

June 20, 2019
The Honorable Nancy Potok, Chief Statistician
Office of Management and Budget
725 17th St. NW
Washington, DC 20006

RE: Administration's Poverty Line Proposal Directive No. 14

Dear Dr. Potok:

I am writing on behalf of RESULTS to comment in opposition to the Administration's Poverty Line Proposal which would lower the poverty line threshold, slashing benefits for hundreds of thousands of individuals over the next ten years. As an anti-poverty organization, we are deeply concerned about the proposed rule's potential to negatively impact low-income Americans. We urge that the proposal be withdrawn, because it artificially lowers the poverty line, creating an inaccurate measure that disproportionately harms low-income Americans.

RESULTS creates the public and political will to end poverty by empowering individuals to exercise their personal and political power for change. We support a network of more than 115 chapters with over 650 active volunteers (and an additional 7,000 members in our e-mail action network) across the U.S. Our grassroots educate members of congress, work with the media, and build awareness within their communities on basic nutrition and health programs along with budget and tax policies. Our grassroots network includes a specific focus on engaging young leaders and elevating the voices of low-income Americans who have firsthand experience of poverty.

As an organization, we are concerned whenever Americans across the country are subject to harmful rule changes that put low-income individuals and their families at risk. Changing the federal poverty line would cause millions of people to lose access to anti-poverty programs that help families meet their basic needs.

We strongly urge you to reject the OMB notice to apply a smaller cost-of-living adjustment, using either the chained CPI or the Personal Consumption Expenditures Price Index (PCEPI), in place of the CPI-U.

The federal poverty line already underestimates what families need to get by, as shown by the high rates of hardship among families with incomes just above the poverty line:

- Among non-elderly adults with income between the poverty line and twice the poverty line, over 60 percent reported one or more material hardships such as food insecurity, missed payments for utility bills or rent or mortgage, or problems paying family medical

bills, according to a 2017 Urban Institute survey — not significantly different than for those in poverty.¹

- USDA data for 2017 show that, among near-poor households with children in 2017 with income between 1 and 1.3 times the poverty line, 29 percent couldn't consistently afford adequate food, compared with 40 percent of those below the poverty line.²

Considerable research over the years – including a major report by the National Academy of Sciences³ – has identified various ways in which the poverty line appears to be inadequate. A key example of this is the near total exclusion of child care in poverty line calculations.

The National Academy of Sciences panel of federal analysts worked carefully with researchers over a number of years to develop the supplemental poverty measure (SPM), which more accurately reflects current cost of basic living expenses. Consistent with the evidence cited above, this more careful accounting results in a poverty line that is higher than the official poverty line for most types of households.

Lowering the line further would make poverty measurement less accurate, giving policymakers and the public less credible information about the number and characteristics of American families struggling to get by, while leading to further hardship for millions of low-income Americans. Moreover, the OMB notice fails to consider a range of important issues that would need to be carefully studied before making any change to the poverty line. Prior to moving forward with any changes, OMB should undertake a serious analysis of each of these issues, publish its findings, and solicit public comment.

The OMB notice focuses on just one of many questions about the current poverty line – how it is updated for inflation – while ignoring the many other important issues that would need to be considered and analyzed (with opportunity for public comment) to construct a more accurate measure

It is not at all clear whether the chained CPI is a more accurate measure *for low-income households*. Prices have been rising faster for the types of goods and services that dominate poorer households' spending. For example, low-income households spend a larger than average share of their budgets on housing; the price of rent rose 31 percent from 2008 to 2018,

¹ Michael Karpman, Stephen Zuckerman, and Dulce Gonzalez, "Material Hardship among Nonelderly Adults and Their Families in 2017," Urban Institute, 2018, https://www.urban.org/sites/default/files/publication/98918/material_hardship_among_nonelderly_adults_and_their_families_in_2017.pdf.

² Alisha Coleman-Jensen, Matthew P. Rabbitt, Christian A. Gregory, and Anita Singh, *Household Food Security in the United States in 2017*, U.S. Department of Agriculture, 2018, and CBPP calculations.

³ National Research Council 1995. *Measuring Poverty: A New Approach*. Washington, DC: The National Academies Press.

much faster than the overall CPI-U (17 percent).⁴ Some research suggests that lower-income households may face more rapidly rising prices for other reasons as well. Low-income households may have less ability to change their consumption patterns when relative prices change – for example, because they have few retail outlets in their neighborhood, lack access to convenient transportation, or do not have internet service at home.⁵

RESULTS has a history of advocacy to improve food assistance, secure health care for low-income families, and increase access to affordable housing. As policymakers consider moving forward with a change to the poverty line that would impact the HHS guidelines, it would be imperative to first undertake in-depth research and analysis, and solicit public comments, regarding issues such as:

