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

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Early Signs that the Most Recent Relief Package is Helping

The coronavirus pandemic has taken a significant toll on the U.S. labor market. Since the start of the pandemic, more than 97 million claims for unemployment insurance have been filed. While UI claims fell sharply from April through July, weekly claims have remained high since then at more than 1 million claims each week, about 5 times the pre-pandemic rate. Currently, more than 10 million individuals are officially unemployed and millions of other former workers are still without jobs. The government response to this depressed employment and slow growth 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 that provided additional, but smaller, stimulus payments and partially extended some of the other benefits.

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, which is forthcoming 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. This report summarizes the results from the most recent update to our study, including poverty rates through January 2021. 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 January 2021. Our initial results showed that poverty declined in the first few months after the start of the pandemic. The poverty rate fell by 1.5 percentage points from 10.8 percent in January 2020 to 9.3 percent in June 2020. We also showed that 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 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 2.4 percentage points (after rounding) from 9.3 percent in June to 11.8 percent in December, adding 8.1 million people to the ranks of the poor. Poverty rose each month 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 four million people have left the labor force in the past year 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 5.4 percentage points

between June and December. Poverty also rose noticeably for those with a high school education or less, from 17.0 percent in June to 22.5 percent in December.

A new round of stimulus payments 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). Our latest poverty estimates, for January 2021, indicate that this relief has reversed the recent trend of rising poverty. The poverty rate fell 0.5 percentage points from 11.8 in December to 11.3 percent in January. Poverty fell sharply in January for groups that had experienced a sharp rise in poverty in the previous 6 months, including Blacks and those with a high school degree or less education. Despite these improvements, poverty remains high for these groups. The poverty rate for Blacks is more than double the rate for Whites, and those with a high school degree or less have poverty rates that are more than 3 times the rate for those with more education.

In our initial study, we also showed that the entire decline in poverty through June can be accounted for by the one-time stimulus checks the federal government issued, predominantly in April and May, and the expansion of unemployment insurance eligibility and benefits. In fact, in absence of these programs, poverty would have risen sharply. The one-time payments provided up to $1,200 to individuals and $2,400 to married couples without dependents, with the maximum amount going to individuals with income under $75,000, and married couples with income under $150,000. In addition, unemployment insurance benefits were initially increased by $600 per week and eligibility for unemployment insurance was broadened to include the self-employed, those seeking part-time employment, and others who otherwise would not be eligible.

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. See our study for more details.

