

Projections of Poverty and Program Eligibility during the COVID-19 Pandemic

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The COVID-19 pandemic and the slowdown in economic activity have impacted the well-being of many U.S. families. The national unemployment rate rose from 3.5 percent in February 2020 to 14.7 percent in April¹, falling to 8.4 percent in August, with higher rates for some demographic groups. The Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Family First Coronavirus Response Act (FFCRA) used several short-term policy strategies to address this challenge.

This brief provides projections for August to December 2020, the period following the expiration of the major CARES Act and FFCRA economic security benefits (see side box).² We project poverty rates for the 2020 annual poverty rate, as well as the poverty rate over the August to December period. We also project *eligibility* for three federal programs that serve low income households in need: Medicaid/CHIP, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutritional Assistance Program (SNAP).

Our projections are not precise estimates of what current poverty rates are, but rather what they could be if the conditions we model accurately reflect economic circumstances over the next few months. Projections are necessary to provide federal and state leaders actionable information, because official poverty estimates for the current period will not be released until September 2021, and there are no official estimates for program eligibility.

Our projections are based on three unemployment scenarios for the period from August to December 2020: 8.2 percent, 10.0 percent, and 11.8 percent. These parameters were determined to account for a range of economic situations. To align with the unemployment rate for August, most figures in the brief are from our 8.2 percent scenario. Projections for all three scenarios are found in the online appendix. Details on the methodological approach can be found in the appendix.

Annual poverty for 2020 is projected to be slightly higher than 2019, and the number in poverty is expected to rise more by year's end

We project the annual poverty rate will rise from 10.5 percent in 2019 to 10.9 percent in 2020, as shown in Figure 1.³ Changes in the CARES

New Provisions to Support Families Economically

The CARES Act, signed into law on March 27, 2020, includes key provisions related to economic security:

- Economic impact payment: A one-time payment of \$1,200 for single households (\$2,400 for married) plus \$500 for each child under 17; dependent adults and children 17 or older were excluded; phase-out began above incomes of \$75,000 for single households (\$150,000 for married); requires social security numbers.
- Unemployment insurance expansions: increased weekly benefit amount by a flat \$600 (expired 7/31/2020); provided an additional 13 weeks of benefits (expires 12/31/2020); expanded eligibility to include many groups not previously eligible (e.g., self-employed, persons with short work histories) (expires 12/31/2020).

FFCRA, signed into law on March 18, 2020, included important changes to SNAP and Medicaid that continue for the duration of the Public Health Emergency. For SNAP this includes emergency supplements to households that normally receive less than the maximum allotment and a suspension of time limits for most able-bodied participants. For Medicaid, states must meet the following requirements to receive a 6.2 percentage point increase in the federal match: ensure continuous coverage for Medicaid enrollees, suspend eligibility re-determinations, meet the maintenance of effort eligibility requirement, maintain or decrease premiums in place January 1, 2020, and cover all COVID-19 testing and treatment without cost-sharing.

¹ Actual unemployment may be much higher than the official rate reported by the Bureau of Labor Statistics (BLS) due to misclassification of some laid off workers as "employed but not at work." See: <https://www.bls.gov/cps/employment-situation-covid19-faq-april-2020.pdf>

² This analysis was conducted prior to an August 8th Presidential Memorandum authorizing disaster relief funds to be used to supplement unemployment compensation. The effects of that extension are not included in these results.

³ The Census Bureau reported significant challenges with CPS data collection in spring 2020. Response rates were lower for those with less education and those with lower income. With statistical corrections for the irregular response bias, poverty in 2019 was estimated at 11.1 percent. See <https://www.census.gov/library/working-papers/2020/demo/SEHSD-WP2020-10.html>

Act prevented the annual poverty rate from increasing further. For many low income unemployed workers, increased unemployment insurance amounts helped keep their families out of poverty. Many low-income families were lifted out of poverty temporarily by the economic impact payments, regardless of their employment status.

Following the expiration of these benefits, under our simulation using an 8.2 percent unemployment rate, we project that the poverty rate will be 13.6 percent for the five-month period from August to December. This translates to 43.8 million Americans in poverty, 9.8 million more than in 2019.

Figure 2 reports poverty projections for the August to December 2020 period, by specific demographic groups. We project poverty to rise by around 4.7 points for children, more than the national increase. Among the largest race/ethnic groups, we project poverty to rise the most for Hispanics (around 4.4 points).

