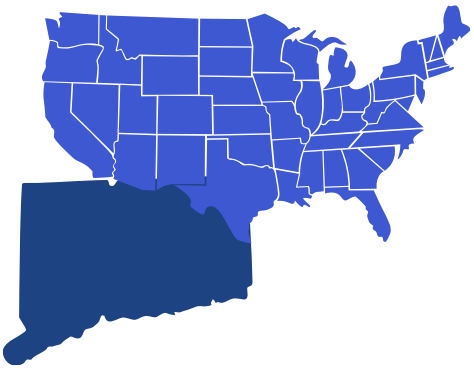
POVERTY and PUBLIC BENEFITS



in the U.S. and Connecticut, 2019-2025

– Executive Summary

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CONNECTICUT VOICES FOR CHILDREN
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Executive Summary

A landmark 2019 report on child poverty by the National Academies of Sciences, Engineering, and Medicine concluded that "a child growing up in a family whose income is below the poverty line experiences worse outcomes than a child from a wealthier family in virtually every dimension, from physical and mental health, to educational attainment and labor market success, to risky behaviors and delinquency." The report also found that the "weight of the causal evidence indicates that income poverty itself causes negative child outcomes, especially when it begins in early childhood and/or persists throughout a large share of a child's life."

Further research from the National Academies extended the findings into adulthood. A 2024 report on intergenerational poverty found that children in low-income families face a much higher risk of poverty as adults than other children, perpetuating a "cycle of economic disadvantage," the costs of which "fall not only on low-income individuals and families themselves, but also on society as a whole."

Research from the National Academies has also addressed improving how poverty is measured. A 2023 report recommended that "the Supplemental Poverty Measure should be elevated to the nation's headline poverty statistic and renamed accordingly," suggesting the "Principal Poverty Measure." It also recommended replacing the measure's current approach to medical spending with one that includes health insurance in both the poverty threshold and resources, because the current approach "does not capture the unmet medical care need of persons who are uninsured or underinsured."

To inform efforts to address the critical issue of poverty, the U.S. Census Bureau releases annual national poverty estimates for the total population and key demographic groups using two measures: the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM). It also provides annual national estimates of the impact of major public benefits and necessary expenses on poverty, and it recently began publishing a third measure, the Health Inclusive Poverty Measure (HIPM), which accounts for health insurance needs and benefits, consistent with the National Academies' recommendation. At the state level, however, the Census Bureau publishes only three-year average estimates of SPM poverty overall and by age group, with no current annual estimates, no estimates for other demographic groups, and no estimates of the impact of public benefits and necessary expenses. Its state-level HIPM estimates are even more limited, covering only all residents, with no estimates of the impact of public benefits for health care. This report fills those gaps for Connecticut using the Census Bureau's Current Population Survey Annual Social and Economic Supplement microdata.

Comprehensive state-level estimates are especially important now because federal policy on public benefits has undergone two historic shifts in recent years, in opposite directions. The first shift came during the COVID-19 pandemic era, when the federal government substantially expanded public benefits, including stimulus payments, unemployment insurance, the Child Tax Credit, food assistance, health care, and more. The impact was dramatic. According to the Census Bureau, the SPM poverty rate fell to its lowest level on record in 2021, largely because of the stimulus payments and expanded tax credits, and as this report shows, Connecticut followed the same pattern.

That expanded support, however, ultimately proved temporary and expired in stages. The stimulus payments, expanded unemployment insurance, and expanded Child Tax Credit ended in 2021, and the increase in food assistance and continuous enrollment in Medicaid ended in 2023. As a result, poverty increased. According to the Census Bureau, the SPM poverty rate rose sharply in 2022, largely because the stimulus payments and expanded tax credits ended, and by 2025, the poverty rate was higher than before the pandemic. Here too, this report shows that Connecticut followed the same pattern.

Rather than restoring the expanded support, the federal government is now making another historic shift, this time cutting public benefits, as detailed in a recent Connecticut Voices for Children (CT Voices) report. Most notably, the One Big Beautiful Bill Act, enacted in July 2025, made major cuts over the next decade to public benefits for health care and food assistance that are essential for many of the lowest-income households. The cuts include reducing federal spending on health care, primarily Medicaid, by nearly $1.1 trillion and on food assistance by about $190 billion. New and expanded work requirements are a major source of those cuts, requiring many adults to document a minimum number of hours of work or other qualifying activities per month to keep their benefits. The federal government also allowed a more than $300 billion expansion of the Premium Tax Credit, which lowers health insurance premiums, to expire at the end of 2025, ending one of the last remaining policies of the pandemic-era expansion. In addition, Social Security faces a funding shortfall that, without federal action, is projected to cut benefits for most recipients by 22 percent beginning in late 2032.

The new federal cuts will harm low-income residents in every state, but they come at an especially difficult time for Connecticut, as detailed in another recent CT Voices report. From June 2025 to June 2026, Connecticut's unemployment rate rose more than in any other state, to 5.2 percent, a level tied for the highest of any state, and the state's unemployment insurance program provides insufficient support for many workers who lose their jobs. Unemployed workers are also now at risk of losing health care benefits and food assistance because the new and expanded federal work requirements tie those benefits to work that the labor market is increasingly failing to provide. At the same time, prices rose sharply again during the first half of 2026, especially in the Northeast, adding to the permanently higher price level from the last round of inflation. As a result, many low-income residents in Connecticut are struggling with falling earnings, shrinking public benefits, higher prices, or some combination.

