchers attempted to account for the bias introduced by some households not responding to the survey, and estimated that the 2019 poverty rate might have been as high as 11.1 percent, which is still the lowest rate in at least three decades. Whatever the bias, the strength of the US economy in 2019 would have led to a reduction in poverty; the only question is by how much.

Poverty declines in 2019 were consistent across demographic groups. Declines in the supplemental poverty measure (which incorporates government benefits into the poverty calculation) were statistically significant for people across racial and ethnic groups. They included a 2-percentage point decline among Blacks and a 2.2-percentage point decline among Asians. The declines were equally large when looking at the official poverty measure, which does not include government benefits such as food assistance and tax credits in the poverty calculation. Importantly, “the Black [official] poverty rate was the lowest since 1959, the first year for which poverty estimates were published.”

These historically low poverty rates are largely a product of the strength of the US economy before the pandemic hit, with an unemployment rate of 3.5 percent in December 2019 and 20-year unemployment rate lows for Black Americans and for men. Notwithstanding the problems that remain in our federal safety net, programs with a focus on connecting low-income Americans to work have successfully reduced poverty when paired with the strong US economy.

Somewhat perplexingly, however, the prevailing attitudes of many Americans tell a different story. In a December 2019 Pew Research Center poll, 58 percent of Americans said the

economic conditions in this country were hurting the middle class “a lot” or “a little,” and 64 percent said the country’s economic conditions were hurting poor people. On another Pew question, 57 percent of Americans said current economic conditions were only fair or poor for lower-income people. These perceptions are puzzling given the widespread reduction in poverty across the US in recent years, and they leave us asking the important question of where these perceptions come from in the first place.

One potential source of this disjunction might be the attitudes people hold toward income inequality in the US. According to a 2019 Cato Institute survey, 55 percent of Americans (and a remarkable 70 percent of those under age 30) believe the wealth distribution in this country is unjust. Such views likely skew perceptions of whether the economy is working for poor people or not.

Another source for the mismatch between perception and reality likely rests on the mistaken but prevailing view that the US is embroiled in poverty. Our politicians and news sources frequently present the view that poverty in America is deep and getting worse. In fact, the US compares well to similar countries on poverty when it is properly measured, and the new census data show (as do other poverty statistics) that poverty has only been getting better in recent years.

The United States has many challenges, and poverty is still one of them. But the new census data show what a strong economy combined with a safety net that supports employment can do. Some scholars and political leaders will try to downplay the new poverty data and call for large expansions to the safety net to address the fallout from the pandemic in ways that undermine employment. This could do more harm than good in the end. The long-term trends in poverty show that to hasten our recovery from this pandemic we should seek policies that help return our economy to its pre-pandemic form and help more Americans return to work.