



**Real-time Poverty Estimates During the COVID-19 Pandemic
through July 2021***

[Jeehoon Han](#), Zhejiang University
[Bruce D. Meyer](#), University of Chicago, NBER, and AEI
[James X. Sullivan](#), University of Notre Dame and [LEO](#)

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Poverty Holds Steady

The coronavirus pandemic has taken a significant toll on the U.S. labor market. Since the start of the pandemic, more than 117 million claims for unemployment insurance have been filed, and although they have fallen, these new weekly claims remain well-above the pre-pandemic rate. Currently, nearly 9 million individuals are officially unemployed and millions of other former workers are still without jobs.

The government response to this large shock to the U.S. labor market has been sporadic. Early in the pandemic, the federal government offered a generous relief package that included large, one-time stimulus payments to households and greatly expanded unemployment insurance benefits. After many of these benefits expired, the federal government passed another relief package in December 2020 that provided additional, but smaller, stimulus payments and partially extended some of the other benefits. The most recent relief package, the American Rescue Plan, which was passed in March 2021, includes more generous one-time stimulus payments and additional expansions to unemployment insurance benefits, as well as a significant increase in the child tax credit.

What is the effect of the pandemic on poverty? Our most recent estimates, which include data through July 2021, indicate that the poverty rate for July 2021 was 11.3 percent, which is virtually unchanged from the prior month. This rate is slightly higher than it was prior to the pandemic—in January 2020 the poverty rate was 10.7 percent.¹ Our poverty rate is estimated using household income over the past twelve months including the interview month. So, the poverty rate for July 2021 is calculated using the reference period for income from August 2020 through July 2021. Although this window now includes the period when the first advanced Child Tax Credit payments were distributed, these payments did not begin until mid-July, so many respondents would not have received them prior to their interview. In addition, these initial tax credit payments were small relative to annual income at only \$250-300 per child. This reference period also no longer includes July 2020, the last month when the most generous unemployment supplements (up to \$600 per week) were available.

Poverty today is also more than 2 percentage points higher than at its low point in May 2020. In the most recent month, the poverty rate held steady as many individuals continued to receive income from the supplements to unemployment insurance under the American Rescue Plan and as some returned to work. Poverty was unchanged for most demographic groups. The rate rose sharply (by 3.9 percentage points) for Hispanics, though it cannot be ruled out that this change is due to random variation.

¹ Due to the moderate sized samples available to construct these monthly rates, the estimates are imprecise. Consequently, changes in poverty between consecutive months and the difference in poverty between January 2020 and July 2021 are not statistically significant. Larger changes, such as the rise from May 2020 to July 2021 are statistically significant.

Path of Poverty During the Pandemic

The effect of the pandemic on the economy and the government's response have had a noticeable impact on poverty rates over the past year. In a [recent study](#), published in the *Brookings Papers on Economic Activity*, we developed a new poverty measure that provides near-real-time poverty estimates using U.S. Census Bureau data. These estimates, which can be produced with a lag of only a few weeks, provide immediate information on how the pandemic is affecting individuals and families. As a result, the estimates should guide government policies and programs that help prevent people from slipping into poverty during sharp downturns in the economy. These monthly updates are also available through our Poverty Measurement Dashboard at <http://povertymeasurement.org/covid-19-poverty-dashboard/>.

Our initial study provided estimates through June 2020. In Table 1, we report these estimates as well as updated results through July 2021. As these results show, poverty declined by 1.3 percentage points in the first few months after the start of the pandemic from 10.7 percent in January 2020 to 9.4 percent in June 2020. Poverty declined across a range of demographic groups and geographies, with some of the most noticeable declines evident for people with low levels of education and for those who fall into the “other race” (neither white nor Black) category. In our initial study, we also showed that the entire decline in poverty through June 2020 can be accounted for by the one-time stimulus checks the federal government issued, predominantly in April and May 2020, and the expansion of unemployment insurance eligibility and benefits. Those stimulus payments provided up to \$1,200 to individuals and \$2,400 to married couples without dependents, and the unemployment insurance benefits were initially supplemented by \$600 per week and eligibility was broadened. Our analyses indicate that in the absence of these programs, poverty would have risen sharply.

In the last 6 months of 2020, however, poverty rose sharply, as some of the benefits that were part of the initial government relief package expired. Poverty rose by 2 percentage points from 9.4 percent in June to 11.4 percent in December, adding 6.7 million people to the ranks of the poor. Poverty rose each month between June and November even though the unemployment rate fell by 40 percent (from 11.1 percent to 6.7 percent) during this period. This disconnect between poverty and unemployment is not surprising given that many government benefits expired, unemployment insurance benefits are typically only about half of pre-job loss earnings, and nearly five million people have left the labor force since the start of the pandemic and therefore are not counted as unemployed.

The increase in poverty in the latter half of 2020 was more noticeable for Blacks, children, and those with a high school education or less. For Blacks, poverty rose by 2.9 percentage points between June and December. Poverty also rose noticeably for those with a high school education or less, from 16.7 percent in June to 21.7 percent in December.

A new round of stimulus payments of up to \$600 per person started going out in January and Pandemic Unemployment Compensation, which provides supplemental benefits to those collecting unemployment insurance, was revived at a lower amount (\$300 per week as compared to the \$600 per week supplement that expired in July 2020). The American Rescue Plan provided additional stimulus payments of up to \$1,400 per person as well as an extension of the \$300

Pandemic Unemployment Compensation payments to September, although some states have already stopped providing these supplemental benefits.

Methods

To calculate near-real-time estimates of poverty, we use data from the monthly Current Population Survey (CPS), a nationally representative survey of about 60,000 households each month — the same survey that is used to calculate official monthly unemployment statistics. This survey includes a question about family income that is asked of a quarter of the sample and provides the data necessary to estimate poverty. We show that, historically, the real-time poverty estimate from the monthly CPS has been a good predictor of changes in the official poverty rate.

We should caution against overinterpreting the month to month variation in poverty rates for smaller subgroups of the population. Given the smaller sample available to construct real-time poverty estimates, one may want to average a few months to reduce this volatility.