
Child Poverty Fell to Record Low 5.2% in 2021



Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020

September 13, 2022

Written by: Kalee Burns, Liana Fox and Danielle Wilson

Child poverty, calculated by the Supplemental Poverty Measure (SPM), fell to its lowest recorded level in 2021, declining 46% from 9.7% in 2020 to 5.2% in 2021, according to U.S. Census Bureau data released today.

In contrast, when calculated by the official poverty measure, child poverty declined only 0.7 percentage points, from 16.0% to 15.3%.

The Census Bureau releases two measures of poverty every year: the official poverty measure and the SPM [<https://www.census.gov/newsroom/blogs/random-samplings/2021/09/difference-between-supplemental-and-official-poverty-measures.html>].

The new data show the significant impact the expansion of anti-poverty programs during the COVID-19 pandemic had on reducing child poverty.

To accurately compare the two, we created an expanded definition of the official poverty measure to include individuals typically excluded from that measure but included in the SPM. We refer to this as the official poverty measure with a consistent universe or official+ in this story.

The new data show the significant impact the expansion of anti-poverty programs during the COVID-19 pandemic had on reducing child poverty.

America Counts Story

Government Assistance Lifts 45.4 Million Out of Poverty in 2021

September 13, 2022

The 2021 U.S. official poverty rate of 11.6% was not statistically different from 2020 but the Supplemental Poverty Measure at 7.8% was lowest on record. 

[\[library/stories/2022/09/government-assistance-lifts-millions-out-of-poverty.html\]](https://www.census.gov/newsroom/blogs/random-samplings/2022/09/government-assistance-lifts-millions-out-of-poverty.html)

America Counts Story

2021 Income Inequality Increased for First Time Since 2011

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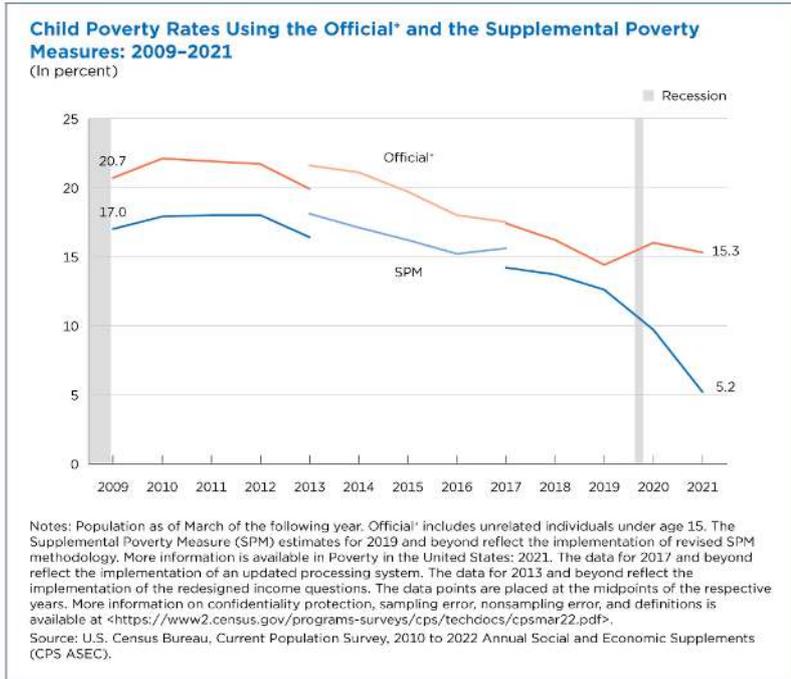
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The official poverty measure is based on pretax cash income, while the SPM includes noncash benefits such as the Supplemental Nutrition Assistance Program (SNAP)

[https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program] and housing subsidies as well as net income after payroll taxes, tax credits and other necessary expenses. This infographic

[https://www.census.gov/library/visualizations/2021/demo/poverty_measure-how.html] illustrates differences between the measures.

SPM child poverty rates have consistently been lower than the official ones since the beginning of the series in 2009. The two measures tended to move in the same directions up to 2019 (Figure below).



[/content/dam/Census/library/stories/2022/09/record-drop-in-child-poverty-figure-1.jpg]

In 2020, the two child poverty measures began to diverge due to the impact of large anti-poverty programs established or expanded in response to the COVID-19 pandemic, such as the stimulus payments, expansions to SNAP, and the Child Tax Credit (CTC).