Taking all of these factors into account, this report has three objectives. The first objective is to explain the three poverty measures, including the differences between the OPM and SPM and the advantages of the newer HIPM. In line with the National Academies' recommendations, the SPM is the primary measure used here, complemented by the HIPM, which follows the recommended approach to health insurance. The second objective is to provide an extensive overview of poverty in Connecticut during the current economic cycle, from 2019 through 2025, including the role of the temporarily expanded public benefits and their expiration. The third objective is to provide the most recent estimates of the impact of public benefits on poverty in Connecticut and to highlight the importance of those benefits now facing major federal cuts. The U.S. serves as a reference throughout, and the poverty and public benefit impact estimates provide a baseline for tracking the effects of the cuts in the years ahead.

To achieve these objectives, the report proceeds in three sections. The first section provides an overview of the OPM, SPM, and HIPM, including their measures of resources and poverty thresholds, which determine which public benefits and necessary expenses are counted. The key takeaway is:

- Compared to the OPM, the SPM better measures resources and poverty thresholds, providing a more comprehensive assessment of poverty and the impact of public benefits, and the newer HIPM extends the SPM to account for health insurance needs and benefits, capturing residents without adequate coverage and allowing direct estimates of the impact of health care public benefits.

The second section provides poverty estimates from 2019 through 2025, a period that includes the temporarily expanded public benefits during the COVID-19 pandemic, their expiration, and the enactment of the new federal cuts, which have not yet fully taken effect. It proceeds in three parts. The first part provides overall poverty estimates for the U.S. and Connecticut using all three measures and reviews the role of the expansion and expiration of public benefits. The key finding is:

- In Connecticut, even before the new federal cuts to public benefits fully take effect, the SPM poverty rate for all residents was 10.6 percent, or 385,500 residents, in 2025, higher than both the pre-pandemic estimate of 9.3 percent in 2019 and the pandemic-era low of 7.0 percent in 2021, when public benefits were temporarily expanded—and the poverty rate is consistently higher when using the HIPM to account for health insurance needs and benefits, averaging 12.0 percent, or 438,100 residents, for the two years of available data.

The second part provides similar estimates and analysis for child poverty, which changed even more than overall poverty because the temporary expansion included substantial support for families with children, most notably the expanded Child Tax Credit. The key finding is:

- In Connecticut, even before the new federal cuts to public benefits fully take effect, the SPM poverty rate for children was 12.5 percent, or 91,400 children, in 2025, higher than both the pre-pandemic estimate of 9.8 percent in 2019 and the pandemic-era low of 3.8 percent in 2021, when public benefits were temporarily expanded—and child poverty is consistently higher when using the HIPM to account for health insurance needs and benefits, averaging 14.4 percent, or 103,500 children, for the two years of available data.

The third part provides poverty estimates and analysis for key demographic groups and focuses on combined poverty or near poverty to more fully capture economic insecurity. It compares the most recent three-year average with the 2019 to 2021 average, which includes the temporary expansion of public benefits. The key finding is:

- In Connecticut, the 2023 to 2025 average SPM combined poverty or near poverty rate was higher for children (29.8 percent), female residents (25.3 percent), Black residents (32.7 percent), Hispanic residents (41.1 percent), and noncitizens (47.1 percent) than for all residents (23.5 percent) as well

as their demographic counterparts, and each of these groups also experienced a larger increase from the 2019 to 2021 average, due in part to the expiration of the expanded public benefits.

The third section shifts from poverty levels over time to the impact of individual public benefits on poverty in the most recent years, before the new federal cuts fully take effect, showing the number of residents each public benefit keeps out of poverty and the major cuts that several public benefits now face. It proceeds in two parts. The first part examines the impact of major public benefits, taxes, and other necessary expenses on poverty using the SPM. The key finding is:

- In Connecticut, when using the SPM, the largest poverty-reducing public benefit on average for 2023 to 2025, before the new federal cuts fully take effect, was Social Security, which reduced the poverty rate by 8.5 percentage points, or 310,900 residents, but benefits will be cut by 22 percent for most recipients if the federal government fails to address the program's solvency; and another important benefit was the Supplemental Nutrition Assistance Program, which reduced the poverty rate by 1.3 percentage points, or 48,100 residents, but the federal government recently cut projected spending on the program by 17 percent over the next decade—major cuts that, if not offset, will weaken the impact of both programs.

The second part examines the impact of health care public benefits on poverty using the HIPM, which, unlike the SPM, counts the value of health insurance coverage itself. The key finding is:

- In Connecticut, when using the HIPM, the largest poverty-reducing public benefit for health care on average for 2023 to 2024, before the new federal cuts take effect, was Medicaid, which reduced the poverty rate by 5.2 percentage points, or 189,400 residents, but the federal government recently cut projected spending on the program by 11 percent over the next decade; and another important benefit was the Premium Tax Credit, which reduced the poverty rate by 0.4 percentage points, or 14,800 residents, but the federal government recently cut the credit's projected cost by 35 percent over the next decade, including the expiration of its expansion—major cuts that, if not offset, will weaken the impact of both programs.

Overall, the report shows that the major changes in poverty in recent years largely reflect a historic but temporary shift in public benefits, and that another historic shift, this time in the opposite direction, is now underway. Specifically, poverty fell substantially in 2021, when public benefits were expanded, and then increased in 2022 and subsequent years as the expansion expired, leaving the poverty rate relatively high in 2025, even before the new federal cuts fully take effect. If not offset, those cuts will likely increase poverty further by weakening the impact of critical public benefits that keep many of the state's residents out of poverty. While this report does not provide policy options, other recent CT Voices reports address ways to offset the new cuts.