Poverty and Progress: Poverty is Down in the U.S., but New Threats Ahead

Sustained economic gains and strong federal and state programs have led to welcome progress in the fight against poverty over the last several years. The nation is finally seeing poverty rates return to levels comparable with those before the Great Recession. This is good news. But actions from Congress and the Trump administration threaten to weaken the very programs that have contributed to this progress.

Data released in September by the Census Bureau show that the official poverty rate in the U.S. declined to 12.7 percent in 2016, down from 13.5 percent in 2015 and from 14.8 percent in 2014. That 2.1 percentage point drop nationally is the largest two-year decline since 1969. Additional data from the Census Bureau and other sources show the ways we are making progress in the fight against poverty. We are seeing relief for some poor and near-poor families who have been lifted out of poverty by a stronger economy and an increase in incomes and the number of jobs, as well as by federal programs and policies that lift them up. In fact, the new Census Bureau data also show that effective anti-poverty programs like housing assistance, the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), low-income tax credits, and assistance for people with disabilities lift millions out of poverty.

However, 40.6 million Americans are still suffering under poverty’s weight, and the progress we have made is threatened by proposals from Congress and the Trump administration that would cut programs that have lifted millions out of poverty. Proposed budgets and spending bills from leadership in the House, Senate, and White House would slash billions from the very programs that have enabled this progress. Such cuts would surely cause millions more Americans to suffer in poverty and near poverty.

Progress to Build On

As noted above, the poverty rate in in the U.S. dropped 0.8 percentage points from 2015 to 2016, leaving 2.5 million fewer poor people in 2016. Total poverty and poverty among many subgroups got back to where it was before the Great Recession. People aged 65 and older saw their poverty rate remain roughly the same in 2016 as it was in both 2015 and 2007, though there was a decline in senior
poverty from 2014. The percentage of working-age adults with disabilities who live in poverty remains more than one in four, but it decreased from 2015 to 2016, again showing that we’re moving in the right direction (this data was not reported by the Census Bureau in 2007).

For a family of four in 2016, the official poverty line was $24,563. According to the Census Bureau, 18.5 million Americans (5.8 percent) live in deep poverty, meaning they live below half of the poverty line. That’s also down from the previous year, but the proportion remains higher than in 2007, before the Great Recession (5.2 percent). More than 6 million children are this deeply poor. The number of near-poor Americans – living below twice the poverty line – was 95.2 million in 2016, or 29.8 percent. That’s also a decrease from 2015 (31.7 percent) and from the 2007 pre-recession level of 30.5 percent. While this decrease is welcome, it is important to note that nearly one-third of Americans remain this economically insecure.

Several communities of color also saw improvements in poverty rates. Twenty-two percent of African Americans and 19.4 percent of Latinos in the U.S. were poor in 2016, down from 24.1 percent and 21.4 percent in 2015, respectively. In 2007, 24.5 percent of African Americans and 21.5 percent of Latinos lived in poverty, showing that we’ve made progress among these communities as well, finally reducing poverty to below pre-recession levels. However, communities of color still remain disproportionately affected by poverty; in contrast, the poverty rate among non-Hispanic whites in 2016 was 8.8 percent.

The U.S. also made progress in lowering the child poverty rate, which stood at 18.0 percent in 2016. This is down from 19.7 percent in 2015 and is finally back at the same level as before the Great Recession. Tragically, children remain more likely to be poor in America than any other age group, with more than one in six in poverty nationwide. As with adults, children of color experience poverty at much higher rates that their white peers, but a smaller percentage of African American and Latino children were poor in 2016 than in 2007, before the recession. In 2016, 10.8 percent of non-Hispanic white children lived in poverty, while 30.8 percent of African American and 26.6 percent of Latino children were poor (down from 34.5 percent and 28.6 percent in 2007, respectively).

We have also made progress in increasing the number of Americans with health insurance, thanks to the Affordable Care Act and the states’ option under the law to use federal dollars available to them to expand Medicaid coverage to low-income adults. In 2016, the nationwide uninsured rate stood at 8.8 percent, down from 9.1 percent in 2015 and down further from 13.3 percent in 2013, before several of the provisions of the ACA went into effect.²

