



1400 Eye Street NW Suite 650 | Washington, DC 20005 | t: 202.657.0670 | f: 202.657.0671 | www.firstfocus.org

April 14, 2020

SUBMITTED VIA REGULATIONS.GOV

Office of the Chief Statistician
Office of Management and Budget
725 17th St. NW
Washington, DC 20503

**Re: OMB's Request for Comment on Considerations for Additional Measures of Poverty,
OMB-2019-0007-0001**

To Whom It May Concern:

I write to you on behalf of First Focus on Children and as an advocate for children, in response to the Office of Management and Budget's (OMB) request for comment on considerations for additional measures of poverty to inform the work of the Interagency Technical Working Group on Evaluating Alternative Measures of Poverty (Working Group).

First Focus on Children is a national, bipartisan children's advocacy organization dedicated to making children and families the priority in federal budget and policy decisions. We lead the U.S. Child Poverty Action Group, a partnership of over 25 national organizations working to elevate the issue of child poverty in the United States through information sharing, public education and policy advocacy.¹

Given that First Focus on Children, the U.S. Child Poverty Action Group, and other leading anti-poverty organizations are currently focused on responding to the coronavirus outbreak and mitigating its disproportionate effects on vulnerable populations, we first want to urge OMB to extend or reopen this comment period on this notice until at least 30 days after the National Emergency declared by President Trump has ended to ensure experts and advocates can adequately and accurately respond.

The COVID crisis has only made the importance of measuring and understanding economic insecurity in America more apparent. Many families and children not captured under current poverty measures are just a missed paycheck away from eviction or hunger, and the outbreak is only stretching low-income household budgets even thinner. This National Emergency is

¹ "U.S. Child Poverty Action Group," last visited April 14, 2020, <https://www.endchildpovertyus.org/the-child-poverty-action-group>

disrupting every facet of children’s lives and we do not yet know the negative and long-lasting implications it will have on children’s healthy development and future success.

As we describe in the letter below, we urge you to meaningfully expand—not artificially shrink—poverty measures to include all children experiencing economic deprivation, not just those currently counted as poor. Secondly, we request that any modifications to poverty thresholds capture the full breadth of resources needed to support children’s healthy development. Finally, we request that the Working Group consult researchers and scientists to ensure any adjusted or alternative poverty measures released by the OMB meet these critical objectives.

I. Economic deprivation and material hardship among families with children is more prevalent—not less—than current poverty measures suggest.

In 2018, 11.9 million children (16.2 percent) were officially poor based on pre-tax income and 10.1 million children (13.7 percent) remained poor even after accounting for benefits and expenses under the Supplemental Poverty Measure (SPM). Due to systemic racism and discrimination ingrained in our country’s institutions, children of color continue to experience rates of poverty three times that of white children. More than 29 percent of Black children and 23.7 percent of Hispanic children were living in poverty in 2018 compared to 8.9 percent of white children.

These rates are already unacceptably high—yet research suggests the OPM and SPM understate the number of children experiencing economic deprivation and material hardship. Millions of children not currently classified as poor lack consistent access to nutritious food, stable housing, healthcare, and other critical resources needed to support their healthy development. According to the Urban Institute, more than 40 percent of families with children under 19 struggled to meet one or more basic needs for food, housing or health care in 2017.² In fact, near-poor families with incomes between 100 and 200 percent of the official poverty line experienced material hardship at nearly the same rate of families below poverty.³

Amy Jo Hutchinson, an organizer with the Healthy Kids and Families Coalition in West Virginia, recently testified to the House Committee on Oversight and Reform about her personal struggle with material hardship despite the fact that her household income technically puts her above the federal poverty line:

"I have two jobs and a bachelor’s degree and I struggle to make ends meet. The Federal Poverty Guidelines say that I’m not poor, but I cashed in a jar full of change the other day so my daughter could attend a music competition with her school band. I can’t go grocery shopping without a calculator. I had to decide which bills to not pay so I could make this trip."⁴

² 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.

³ Karpman et al., *Material Hardship*.

⁴ Amy Jo Hutchinson. Quote from: U.S. Congress. House Committee on Oversight and Reform, Subcommittee on Government Operations. “A Threat to America’s Children: Hearing on the Trump Administration’s Proposed Changes to the Poverty Line Calculation.” February 5, 2020,

As these studies and stories show, existing poverty measures do not capture too many but too few of the families struggling to make ends meet across the country.

II. Advancing alternative measures of poverty that understate the scope of America's child poverty crisis could have real and dangerous impacts for millions of children.

