

ECONOMIC UPDATE

December 9, 2022

Economic Issue in Focus: The American Rescue Plan and Biden Administration Actions Helped Lift 4.5 Million Americans Out of Poverty

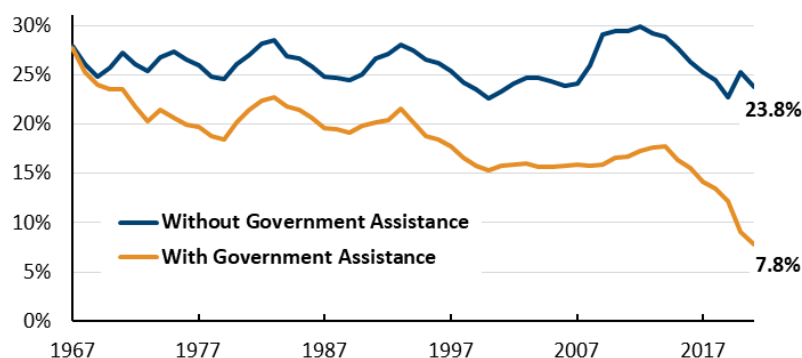
Poverty in the United States fell to a record low of 7.8% in 2021 as a result of effective actions by Congress and the Biden administration. New federal [investments](#) in existing economic security programs—like the Earned Income Tax Credit, the Supplemental Nutrition Assistance Program and housing subsidies—helped lift 4.5 million Americans across all racial and ethnic backgrounds out of poverty in 2021, including more than 3 million children.

- **In total, federal income support programs and tax credits lifted nearly 53 million people above the poverty line.** Absent federal assistance and tax credits, 78 million Americans had incomes below the poverty line in 2021.
- **The number of children living in poverty fell to a historic low in 2021.** Making the [Child Tax Credit](#) fully refundable in 2021 was very effective at bringing children out of poverty, and 19 million more low-income children were made eligible for the full credit.
- **Racial disparities in poverty reached an all-time low in 2021, but persistent inequality makes clear there is more to do.** Before the pandemic, Black and Hispanic Americans were more than 130% more likely to live in poverty than white Americans; today, Black and Latino Americans are nearly twice as likely to live in poverty.

These historic reductions in poverty provide a roadmap for future public investments. In 2018, more than 43 million Americans lived in poverty, including over 10 million children. In 2021, effective government investments brought this down to 25 million people living in poverty, including just under 4 million children.

Poverty Fell to a Record Low in 2021 Due to Public Investment

Poverty rate with and without government assistance and taxes, 1967-2021



Source: Center on Budget and Policy Priorities

Note: Data are anchored to 2021 poverty thresholds and adjusted backwards for inflation

Key Economic Indicators to Track

- **Filings for Initial Unemployment Insurance Claims Remain Near Record Lows:** Over the last four weeks, the average number of Americans receiving unemployment insurance benefits is down by 71% since President Biden came into office. During the week ending December 3, unemployment claims [increased](#) slightly to 230,000—from 226,000— but remain near record lows.
- **The Bureau of Labor Statistics Will Release New Inflation Data Next Week:** The Bureau of Labor Statistics will release Consumer Price Index data for the month of November on December 13. October’s data showed that annual inflation slowed to 7.7% annually.
- **Federal Reserve Expected To Raise Interest Rates by 50 Basis Points Next Week:** When the Federal Reserve Open Market Committee meets next week, it is expected to raise interest rates by half a percentage point in an effort to control long-term inflation.

JEC Spotlight: New JEC Fact Sheets Detail Health Care Coverage by Congressional District

In the 117th Congress, Congressional Democrats and President Biden brought down the cost of health insurance and helped expand coverage across the country. To capture the improved state of health insurance in the United States, the JEC released [fact sheets](#) that provide district-level data on:

- Overall insurance coverage
- Medicare, Medicaid and other public health plan participation
- Affordable Care Act health plans and other types of private insurance coverage

Accessible and affordable health insurance is critical to maintaining a healthy nation, both physically and financially. For workers and families, health insurance can greatly improve health outcomes and reduce—and even eliminate—out-of-pocket medical costs. Higher rates of health insurance coverage also create economy-wide benefits, including more productive communities and greater economic mobility.

Investments in health care through the ACA, American Rescue Plan and Inflation Reduction Act have expanded access to affordable health insurance and lowered out-of-pocket health costs. However, the remaining gaps in health coverage contribute to worse health outcomes for too many Americans, especially people of color, while health-related productivity losses reduce U.S. GDP by nearly [\\$260 billion](#) each year.

Selected JEC Resources

- [*LGBTQ+ Americans Make Important Contributions to the Economy Despite Facing Unique Challenges*](#)
- [*Republicans Threaten Debt Limit Default to Force Cuts to Economic Security Programs*](#)

- [*Baby Bonds Promote Economic Opportunity and Drive Broad-Based Growth*](#)
- [*Access to Comprehensive Reproductive Health Care is Also an Economic Issue*](#)
- [*Improving Maternal Health Care Would Save Lives and Prevent Economic Losses, Especially for Women of Color*](#)

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