In 2021, the child poverty rates for four race and Hispanic origin categories examined were at their lowest since 2009 (Figure below).

September 13, 2022

U.S. Census Bureau's income data released today show widening income inequality from 2020 to 2021.

[/library/stories/2022/09/income-inequality-increased.html]

America Counts Story

Full-Time, Year-Round Workers More Likely to be Uninsured in 2021

September 13, 2022

The uninsured rate of those who worked less than full time, year-round dropped 1.2 percentage points from 2020 to 2021 as public coverage increased.

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America Counts Story

Uninsured Rate of U.S. Children Fell to 5.0% in 2021

September 13, 2022

A 1.2 percentage point increase in Medicaid and CHIP coverage drove drop in children's uninsured rate between 2020 and 2021.

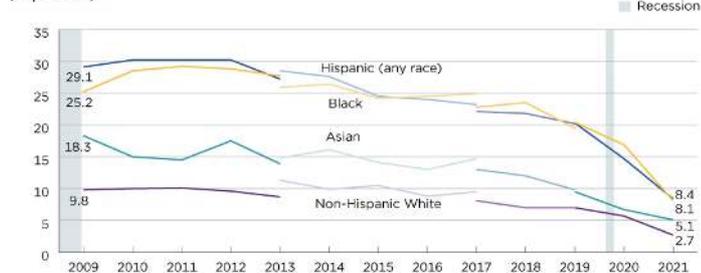
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Yes No

Child Supplemental Poverty Rates by Race and Hispanic Origin: 2009 to 2021

(In percent)



Notes: Population as of March of the following year. The Supplemental Poverty Measure (SPM) estimates for 2019 and beyond reflect the implementation of revised SPM methodology. More information is available in Poverty in the United States: 2021. The data for 2017 and beyond reflect the implementation of an updated processing system. The data for 2013 and beyond reflect the implementation of the redesigned income questions. The data points are placed at the midpoints of the respective years. More information on confidentiality protection, sampling error, nonsampling error, and definitions is available at <<https://www2.census.gov/programs-surveys/cps/techdocs/cpsmar22.pdf>>. Source: U.S. Census Bureau, Current Population Survey, 2010 to 2022 Annual Social and Economic Supplements (CPS ASEC).

[/content/dam/Census/library/stories/2022/09/record-drop-in-child-poverty-figure-2.jpg]

SPM rates for Hispanic children fell the most, from 29.1% in 2009 to 8.4% in 2021. SPM rates for Black children fell by 17.1 percentage points, from 25.2% in 2009 to 8.1% in 2021.

Just between 2020 and 2021, Black child poverty rates slid by 8.8 percentage points. Similarly, Hispanic child poverty rates fell by 6.3 percentage points in that one year.

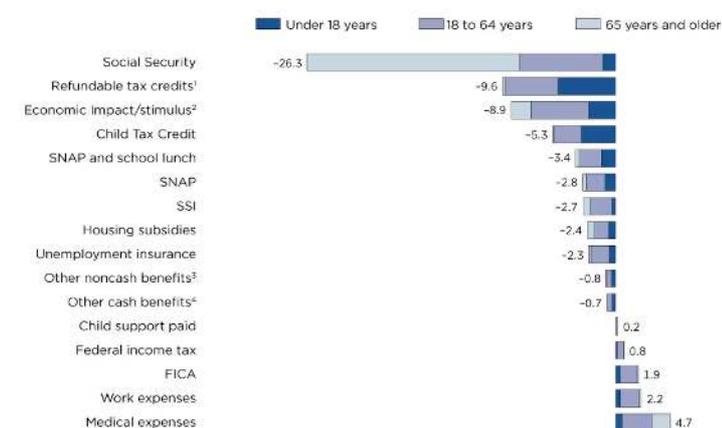
Impact of Tax Credits on Poverty

An important contribution of the SPM is that it allows us to gauge the potential magnitude of the effect of tax credits and transfers in alleviating poverty.

Various additions to and subtractions from the SPM resource measure affected the number of people who would have been considered in poverty in 2021, assuming no behavioral or program eligibility changes.

