FIRST FOCUS ON CHILDREN

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Office of Information and Regulatory Affairs
Office of Management and Budget

Re: Comments to OMB-2019-0002-0001
Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies

Dear Ms. Potok:

Thank you for the opportunity to comment on the Office of Management and Budget's (OMB) notice regarding differences among various consumer price indexes and their influence on the estimation of the Official Poverty Measure.

First Focus on Children is a bipartisan advocacy organization dedicated to making children and families a priority in federal policy and budget decisions. As an organization dedicated to promoting the safety and well-being of all children in the United States, we strongly urge that the Census Bureau's Official Poverty Measure (OPM) continue to be annually adjusted by the Consumer Price Index for All Urban Consumers (CPI-U).

A change to the use of chained CPI or the Personal Consumption Expenditures Price Index (PCEPI) could greatly 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.

A recent landmark study from the National Academies of Sciences, Engineering, and Medicine confirms that child poverty remains high in the United States and there is a direct and causal link between poverty and negative outcomes for children.[1] The study concludes that child poverty costs our country $1 trillion a year due to reduced economic activity and output.

Yet science demonstrates that kids benefit from resources and opportunities provided at an early age, which positively impact their lives and their long-term economic contributions, regardless of their family's socioeconomic status. When we don't give children a healthy start in life and

[1] "A Roadmap to Reducing Child Poverty," *National Academies of Sciences, Engineering, and Medicine*, The National Academies Press, 2019. https://doi.org/10.17226/25246.

sustain them through their physical and intellectual growing years, they are more likely to have poor developmental outcomes, increasing the likelihood that they will become poor adults.

Adjusting the OPM's measure of inflation will not improve its accuracy in measuring poverty

The formula behind the OPM is outdated and has serious shortcomings that cause it to drastically understate the income level necessary for families to meet their basic needs. Because it has not changed since its initial development, the OPM is modeled after decades-old food cost and consumption data. Since then, the OPM has adjusted only to incorporate changes in prices, even as consumption patterns have drastically shifted. As a result, it does not fully account for a family's various expenses, such as housing and child care, even though over time those costs have grown to represent the largest proportion of a family's budget. Considerable research over the years, including a major report by the National Academy of Sciences[2], has identified various shortcomings in the OPM, with federal analysts making recommendations to improve its accuracy.[3] Federal analysts have developed a Supplemental Poverty Measure (SPM) to more fully incorporate the current cost of basic living expenses, and unsurprisingly, that more careful accounting results in a poverty line that is higher than the official poverty line for most types of households. Unfortunately, however, the OPM formula remains unchanged.

Today, the typical renter in the bottom quintile of the income distribution spends more than half of monthly income on rent and has less than $500 dollars left after paying rent, and the percent of income that this group spends on rent has risen about 10 percentage points since 2000.[4] More than half of poor families with young children are cost-burdened with childcare, spending, on average, 20 percent of their income on it.[5] Yet the OPM incorporates neither of these expenses into the formula used to determine the poverty threshold. The current poverty level is, as a result, unrealistically low, standing at just $24,858 a year for a family of four with two children. The OPM also does not vary within the continental United States, in spite of drastic geographic differences in cost of living. As a result, the OPM fails to meaningfully capture current-day material deprivation. Research suggests that families need income somewhere between 1.5 to 3 times the level of the poverty threshold in order to actually meet their basic needs.[6]

Changes to the OPM's inflation rate will not address those shortcomings. Adjusting only for price changes already means that the poverty threshold falls farther and farther behind the average standard of living.[7] Without changes to the underlying formula to more accurately address consumption patterns, the full range of a family's expenses, and regional variations in cost of living, changes to the OPM's inflation rate will not make it a more accurate measure of poverty itself. In all likelihood, changing the OPM's inflation rate could in fact cause it to further underestimate the material hardship in the U.S. should it result in the threshold increasing more