- The impact on nutrition programs and food insecurity. Updating the poverty line using the chained CPI could cause over 100,00 people to lose eligibility in just 5 years for the Supplemental Nutrition Assistance Program (SNAP).⁶ These impacts could become even greater after factoring in changes to recipients of: school meals and the Supplemental Nutrition Program for Women, Infants, and Children (WIC). OMB should quantify these impacts and analyze how the cuts to these programs would impact food insecurity and overall financial security for those affected.
- The impact on health insurance coverage and access to health care. After 10 years of updating the poverty line using the chained CPI, millions of people would lose eligibility for or receive less help from health coverage programs including Medicaid and the Children's Health Insurance Program (CHIP), Medicare Savings Programs, the Medicare Part D Low-Income Subsidy program, premium tax credits, and cost sharing reductions.⁷ OMB should quantify these impacts and analyze how the cuts to these programs would

⁴ U.S. Bureau of Labor Statistics (BLS) and CBPP calculations. The poorest fifth of households dedicate 40 percent of all expenditures to housing (including shelter, fuels, utilities, furnishings, and operations), compared with 33 percent for all households. Rent is even more concentrated among the poor. The poorest fifth dedicate 16 percent to rent, compared with 7 percent for all households, according to BLS data for 2017.

⁵ See for example Greg Kaplan and Sam Schulhofer-Wohl, "Inflation at the Household Level," *Journal of Monetary Economics*, 2017, https://gregkaplan.uchicago.edu/sites/gregkaplan.uchicago.edu/files/uploads/kaplan_schulhoferwohl_jme_2017.pdf. David Argente and Munseob Lee, "Cost of Living Inequality during the Great Recession," Kilts Center for Marketing at University of Chicago Booth School of Business, Nielsen datasets Joint Paper Series, March 1, 2017, <https://ssrn.com/abstract=2567357>. Benjamin Faber and Thibault Fally, "Firm Heterogeneity in Consumption Baskets: Evidence from Home and Store Scanner Data," National Bureau of Economic Research, Working Paper No. 23101, August 2017, <https://www.nber.org/papers/w23101>. Xavier Jaravel, "The unequal gains from product innovations: Evidence from the US retail sector," Washington Center for Equitable Growth, March 14, 2017, <https://equitablegrowth.org/working-papers/unequal-gains-from-product-innovations/>.

⁶ Gregory Acs and Laura Wheaton, "Proposed Changes to the Poverty Line Would Reduce SNAP Participation over Time," Urban Institute, June 2019, https://www.urban.org/sites/default/files/publication/100410/proposed_changes_to_the_poverty_line_would_reduce_snap_participation_over_time.pdf.

⁷ Aviva Aron-Dine and Matt Broaddus, "Poverty Line Proposal Would Cut Medicaid, Medicare, and Premium Tax Credits, Causing Millions to Lose or See Reduced Benefits Over Time," Center on Budget and Policy Priorities, May 22, 2019, <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>.

affect uninsured rates, access to care, financial security, and health outcomes for lower-income people, seniors, and people with disabilities.

- The impact on other basic assistance programs. Updating the poverty line using the chained CPI would also lower eligibility thresholds for many other federal programs such as housing assistance, and could have ramifications for state-funded programs as well. OMB should identify the full list of these programs and analyze the impacts on beneficiaries.

The proposal of changing the federal poverty line can impact many American families who rely on assistance programs to sustain their lives. If this proposal was to be enacted, there could be cuts to many programs related to nutrition, education, healthcare, and other assistance programs.

The proposal harms individuals and our entire nation by making poverty measurements less accurate, taking benefits from households in need and decreasing public understanding of the American families struggling to get by. Our advocates know – many from lived experience – the importance of having a valid and measurable poverty line to better access effective anti-poverty programs.

Before considering moving forward to change the Census poverty thresholds that would impact the poverty guidelines, OMB should undertake in-depth, quantitative analysis of all of these issues, including research on how the impacts would grow over time. Findings should then be given and the public should be provided an opportunity to comment on whether a change should be made in light of the likely consequences for uninsured rates, food insecurity, and other forms of hardship.

As an organization deeply committed to ending poverty and creating opportunity that recognizes the links between oppression and poverty, **RESULTS is deeply concerned about the impact on OMB's Proposal on low-income people and low-income communities of color.** Rather than evidence-based rule making, the proposed rule would cause great harm to individuals, families, and communities, without a full rationale or calculation of the potential harm.

RESULTS believes that enacting rule changes without considering the potential impacts to many households, especially those with low incomes, is damaging to all. The Office of Management and Budget should immediately withdraw this proposal and dedicate its efforts to advancing policies that strengthen — rather than undermine — the ability of people to support themselves and their families in the future.

Thank you for the opportunity to submit comments on the proposed rulemaking. Please do not hesitate to contact us to provide further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Meredith Dodson', with a stylized flourish at the end.

Meredith Dodson
Director of U.S. Poverty Campaigns

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A handwritten signature in black ink that reads "Shannon Mendez". The signature is written in a cursive style with a long, sweeping underline.

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