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<thead>
<tr>
<th>Poverty Rates in the U.S.</th>
<th>2016</th>
<th>2015</th>
<th>2007</th>
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<tbody>
<tr>
<td>Overall Poverty</td>
<td>12.7</td>
<td>13.5*</td>
<td>12.5</td>
</tr>
<tr>
<td>Senior Poverty</td>
<td>9.3</td>
<td>8.8</td>
<td>9.7</td>
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<tr>
<td>Poverty for Adults with Disabilities</td>
<td>26.8</td>
<td>28.5*</td>
<td>n/a</td>
</tr>
<tr>
<td>Child Poverty</td>
<td>18.0</td>
<td>19.7*</td>
<td>18.0</td>
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*Denotes statistically significant difference from 2016
The number of American households that are food insecure has continued a downward trend. While 12.3 percent of American households weren’t always able to provide enough food for all family members in 2016, that number is down from 14.0 percent in 2014 and down from a high of 14.9 percent in 2011. However, the proportion of Americans struggling with food insecurity is still higher than the pre-recession level of 11.1 percent. Low-income families (with incomes below 185 percent of the poverty line) were far more likely to be food insecure (31.6 percent).

**Effective Programs Reduce Poverty and Speed Up Progress**

The Census Bureau’s Supplemental Poverty Measure (SPM) is a more accurate measure of poverty and its changes over time than the official poverty rate noted above. This is because, unlike the official poverty rate, the SPM counts income sources such as federal tax credits and food and housing assistance as well as expenses like out-of-pocket medical costs. The SPM shows that federal programs increase incomes for millions of Americans, lifting them out of poverty and reducing the burdens of poverty for millions more. More than 8.1 million people were lifted out of poverty by low-income refundable tax credits in 2016 nationally; 3.1 million fewer were poor because of housing subsidies and 3.6 million fewer were poor because of the Supplemental Nutrition Assistance Program. Supplemental Security Income (SSI), federal support for people with very limited resources who are elderly or with disabilities, or families caring for children with severe disabilities, lifted 3.4 million people out of poverty, and the school lunch program did the same for 1.3 million people. The Census data show that 10.5 million more people would be in poverty if out-of-pocket medical costs were taken into account, showing the importance of quality, affordable health insurance. After accounting for underreporting of benefits, safety net programs were shown to have lifted 46 million Americans, including 12 million children, out of poverty each year between 2009 and 2012, on average.

In fact, programs that help provide basic living standards play a major – and increasingly important – role in the reduction of poverty that has occurred since the 1960s. Researchers using the Supplemental Poverty Measure and other data, including adjusting poverty thresholds for costs of living and different housing situations, found that poverty has actually decreased by more than one-third since 1967. According to this analysis, the national poverty rate would have been 12.0 percentage points higher in 2014 without government programs, and these programs lifted more than 50 million people above the SPM poverty line that year.

Programs that help our neighbors achieve basic living standards do more than lift people out of poverty. Medicaid allows low-income individuals to address health issues and live healthier lives, even improving health outcomes across generations. A recent study found that the grown children of women who had received Medicaid during their pregnancies were more likely to have healthier babies. Housing vouchers sharply reduce housing instability and homelessness, as well as other hardships like food...
insecurity, domestic violence, and child separation for recipients – 68 percent of whom are seniors, children, or people with disabilities. SNAP is our nation’s largest child nutrition program – one in four children in the U.S. lives in families that receive SNAP benefits. SNAP improves the health and educational outcomes of children in the near- and long-term and improves the health of their parents. Families participating in SNAP are also 28 percent more likely to be able to pay for medical expenses without forgoing basic necessities like food, rent, and utilities. In addition, SNAP is an economy booster: economists estimate that in a weak economy, $1 in SNAP benefits expands the economy by about $1.70.

Federal assistance programs also help people get and keep good jobs. Child care subsidies, for example, allow parents to go to work or school and provide children with quality educational experiences in the critical early years. Single mothers were more likely to be employed, more likely to be employed full time, and more likely to have stable employment when receiving child care subsidies.

But many of these effective anti-poverty programs do not reach enough of the people they are designed to help, and others, like SNAP, could do more good if their benefits were higher. Nearly 16 million American households are food insecure, and the average SNAP benefit is only $1.39 per person per meal. Only one in four qualifying renters receives rental assistance because Congress has not provided enough funding. Between 2004 and 2015, the number of families with children receiving rental vouchers dropped by 250,000 – a 13 percent decline. This is despite the fact that 71 percent of extremely low-income renter households (defined as those with income below the poverty guidelines or 30 percent of their area’s median family income) spend more than half of their income on rent alone.