[2] "Measuring Poverty: A New Approach," *National Research Council.* Washington, DC: The National Academies Press. 1995.
[3] Fisher, Gordon, "The Development and History of the US Poverty Thresholds: A Brief History," *US Department of Health and Human Services*, 1997. https://aspe.hhs.gov/history-poverty-thresholds.
[4] Larrimore, Jeff and Schuetz, Jenny, "Assessing the Severity of Rent Burden on Low-Income Families," *Washington: FEDS Notes, Board of Governors of the Federal Reserve System*, 2017. https://doi.org/10.17016/2380-7172.2111.
[5] Mattingly, Marybeth, Schaefer, Andrew and Carson, Jessica, "Child Care Costs Exceed 10 Percent of Family Income for One in Four Families," *Casey Research National Issue Brief.* 2016. https://scholars.unh.edu/cgi/viewcontent.cgi?article=1287&context=carsey.
[6] Cauthen, Nancy K. and Fass, Sarah, "Measuring Poverty in the United States, National Center for Children in Poverty, Fact Sheet," *National Center for Children in Poverty.* June 2008, http://www.nccp.org/publications/pdf/text_825.pdf.
[7] Ruggles, Patricia, "Measuring Poverty," *FOCUS* 14:1. 1992. https://irp.wisc.edu/publications/focus/pdfs/foc141a.pdf.

slowly over time, as we would see a noticeably lower poverty rate without an actual change in household circumstances.

The Chained Consumer Price Index and Personal Consumption Expenditure Price Index may underestimate inflation for low-income families

We do not anticipate that the Administration will seriously consider indexing the OPM to the Experimental Consumer Price Index for the Elderly (CPI–E), because it is not used for official purposes and is specifically targeted to elderly individuals. Similarly, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) would be inappropriate as it is specifically targeted to households meeting specific employment parameters, such as one member of the household working at least 37 weeks out of the year and half of the household's income coming from wage or clerical occupations. OMB also notes that the population within the CPI-W has fallen over time.

However, in its request for comment, OMB notes that "Congress sometimes requires agencies to use a specific inflation measure for specific programs. For example, Public Law 115-97 directs the IRS to adjust federal income tax brackets for inflation with the C-CPI-U."[8] Due to this explicit reference to C-CPI-U, we are especially concerned that the Administration is signaling that the C-CPI-U may be its preferred measure of inflation for the OPM. The Federal Reserve's use of the Personal Consumption Expenditures Index (PCEPI) may make that measure a more realistic candidate, as well. For those reasons, this comment focuses primarily on the possible impact of shifting to the OPM's inflation index to the C-CPI-U or the PCEPI.

Both the C-CPI-U and the PCEPI estimate inflation at a lower rate than the CPI-U. As a result, their utilization would cause the OPM to grow more slowly over time. Historical projections indicate that utilizing C-CPI-U over 10 years could reduce the poverty line's adjustment by an estimated 2 percent[9] while the PCEPI would reduce it even further, by 3.4 percent.[10] Those lower estimates of inflation call into question the C-CPI-U and PCEPI's accuracy with respect to low-income families and, as a result, their appropriateness in adjusting OPM. For instance, unlike the CPI-U, both the C-CPI-U and PCEPI take into account substitution bias, which contributes to lower estimates of inflation. But studies have found that low-income households may face higher rates of inflation, especially during times of economic downturn, due to constraints in their ability to substitute to lower-priced goods. Poor households are often already purchasing lower-quality goods, for instance, and thus have less margin for substituting to lower-priced items.[11] Low-income households may also lack access to a diverse set of retailers due to neighborhood conditions, barriers to transportation, or lack of access to the internet.

Other research suggests that heterogeneous inflation rates across income levels persist even when controlling for demographics. Over the nine years from the third quarter of 2004 through the

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[8] Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies, 84 FR 19961. published May 7, 2019. https://www.govinfo.gov/content/pkg/FR-2019-05-07/pdf/2019-09106.pdf.

[9] Stern, Emily, "What Would Be the Effect on the Deficit of Using the Chained CPI to Index Benefit Programs and the Tax Code?" *U.S. Congressional Budget Office*. 2013. https://www.cbo.gov/publication/44089.

[10] Cao, Yifan and Shapiro, Adam Hale, "Why Do Measures of Inflation Disagree?" *The Federal Reserve Bank of San Francisco Economic Letter* 2013-37. 2013. https://www.frbsf.org/economic-research/files/el2013-37.pdf.

