



2021 Poverty Projections

One in Seven Americans Are Projected to Have Resources below the Poverty Level in 2021

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As Congress considers President Biden's proposal to provide additional support to families and stimulate the economy, it is important to understand the extent of need American families may be facing in the coming year. At the end of 2020, the number of jobs in the US economy was still 9 million lower than at the end of 2019 (before the COVID-19 pandemic began), and that number had declined rather than increased between November and December 2020.¹ Twelve percent of the people responding to the December 2020 Census Bureau Household Pulse Survey reported either sometimes or often not having enough to eat in the past seven days (compared with 9 percent before the pandemic), and about one-fifth of renters reported being behind on their rent.² Against that backdrop, Congress and the Trump administration enacted a major package of legislation in December 2020 that included three significant elements of direct aid for US families—extended unemployment benefits, enhanced SNAP benefits, and another round of stimulus checks—as well as many other provisions.³

We project an overall 2021 poverty rate of 13.7 percent, meaning that about one in seven Americans may have annual family resources below the poverty threshold. Our projections, developed using the Urban Institute's Analysis of Transfers, Taxes, and Income Security (ATTIS) model, take into account expected levels of employment and income in 2021 and consider 2021 benefits and taxes, including the policies enacted in December 2020.

2021 Poverty Projections

Our poverty projections use an expanded poverty measure that considers not only a family's cash income but also their tax payments, tax credits, in-kind benefits such as nutrition help, and the stimulus checks authorized in December that people began to receive in early 2021 (Fox, Glassman, and Pacas 2020). This metric is the Supplemental Poverty Measure, or SPM.

Overall, we project that 13.7 percent of people will have family income below the SPM threshold (table 1).⁴ The projected percentages of Black people in poverty (18.1 percent) and Hispanic people in poverty (21.9 percent) are about twice as high as for white people (9.6 percent). Black and Hispanic people were more likely than white people to lose their jobs during the pandemic and have been less likely to regain their jobs if lost.⁵

We also project the numbers of people at different points in the poverty distribution. About a third of the people with below-poverty resources (4.4 percent of all people) are in “deep poverty,” meaning that their family resources are less than half of the SPM poverty threshold. Forty-five percent of people are in families with resources less than twice the poverty threshold.

TABLE 1
Projected 2021 Annual Poverty Rates by Race and Ethnicity

	Percent with family resources below 100% of SPM poverty level	Percent with family resources below 50% of SPM poverty level (deep poverty)	Percent with family resources below 200% of SPM poverty level
All people	13.7	4.4	45.0
White, non-Hispanic people	9.6	3.6	34.9
Black, non-Hispanic people	18.1	5.1	61.1
Hispanic people	21.9	5.6	65.5

Source: Urban Institute projections as of February 2021, created by the ATTIS model applied to a version of the 2018 American Community Survey data with employment, population, and incomes projected to 2021, and with taxes and benefits simulated with 2021 policies.

Note: ATTIS = Analysis of Transfers, Taxes, and Income Security Model; SPM = Supplemental Poverty Measure. Non-Hispanic people who do not identify as either white or Black or who identify with multiple races are included in the total but not shown separately in this table. Poverty is measured with the SPM; we generally follow US Census Bureau methods for applying the SPM to American Community Survey data but use benefits and taxes simulated by ATTIS.

Considering the results by age group (table 2), the projected poverty rates are the same for children, adults ages 18 to 64, and adults age 65 and over. Working-age adults often have slightly lower SPM poverty rates than children or adults age 65 and over, but the combination of changes because of job loss and the impact of the relief policies creates almost-identical poverty rates for all three age groups in this analysis. Despite the similar poverty rates for children and adults, we project that a larger share of children (53 percent) will have family resources below twice the poverty threshold than will working-age adults (43 percent) or adults age 65 or over (42 percent).

The projected SPM poverty rate in 2021 (13.7 percent) is about the same as the SPM poverty rate we estimated for 2018, although the 2021 rate will likely be somewhat higher than the rate was in 2019.⁶ But the similarity of the overall poverty rates between 2018 and 2021 does not mean families’ circumstances have not changed. Many families may have had their resources fall from above to below the poverty threshold because of job loss; conversely, other families may have had their resources increase from below to above the poverty threshold if they were not affected by job loss and instead benefited from SNAP increases and stimulus checks. (The poverty rates in this brief cannot be directly compared to our 2020 poverty projections [Giannarelli, Wheaton, and Acs 2020] because the poverty definition differs.)⁷

TABLE 2

Projected 2021 Annual Poverty Rates by Age

	Percent with family resources below 100% of SPM poverty level	Percent with family resources below 50% of SPM poverty level (deep poverty)	Percent with family resources below 200% of SPM poverty level
All people	13.7	4.4	45.0
Less than 18 years old	13.7	3.3	53.0
18 to 64 years old	13.7	4.8	42.9
65 years or older	13.7	4.3	42.2

Source: Urban Institute projections as of February 2021, created by the ATTIS model applied to a version of the 2018 American Community Survey data with employment, population, and incomes projected to 2021.