A. We cannot afford to further downplay child poverty or attempt to define it away. Leaving millions of children in poverty is too costly for our children and economy.

Last year, the National Academy of Sciences (NAS) released the landmark study on child poverty of our time. Written by a committee of the nation's leading experts, *A Roadmap to Reducing Child Poverty*⁵ findings confirm that a) our child poverty rate remains high, especially when compared to other peer countries; b) poverty is a particularly serious problem for children, especially children of color, who suffer negative effects for the rest of their lives after living in poverty for even a short time; c) child poverty has negative implications for our entire nation; and d) while child poverty remains a significant problem in the United States, we know how to address it.

- a. Children disproportionately experience poverty in the United States, at a rate 54 percent higher than adults and the United States continues to have one of the highest rates of child poverty compared to OECD peer countries.⁶

While the study committee finds that the U.S. has made significant progress in reducing child poverty since the 1960s, this progress has slowed in the past decade. This stalled progress tracks with an unacceptable downward trend of federal spending on children, with the federal share of spending on children reaching an all-time low in 2019 of 7.2 percent.⁷

- b. Young children in poverty face multiple barriers and when compounded by a lack of access to opportunity and disinvestment in communities early in life, it sets a foundation for poor outcomes throughout their lives. Based on the weight of the body of research on child poverty, the NAS concludes that “the causal evidence does indeed indicate that income poverty itself causes negative child

<https://docs.house.gov/meetings/GO/GO24/20200205/110451/HHRG-116-GO24-Wstate-HutchisonA-20200205.pdf>.

⁵ *A Roadmap to Reducing Child Poverty*, National Academies of Science, Engineering, and Medicine, 2019, <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.

⁶ “Family Database,” Organisation for Economic Cooperation and Development, Social Policy Division, Directorate of Employment, Labour and Social Affairs, updated 2019, https://www.oecd.org/els/CO_2_2_Child_Poverty.pdf.

⁷ *Children's Budget 2019*, First Focus, 2019, <https://firstfocus.org/wp-content/uploads/2019/09/FirstFocus-ChildrensBudget2019-pages.pdf>.

outcomes, especially when poverty occurs in early childhood or persists throughout a large portion of childhood.”⁸

- c. Beyond its individual harms, the child poverty has substantial economic costs for our entire nation. The NAS study committee cites studies showing that lost productivity and extra health and crime costs stemming from child poverty add up to about \$1 trillion a year.⁹ This estimate does not account for the millions of children who are not considered poor under current measures but whose basic needs are unmet, and futures are being jeopardized.
- d. The human and economic costs of child poverty are even more unjustifiable when we consider they are preventable. We know that child poverty would be much higher without effective anti-poverty programs that boost family income to provide critical resources for children. For example, the SPM shows us that in 2018, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) together lifted over 4.7 million children out of poverty and the Supplemental Nutrition Assistance Program (SNAP) lifted over 1.3 million children out of poverty.¹⁰

Building on this evidence, the NAS study committee modeled a set of policy and program changes that, if implemented, would cut our national child poverty rate in half within a decade. The policy changes with the biggest impact include expanding the CTC into a \$250 monthly child allowance per child, increasing SNAP benefits, and expanding access to housing vouchers. Implementing these changes would boosting family income and support parents and guardians in providing resources to their children that support their healthy development.

Given the harms and costs of allowing children to experience economic deprivation, we must accurately identify and meet the needs of *every* child who lack consistent access to nutritious food, stable housing, healthcare, and other critical resources needed to support their healthy development. This is why the U.S. Child Poverty Action Group launched *End Child Poverty US*, a national campaign calling upon the United States to establish a commitment of cutting our national child poverty rate in half within a decade. In order to see progress, we need to hold ourselves accountable to action.

⁸ *A Roadmap to Reducing Child Poverty* at p. 89.

⁹ McLaughlin, Michael and Mark R. Rank, *Estimating the Economic Cost of Childhood Poverty in the United States*, 2018, *Social Work Research* 42(2).

¹⁰ Fox, Liana, *Supplemental Poverty Measure: 2018*, U.S. Census Bureau, 2019, <https://www.census.gov/library/publications/2019/demo/p60-268.html>.

III. **Adjusted and alternative measures under consideration by OMB threaten to move us further from the goal of accurately measuring economic deprivation and material hardship among children and families in America.**

- A. An extended income measure that expands the definition of resources available to families without simultaneously expanding thresholds to reflect the amount of resources needed to support a family will only understate poverty further. Modifications to existing income-based poverty measures, such as corrections for underreporting, must be made alongside increases to thresholds.**

Efforts to modify existing income measures by correcting for underreporting must be coupled with a modification to the poverty threshold to ensure that the updated measure more reliably captures the scope of economic deprivation experienced by America's children.