[11] 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.

third quarter of 2013, average inflation accumulated to 33 percent for households with incomes below $20,000 but to just 25 percent for households with incomes above $100,000.[12] Prices have also 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, much faster than the overall CPI-U (17 percent).[13]

Although not definitive, this research indicates that low-income households may experience higher rates of inflation than average or high-income households. If this is the case, a shift to C-CPI-U or PCEPI, both of which would cause the OPM to grow more slowly, could actually make the OPM *less* accurate. A lower estimate of inflation could, in fact, exacerbate the existing shortcomings in the OPM that cause it to underestimate the income necessary for a family to meet its basic needs. At the very least, considerably more research is needed on this issue. OMB should undertake such research and solicit additional input from researchers, as well as public comment, before making any changes.

OMB must consider the programmatic implications of changes to the Official Poverty Measure

We understand that you are not seeking comment on the impact of changing poverty guidelines used by the U.S. Department of Health and Human Services (HHS), and therefore, we are not commenting on that issue. However, as OMB acknowledges, the HHS poverty guidelines are based on the OPM and are used to determine eligibility and benefits for numerous federal, state and local government programs. Children are more likely than any other age group to participate in means-tested programs. [14] These supports not only benefit their health, education and food security but also lift millions of children out of poverty each year.

Were you to consider moving forward with a change to the thresholds that affect the guidelines, it would be imperative to first undertake in-depth research and analysis and solicit public comments regarding the impact to programs that reduce child poverty and support healthy child development. This analysis must include the potential negative economic impact of millions of children losing access to healthcare, nutrition assistance, and other benefits.

These programs include:

Medicaid and the Children's Health Insurance Program (CHIP)

Medicaid is a public health insurance program, operated as a partnership between the federal government and the states, that provides health insurance coverage to very low-income children, adults and children with disabilities, the elderly, and some low-income adults who are uninsured.

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[12] Kaplan, Greg and Schulhofer-Wohl, Sam. "Inflation at the Household Level." Journal of Monetary Economics 91 (2017): 20, https://doi.org/10.1016/j.jmoneco.2017.08.002

[13] U.S. Bureau of Labor Statistics (BLS) and Center on Budget and Policy Priorities 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.

[14] "21.3 Percent of U.S. Population Participates in Government Assistance Programs Each Month," *U.S. Census Bureau*, 28 May 2015, https://www.census.gov/newsroom/press-releases/2015/cb15-97.html.

Medicaid was established as part of the same legislation that created Medicare, the Social Security Amendments of 1965 (P.L. 89-97). Medicaid provides health coverage with remarkable success to 74 million of our nation's most vulnerable citizens: primarily children in very low-income families, children with special health care needs, adults with significant disabilities and/or low incomes, and elderly individuals who are cared for in long-term care facilities. Medicaid is the nation's largest insurer of children and insures approximately 37 million children. An additional 8.9 million children are enrolled in the Children's Health Insurance Program (CHIP), which provides coverage for children just above the Medicaid eligibility threshold. Together, Medicaid and CHIP serve more than one in three children in the United States.

Medicaid is especially critical for kids in times of economic crisis. During times of economic downturn when there are high rates of unemployment, families that lose employer-sponsored coverage are often unable to afford the cost of private health insurance on their own. During the 2008 recession, for every 1 percent increase in the unemployment rate, an additional 600,000 children became eligible for Medicaid and CHIP.[15] Medicaid is also a key source of coverage for children of color. Medicaid and CHIP serve as important sources of coverage for children of all races and ethnicities and are a primary source of coverage for many children of color. Overall, Medicaid and CHIP cover almost one-third of White (31 percent) children, one-quarter of Asian (28 percent) children, and over half of Hispanic (56 percent) and Black children (58 percent), who are more likely to live in low-income families than White children.[16]

As HHS states on its own web site: "Good health is important to everyone. If you can't afford to pay for medical care right now, Medicaid can make it possible for you to get the care that you need so that you can get healthy and stay healthy."[17]
Medicaid and CHIP provide the care and coverage that children need to promote their healthy physical and social/emotional development. Through these programs, children receive well-child care, developmental screenings, referrals for further assessment, diagnosis, and medically necessary treatment. They also receive vaccinations, vision tests, hearing tests, hearing aids, glasses, and oral health care. Mental health care is covered through Medicaid and CHIP as well as substance use disorder treatment.