Note: ATTIS = Analysis of Transfers, Taxes, and Income Security Model; SPM = Supplemental Poverty Measure. Poverty is measured with the SPM; we generally follow US Census Bureau methods for applying the SPM to American Community Survey data but use benefits and taxes simulated by ATTIS.

COVID Relief Policies Included in the Estimates

Our estimates incorporate three key aspects of the pandemic-relief legislation enacted in December that directly impact families' economic resources during 2021:⁸

- **Unemployment insurance (UI) benefits:** Many unemployed people exhausted their weeks of regular UI eligibility by the end of December, and the additional weeks provided by earlier pandemic relief legislation expired at the end of 2020. The December 2020 legislation provides another 11 weeks of benefits, with \$300 a week added onto regular state benefit amounts until mid-March. The relief package also extends into March the ability for people who don't usually qualify for UI (in particular, self-employed or gig workers) to receive benefits, although we assume that the portion of this group able to successfully claim UI benefits is lower than for wage and salary earners.⁹
- **Supplemental Nutrition Assistance Program (SNAP or "food stamps") benefits:** The legislation increases monthly SNAP benefits 15 percent through June 30, prohibits the extra \$300 in UI benefits from being counted in determining SNAP benefits, and extends SNAP benefits to additional college students. Further, we assume that the policy enacted in earlier pandemic-relief legislation to allow recipients to receive the maximum benefit for their family size will remain in effect through June 30. We also assume that the temporary suspension of the time limit for able-bodied adults without dependents who do not meet the work requirement will continue to the end of the year.
- **Economic impact payments ("stimulus checks"):** Most adults are eligible to receive a one-time payment of \$600 (\$1,200 for a married couple), with an additional \$600 for each dependent child under age 17. The payments begin to phase out at income levels of \$75,000 for unmarried people and \$150,000 for married couples. We assume that most but not all people eligible for the payments receive them.¹⁰ We also model the December legislation's extension of payments to certain families with mixed immigration status who were ineligible for the first

round of stimulus checks delivered in 2020. We model these families as receiving the new checks as well as receiving the first round of checks retroactively.

Our estimates also include pandemic-relief payments enacted in Colorado and the District of Columbia in late 2020, because a portion of those payments are anticipated to be made during 2021.¹¹

Methods for Creating the Estimates

We project poverty rates using 2018 American Community Survey (ACS) data that we modified to represent expected circumstances in 2021.¹² We adjusted employment statuses for a sufficient number of people in the data so that the average monthly employment-to-population ratios by age, sex, race and ethnicity, educational attainment, and nativity all match actual levels in October 2020 (the most recent data available when we made the adjustment) and so that we capture relative job loss by state and industry.¹³ We also increased the incidence of part-time work to reflect October 2020 levels. Our assumption that the employment situation for 2021 will resemble conditions in October 2020 is somewhat more pessimistic than the Congressional Budget Office's just-released February 2021 forecast, which suggests 3 million more people will be working on average in 2021 than in fall 2020.¹⁴ To the extent the Congressional Budget Office's forecast is accurate, our data may somewhat overstate unemployment and poverty rates.

To make the data more closely reflect 2021, we adjusted the sampling weights to reflect the population in mid-2021, by age group, race and ethnicity, sex, and nativity; and we adjusted income amounts to reflect the nominal increases expected between 2018 and 2021 for types of income that are anticipated to increase.

After creating this 2021 data file, we applied the ATTIS model (Pyati 2020) to simulate each of the key government benefit and tax programs. We used the rules expected to be in place for each program in 2021 and calibrated program caseloads to expected levels. Our simulations capture key program interactions, including interactions with pandemic-relief policies. In particular, the simulations capture how each US safety-net program treats the extra \$300 in UI benefits. After all the simulations, we calculate the SPM for people in the 2021 data file, following the Census Bureau's concepts and poverty thresholds but using the income and resource amounts we developed using ATTIS.

Conclusions

During 2021, after factoring in all regular safety-net benefits, taxes, and tax credits; the expanded UI and SNAP benefits; and the additional stimulus checks enacted in December, we project an SPM poverty rate of 13.7 percent, with 4.4 percent of people in deep poverty and 45.0 percent with resources no more than twice the poverty threshold. Long-standing differences in poverty rates remain, with non-Hispanic Black people and Hispanic people experiencing poverty at about twice the rate of white people. In future work, we will examine how additional or proposed policies might affect families' economic well-being.