More people are projected to be eligible for Medicaid, SNAP, and TANF in August to December 2020

Medicaid/CHIP eligibility is projected to increase by 7 percent

We project between 6.7 million and 6.9 million more people will be eligible for Medicaid or CHIP than the 89 million that would be eligible without the pandemic and recession. Table 1 shows our projections, as well as for select demographic groups. We project that White non-Hispanics will see the largest increase in eligibility—nearly nine percent—among the major racial/ethnic groups.

Our projections are of Medicaid/CHIP *eligibility*, not actual enrollment. Medicaid has seen substantial increases in enrollment during the pandemic to date. Between February and June 2020, the Centers for Medicare and Medicaid Services reported an increase in enrollment of nearly 3.5 million. A study using more recent data for eight states found that enrollment increased by 11 percent between February and August 2020.⁴

TANF eligibility is projected to increase by 6 to 9 percent

Prior to the pandemic, we estimate 10.5 million individuals were eligible for TANF. We project that the number eligible over August to December 2020 could be higher by 700 thousand to 1.1 million. Table 1 shows our projections overall, as well as for select demographic groups. We project that Hispanics will see the largest increase in eligibility—nearly ten percent—among the major racial/ethnic groups. Unlike Medicaid and SNAP, TANF is not an entitlement. As a result, increased eligibility does not necessarily mean more people can enroll. The most recent trends in TANF caseloads funded with federal dollars show a decrease from 2.2 to 2.0 million between October 2018 and September 2019. Whether, and to what extent, caseloads will increase in 2020 as a result of the recession is unknown.

Figure 1. 2020 Poverty Rate Projections

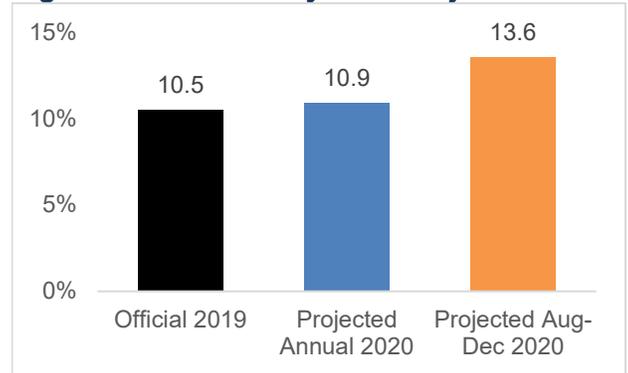
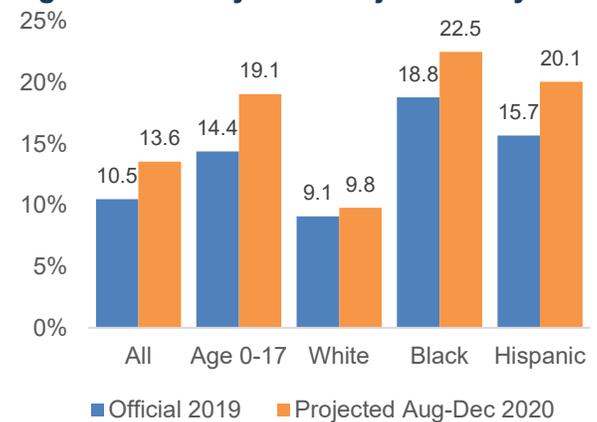


Figure 2. Poverty Rate Projections by Group



Notes to Figures: Projections based on predicted 8.2% unemployment rate. Poverty estimates for 2020 include economic impact payments, not counted in the official poverty measure.

Source: 2018 estimate: U.S. Census Bureau; 2020: ASPE using TRIM3. Projections for all three unemployment scenarios can be found in the appendix.

⁴ FamiliesUSA, "Rapid Increases in Medicaid Enrollment: A Review of Data from Six Months," September, 2020.

SNAP eligibility is projected to increase by over 10 percent

Prior to the pandemic, we estimate 63 million individuals were eligible for SNAP. We project that the number eligible in August to December 2020 will be 7.9 to 11.9 million higher. Table 1 shows our projections, as well as for select demographic groups. We project that White non-Hispanics will see the largest increase in eligibility – over 13 percent – among the major racial/ethnic groups.

SNAP enrollment has already shown substantial increases following the pandemic. Between March and April 2020, enrollment increased from 37.1 million to 42.9 million, a 16 percent increase. This is the largest monthly increase in SNAP since 1970.