Medicaid has been a proven, effective health coverage program in this country for almost six decades. Estimates suggest that shifting the adjustment of the OPM to a lower estimate of inflation such as the C-CPI-U could, in ten years, reduce access to Medicaid and CHIP for 300,000 children.[18] This outcome will reduce their positive health outcomes, educational status, ability to be working, tax-paying adults, and the ability of their families to provide basic and specialized health care for them. To move forward with this proposal to change the inflation

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15 Dorn, Stan, Garrett, Bowen, Holahan, John, and Williams, Aimee, "Medicaid, SCHIP, and Economic Downturn: Policy Challenges and Policy Responses," *Henry J. Kaiser Family Foundation,* 1 April 2008. https://www.kff.org/medicaid/report/medicaid-schip-and-economic-downturn-policy-challenges/

16 Artiga, Samantha, Foutz, Julia, Cornachione, Elizabeth, and Garfield, Rachel, "Key Facts on Health and Healthcare by Race and Ethnicity," *Kaiser Family Foundation,* 2016. http://kff.org/report-section/key-facts-on-health-and-health-care-by-race-andethnicity-section-4-health-coverage/.

17 "What is the Medicaid Program?" *U.S. Department of Health and Human Services*, Last updated February 2014. https://www.hhs.gov/answers/medicare-and-medicaid/what-is-the-medicaid-program/index.html. Accessed June 2019.

18 Aron-Dine, Aviva and 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#_ftnref4.

adjustment of the OPM would be both dangerous and fool-hardy considering the devastating impact it could have on the health of hundreds of thousands of children.

Community Health Centers

Community Health Centers (CHCs) provide accessible, lower-cost primary care and other integrated services to nearly 28 million people across the country, roughly 31 percent of whom are children.[19] CHCs are community-based organizations that integrate primary medical, oral health, mental health, substance use disorder treatment, vision care, and patient support services such as medical transportation and education for their patients. They reduce barriers to care stemming from cost, location, and under- or un-insurance. CHCs have been on the front lines of the opioid epidemic, treating those with substance use disorder in a comprehensive way including with Medication Assistance Treatment and mental health services. According to the Health Resources and Services Administration (HRSA), between 2010 and 2017, the number of patients served by health centers increased by 164 percent. This highlights the great need that exists and that CHCs are filling. A lower measure of inflation for the OPM could reduce the number of patients who are eligible and served due to their federal poverty status. This would be disastrous for those patients and their families and would lead to increased health care costs as patients would be forced to rely on emergency care rather than preventive and primary care.

The Supplemental Nutrition Assistance Program

Though Supplemental Nutrition Assistance Program (SNAP) participation is not limited to children, it is the largest federal food assistance program serving children and is the first line of defense against child food insecurity, which remains a persistent problem for 17 percent (12.5 million) of children in the United States.[20] In Fiscal Year 2017, 44 percent of SNAP participants were children, meaning the program helped put food on the table for 18 million children.[21] Studies show that SNAP, which provides low-income households with monthly funds specifically designated for the purchase of food, successfully reduces food insecurity amongst households with children.[22] SNAP has a positive impact on children that lasts well into adulthood, as low-income children who participated in SNAP have better long-term health, higher success rates in school, and decreased health care costs in adulthood than those that did not participate.[23]

Beyond its role in fighting hunger, SNAP significantly reduces child poverty and helps struggling families make ends meet. SNAP benefits lifted 1.5 million children out of poverty in

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[19] "2017 National Health Center Data," *U.S. Department of Health and Human Services Health Resources and Services Administration.* https://bphc.hrsa.gov/uds/datacenter.aspx.

[20] Coleman-Jensen, Alisha, Rabbitt, Matthew, Gregory, Christian and Singh, Anita, "Household Food Security in the United States in 2017, ERR-256," *U.S. Department of Agriculture, Economic Research Service,* 2018. https://www.ers.usda.gov/webdocs/publications/90023/err-256.pdf?v=0.

[21] Cronquist, Kathryn and Lauffer, Sarah, "Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2017," *U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support*, 2019. https://fns-prod.azureedge.net/sites/default/files/resource-files/Characteristics2017.pdf.

[22] Mabli, James, Jim Ohls, Lisa Dragoset, Laura Castner, and Betsy Santos, "Measuring the Effect of Supplemental Nutrition Assistance Program (SNAP) Participation on Food Security," *Prepared by Mathematica Policy Research for the U.S. Department of Agriculture, Food and Nutrition Service*, 2013. https://fns-prod.azureedge.net/sites/default/files/Measuring2013.pdf.

