

ECONOMIC UPDATE

September 16, 2022

Economic Issue in Focus: Census Data Show the Supplemental Poverty Rate Fell to the Lowest Level on Record in 2021, Underscoring the Significance of Emergency Fiscal Relief Measures

Data released by the Census Bureau on Tuesday [showed](#) the Supplemental Poverty Measure—the most comprehensive estimate of poverty in the U.S.—fell to the lowest level ever recorded in 2021, declining by 1.4 percentage points to 7.8%. Although the official poverty rate did not change significantly in 2021, this measure is largely considered incomplete as it does not account for certain types of government transfers, omitting hundreds of billions in dollars of assistance. The supplemental measure, on the other hand, includes noncash benefits and tax benefits, such as refundable tax credits and Economic Impact Payments. These data demonstrate that emergency relief programs like the American Rescue Plan kept families afloat during the worst of the pandemic and significantly reduced poverty in the U.S.

Refundable tax credits, such as the enhanced Child Tax Credit, lifted 9.6 million people out of poverty in 2021. The enhanced Child Tax Credit alone lifted 5.3 million people out of poverty. As previous JEC analysis has [shown](#), the enhanced Child Tax Credit dramatically reduced child poverty and played an important role in stabilizing family finances through the latter half of 2021. Refundable tax credits reduced the supplemental poverty rate by 27% compared to what it would have been without them. Other government transfers also reduced poverty, with the third round of Economic Impact Payments lifting 8.9 million people out of poverty.

Child poverty, in particular, experienced significant declines as a result of pandemic relief. The American Rescue Plan's expanded Child Tax Credit alone lifted 2.9 million children out of poverty, cutting child poverty nearly in half. Overall, the share of children in poverty fell to a record low of 5.2%.

Key Economic Indicators To Track

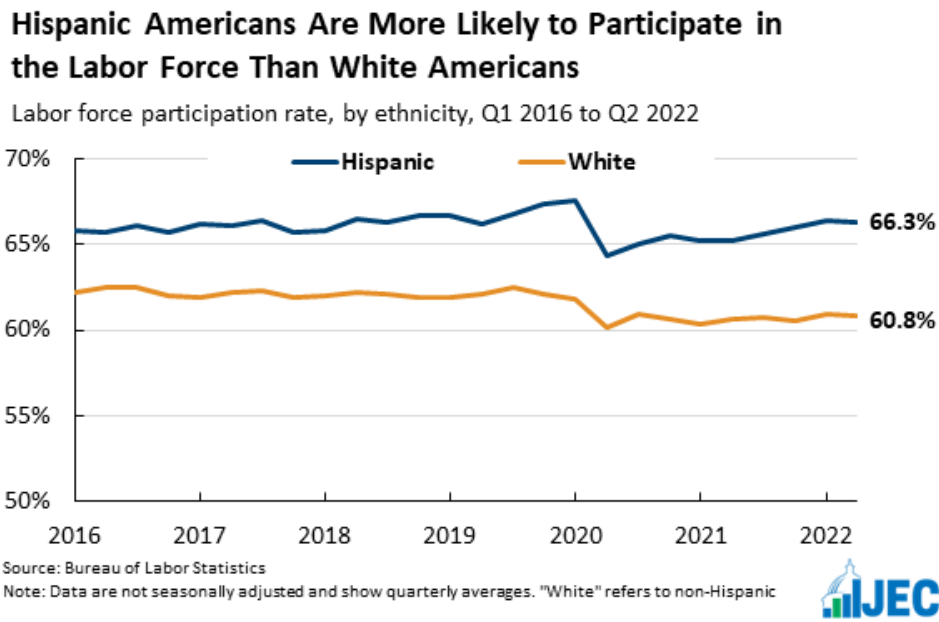
- **New Inflation Data Show That Prices Ticked Up 0.1% in August:** Data from the Bureau of Labor Statistics [showed](#) the Consumer Price Index rose by 0.1% in August, after staying flat in July. Even as gas prices continue falling and food prices are decelerating, inflation remains costly for U.S. households. Over the past year, U.S. prices are up 8.3%.
- **Retail Sales Rose Steadily, Outpacing Inflation:** On Thursday, the Census Bureau released [retail sales](#) data for August that showed retail sales increased by 0.3%, outpacing inflation. With gas prices falling, consumers maintained their levels of spending and were able to redirect it to stores and restaurants. Overall retail sales were up 9.1% from August 2021, demonstrating that consumer spending—the primary driver of economic growth—remains strong.
- **State Unemployment Data Show the Labor Market Remains Strong Across the Country:** The Bureau of Labor Statistics released state-level employment data for the month of August. Data