Table 1. Projected Increased Eligibility for Medicaid/CHIP, SNAP and TANF, August to December 2020

Numbers in thousands	No Pandemic/Recession	Increase	Percent Increase
Medicaid/CHIP			
All	88,950	6,699	7.5%
Age 0-17	35,856	2,451	6.8%
White non-Hispanic	41,985	4,085	9.7%
Black non-Hispanic	15,736	652	4.1%
Hispanic	22,756	1,375	6.0%
TANF			
All	10,514	689	6.6%
Age 0-17	7,355	485	6.6%
White non-Hispanic	3,768	285	7.6%
Black non-Hispanic	2,735	72	2.6%
Hispanic	3,045	299	9.8%
SNAP			
All	63,334	7,952	12.6%
Age 0-17	20,487	1,892	9.2%
White non-Hispanic	29,597	4,533	15.3%
Black non-Hispanic	12,697	1,156	9.1%
Hispanic	16,015	1,608	10.0%

Notes: Projections based on simulated 8.2% unemployment rate. Source: ASPE using TRIM3. Projections for all three unemployment scenarios can be found in the appendix.

Methodological Appendix

This analysis uses the TRIM3 microsimulation model to project poverty rates and program eligibility for calendar year 2020. TRIM3 augments the Current Population Survey's Annual Social and Economic Supplement (CPS ASEC), a nationally representative household survey, to better reflect the real-world receipt of benefits from safety-net programs. TRIM3 is able to model changes in eligibility and benefits from one month to the next as a family's income falls or rises. The model can also impose employment changes and policy changes. More details about TRIM3 can be found at: <https://trim3.urban.org>.

The foundation for our simulations is the CPS ASEC survey conducted in spring 2018, with employment and income data for calendar year 2017; these were the latest data available for use with TRIM3 when this work began. In the first step of the simulation, we modeled the economic recession our nation entered starting in March 2020 with the declaration of the COVID-19 public health emergency. ASPE staff reviewed the data on unemployment available as of June 2020 as well as forecasts of unemployment for the remainder of the year from economists at the Congressional Budget Office, the Federal Reserve, and private sector firms such as Moody's. Based on those data, 20.9 million people were identified as losing jobs in April and remaining unemployed through at least July, with the probability of job loss based on a combination of industry, educational attainment, and wage level. ASPE staff defined three scenarios for the remainder of the year — high unemployment (15.5 million of the people initially losing jobs remain unemployed from August through December), medium unemployment (12.6 million remain unemployed), and lower unemployment (9.7 million remain unemployed for the rest of the year). Combined with the unemployment that would have existed even in the absence of the recession, these scenarios result in August-December unemployment rates of 11.8 percent, 10.0 percent, and 8.2 percent, assuming that all people who lost their jobs remain in the labor force. The simulation does not capture reductions in hours or earnings for people who remain employed.

For each scenario, we simulated each family's eligibility for and receipt of safety-net and stimulus benefits, reflecting both the increased eligibility and benefits that would have occurred even in the absence of policy changes as well as the impact of policy changes in the CARES Act and the FFCRA. Key elements of the simulations for this analysis include:

- **Economic Impact Payments (or "stimulus checks"):** The simulation computes the amount of the payment incorporating the additional amount for dependent children under 17, the phase-out for higher-income units, and the requirement for Social Security Numbers. All eligible tax filers and recipients of Social Security, Supplemental Security Income (SSI), and Veterans Benefits are assumed to receive checks, as are 78 percent of other eligible individuals and families who do not file taxes. We assume that 10 percent of non-filers who receive the rebate due to their own receipt of Social Security, SSI, or Veterans Benefits take the extra steps necessary to obtain the additional amount for their spouse and dependent children. The funds are not counted when determining whether people are eligible for assistance programs or for determining benefit amounts.
- **Unemployment insurance (UI) benefits:** The simulation captures the eligibility expansions, the additional weeks of benefits, the regular UI benefit calculated according to each state's rules, and the additional \$600 in weekly benefits from April through July. Among people who lost employment and are eligible for UI, we assume that 80 percent of wage earners and 55 percent of self-employed people receive UI benefits. The probability varies by region of the country and by age group based on pre-pandemic data. We assume that all UI benefits are counted as income for program eligibility and benefits in all states, with the exception that the additional \$600 per week is not counted for Medicaid or CHIP eligibility.
- **Medicaid and CHIP:** The estimates capture the federal eligibility rules and state-by-state variations. Some people gain eligibility due to their family's loss of earnings. We model that anyone who becomes eligible remains eligible through at least the remainder of 2020, and that no one loses eligibility during the health emergency.
- **TANF:** Eligibility and potential benefits may change due to a combination of loss of earnings and, in some cases, gain of UI benefits. We model states' detailed eligibility and benefits policies and assume there were no changes to those rules. The estimates include people eligible for their state's TANF-funded program even if their particular benefits would be paid for through a separate state program (SSP) or solely-state-funded (SSF) program; however, families eligible only for small worker supplement benefits are not counted in the TANF

eligibility estimates. Previously-enrolled families continue to receive benefits if still eligible; newly-eligible families participate at the same rate as did families with similar characteristics and potential benefits prior to the pandemic.