[23] Carlson, Steven and Jennings, Keith, "SNAP is Linked with Improved Nutritional Outcomes and Lower Health Care Costs," *Center on Budget and Policy Priorities,* 2018. https://www.cbpp.org/research/food-assistance/snap-is-linked-with-improved-nutritional-outcomes-and-lower-health-care.

2017 alone.[24] In *A Roadmap to Reducing Child Poverty*, the National Academies of Sciences study committee acknowledges that SNAP is "of central importance for reducing child poverty," as well as improving child health, food security, and nutrition.[25] The study also notes that "SNAP is by far the single most important tax and transfer program for reducing deep poverty," and their simulations indicate that eliminating SNAP would nearly double the fraction of children living in deep poverty from 2.9 percent to 5.7 percent.[26]

Because eligibility for SNAP depends on a household's income in relation to the HHS poverty guidelines, the Administration must consider how adjustments to the Official Poverty Measure might impact those guidelines and, in turn, impact children's access to this critical program. Currently, households are eligible for SNAP if their gross income falls below a certain percentage of the HHS poverty guidelines (130 percent to 200 percent, depending on state policy.) The Urban Institute estimates that had the C-CPI-U, rather than the CPI-U, been used to adjust the poverty guidelines for inflation for 15 years before 2016, 579,000 SNAP recipients (nearly half of whom are children) would have been ineligible for benefits in 2016, saying "with SNAP serving fewer people because of a shift to the chained CPI, we can expect poverty, and food insecurity rates to rise, all else equal."[27] The Center on Budget and Policy Priorities estimates that in the next ten years, adjusting the Official Poverty Measure using the C-CPI-U would result in an estimated 200,000 participants losing eligibility for SNAP.[28]

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is an especially important program that safeguards the health and wellbeing of 7.6 million low-income pregnant and postpartum women, infants and young children who are nutritionally at risk.[29] The majority of WIC participants are children under the age of 5, who represent a full 76 percent of participants.[30] WIC provides federal grants to states for supplemental health care referrals, nutrition education, and food packages. These services have proven to have positive short and long-term effects on women and children, including health, education, and economic benefits. According to research conducted by the U.S. Department of Agriculture and others, the WIC program is successful in providing many important health improvements to women and children.[31] These include, but are not limited to, improved birth outcomes, more savings in health care costs, improved diet and diet-related outcomes, improved immunization rates, and access to regular medical care. In addition, every dollar spent on a pregnant woman in the WIC program

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[24] Fox, Lianna, "The Supplemental Poverty Measure: 2017," *U.S. Census Bureau,* 2018. https://www.census.gov/library/publications/2018/demo/p60-265.html.
[25] Ibid, 1.
[26] Ibid.
[27] Acs, Greg and Wheaton, Laura, "Proposed Changes to the Poverty Line Would Reduce SNAP Participation over Time," *The 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.
[28] Aron-Dine, Avia, Broaddus, Matt, Neuberger, Zoe and Sherman, Arloc, "Administration's Poverty Line Proposal Would Cut Health, Food Assistance for Millions Over Time," *Center on Budget and Policy Priorities*, June 2019. https://www.cbpp.org/research/poverty-and-inequality/administrations-poverty-line-proposal-would-cut-health-food.
[29] Trippe, Carole, Tadler, Chrystine, Johnson, Paul, Giannarelli, Linda, and Beston, David, "National- and State-Level Estimates of WIC Eligibility and WIC Program Reach in 2016," *Prepared by Insight Policy Research and the Urban Institute U.S. Department of Agriculture, Food and Nutrition Service*, 2019, 55, https://fns-prod.azureedge.net/sites/default/files/resource-files/WICEligibles2016-Volume1.pdf.
[30] Ibid.
[31] "Women, Infants and Children (WIC): About WIC- How WIC Helps," *United States Department of Agriculture Food and Nutrition Services,* 2013. https://www.fns.usda.gov/wic/about-wic-how-wic-helps.

saves up to $4.21 in Medicaid spending for her and her newborn baby because WIC reduces the risk for preterm birth and low birth-weight babies by 25 percent and 44 percent, respectively.[32]

