2023 Working Age Adults' Poverty Rates in Historical Perspective

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Annual poverty rates are an important indicator of economic wellbeing. Placing current poverty rates in historical context is also crucial for understanding how populations are faring over time and how policy decisions have or have not improved economic wellbeing. Further, different choices related to measuring poverty can affect our understanding of poverty and can yield additional insights when interpreting long-term trends.

In recent work, we examined total population poverty trends from 1967 to 2023 in the United States under four different poverty measures, finding that while measurement choices alter the shape of long-term trends, government taxes and transfers have played a critical and growing role in reducing poverty.

This brief builds on the center's prior work examining long-term historical poverty trends under various measures[1] by focusing specifically on poverty among working age adults. We examine poverty rates of working age adults who are between the ages of 18 and 64, both before and after counting resources from government policies and programs. We present poverty rates for working age adults under the four different measures used in our prior work: (1) the historical Supplemental Poverty Measure (SPM), (2) the anchored 2012 SPM, (3) the anchored 2022 SPM, and (4) a fully relative poverty measure.

KEY FINDINGS

- Poverty trends among working age adults differ based on how changes in living standards are accounted for over time. When assessed against a *fixed* standard of living (as in the anchored SPM), working age adults are significantly better off today than in the 1960s. On the other hand, when considering measures that adjust for changing living standards, working age adults are only slightly better off (as in the historical SPM) or even worse off compared to the 1960s (as in the relative measure).

- Before accounting for government taxes and transfers, poverty among working age adults has declined from 1967 to 2023 when assessed against a fixed standard of living (as in the anchored SPM). However, when considering measures that adjust for changing living standards, pre-tax and transfer poverty rates among working age adults have risen under both the historical SPM and relative measure.

- Regardless of measure, the role of government policies and programs in reducing the working-age adult poverty rate has grown over time.

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[1] Fox et al., 2015, Waging war on poverty; Wimer et al., 2016, Progress on poverty? New estimates of historical trends using an anchored Supplemental Poverty Measure, Wimer et al., 2020, Young adult poverty in historical perspective

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Understanding the Difference Between Poverty Measures[2]

The historical Supplemental Poverty Measure (SPM) compares incomes against a poverty line that changes over time with changes in expenditures.[3] The SPM poverty threshold varies by geography and is based on contemporary spending on necessities including food, clothing, shelter, and utilities. In the SPM, tax credits and noncash benefits are also counted as resources, and for families who incur them, medical, work, and child care costs, as well as tax liabilities, are subtracted from resources. If a family's resources fall below the SPM threshold, they are considered in poverty.

Anchored SPM measures hold the living standards from a given year constant and allow the poverty line to change only with changes in prices. For example, the anchored 2022 SPM is based on 2022 standards of living adjusted forward and backward in time for inflation.[4] As a result, the anchored 2022 SPM poverty rate in 1975 would reflect the percent of people with incomes and resources that fall below the 2022 SPM poverty threshold expressed in 1975 dollars.

Fully relative poverty measures are more commonly used in international contexts than variants of the SPM and compare resources to a percent of median household resources. Under this measure, a family is in poverty if their resources fall below 50% of median household resources. Because relative poverty measures focus more on the distribution of household resources, they express the proportion of people whose resources are well below a "typical" household's.

Accounting for the Role of Government Taxes and Transfers in Poverty Measurement

Because the SPM counts tax credits and noncash benefits as income when measuring poverty, we can directly quantify the role that government taxes and transfers play in reducing or increasing the poverty rate. We do this by subtracting taxes and transfers from a given family's resources and re-comparing their income to the poverty threshold. This allows us to answer the question: how many people would be counted in poverty without government taxes and transfers? Hence, for each measure, we compare the post-tax/transfer poverty rate with the pre-tax/transfer poverty rate to illustrate the role that government taxes and transfers play in either reducing or increasing the poverty rate.

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[2] For a more in-depth overview of these measures, see Wimer et al., 2024, 2023 poverty rates in historical perspective.

[3] The historical SPM construction attempts to mimic Census and BLS SPM measurement decisions with as much fidelity as possible going back in time and given available data constraints. Full descriptions of the methods used to create the series can be found in Fox et al., 2015, Waging war on poverty, and Nolan et al., 2016, A new method for measuring historical poverty trends; See the historical SPM data series (Wimer et al., 2024, Historical Supplemental Poverty Measure Data 1967-2023.)