Table 1. Poverty Rates, Monthly CPS, 2020-2021

Month	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Jun-20 - Jan-20	Jan-21 - Jun-20	Jan-21 - Jan-20
Full Sample	10.8%	11.0%	10.2%	9.4%	9.3%	9.3%	10.3%	10.5%	11.1%	11.4%	11.7%	11.8%	11.3%	-1.5%	2.0%	0.5%
	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)	(0.6)	(0.5)	(0.8)	(0.8)	(0.7)
Number of individuals	20,020	20,822	16,733	14,383	14,236	14,391	15,156	16,341	18,358	18,748	18,151	17,356	18,328			
Age																
Age 0-17	15.3%	15.3%	16.3%	14.4%	13.2%	13.1%	15.5%	15.8%	16.5%	16.8%	16.0%	16.6%	16.6%	-2.1%	3.4%	1.3%
	(1.0)	(1.0)	(1.2)	(1.4)	(1.4)	(1.3)	(1.3)	(1.2)	(1.1)	(1.1)	(1.0)	(1.1)	(1.1)	(1.6)	(1.7)	(1.5)
Age 18-64	9.8%	9.9%	8.5%	8.0%	8.4%	8.4%	9.3%	9.3%	9.6%	10.1%	10.8%	10.7%	10.3%	-1.4%	1.9%	0.4%
	(0.4)	(0.4)	(0.5)	(0.6)	(0.6)	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(0.5)	(0.7)	(0.7)	(0.7)
Age 65+	7.7%	8.7%	7.6%	7.1%	6.6%	7.1%	5.9%	6.5%	8.4%	8.6%	8.7%	8.4%	7.1%	-0.7%	0.0%	-0.7%
	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.6)	(0.9)	(0.9)	(0.8)
Race																
White	9.4%	9.2%	8.7%	7.8%	8.3%	7.9%	8.6%	8.2%	9.2%	9.6%	10.1%	10.3%	9.6%	-1.5%	1.6%	0.2%
	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)	(0.6)	(0.5)	(0.8)	(0.8)	(0.7)
Black	18.2%	20.8%	21.3%	18.7%	16.1%	18.2%	19.7%	22.8%	22.8%	23.4%	21.3%	23.6%	21.5%	0.0%	3.3%	3.3%
	(1.6)	(1.7)	(2.1)	(2.5)	(2.2)	(2.2)	(2.3)	(2.3)	(2.0)	(1.9)	(1.9)	(2.2)	(2.0)	(2.7)	(3.0)	(2.6)
Other	12.4%	12.1%	9.0%	9.5%	9.1%	8.6%	10.9%	11.3%	10.4%	10.2%	12.1%	9.4%	12.1%	-3.8%	3.4%	-0.4%
	(1.5)	(1.6)	(1.4)	(1.9)	(2.2)	(1.7)	(1.9)	(2.0)	(1.6)	(1.4)	(1.7)	(1.4)	(1.7)	(2.3)	(2.4)	(2.3)
Gender																
Male	10.3%	10.1%	8.7%	8.7%	8.5%	8.8%	8.8%	9.7%	10.4%	10.8%	11.0%	11.6%	10.7%	-1.5%	1.9%	0.4%
	(0.5)	(0.5)	(0.5)	(0.7)	(0.6)	(0.7)	(0.6)	(0.6)	(0.6)	(0.5)	(0.6)	(0.6)	(0.6)	(0.9)	(0.9)	(0.8)
Female	11.3%	11.9%	11.7%	10.1%	10.1%	9.9%	11.6%	11.2%	11.8%	12.1%	12.4%	12.0%	11.9%	-1.5%	2.0%	0.6%
	(0.5)	(0.5)	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.8)	(0.9)	(0.8)
Head Education																
H.S. Degree or below	20.9%	20.3%	20.5%	19.5%	18.1%	17.0%	19.4%	20.2%	21.5%	22.5%	22.1%	22.5%	21.5%	-3.9%	4.5%	0.6%
	(1.1)	(1.1)	(1.3)	(1.6)	(1.4)	(1.3)	(1.5)	(1.4)	(1.2)	(1.2)	(1.2)	(1.3)	(1.2)	(1.8)	(1.8)	(1.6)
Some College or above	6.0%	6.4%	5.3%	4.7%	5.3%	5.9%	5.8%	5.7%	6.0%	6.1%	6.5%	6.6%	6.5%	-0.1%	0.6%	0.5%
	(0.4)	(0.4)	(0.4)	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(0.7)	(0.8)	(0.6)
UI Recipiency Rate																
High Q1 Recipiency (>=35%)	9.5%	10.1%	8.5%	8.3%	8.7%	8.9%	10.1%	10.1%	8.7%	10.2%	10.5%	10.3%	10.3%	-0.6%	1.4%	0.8%
	(0.6)	(0.7)	(0.7)	(0.8)	(0.9)	(0.9)	(0.9)	(0.8)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(1.1)	(1.2)	(1.0)
Low Q1 Recipiency (<35%)	12.0%	11.9%	11.9%	10.5%	10.0%	9.8%	10.4%	10.8%	13.3%	12.6%	12.8%	13.3%	12.3%	-2.2%	2.5%	0.2%
	(0.7)	(0.7)	(0.8)	(0.9)	(0.9)	(0.8)	(0.9)	(0.9)	(0.8)	(0.7)	(0.7)	(0.8)	(0.7)	(1.1)	(1.1)	(1.0)

Note: This table is an update of Table 1 of Han et al. 2020; see that paper for methods. The sample includes individuals who are included in the householders' families and who are in their 1st or 5th month in the survey. Individuals with imputed income are excluded from the sample. The statistics are weighted using fixed demographic weights since March 2020. Standard errors, reported in parentheses, are clustered at the household