WIC targets some of the most vulnerable women and children in the country, serving nearly half of all infants born in the U.S. WIC eligibility requirements include an income below 185 percent of the HHS poverty guidelines or for some individuals, existing enrollment in the Supplemental Nutrition Assistance Program (SNAP), Medicaid, or the Temporary Assistance for Needy Family Program (TANF). Shifting the OPM inflation estimate to C-CPI-U could, over time, reduce the eligible population for this program by shrinking the growth of the HHS poverty guideline over time. In ten years, an estimated 40,000 children and infants could lose access to WIC due to such a change.[33]

School Meals

Currently, 20.2 million children benefit from a free or reduced price lunch through the National School Lunch Program (NSLP), and 12 million children access a free or reduced price healthy breakfast through the National School Breakfast Program (SBP).[34] School meals are critical supports that ensure children have access to enough nutritious food during the school day so that they can learn and develop. In order to qualify for free school meals, students must live in households earning less than 130 percent of the federal poverty line, and reside in households with incomes between 130 and 185 percent of the federal poverty line to qualify for reduced price meals. Certain students are considered categorically eligible for free school meals, including those whose households participate in SNAP, TANF, or the Food Distribution Program for Indian Reservations, and students who are homeless, in foster care, head start, or a migrant. Finally, certain schools are able to provide free lunches and breakfasts to all students through utilization of the Community Eligibility Provision (CEP), which is applicable to schools whose student population meets a certain threshold of participation in means-tested programs. In all cases, changes to the OPM that would shrink its adjustment over time could have detrimental effects on the ability of low-income children to access these supports, whether by reducing income-eligibility for school meals or for the various programs that offer categorical eligibility or contribute to the Identified Student Percentage (ISP) that confers CEP status. A shift to the C-CPI-U in adjusting the OPM would result in an estimated 100,000 children losing access to free or reduced price meals, and an additional 100,000 children losing access to free meals, though they would still qualify for reduced price meals.[35]

Summer Meals

If as a result of adjustments to the OPM fewer children are eligible for school meals, there would also be spillover effects for the Summer Food Service Program (SFSP, or Summer Meals). Summer meals are an important resource for 3 million low-income children, providing consistent

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[32] "WIC: Solid Returns on Investment While Reducing the Deficit," *The National WIC Association,* 2015. https://s3.amazonaws.com/aws.upl/nwica.org/return-on-investment.pdf.
[33] Ibid at 27.
[34] "Child Nutrition Tables: National Level Annual Summary Tables: FY 1969-2018," *United States Department of Agriculture,* Last Updated June 2019. https://www.fns.usda.gov/pd/child-nutrition-tables. Accessed June 2019.
[35] Ibid at 27.

access to food when school is not in session.[36] Most summer meal sites provide summer programming and summer meals. These sites offer many benefits such as providing child care for working parents, interventions to promote summer learning, and physical and recreation activities to support healthy weight. Open meal sites operate in low-income areas where at least half of the children come from families with incomes at or below 185 percent of the federal poverty level, making them eligible for free and reduced-price school meals, while enrolled sites provide free meals to children enrolled in an activity program at the site where at least half of them are eligible for free and reduced-price meals. Camps may also participate in the SFSP and receive payments for meals served to children who are eligible for free and reduced-price meals. Summer is the hungriest time of year for low-income children, most of whom do not have access to a summer meal site due to the 50 percent area-eligibility threshold for open and enrolled sites, transportation costs, and administrative barriers.[37] Lowering the OPM could exacerbate these obstacles, particularly the area-eligibility threshold, and make it harder for summer sites to continue operating over time.

The Child and Adult Care Food Program

Changes to the OPM would have consequences for the Child and Adult Care Food Program (CACFP), which subsidizes nutritious meals and snacks served to low-income infants and children in participating day care facilities, emergency shelters, and at-risk afterschool programs. In 2018, CACFP provided meals and snacks to 4.5 million children, supporting their health, food security, and development.[38] Not only does CACFP boost access to age-appropriate and nutritious food for low-income children, but also makes child care more affordable for low-income families and equips childcare providers to utilize resources for other complementary services. Like Summer Meals, eligibility for CACFP reimbursement is generally determined through a 50 percent area-eligibility wherein at least half of the children come from families with incomes at or below 185 percent of the federal poverty level, making them eligible for free and reduced-price school meals.

Changes to reduce the adjustment of the OPM could thus have far-reaching consequences for the ability of infants and children to access healthy, nutritious food in and out of school, exacerbating food insecurity in families with limited resources.

