

Monthly poverty rate declines to 13.2% in the United States in January 2021

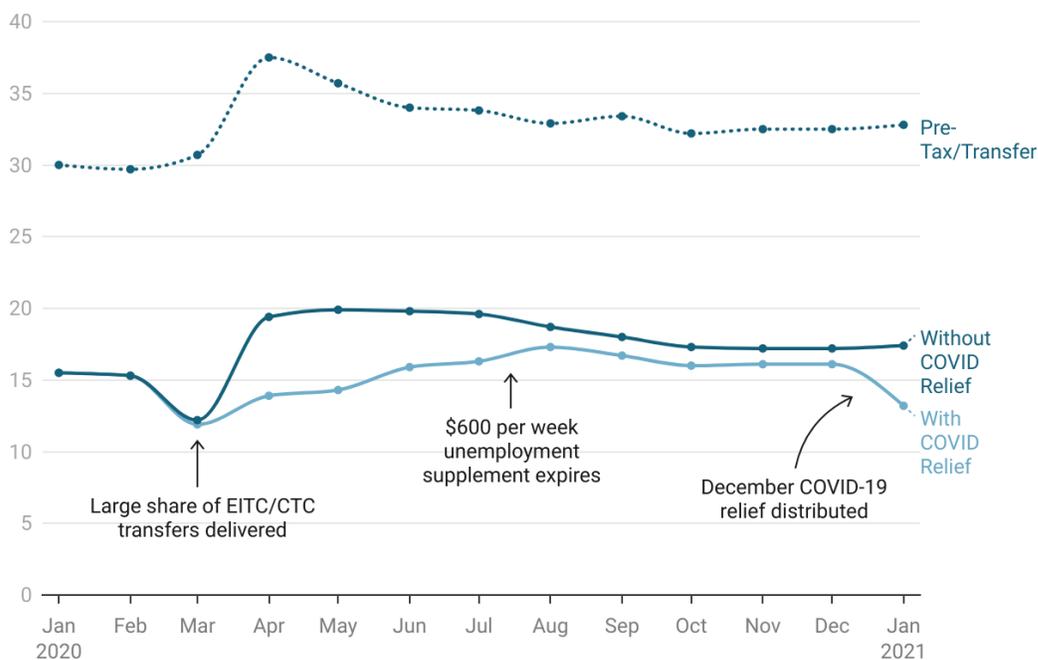
Stimulus Checks, Unemployment Benefits, and SNAP Kept 13 Million Out of Poverty

Zachary Parolin and Megan A. Curran

Center on Poverty and Social Policy at Columbia University

The monthly SPM poverty rate declined from 16.1 percent in December 2020 to 13.2 percent in January 2021, according to our latest projections. The decline is driven almost exclusively by the temporary income supports the U.S. Congress passed in late December 2020. These income supports include the payment of one-time \$600 per person stimulus checks, a \$300 per week federal supplement to unemployment benefits for 11 weeks, and a 15 percent increase in the maximum value of SNAP benefits for 6 months.

Figure 1 Monthly SPM poverty rates, January 2020 through January 2021



Absent this recent round of COVID-19 economic relief, which also includes a continuation of unemployment benefits paid out through the Pandemic Unemployment Assistance (PUA) and Pandemic Unemployment Emergency Compensation (PEUC) programs, the monthly poverty rate in January 2021 would have been 17.4 percent, comparable to its rate (17.2 percent) in December 2020. Thus, the December 2020 COVID-19 economic relief package contributed to a 4.2 percentage point reduction in monthly poverty (13 million individuals) in January 2021. Results for different age and racial and ethnic groups can be found on our [Monthly Poverty](#) data webpage.

Prior to accounting for all taxes and transfers (such as SNAP benefits, cash assistance from TANF, Social Security payments, and so on), the monthly poverty rate in January 2021 was 32.8 percent, similar to its rate (32.5 percent) in December 2020. All taxes and transfers, including the December 2020 COVID-19 economic relief, contributed to a combined 19.6 percentage point reduction in poverty (63 million individuals) in January 2021.

Methods and Assumptions

The monthly poverty estimates follow the framework introduced in Parolin, Curran, Matsudaira, Waldfogel, and Wimer (2020).¹ Our projections for January 2021 require us to simulate the policies introduced in the December 2020 legislative package, [H.R., 133](#), the U.S. Congress passed. We detail the assumptions behind those simulations here.

Stimulus Checks: Data from the Census Household Pulse Survey suggest that approximately 60 percent of households received stimulus checks in January 2021. Similarly, data from the IRS on the number of stimulus checks delivered in January 2021 (147 million) amounts to around 60 percent of all tax units. We match these estimates and allocate stimulus checks to 60 percent of tax units. We assume that non-filers are less likely to receive their stimulus checks. The stimulus checks are paid out at \$600 per eligible child or adult. Adult dependents remain ineligible but, different from the stimulus checks provided as part of the CARES Act, tax units with an undocumented immigrant are not categorically excluded from benefit receipt.

Unemployment Support: We do not assume full unemployment benefits coverage in the 13 states that [The Century Foundation reports](#) there was no confirmation of payment in January 2021. Specifically, we do not allocate PEUC or PUA benefits (nor the \$300/week federal supplement to PEUC or PUA recipients) in Connecticut, Kansas, Idaho, Mississippi, or Nebraska. We do not allocate PEUC benefits (nor the \$300/week federal supplement to PEUC recipients) in Illinois, Massachusetts, North Dakota, Utah, or Wisconsin. And we do not allocate PUA benefits (nor the \$300/week federal supplement to PUA recipients) in Ohio, Oregon, or Wyoming. Among unemployed individuals who lost their job after the start of the pandemic, 63 percent receive unemployment payments in our models. Our projections of coverage are based on the total number of initial payments of unemployment benefits by state (according to Department of Labor data) relative to the total number of plausibly-eligible individuals by state during the pandemic (according to estimates from the monthly Current Population Survey files).

SNAP Benefits: Our SNAP simulations increase the maximum benefit amounts by 15 percent and the value of all SNAP recipients to the maximum allowable amount for their respective family type.

Note: We will release February 2021 poverty estimates in the coming weeks. To see all of our estimates, visit [forecasting monthly poverty data](#) on our website.

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¹ Parolin, Z., Curran, M., Matsudaira, J. D., Waldfogel, J., & Wimer, C. (2020). Monthly Poverty Rates in the United States during the COVID-19 Pandemic. *Poverty and Social Policy Working Paper*, Center on Poverty & Social Policy.