[4] For adjusting threshold values for inflation, we use the Consumer Price Index retroactive series using current methods (R-CPI-U-RS). Due to gaps in coverage over the period from 1967 to 2023, we use the R-CPI-U-RS produced by the Census Bureau for inflation adjustments from 1967 to 1977 (also known as the CPI-U-X1) and the R-CPI-U-RS produced by the Bureau of Labor Statistics from 1978 to the present.

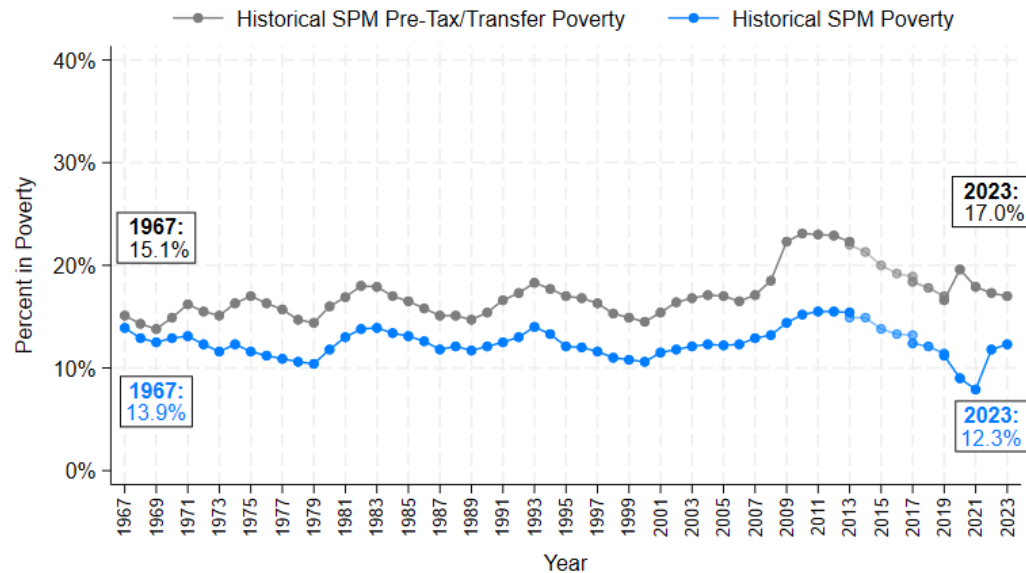## Poverty trends among working age adults aged 18 to 64

Figure 1 presents poverty rates from 1967 to 2023 for working age adults across our four different poverty measures. These results show that:

- Between 1967 and 2023, the **historical SPM poverty rate** among working age adults declined slightly by about 12% (from 13.9% to 12.3%). In contrast, the **pre-tax/transfer historical SPM poverty** rate increased by nearly 13% (from 15.1% to 17.0%). The divergence between these two lines—with the pre-tax/transfer SPM rate increasing while the historical SPM rate remains relatively flat—reveals the growing impact of government taxes and transfers in reducing poverty for this group. However, the fact that the post-tax/transfer historical SPM poverty rate has remained relatively constant demonstrates that policies are playing a larger role preventing a substantial rise in poverty rather than reducing poverty below historical levels for working age adults.

- Over the same period, the **relative poverty rate** increased among working age adults by nearly 36% (from 11.2% to 15.2%). The **pre-tax/transfer relative poverty rate** among this group increased by even more (from 13.1% to 18.8%, or nearly 43%). The gap between pre- and post-tax/transfer rates suggests that government policy plays a greater role in keeping working age adults out of relative poverty today compared to the past, but not a large enough role to substantially offset the increase in the relative poverty rate over this period.