Change in Number of People in Poverty After Including Each Element: 2021

(In millions)



¹ Refundable tax credits include the Earned Income Tax Credit, Child Tax Credit, and the Child and Dependent Care Credit.

² Includes the third stimulus payment.

³ Other noncash benefits includes utility benefits, Special Supplemental Nutrition Program for Women, Infants, and Children, and School Lunch.

⁴ Other cash benefits include workers' compensation, Temporary Assistance for Needy Families, and child support received.

Notes: SNAP: Supplemental Nutrition Assistance Program; SSI: Supplemental Security Income; FICA: Federal Insurance Contributions Act. More information on confidentiality protection, sampling error, nonsampling error, and definitions is available at <<https://www2.census.gov/programs-surveys/cps/techdocs/cpsmar22.pdf>>. Source: U.S. Census Bureau, Current Population Survey, 2022 Annual Social and Economic Supplement (CPS ASEC).

[/content/dam/Census/library/stories/2022/09/record-drop-in-child-poverty-figure-3.jpg]

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Some of these additions and subtractions (for the total population and three age groups) in 2021 are shown in the figure above. Additions include cash benefits like Social Security, also included in the official poverty measure, as well as noncash benefits and tax credits (like SNAP, school lunch programs and the Child Tax Credit) only in the SPM.

A key component of the 2021 American Rescue Plan Act (ARPA) [<https://www.congress.gov/bill/117th-congress/house-bill/1319/text>] was the CTC expansion. ARPA increased the value of the CTC from \$2,000 to \$3,600 for children under 6 years of age and to \$3,000 for children between ages 6 and 17. The credit was made fully refundable and no longer limited by the taxpayer's income tax liability.

In 2021, the CTC lifted 5.3 million people out of poverty, including 2.9 million children (Figure below).

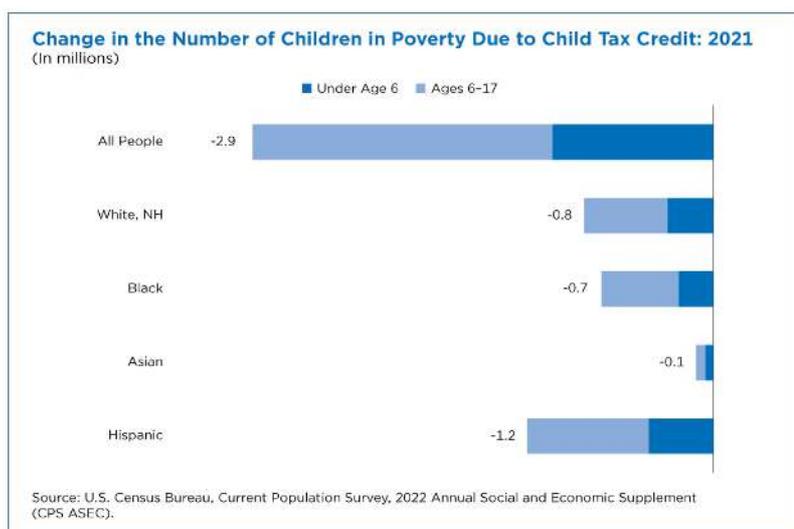
Children lifted out of poverty due to the addition of the CTC include (Figure below; Table 1):

- 1 million children under 6.
- 1.9 million children between the ages of 6 and 17.

The inclusion of the CTC significantly decreased the number of children experiencing poverty across several race and Hispanic origin groups (Table 1).

The CTC reduced the Black child poverty rate by 6.3 percentage points, from 14.5% to 8.1% when included in SPM resources. Overall, this amounted to approximately 716,000 Black children lifted out of poverty by the inclusion of the CTC.

Similarly, the CTC reduced the Hispanic child poverty rate by 6.3 percentage points (not statistically different than the change in the Black child poverty rate), representing 1.2 million Hispanic children. The CTC also removed 820,000 White, non-Hispanic children and 110,000 Asian children from poverty.



[/content/dam/Census/library/stories/2022/09/record-drop-in-child-poverty-figure-4.jpg]

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Yes No

Table 1.