Head Start

Head Start provides comprehensive education, nutrition, and health access and services for our youngest children and their families, and the program helped nearly one million families in Fiscal Year 2018. Children ages birth through five who are in families with incomes below the poverty guidelines are eligible for Head Start and Early Head Start. However, only 31 percent of eligible children have access to Head Start and only seven percent of eligible children have access to Early Head Start. Slowing the growth of the OPM by indexing it to a lower estimate of inflation would result in a decrease in the number of children who are eligible for Head Start

[36] "Hunger Doesn't Take a Vacation: Summer Nutrition Status Report," *The Food Research and Action Network,* 2018. http://frac.org/wp-content/uploads/2018-summer-nutrition-report.pdf.
[37] Ibid.
[38] Ibid, 34.

over time. Further reducing access for children and their families to this effective and necessary program will result in children with a number of poorer outcomes later in life.

The science is clear – our youngest children's brains are making more neural connections now than they ever will again in their lives and they are at a critical time for learning and development. The settings that these children are in everyday matter. High-quality, supportive early learning experiences help produce long-term benefits for children and their families. The economist James Heckman estimates that the return on investment for high-quality, early learning programs is up to 13 percent in improved health and education, increased school and career achievement, and reduced involvement in the criminal justice system. Investments in early learning are among the worthiest we can make as a society.

Legal Services Corporation Services for the Poor

The Legal Services Corporation (LSC) distributes the overwhelming majority of its funding through grants to 134 independent, nonprofit civil legal aid organizations and programs. Funded civil legal services are available to households at or below 125 percent of poverty.

Civil legal services promote economic security and physical safety for children and families through helping them access and maintain housing, healthcare, and other basic necessities, providing protection and refuge from domestic violence and child abuse and neglect, and assisting with wage and consumer protection violations.

Access to these services already remains limited because LSC-funded organizations cannot fully address more than half of the legal issues brought before them. In the case of housing, increased access to legal services for low-income families facing eviction or other housing disputes would reduce rates of family homelessness and negative outcomes associated with involvement in the civil justice system, as well as help to connect families to services that increase economic stability.

Low Income Home Energy Assistance Program

The Low Income Home Energy Assistance Program (LIHEAP) assists families struggling with their heating and cooling energy costs, bill payment assistance, energy crisis assistance, weatherization, and energy-related home repairs. The program helps struggling families keep their children warm in the winter, cool in the summer, and defends their home against harsh weather.

Families receive an average grant size of $425 and the program covers an estimated 6.7 million people, of which 23 percent are families with children under the age of five.[39] Low-income families spend, on average, 30 percent of their monthly earnings on energy bills. These grants help to close the gap in family budgets so that families are not forced to choose between paying for heat in the middle of the winter and providing their children with consistent meals.[40]

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[39] "Investing in LIHEAP: Assessing the Impact of Economic Stressors on the Home Energy Crisis," *Campaign for Home Energy Assistance,* 2015. https://static1.squarespace.com/static/58d34ef4725e25f7c638d984/t/58f2e8a2e6f2e13ee38bba9b/1492314291049/2017-Campaign-White-Paper.pdf

[40] Ibid.

LIHEAP lifts 47,000 kids out of poverty each year and a study comparing child outcomes for LIHEAP recipient families with those of non-recipients found that LIHEAP has a positive effect on children's health outcomes, for children in families receiving LIHEAP were less likely to be undernourished and less likely to require emergency hospitalization.[41]

LIHEAP serves families who make up to 150 percent of the poverty level, except where 60 percent of the state median income is higher. The program also uses categorical eligibility to enroll participants, so those who receive assistance from SNAP, TANF, SSI, or certain means-tested Veterans Benefits will automatically qualify for LIHEAP.

Job Corps

Job Corps offers free-of-charge education and vocational training to young people ages 16 to 24. The program also offers students a monthly stipend, assistance in job placement, and career counseling and transition support for up to 12 months after they graduate. The program serves approximately 60,000 youth annually through 123 Job Corps centers.[42] As of Fiscal Year 2018, approximately 39 percent of Jobs Corps participants were under 18 years of age.[43] In order to qualify, applicants must be either live below the poverty line, receive public assistance, be homeless, in foster care, or qualify for free or reduced-price lunch.