- Both anchored measures show declines in poverty rates among working age adults between 1967 to 2023, decreasing by about 49% under the **anchored 2012 SPM** (from 19.7% to 10.1%) and by about 47% under the **anchored 2022 SPM** (from 21.5% to 11.4%). These patterns suggest that when evaluating poverty rates across time based on more contemporary living standards, working age adults are less likely to be in poverty today than in the past. As with the other measures, the gaps between pre- and post-tax/transfer rates demonstrates the growing role of government policies in reducing poverty over time.
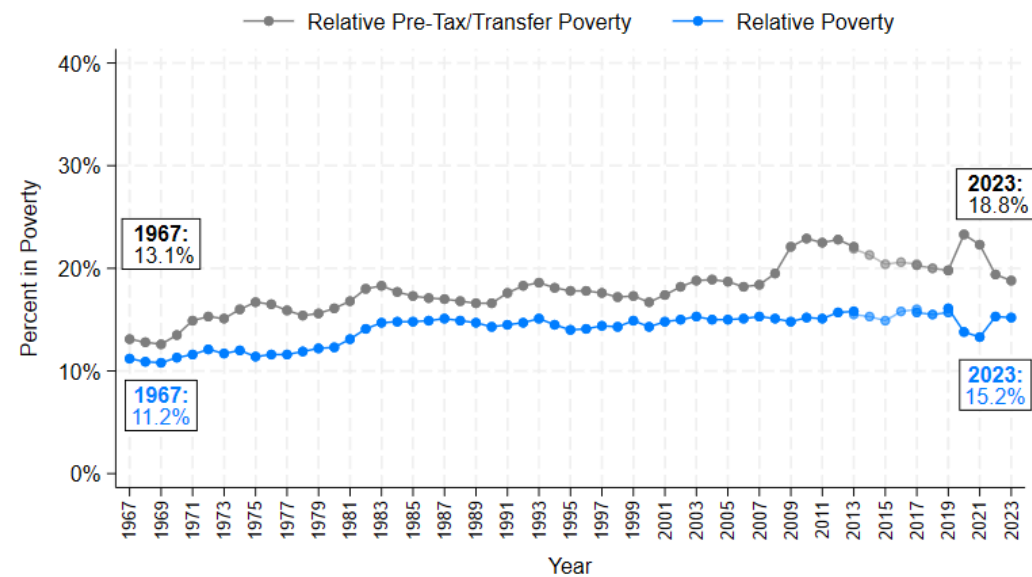
Overall, understanding how working age adults are faring today relative to the past depends on the measure used. When evaluated against a fixed standard of living, as with the anchored SPM, working age adults appear better off today than in the 1960s. That is, working age adults' poverty rates in the past were higher when measured against recent living standards. But the historical SPM and relative poverty rate reveal a more nuanced picture, with working age adults' poverty rates either rising or only declining slightly. The key distinction with these measures is that they allow living standards to evolve over time, and these trends suggest that working age adults' incomes have not kept pace with changing living standards. Nevertheless, across all four measures, the role of government tax and transfer programs in reducing poverty has grown over time.

Figure 1. Poverty rates for U.S. working age adults under four measures (1967–2023)
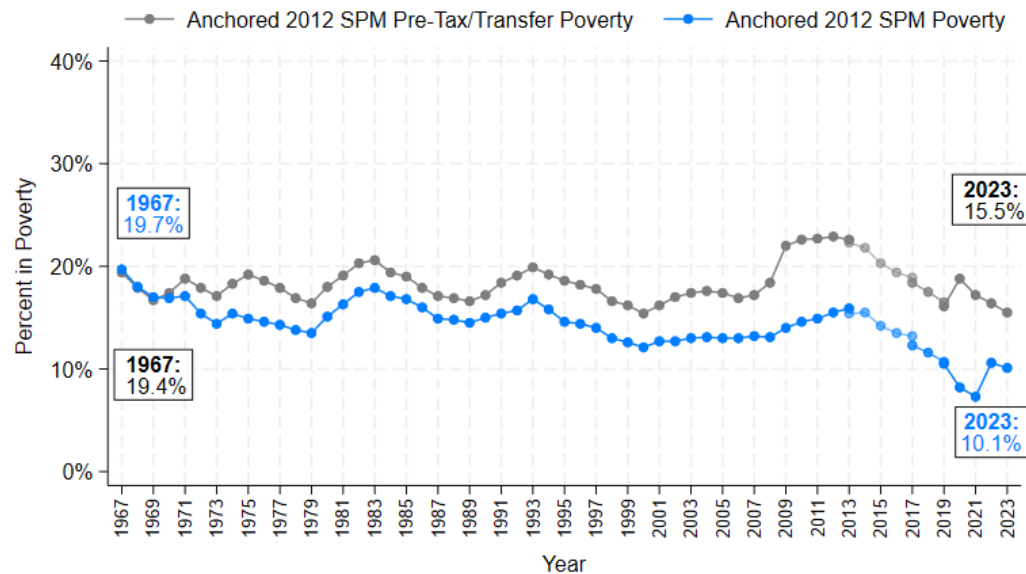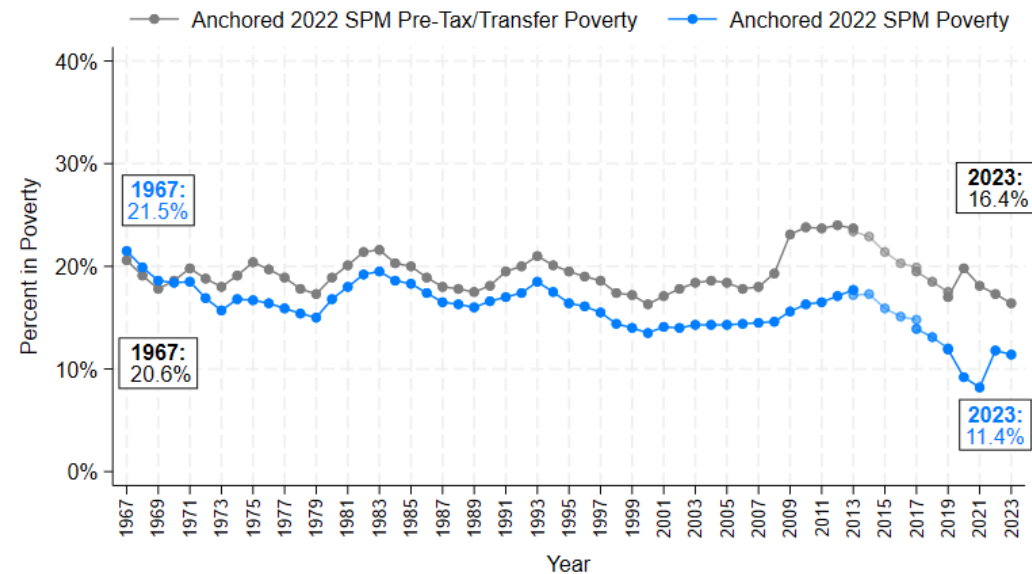
Panel A: Historical Supplemental Poverty Measure