The Effect of Child Tax Credit on Supplemental Poverty Measure Status: 2021

(Numbers and margins of error in thousands. People as of March of the following year. Information on confidentiality protection, sampling error, nonsampling error, and definitions is available at <https://www2.census.gov/programs-surveys/cps/tech-docs/cpsmar22.pdf>)

Element	All children		Under age 6		Ages 6 to 17	
	Estimate	Margin of error ¹ (±)	Estimate	Margin of error ¹ (±)	Estimate	Margin of error ¹ (±)
2021						
All people	2,919	240	1,016	110	1,904	170
Race² and Hispanic Origin						
White	1,795	189	634	83	1,161	135
White, not Hispanic	820	123	293	53	526	91
Black	716	101	224	49	492	81
Asian	110	40	52	23	57	26
Hispanic (any race)	1,180	152	412	66	768	112

¹ A margin of error (MOE) is a measure of an estimate's variability. The larger the MOE in relation to the size of the estimate, the less reliable the estimate. This number, when added to and subtracted from the estimate, forms the 90 percent confidence interval. MOEs shown in this table are based on standard errors calculated using replicate weights.

² Federal surveys give respondents the option of reporting more than one race. Therefore, two basic ways of defining a race group are possible. A group such as Asian may be defined as those who reported Asian and no other race (the race-alone or single-race concept) or as those who reported Asian regardless of whether they also reported another race (the race-alone-or-in-combination concept). This table shows data using the first approach (race alone). The use of the single-race population does not imply that it is the preferred method of presenting or analyzing data. The Census Bureau uses a variety of approaches. Data for American Indians and Alaska Natives, Native Hawaiians and Other Pacific Islanders, and those reporting two or more races are not shown separately.
Note: Details may not sum to totals due to rounding.

Source: U.S. Census Bureau, Current Population Survey, 2022 Annual Social and Economic Supplement (CPS ASEC).

[/content/dam/Census/library/stories/2022/09/record-drop-in-child-poverty-table-1.jpg]

Many But Not All Children Lifted Out of Poverty

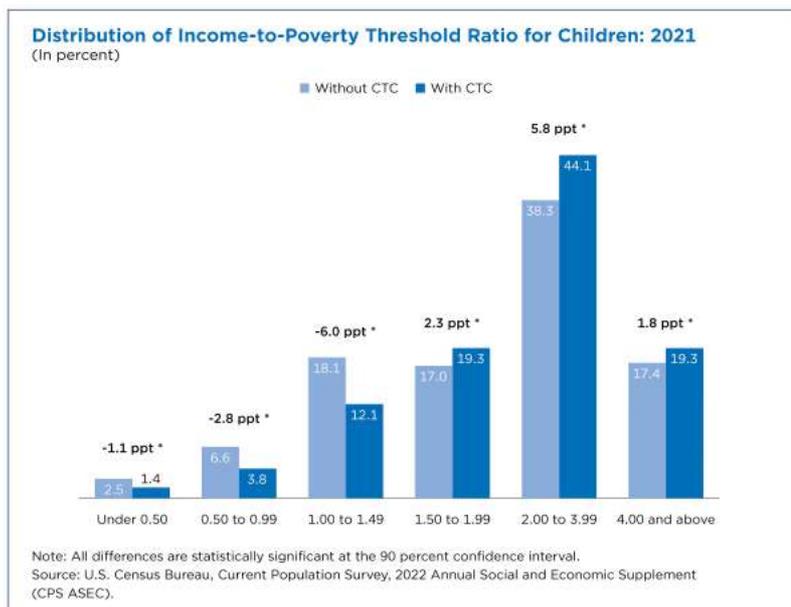
The CTC provided benefits to millions of children both above and below the SPM poverty threshold (not just those slightly below 100% of their poverty threshold). The widespread impact can be observed by examining income-to-poverty ratios.

For this analysis, the income-to-poverty ratio represents how much an individual or resource-sharing unit received after taxes and transfer income in relation to the poverty threshold.

An individual whose income is equal to their poverty threshold has an income-to-poverty ratio of 1.00 (100%). Ratios below 1.00 indicate income below poverty and a ratio greater than 1.0 indicates income above the poverty level.

For example, a ratio of 0.50 means that income was 50% of the poverty threshold.

The figure below shows the distribution of income-to-poverty ratio categories for children, estimated both excluding the CTC from SPM income (labeled "Without CTC") and including the CTC amounts in the definition of income ("With CTC").