Notes

- ¹ See “Employment, Hours, and Earnings from the Current Employment Statistics Survey (National),” series CES0000000001, US Bureau of Labor Statistics, accessed February 11, 2021, <https://data.bls.gov/timeseries/CES0000000001>. These data are for seasonally adjusted nonfarm employment.
- ² See Food Sufficiency tables 2a and 2b and Housing table 1b at “Week 21 Household Pulse Survey: December 9–December 21,” US Census Bureau, January 6, 2021, <https://www.census.gov/data/tables/2020/demo/hhp/hhp21.html>.
- ³ See “COVID-19 Economic Relief Bill,” National Conference of State Legislatures, January 4, 2021, <https://www.ncsl.org/ncsl-in-dc/publications-and-resources/covid-19-economic-relief-bill-stimulus.aspx>.
- ⁴ Authors at the Center on Poverty and Social Policy at Columbia University estimated an SPM poverty rate of 13.6 percent without the December relief legislation and 12.6 percent with the legislation. See Parolin et al. (2021). Their data source is the Current Population Survey (CPS), rather than the American Community Survey; poverty estimates based on the CPS are typically slightly lower than those based on the American Community Survey. Poverty estimates can only be directly compared with other estimates that use the same definition, underlying data source, and data adjustments.
- ⁵ According to the Bureau of Labor Statistics, the December 2020 unemployment rate for Black workers was 9.9 percent, the rate for Hispanic workers was 9.3 percent, and the unemployment rate for white workers was much lower, at 6.0 percent. See BLS databases LNS14000003, LNS14000006, and LNS14000009, accessible at <https://www.bls.gov/data/>. See also Steven Brown, “How COVID-19 is Affecting Black and Latino Families’ Employment and Financial Well-Being,” *Urban Wire*, May 6, 2020, <https://www.urban.org/urban-wire/how-covid-19-affecting-black-and-latino-families-employment-and-financial-well-being>.
- ⁶ With the same methods used for the 2021 poverty projections, we estimated an SPM poverty rate of 13.9 percent for 2018 ACS data after adjustment to correct for underreporting of means-tested benefits. (That estimate is unpublished.) Our 2018 ACS-based SPM is lower than the SPM poverty rate of 15.3 percent estimated by the Census Bureau using the 2018 ACS data, but their methods do not include adjustments for benefit underreporting. For the Census Bureau’s 2018 ACS-based SPM poverty estimate, see Fox, Glassman, and Pacas (2020).
- ⁷ Our 2020 poverty projections analyses defined poverty using the official poverty thresholds and defined “resources” as cash income plus the value of SNAP benefits plus the value of stimulus checks. This analysis defines poverty using the SPM, which uses a broader definition of resources and different poverty thresholds.
- ⁸ The estimates do not incorporate the impact of rental assistance funds included in the December 2020 legislation because of insufficient information regarding the state and local implementation of pandemic rental assistance programs. Because rental assistance is counted as a resource in the SPM measure (up to the portion of the poverty threshold representing housing needs), our estimates of SPM poverty would be somewhat lower if these benefits had been included.
- ⁹ We assume that 60 percent of UI-eligible self-employed earners successfully obtain UI benefits for the weeks available but that 80 percent of UI-eligible wage and salary earners obtain them. The simulation adjusts weeks of UI available to a particular worker in 2021 based on the imputed month of the prior year the person became unemployed, the weeks of regular state UI and extended benefits in the person’s state, and whether and when extended benefit weeks became unavailable (“triggered off”) in that state.
- ¹⁰ We assume that all eligible tax filers receive the economic stimulus payment, as well as nonfilers who receive Social Security or Supplemental Security Income, 10 percent of family members of nonfilers who receive Social Security or Supplemental Security Income, and 78 percent of other nonfilers. Because of data limitations, we are unable to automatically assign the payment to nonfilers who receive Veterans Benefits.
- ¹¹ Colorado is paying \$375 to unemployment insurance claimants, and the District of Columbia is providing \$1,200 to district residents receiving UI through the special federal program for people ineligible for regular state UI. See “Polis Stimulus Payment,” Colorado Department of Labor and Employment, accessed February 11, 2021, <https://cdle.colorado.gov/Polis-Stimulus-Payment> and “Mayor Bowser Announces \$1,200 Local Stimulus Payment to Support Nearly 20,000 Washingtonians,” press release, Office of the Mayor of the

District of Columbia, <https://mayor.dc.gov/release/mayor-bowser-announces-1200-local-stimulus-payment-support-nearly-20000-washingtonians>. Our analysis does not include state or local stimulus measures that provided all of their benefits in 2020.

¹² We obtained the 2018 ACS data from the IPUMS USA Database (Ruggles et al. 2020).

¹³ We tabulated the CPS data for October 2020 to obtain the percentages of adults with different characteristics who were employed full time or part time in that month. We obtained the percentage changes in jobs by state and by industry groups within states using the Bureau of Labor Statistics' Establishment Survey data through October 2020. The October 2020 data were the most recent available from these sources at the time that work was performed.

¹⁴ See the analysis and supplemental tables in Congressional Budget Office (2021).

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