We know correcting for underreporting of income alone would reduce SPM poverty rates. The 2019 NAS study¹¹ relied on a policy simulation program called TRIM3, which uses as its poverty baseline a modified version of the SPM. TRIM3 corrects for underreporting of income in much the same way imagined by the Working Group.

In 2015, the most recent year for which data were available at the time of the NAS study, the OPM child poverty rate was 19.6 percent, the SPM rate was 16.2 percent, and the TRIM-adjusted SPM rate was 13.0 percent. Correcting for income underreporting reduced the SPM rate by 3.2 percentage points, a significant drop.

While TRIM-adjusted SPM includes a more accurate measure of family resources, it is not clear that it provides a more accurate picture of economic well-being among America's children because the poverty threshold remains too low. In 2015, the SPM threshold was \$25,583 for a family renting their home (notwithstanding geographic adjustments). That amounted to less than \$500 a week to feed, house and otherwise provide for a family's needs.

According to the National Center for Children in Poverty, families need incomes 1.5 to 3.5 times the poverty line to meet minimum basic needs.¹² While just 13 percent of children lived below the poverty threshold that year according to TRIM-adjusted SPM, 35.6 percent of children lived in families with income below 150 percent of the SPM threshold and 52.2 percent lived in families with income below 200 percent of the threshold.¹³

¹¹ *A Roadmap to Reducing Child Poverty* at p. 39.

¹² Kinsey Alden Dinan, "Budgeting for Basic Needs: A Struggle for Working Families," National Center for Children in Poverty, March 2009, http://www.nccp.org/publications/pdf/text_858.pdf.

¹³ Minton, Sarah, Linda Giannarelli, Kevin Werner, and Victoria Tran, *Reducing Child Poverty in the US: An Updated Analysis of Policies Proposed by the Children's Defense Fund*, 2019,

To accurately reflect the number of children living without adequate resources, the Working Group must not only correct for underreporting of resources and benefits received but also underestimation of resources and benefits needed to raise a family. Correcting for income reporting in the SPM without making a corresponding adjustment to the poverty threshold to acknowledge the economic hardship experienced by near-poor families will artificially reduce child poverty rates without improving the descriptive accuracy of the SPM.

B. A consumption-based poverty measure would drastically and artificially deflate child poverty relative to existing or extended income measures. The Working Group should set aside consumption measures and focus on improving existing income-based measures.

In its Interim Report, the Working Group justifies consideration of a consumption-based poverty measure on the grounds that it may more accurately reflect resources available to families than income and better measures material hardship. Research from H. Luke Shaefer and Joshua Rivera with the University of Michigan, however, suggests otherwise.

In their 2018 working paper, Shaefer and Rivera evaluated a leading consumption-based poverty measure alongside the OPM and SPM and found that the latter poverty measures more accurately correlated over time with widely-accepted measures of material hardship and employment patterns, while the consumption-based measure produced results out of step with other available data. That consumption-based measure, researchers wrote, “would lead to the conclusion that poverty was markedly lower during the Great Recession than in the early 2000s, even as income poverty, food insecurity, non-food material hardship, and medical hardship were markedly higher.”¹⁴

The discrepancies between consumption-based poverty and other metrics of economic deprivation exist because consumption is a flawed proxy for financial well-being. As the Working Group identified in its Interim Report, there are several conceptual limitations of a consumption-based measure. High levels of consumption may be financed by burdensome debt that helps temporarily but leaves a family worse off in the long run. Millions of poor households lack affordable housing and spend more than half their income on rent; an extreme rent burden necessitates a correspondingly extreme amount of family spending, but that spending is hardly an indicator of economic well-being. In fact, research shows that children in families facing such rent burdens experience worse health and education outcomes.¹⁵

<https://www.urban.org/research/publication/reducing-child-poverty-us-updated-analysis-policies-proposed-childrens-defense-fund>.

¹⁴ Shaefer, H. Luke and Joshua Rivera, *Comparing Trends in Poverty and Material Hardship Over the Past Two Decades*, 2018, <https://poverty.umich.edu/working-paper/comparing-trends-in-poverty-and-material-hardship-over-the-past-two-decades/-two-decades/>.

