New Census poverty report conceals the social catastrophe facing working people

Marc Wells
1 October 2026

The US Census Bureau's latest report on income and poverty presents a picture of declining poverty and rising prosperity that bears little resemblance to conditions confronting tens of millions of working people.

The Trump administration has already seized on the figures to promote its economic record. On September 15, the same day the report was released, Treasury Secretary Scott Bessent cited the decline in official poverty and rise in median household income as evidence that Americans were better off under the administration's policies.

The report says the official poverty rate fell from 10.7 percent in 2024 to 10.2 percent in 2025, with 34.5 million people officially classified as poor. Real median household income supposedly rose 2.6 percent to $87,460, the highest level recorded.

These figures have been presented as evidence of economic improvement. But the report's own data undermine that conclusion. More fundamentally, the federal definition of poverty is so detached from the actual cost of living that it excludes millions struggling to pay for housing, food and medical care. By reducing poverty to whether pretax household income falls below an exceptionally low threshold, the official measure obscures the social consequences of decades of wage suppression, austerity and attacks on social programs.

The most revealing figure is not the much-publicized 10.2 percent official poverty rate but the Supplemental Poverty Measure (SPM), which stood at 13.1 percent in 2025, compared with 13.0 percent in 2024. The Census Bureau says the change was not statistically significant. The SPM accounts for taxes, government benefits, work expenses, medical expenses and geographic differences in housing costs. By this broader measure, there was no statistically demonstrable reduction in poverty.

The distribution of income gains tells the same story. Household income at the 90th percentile increased 1.7 percent in 2025, while income at the 10th percentile did not change significantly. Median earnings for full-time, year-round workers also did not change significantly overall. The celebrated income gains therefore did not reflect a broad improvement for working people.

The $87,460 median household figure is also misleading as a measure of workers' living standards. It measures households, not individual workers. Several low-paid workers often pool their incomes to form a median-income household while each remains economically insecure.

The Census report further acknowledges a serious limitation in the data. The weighted response rate for the 2026 Current Population Survey Annual Social and Economic Supplement fell to 61.3 percent from 62.0 percent the previous year. Census researchers say declining response rates increase the risk of bias and have found that since 2020 survey-only income estimates have been about 2 to 4 percent higher than estimates adjusted for nonresponse, while official poverty rates have been lower by a fraction of a percentage point.

The official poverty measure is fundamentally incapable of measuring what it costs to live. The Census compares pretax money income with thresholds originating in the 1960s and adjusted for inflation and family composition. In 2025, the weighted average poverty threshold for a family of four was just $32,970. A family earning slightly more than that is officially out of poverty regardless of whether it can afford basic necessities.

The absurdity is stark in highly populated areas. The MIT Living Wage Calculator estimates that in the Los Angeles-Long Beach-Anaheim metropolitan area, a single adult without children needs about $64,000 in annual gross income to meet basic needs. A household with two adults and two children, with both adults working, requires about $146,000 in combined annual income. The federal poverty threshold is an unrealistic statistical floor so low that millions officially classified as "not poor"

© World Socialist Web Site

remain in severe economic insecurity.

Healthcare exposes the inadequacy of the measure particularly sharply. Census reports that 26.7 million people, or 7.9 percent of the population, were uninsured for the entire year in 2025, statistically unchanged from 2024. Yet having insurance does not guarantee affordable treatment. High deductibles, copayments and premiums can leave workers technically insured while forcing them to delay doctors' visits, medication and treatment. Serious illness can produce debt, missed rent payments, bankruptcy or job loss while leaving a household officially above the poverty line. The SPM recognizes medical expenses as a component of hardship, making it more revealing than the official measure, but it too is not a comprehensive measure of economic security.

The report has another politically significant limitation: time. Its figures cover calendar year 2025, using information collected in 2026 about the preceding year. They therefore do not capture the full consequences of the One Big Beautiful Bill Act (OBBBA), enacted in 2025 and being implemented in 2026.

The Congressional Budget Office estimates that the law will reduce projected Medicaid spending by $1.2 trillion and SNAP spending by $211 billion over 2026-35. CBO also estimates that the Medicaid provisions will increase the number of uninsured by 7.5 million in 2034. These cuts threaten access to healthcare and food for millions already living with inadequate wages. The timing allows the government to claim a reduced 2025 poverty rate while the consequences of the social cuts are still working their way into future statistics.

The Census Bureau operates under the Department of Commerce, headed by Howard Lutnick, a billionaire financier appointed by Trump and confirmed by the Senate. The report declaring poverty to have fallen in the first year of Trump's second term is issued under the supervision of a man whose $7 billion fortune belongs to the very class whose interests the statistics serve.

The Census report demonstrates how essential government programs are to keeping millions from falling deeper into poverty. Social Security alone moved 28.8 million people out of SPM poverty in 2025. The ruling class is therefore simultaneously dismantling social protections and celebrating statistics that minimize the scale of the hardship those protections have helped alleviate.

The issue is not simply that the Census has chosen an imperfect statistical methodology. The official poverty measure asks the wrong question. It asks how many people fall below a nationally defined income threshold. Working people confront a different question every month: Can I pay the rent? Can I afford food? Can I obtain medical treatment? Can I pay the electric bill, transportation costs and other necessities without going into debt? For tens of millions, the answer is increasingly precarious.

Meanwhile, there is no comparable ceiling on the resources available to the wealthy. The enormous sums devoted to war, militarism and the enrichment of the financial elite are treated as matters of national necessity, while the basic needs of workers are subjected to endless demands for "fiscal responsibility."

What the report leaves out is the political question. The OBBBA is a Trump-administration measure, but the austerity it codifies is bipartisan. The Democratic Party, which nominally denounces Trump while collaborating in the same assault on social programs, pioneered the use of "declining poverty" statistics to sell austerity, most thoroughly under Obama, when the same Census figures were deployed to claim a recovery that ordinary workers never experienced.

The poverty measure has been recognized as inadequate since the thresholds of the 1960s, and every administration since has deliberately preserved it, because a measure that minimizes poverty serves both parties. The statistics are a weapon of the two-party system as a whole, not the error of one government. Lutnick's supervision of the Census is only the most naked expression of a function the agency has performed under both parties.

This is why the defense of the social programs documented in the Census report cannot be left to either party. The fact that Social Security alone lifted millions out of poverty is an argument for the independent political mobilization of the working class to defend and expand these programs, to break with both parties and to fight for the socialist reorganization of society, the redistribution of the enormous wealth now squandered on militarism and the enrichment of the financial oligarchy toward the satisfaction of social need.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site