Job Corps is the country's largest and most comprehensive federally funded job-training program for disadvantaged youth, and it has been proven to have positive effects on the outcomes of its participants. A recent study found that Job Corps-eligible youth experience an 11.6 percent increase in weekly earnings, a 7.2 percent increase in employment, and a 9.9 percent decrease in dependence on public benefits.[44]

Workforce Innovation and Opportunity Act Youth Training Programs

Under Title I of the Workforce Innovation and Opportunity Act (WIOA) of 2014, the WIOA Youth Program provides formula funds to states to provide resources for delivering an array of youth services that focus on assisting both out-of-school and in-school youth with barriers to employment prepare for post-secondary education and employment opportunities, attain educational and/or skills training, and secure employment. The program serves over 150,000 youth per year and approximately 65 percent of its participants are under 18 years of age.[45]

WIOA Youth programs serve in-school youth ages 14-21 and out-of-school youth ages 16-24 with one or more barriers to employment, one of which being deemed as low-income. A participant can be considered low-income if they live in a high poverty area, which is defined as an area that has a poverty rate of at least 25 percent. The results for WIOA Youth programs have

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[41] Frank, Neault, et al., "Heat or Eat The Low Income Home Energy Assistance Program and Nutritional and Health Risks Among Children Less than 3 Years of Age," *American Academy of Pediatrics,* Vol. 118, Issue 5, November 2006, http://pediatrics.aappublications.org/content/118/5/e1293?sso=1&sso_redirect_count=1&nfstatus=401&nftoken=00000000-0000-0000-0000-000000000000&nfstatusdescription=ERROR%3a+No+local+token.

[42] "About Job Corps," *U.S. Department of Labor; Job Corps.* https://www.jobcorps.gov/citizens. Accessed 5 June 2019.

[43] "Children's Budget 2018," *First Focus on Children,* 2018. https://firstfocus.org/wp-content/uploads/2018/09/FirstFocus_CB2018.pdf. Accessed 5 June 2019.

[44] Chen, Xuan, Flores, Carlos, and Flores-Lagunes, Alfonso, "Going Beyond LATE: Bounding Average Treatment Effects of Job Corps Training," *The Journal of Human Resources*, *Vol. 53 No. 4,* 5 September 2017. http://jhr.uwpress.org/content/53/4/1050. Accessed 5 June 2019.

[45] Ibid, 43.

more than met their goals for achievement in the past. For example, in 2015 the program exceeded its goals of the number of participants employed or graduated from high school, degree or certificate attainment rate, and literacy or numeracy gains rate.[46]

No Federal law or regulation requires OMB to review or change the use of CPI-U

In addition to our concerns outlined above, it is also important to note that no statute or regulation requires OMB to review or change the use of CPI-U for the poverty measure. The use of CPI-U to adjust the OPM is longstanding, yet the Request for Comment provides no detailed legal, economic or policy analysis to justify a possible departure from that practice. In fact, Congress has demonstrated a strong intent in favor of using CPI-U. For example, the latest OPM is used to determine the annual HHS poverty guidelines, after it is adjusted by CPI-U (as required by 42 U.S.C. § 9902(2)), with the guidelines formally announced in the Federal Register each year.

Furthermore, as Congress has reauthorized and passed legislation relating to various means-tested programs over the past decade, it has done so under the assumption that the poverty line would continue to be calculated under the current methodology. Indeed, Congress relies heavily on analysis from the Congressional Budget Office, which often informs federal policy decisions by projecting the costs, participation, and other outcomes associated with legislative proposals. These analyses have always assumed that the current poverty line methodology would remain in place. As we have detailed above, a change to a lower estimate of inflation for the OPM would result in a policy outcome--reduced access to programs that rely on HHS poverty guidelines to determine eligibility--that Congress did not intend. The Administration must work with Congress and the public to perform extensive research on potential impacts before moving forward with any changes that would impact the methodology underlying the OPM.

Conclusion

Every child deserves a chance to reach their full potential. Yet 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. We urge you to not make any changes to the poverty threshold that would underestimate child poverty and limit children's access to programs that help them thrive.

Thank you for your willingness to consider our comments.

Sincerely,

Bruce Lesley

Bruce Lesley,
President, First Focus on Children

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[46] "Workforce Innovation and Opportunity Act: WIOA Youth Program," *United States Department of Labor; Employment and Training Administration,* March 2018. https://youth.workforcegps.org/resources/2017/08/29/08/48/FactSheet. Accessed 7 June 2019.