More than 28 million Americans remain uninsured. Low-income adults in the 20 states that refused to expand access to Medicaid to their low-income residents are uninsured at nearly twice the rates of those in states that have taken this step to expand coverage, leaving them at even greater risk for overwhelming medical costs and, too often, forcing them to forgo necessary medical treatments. The lack of child care holds back working parents. Only one out of seven children eligible to receive federal child care assistance is getting any help, and more than 373,000 children in need have lost access to child care since 2006, leaving families to struggle to pay for care or forgo jobs to stay home and provide care.

The Earned Income Tax Credit (EITC), an extremely effective anti-poverty and pro-work tax credit, provides far less help to low-income workers who aren’t raising children. This group has an unenviable distinction as the only group of Americans who are taxed into poverty. Expanding the EITC to these workers would benefit up to 16.2 million people. Similarly, families with children earning less than $3,000 a year are excluded from claiming the Child Tax Credit (CTC), denying help to children because their parents, despite working, are too poor. Expanding the CTC to these poorest children and families would benefit millions every year.

**The Trump Administration and Congress Would Make America Poorer**

Proposals from President Trump and leadership in Congress to cut successful anti-poverty programs like Medicaid, SNAP, housing assistance, and others would harm individuals and families and would turn back the progress we’ve made in reducing poverty.
While this avoids disastrous cuts to critical low-income programs in the short term, inflation continues...
to erode them, and it also denies them the additional investments they need to be able to expand to help more people. Before the current stop-gap spending bill expires in December, Congress needs to agree on a bipartisan deal to lift the harmful sequester spending limits on domestic discretionary (annually-appropriated) programs for FY18 and future years that will allow for these necessary investments.

As mentioned above, Congressional leadership and President Trump are proposing devastating cuts to human needs programs while also trying to fast-track massive tax cuts for the rich and for corporations. A tax cut framework devised by House and Senate leaders and the Trump administration and released in September would largely benefit those at the top. Estimates suggest that, under the framework, taxpayers in the top 1 percent would receive roughly 50 percent of the plan’s net tax cuts in 2018, with taxpayers in the top 0.1 percent receiving roughly 30 percent of the plan’s net tax cuts. By 2028, those at the top would receive even more, with the top 1 percent getting 80 percent of the total benefit, and those in the top .01 percent getting 40 percent of the total benefit. Taxpayers in the bottom 80 percent would only receive 13 percent of the benefit. All told, the framework would lead to revenue losses of $2.4 trillion over 10 years, taking away money that could instead be invested in improving the lives of low- and middle-income Americans. An earlier tax plan released by President Trump in May would give up to $4.8 trillion in tax cuts over the next 10 years, and similar to the newer tax cut outline, would give more than half of the total tax cuts to the richest 1 percent. The roughly $3 trillion tax cut plan released last year by Speaker of the House Paul Ryan would give 99 percent its tax cuts to the top 1 percent. Numerous studies have shown that tax cuts for the wealthy and corporations create few jobs or economic growth, despite the fact that these claims are often used as excuses for such cuts.

President Trump’s decision to end the Deferred Action for Childhood Arrivals (DACA) program threatens to strip from 800,000 young adults the ability to work legally and, in some states, the ability to drive legally and attend college to better their lives. Forcing these individuals, more than 90 percent of whom have jobs, and who are more likely than the general population to start their own businesses, to again live in the shadows or be deported will surely not decrease poverty in our nation. In fact, a prominent economist has estimated that five years after a repeal of DACA, the nation’s gross domestic product would be $105 billion less than it would be if the program stays in place.

Additional proposals in Congress that would add work requirements to SNAP or Medicaid would hurt individuals and our nation, not help them. Studies have shown that work requirements don’t cut poverty, and in some cases actually increase it. Work requirements tied to Medicaid would likely increase the number of uninsured and leave individuals without coverage who can’t work because they are caring for a family member, have a mental health issue, are without access to child care or transportation, or are working but do not have enough hours. Adding work requirements to SNAP is also misguided, as the vast majority of SNAP recipients are either already working, are looking for work, are unable to work, or are not expected to work (children or the elderly). More than 50 percent of households with at least one working-age, non-disabled adult worked while receiving SNAP, with more...
than 80 percent working in the year prior to or after receiving SNAP. In families with children, more than 60 percent of recipients work while receiving SNAP, with almost 90 percent working in the year prior to or after receiving benefits. The Census Bureau data also show that in two-thirds of poor families, at least one person worked, although not always full time or year round.