¹⁵ Opportunity Starts At Home, *Good Housing is Good Health*, 2018 <https://www.opportunityhome.org/resources/good-housing-good-health/>; Opportunity Starts at Home, Stable,

The prevailing consumption-based poverty measure—developed by Bruce Meyer and James Sullivan—is even more flawed. The Meyer-Sullivan measure uses a lower threshold and inflation index than already inadequate current measures. In doing so, it defines poverty away. The Meyer-Sullivan consumption measure sets the poverty threshold for a couple with two children in 2018 at just \$18,058—\$7,407 less than the OPM.¹⁶ According to the USDA’s “Low Cost Food Plan,” a family of four with two young children must spend about \$860 a month—\$10,300 a year—to buy food necessary for a nutritious diet.¹⁷ Under the Meyer-Sullivan consumption poverty line the Trump administration has promoted, this family would have only about \$650 a month leftover to cover all their housing, transportation, child care, utilities, clothing expenses.

Measured against such an unreasonable standard, only 3.7 percent of children would have been considered poor in 2018—a rate four times lower than the official poverty rate that year.¹⁸ It is evident a consumption-based poverty measure modeled after the Meyer-Sullivan proposal measure will measure child poverty far less accurately than current measures.

C. Alternative poverty measures could lead to improper and ill-advised policy proposals that jeopardize eligibility and enrollment in proven, effective anti-poverty programs that millions of families rely on.

While the Working Group has suggested adjusted or alternative poverty measures will not replace the OPM, SPM, or federal poverty guidelines used to determine eligibility for public benefits, they could be used in a way that will ultimately inform and impact policy and budget choices. Any official federal statistic published and authorized by the government will be used as a reference and resource for policy makers and researchers. The creation of any alternative measure that underestimates the needs of children could lead to policy choices that would have negative impacts on children and families. We have serious concerns that the new measure will ultimately be used to place greater restrictions on eligibility and cut funding for critical programs serving children and families.

What’s more, because children are more likely than any other age group to participate in means-tested programs, any changes to the measure could have serious implications

Affordable Housing Drives Stronger Student Outcomes, 2018, <https://www.opportunityhome.org/resources/stable-affordable-housing-drives-stronger-student-outcomes/>.

¹⁶ Meyer, Bruce D. and James X. Sullivan, *Annual Report on U.S. Consumption Poverty: 2018, 2019*, https://leo.nd.edu/assets/339909/2018_consumption_poverty_report_1_.pdf.

¹⁷ *Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, February 2020*, U.S. Department of Agriculture, 2020, <https://fns-prod.azureedge.net/sites/default/files/media/file/CostofFoodFeb2020.pdf>.

¹⁸ Meyer, Bruce D. and James X. Sullivan, *Annual Report on U.S. Consumption Poverty: 2018, 2019*, https://leo.nd.edu/assets/339909/2018_consumption_poverty_report_1_.pdf.

for children and our society.¹⁹ Critical anti-poverty programs lift millions of children out of poverty each year in addition to creating long-term health benefits, improved educational outcomes, and positive consequences for their future economic success. A few examples of these programs include:

SNAP

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.²⁰

Head Start

High-quality, supportive early learning experiences such as Head Start 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.

The Low Income Home Energy Assistance Program (LIHEAP)

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 homes against harsh weather. 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 example, children in families receiving LIHEAP were less likely to be undernourished and were less likely to require emergency hospitalization.²¹

IV. The Working Group must consult and convene leading experts to independently and properly identify how to ensure all children experiencing economic deprivation or hardship are included.

¹⁹ “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>.

²⁰ 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>.

²¹ 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, 2006, <https://www.ncbi.nlm.nih.gov/pubmed/17079530>.

Changing the federal poverty measure has significant consequences for children, such as affecting program eligibility down the line. Any changes must be made after considerate deliberation and consultation with leading researchers. The breadth of issues and perspectives in the interim report is evidence of the complexity of creating one or more new poverty measures. Full and fair consideration of alternative poverty measures necessitates a NAS panel and study. We urge the Working Group to convene an NAS panel to adjudicate the issues raised by the report and determine proper revisions to the nation's measure of poverty and economic well-being.

V. **Conclusion**

To prove meaningful, any adjusted or alternative poverty measure must capture *all* families without sufficient resources to prevent their children from experiencing hardship and its associated harms. Modifying the SPM without raising existing thresholds and adopting a consumption measure will only further underestimate child need and downplay the extent of economic instability facing America's families. Accordingly, we urge the Working Group to consult with leading researchers and explore ways to improve poverty measures to include all children whose economic circumstances jeopardize their health, safety and development.

No child in the world's wealthiest nation should go to bed hungry or be deprived of clean air or be without the opportunities that come from having a safe, affordable place to call home.

Sincerely,



Bruce Lesley
President