[/content/dam/Census/library/stories/2022/09/record-drop-in-child-poverty-figure-5.jpg]

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Yes No

The CTC significantly reduced the proportion of children in the two lower income-to-poverty ratio groups by:

- 1.1 percentage points to 1.4% in the lowest income-to-poverty ratio category (those with income less than 50% of the poverty threshold).
- 2.8 percentage points, from 6.6% to 3.8% for those with resources between 50% and 99% of the poverty threshold.

While not captured in the SPM rate, the CTC also reduced the share of individuals slightly above poverty. The percentage of children in near poverty (100% to 149% of the poverty threshold) declined 6.0 percentage points from 18.1% without the CTC to 12.1% with the CTC.

The CTC also had an impact on people in higher income-to-poverty ratio categories.

For instance, including the CTC increased the share of individuals in the second-highest income-to-poverty ratio category (200% to 399% of the poverty threshold) by 5.8 percentage points to 44.1%.

ARPA greatly expanded both eligibility and the value of the CTC.

While the previous analysis looked at the full impact of the CTC, which lifted 2.9 million children out of poverty, Table 2 shows how much of that was due to expansion of the CTC. It shows the expansion prevented 2.1 million of those children from falling into poverty.

Table 2.
The Effect of the Expanded Child Tax Credit on Supplemental Poverty Measure Status: 2021

(Numbers and margins of error in thousands. People as of March of the following year. Information on confidentiality protection, sampling error, nonsampling error, and definitions is available at <https://www2.census.gov/programs-surveys/cps/tech-docs/cpsmar22.pdf>)

Element	All children		Under age 6		Ages 6 to 17	
	Estimate	Margin of error ¹ (±)	Estimate	Margin of error (±)	Estimate	Margin of error ¹ (±)
2021						
All people	2,129	202	727	91	1,402	146
Race² and Hispanic Origin						
White	1,247	161	439	72	808	113
White, not Hispanic	649	111	229	47	420	83
Black	600	95	188	45	411	76
Asian	56	28	27	18	30	17
Hispanic (any race)	752	122	265	54	487	91

¹ A margin of error (MOE) is a measure of an estimate's variability. The larger the MOE in relation to the size of the estimate, the less reliable the estimate. This number, when added to and subtracted from the estimate, forms the 90 percent confidence interval. MOEs shown in this table are based on standard errors calculated using replicate weights.

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Note: Details may not sum to totals due to rounding.
Source: U.S. Census Bureau, Current Population Survey, 2022 Annual Social and Economic Supplement (CPS ASEC).

[/content/dam/Census/library/stories/2022/09/record-drop-in-child-poverty-table-2.jpg]

It also shows that 600,000 Black, 752,000 Hispanic and 649,000 non-Hispanic White children were lifted out of poverty due to the CTC expansion, although none of these changes are statistically different than one another.

More details on the impact of policies and programs on the SPM rate are available in today's Poverty Report

[<https://www.census.gov/library/publications/2022/demo/p60-277.html>] .

An upcoming working paper will further explore the effect of the expanded CTC on child poverty. Another working paper

[<https://www.census.gov/library/working-papers/2022/demo/SEHSD-wp2022-17.html>] details the methodology behind the calculation of the CTC.

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 Yes  No

Definitions and Information on confidentiality protection, methodology, and sampling and nonsampling error are available on the technical documentation webpage [https://www2.census.gov/programs-surveys/cps/techdocs/cpsmar22.pdf] .

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National Poverty in America Awareness Month: January 2024

January 2024

The Current Population Survey Annual Social and Economic Supplement reports the official poverty rate in 2022 was 11.5%, not statistically different from 2021.



[\[/newsroom/stories/poverty-awareness-month.html\]](#)

Stats for Stories

National Child's Day: November 20, 2023

November 20, 2023

In 2021, the majority (71%) of America's 72.3M children under 18 lived with two parents and the next largest share (20.9%) lived with their mothers only.



[\[/newsroom/stories/childs-day.html\]](#)

Current Population Survey (CPS)

The CPS is a monthly survey sponsored by the Bureau of Labor Statistics and conducted by the U.S. Census Bureau.

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Yes



No