

June XX, 2019

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell and Minority Leader Schumer,

We, the undersigned organizations, write to urge you to block the Administration's recent proposal to adjust the Official Poverty Measure calculated by the U.S. Census Bureau. We understand that the House has already taken steps through its appropriations bills to bar any changes to the poverty measure. We urge you to ensure that this language is part of any final funding bill for FY 20, and if necessary take additional and more immediate measures outside of the appropriations process to prohibit the administration from implementing its proposal.

As organizations dedicated to improving the well-being of our nation's children, we strongly oppose this proposal, which could underestimate the number of children and families living in poverty and jeopardize their eligibility for programs that support healthy child development. With children experiencing poverty at a rate that is 62 percent higher than adults, our nation's children and youth stand to lose the most if this change is enacted.

The Office of Management and Budget issued a request for comment on May 7 on a proposal to adjust the Official Poverty Measure (OPM) by changing the rate of inflation used to calculate the poverty threshold each year.¹ The administration is considering changing the measure used to adjust the poverty line to one that would cause inflation to rise more slowly, thus also slowing the adjustment of the poverty threshold over time.

First, we remain concerned that some of the alternative inflation measures under consideration, such as the Chained Consumer Price Index for all Urban consumers (C-CPI-U) and Personal Consumption Expenditures Price Index (PCEPI) could underestimate inflation rates for low-income families. Research suggests that families in poverty actually experience inflation at higher rates than families with higher socioeconomic status due to constraints they face in

¹ Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies, 84 Fed. Reg. 19961 (proposed May 7, 2019), <https://www.federalregister.gov/documents/2019/05/07/2019-09106/request-for-comment-on-the-consumer-inflation-measures-produced-by-federal-statistical-agencies>.

substituting lower priced goods.² There is also evidence that this phenomenon is more pronounced during periods of economic downturn.³

Second, a more accurate inflation estimate does not necessarily equal a more accurate poverty measure. The OPM is currently based on a decades-old formula that does not fully account for a family's various expenses, such as housing and child care, or take into consideration regional variations in cost of living. The Federal Poverty Level already remains too low, at just \$24,858 a year for a family of four with two children. According to the Basic Needs Budget Calculator created by the National Center for Children in Poverty, a family of four with two children living in Washington, D.C. needs an annual income of \$72,297 a year to meet basic needs, which is nearly three times the current poverty threshold.⁴

Any adjustments to the OPM should seek to correct, rather than exacerbate, the existing formula's deficiencies. If the Administration is pursuing a more accurate measure of poverty, it cannot narrowly focus on inflation but instead must undertake a comprehensive, evidence-based reevaluation of OPM's underlying formula so that it can capture the true cost of meeting basic needs.

A family's eligibility for several critical assistance programs depends on their income in relation to the poverty threshold as determined by the OPM. An artificially low poverty threshold could therefore cause millions of children to lose access to healthcare, nutritious food, early education, heating assistance, and other critical resources. Programs that depend on Department of Health and Human Services guidelines to determine eligibility would be affected, including (but not limited to): Parts of Medicaid, Children's Health Insurance Program (CHIP), Head Start, Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), National School Lunch and Breakfast Programs, Low Income Home Energy Assistance Program (LIHEAP), and Legal Services for the Poor through Legal Services Corporation.

What is more, since this measure is tied to inflation, the negative effects will increase with each passing year. The Center on Budget and Policy Priorities estimates that after ten years, indexing the OPM to the C-CPI-U would cause more than 300,000 children to lose coverage through Medicaid and CHIP, as well as some pregnant women.⁵ Similarly, we anticipate repercussions of reduced eligibility over time for SNAP and WIC, of which children represent 44 percent and 76 percent of participants, respectively. Those states that do not operate with Broad-Based Categorical Eligibility to extend SNAP eligibility to families who earn more than 130 percent of the poverty line could particularly see disproportionate numbers of individuals losing access to

² Kaplan, Greg and Schulhofer-Wohl, Sam. "Inflation at the Household Level." *Journal of Monetary Economics* 91 (2017): 8. <https://doi.org/10.1016/j.jmoneco.2017.08.002>

³ Argente, David and Lee, Munseob. "Cost of Living Inequality during the Great Recession." *Kilts Center for Marketing at Chicago Booth – Nielsen Dataset Paper Series 1-032* (2017): <http://dx.doi.org/10.2139/ssrn.2567357>

⁴ "Basic Needs Budget Calculator," *Columbia University Mailman School of Public Health National Center for Children in Poverty*, 2019. <http://www.nccp.org/tools/frs/budget.php>. Accessed 22 May 2019.

⁵ Aron-Dine, Aviva, Broaddus, Matt. "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*, 22 May 2019. <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>. Accessed 23 May 2019.

food assistance over time. These examples are just part of the potential repercussions, as enrollment decreases in other programs will surely make the proposal's impact more severe.

As we approach the third decade of the twenty-first century, the inequality gap in the United States continues to grow—with children at the forefront. A recent landmark study from the National Academies of Sciences, Engineering, and Medicine confirms what we know to be true: child poverty remains high in the U.S. and there is a direct and causal link between poverty and negative outcomes for children.⁶

As members of the children's advocacy community, we urge you to give all children a chance to reach their true potential and block this harmful proposal.

Sincerely,

⁶ National Academies of Sciences, Engineering, and Medicine 2019. *A Roadmap to Reducing Child Poverty*, The National Academies Press, 2019, <https://doi.org/10.17226/25246>.