Legend: Historical SPM Pre-Tax/Transfer Poverty · Historical SPM Poverty

1967: 15.1%
2023: 17.0%
1967: 13.9%
2023: 12.3%

Panel B: Relative Poverty Measure

Legend: Relative Pre-Tax/Transfer Poverty · Relative Poverty

1967: 13.1%
2023: 18.8%
1967: 11.2%
2023: 15.2%

Panel C: Anchored 2012 Supplemental Poverty Measure

Legend: Anchored 2012 SPM Pre-Tax/Transfer Poverty · Anchored 2012 SPM Poverty

1967: 19.7%
2023: 15.5%
1967: 19.4%
2023: 10.1%

Panel D: Anchored 2022 Supplemental Poverty Measure

Legend: Anchored 2022 SPM Pre-Tax/Transfer Poverty · Anchored 2022 SPM Poverty

1967: 21.5%
2023: 16.4%
1967: 20.6%
2023: 11.4%

CONCLUSION

Examining poverty trends across time and measurement choice allows us to better understand the Census Bureau's most recent poverty estimates in historical context.[5] This brief has considered the case of working age adults in the United States.

How working age adults are faring over time with respect to poverty depends on the measure chosen. Held against a fixed standard of living, as with the anchored SPM, working age adults appear to be doing better. When we allow for living standards to change over time, however, progress is more muted, and poverty even rises in some cases. This suggests that the incomes of working age adults at the bottom of the income distribution have not fully kept pace with the broader gains experienced by the 'typical' U.S. household.

SUGGESTED CITATION

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DATA SOURCE

Wimer, Christopher, Liana Fox, Sophie Collyer, Irwin Garfinkel, Neeraj Kaushal, Jennifer Laird, Jaehyun Nam, Laura Nolan, Jessica Pac, Ryan Vinh, and Jane Waldfogel. 2024. Historical Supplemental Poverty Measure data 1967–2023. New York: Center on Poverty and Social Policy, Columbia University.

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The Center on Poverty and Social Policy at Columbia University School of Social Work produces actionable research to advance our understanding of poverty and the role of social policy in reducing poverty and promoting economic security, opportunity, and well-being in New York City and the United States. For the center's latest work and policy briefs, visit povertycenter.columbia.edu. Email at cpsp@columbia.edu. Sign up for research updates. Follow on LinkedIn and Bluesky.

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[5] For the Census Bureau's most recent poverty estimates, see Shrider, 2024, Poverty in the United States: 2023.

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