In addition to the human toll poverty takes, it is also expensive for our nation. Child poverty alone has been estimated to cost the U.S. economy 3.8 percent of our gross domestic product (GDP), or $672 billion in 2015. Child poverty results in a less-educated workforce, which reduces productivity and economic output years later, and higher physical and mental health costs. Unstable housing among families with children will cost the nation an estimated $111 billion in health and education expenditures over the next ten years.

If our elected leaders really want to boost our economy and create jobs and a highly-skilled labor force, they would invest in programs that lift millions of children out of poverty, not cut these programs. They would invest in programs that allow parents to find and keep good paying jobs, like training programs, scheduling and paid leave protections, and child care. And they would require the wealthy and big corporations to pay their fair share, so we can increase these investments.

We Can – and Must – Continue to Make Progress for the Millions Still Struggling

We can – and should – do more to further reduce poverty for the millions of Americans still struggling. To achieve this goal, the Coalition on Human Needs recommends the following actions for Congress and President Trump:

- Reject cuts to proven anti-poverty programs; instead protect and expand funding for programs including SNAP, Medicaid, housing subsidies and others.
- Reject tax cuts for the wealthy and corporations that will lead to further cuts in domestic programs. Paying for tax cuts for the rich while cutting programs for the poor, infrastructure investments, and public health protections is simply wrong. Corporations and the wealthy need to pay their fair share.
- Lift sequester caps for domestic discretionary programs to boost investments in education and many other programs. A bipartisan deal, similar to those reached in past years, is needed to lift the austere sequester-level spending caps for FY18 and beyond.
- Increase federal funding for housing subsidies and child care subsidies. As Congress continues its FY18 appropriations process, it should increase funding to provide millions more low-income Americans in need with access to safe, stable housing and quality, affordable child care.
Expand the Earned Income Tax Credit to workers not raising children and expand the Child Tax Credit to families making less than $3,000 a year. A bipartisan group of members of Congress have previously shown support for expanding the EITC, so helping workers without dependent children should be a top priority for Congress. Congress should also act to ensure all low-income children benefit from the CTC.

Reject harsh time limits and work requirements for SNAP, Medicaid, and subsidized housing recipients. Congress should end the harsh time limits on SNAP benefits for certain jobless adults willing to work.

Congress should once and for all abandon efforts to repeal the Affordable Care Act and instead stabilize the law’s insurance markets. States that haven’t yet expanded health coverage to low-income Americans by drawing down federal Medicaid dollars should do so. Governors of states that have continued to deny health coverage to low-income residents should end this costly failure to take advantage of federal dollars on the table to provide necessary health care to those who can least afford it.

Congress should enact the Dream Act, providing legal status and a path to citizenship for the young people brought to this country as children. Their freedom to work, learn, and serve in the armed services contributes to economic growth.

Reducing poverty clearly should be a top priority for our nation. The evidence shows that proven anti-poverty programs like SNAP, housing assistance, and low-income tax credits are effective at lifting millions of people out of poverty and building family economic security. We have made progress in reducing poverty, and we have finally reached poverty rates comparable to those in 2007 before the Great Recession. Now is not the time to turn back this progress, and it is never the time to cut programs for those who need help the most to give giant tax cuts to those who most certainly do not need them. Instead, Congress and the Trump administration must build on and accelerate the progress we’ve made by investing more in proven anti-poverty programs to speed up this progress and extend it to more of our neighbors.

This report was prepared by the Coalition on Human Needs (CHN). CHN is an alliance of national organizations working together to promote federal policies to address the needs of low-income and other vulnerable people. The Coalition’s members include service providers, policy experts, religious, labor, and civil rights organizations, and other advocates concerned with the well-being of low-income people, including children, women, seniors, and people with disabilities. Since 1981, the Coalition has been promoting policies to reduce poverty and expand opportunity. Recognizing that poverty reduction and broadly shared economic growth require investment of public dollars, CHN works for adequate funding for effective human needs programs and progressive tax policies. CHN has been a leader in the SAVE for All campaign (Strengthening America’s Values and Economy for All), bringing together many thousands of advocates nationwide in support of four principles essential in federal budget or deficit reduction plans: protect low-income and vulnerable people; incorporate investments to create jobs; pay for sustainable public programs through increased revenues from fair sources; and seek savings by targeting wasteful spending in the Pentagon and other areas.
30. Center on Budget and Policy Priorities, [https://www.cbpp.org/blog/work-requirements-in-medicaid-would-increase-number-of-uninsured](https://www.cbpp.org/blog/work-requirements-in-medicaid-would-increase-number-of-uninsured)