[showed](#) unemployment rates remained stable in 34 states and the District of Columbia, while 10 states saw the number of nonfarm jobs rise during the month. Overall, nine states and Puerto Rico are now at their lowest unemployment rate on record.

JEC Spotlight: Despite Higher Rate of Labor Force Participation Among Hispanics, the Wealth of the Typical Hispanic Family Trails That of the Typical White Family

To commemorate Hispanic Heritage Month, the JEC and the Congressional Hispanic Caucus jointly released a new [report](#) on the outsized contributions the Hispanic community makes to the U.S. economy—and the barriers they face to full economic participation. Data show that despite progress, there is still work to do to promote better wages and job quality, alleviate poverty and ensure equal access to educational opportunities and homeownership. Persistent inequality harms Hispanic Americans and threatens the competitiveness of the entire U.S. economy.

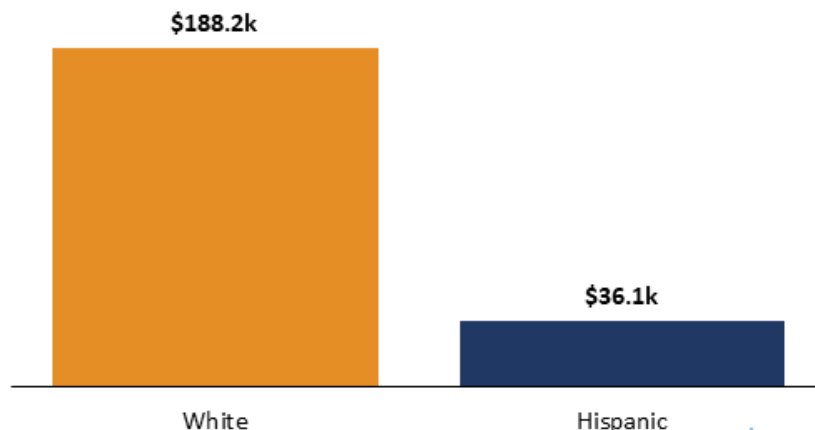
For example, Hispanic workers have historically participated in the labor force at higher rates than white workers. This trend continues today, and in 2022, more than two out of three (or 66.3%) of Hispanic Americans were working or actively looking for work—more than five percentage points higher than their white counterparts.



However, despite being more likely than their white peers to either have a job or be actively looking for work, Hispanic Americans have considerably lower levels of wealth. The typical Hispanic family had a median net worth of \$36,100 in 2019, less than a fifth of the median net worth of the typical white family (\$188,200). This wealth gap between white and Hispanic families has widened [since 1989](#) and is a result of persistent disparities in unemployment, earnings and wealth. Wealth serves an important metric of current and future economic opportunity.

The Wealth of the Typical White Family Is Five Times that of the Typical Hispanic Family

Median net worth by ethnicity, 2019



Source: Federal Reserve Board, 2019 Survey of Consumer Finances. "White" refers to the white population regardless of Hispanic status.



Selected JEC Resources

- [*The Economic Impact of the Inflation Reduction Act*](#)
- [*Unions Provide Major Economic Benefits for Workers and Families*](#)
- [*Abortion Access Is Key to Economic Freedom*](#)
- [*LGBTQ+ Americans Make Important Contributions to the Economy Despite Facing Unique Challenges*](#)
- [*People of Color and Low-Income Communities Are Disproportionately Harmed by Banking and Financial Exclusion*](#)

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Contact: nita_somasundaram@jec.senate.gov