- **SNAP:** Eligibility and potential benefits may change due to changes in earnings, UI, and TANF benefits. The model captures two SNAP policy changes: (1) All families receive the maximum benefit for their family size for the period covered by the state’s waiver. We model the starting and ending month for each state’s waiver and assume that states with waivers in July continue to have waivers through October. (2) We assume that time limits for able-bodied adults without dependents who do not meet work requirements are waived through the end of 2020.
- **Other changes captured by the simulations:** The simulations also capture eligibility and benefits changes in the SSI program, changes in the rent required from families living in public or subsidized housing, and changes in child care expenses (assuming parents who become unemployed no longer pay for child care), as well as the secondary impact of those changes on eligibility for other programs.

The eligibility results in the brief and appendix are all in terms of individuals rather than families. People are counted as eligible if they are considered a member of the “assistance unit” eligible for TANF or SNAP benefits, or if they are themselves eligible for Medicaid or CHIP coverage. The projections shown in Table 1 as “pre-pandemic” are based on circumstances according to the CY 2017 CPS ASEC data without any employment or policy changes, and the estimated increases equal the eligibility estimates for the scenario including the employment and policy changes minus the pre-pandemic figures. Some people lost as well as gained eligibility for TANF and/or SNAP, and for those two programs, Table 1 shows net changes.

The 2020 poverty projections use the official poverty definition (a family’s cash income compared with the official poverty threshold) with one exception: the annual 2020 projections include the value of stimulus checks as income; however, we assume checks are all spent no later than July. The August to December 2020 poverty projections are produced by comparing a family’s aggregate cash income over the five months with five-twelfths of the official poverty threshold. The August to December 2020 poverty projections are higher than the annual projections due primarily to the expiration of some policy expansions, but also because poverty estimates are generally higher when assessed over a shorter period.

Figures 1 and 2 in the analysis compare the 2020 poverty projections to the Census Bureau’s published 2019 poverty estimates. However, TRIM3 poverty estimates tend to be slightly lower than Census Bureau estimates due to TRIM3’s correction for underreporting of UI benefits, SSI, and TANF in the CPS ASEC; also, part-year poverty estimates generally tend to be slightly higher than full-year estimates. Table A1 compares the 2019 Census Bureau annual poverty estimate to what the TRIM3 estimates would be — both annual and for August to December — assuming the relationship between the Census Bureau and TRIM3 estimates is the same in 2019 as it was in 2017. We find that while there is little effect on the overall poverty rate, the TRIM3 adjustments would likely lower the estimated 2019 poverty rate from 14.4 to 14.1 for people ages 0 to 17 and reduce the estimated poverty rate for Hispanic people from 15.7 to 15.3. As expected, moving from an annual poverty rate estimate to a five-month poverty rate slightly raises poverty rates across all groups.

Table A1. Census Bureau 2019 Poverty Rate and Estimated TRIM3 2019 Poverty Rate, Assuming Relationships Between Rates are the Same as in 2017

	Census Bureau	TRIM3 Estimate (Annual)	TRIM3 Estimate (August to December)
All	10.5	10.4	10.5
0 to 17	14.4	14.1	14.2
White Non-Hispanic	7.3	7.3	7.4
Black Non-Hispanic	18.8	18.7	18.9
Hispanic	15.7	15.3	15.5

Source: US Census Bureau, 2020. The TRIM3 estimates are equal to the Census Bureau 2019 poverty rates adjusted by the ratio of the TRIM3 to Census Bureau poverty rates for 2017.

Finally, the eligibility estimates — both without and with the recession — and the 2020 poverty projections are all subject to uncertainty due to the fact that the analysis rests on CY 2017 CPS ASEC data, and due to limitations in how the recession is captured. Because the unemployment rate fell somewhat and real earnings increased somewhat between 2017 and 2019, the use of the CY 2017 data likely works in the direction of slightly overestimating eligibility (both without and with the recession) and 2020 poverty. However, the fact that the modeling of the recession does not capture reductions in hours and earnings for people who retained their jobs likely results in some underestimation of poverty and program eligibility during the recession, all else equal.