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June 21, 2019



Nancy Potok
Chief Statistician
Office of Management and Budget
9257 New Executive Office Building
725 17th Street NW
Washington, DC 20006
Statistical_Directives@omb.eop.gov

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

Dear Ms. Potok:

On behalf of The Leadership Conference Education Fund, I write in response to the Office of Management and Budget's (OMB) notice¹ requesting comment on a harmful proposal that would unilaterally change the methodology for updating the Official Poverty Measure (OPM) for inflation in a downward direction. The Leadership Conference Education Fund (Education Fund) is the research and education arm of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the civil and human rights of all persons in the United States. The goal of the OPM should be to fairly and accurately measure what the poverty line is in order to help the neediest people in our country. The Education Fund strongly opposes the use of any lower inflation measure to calculate changes to the OPM because it would both increase the inaccuracy of the federal poverty measure and hurt millions of the most vulnerable people in our nation over time by taking away their access to health care, education, nutrition assistance, job training, and senior programs.

The OMB notice suggests lowering the Census Bureau's poverty thresholds in the future by using a lower inflation measure than the measure that is currently used. Today, the federal government uses the traditional Consumer Price Index for All Urban Consumers (CPI-U) to calculate inflation, but the OMB notice proposes changing the inflation measure to either the "chained" CPI or the Personal Consumption Expenditures Price Index, both of which would lower the poverty threshold. Any change to the inflation measure the federal government uses would directly impact eligibility levels for the numerous need-based federal programs that are tied to the OPM, harming the economic security of millions of vulnerable people, including children, women, people of color, older Americans, and people with disabilities. If implemented, such a change would initially be small but would grow sizably over time. If the federal government were to begin using the chained CPI, it would likely reduce the poverty line by two percent over 10 years.² And it would likely worsen after 10 years, with program

¹ <https://s3.amazonaws.com/public-inspection.federalregister.gov/2019-09106.pdf>

² Aron-Dine, Aviva 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*

eligibility thresholds roughly doubling between the tenth and twentieth year after the policy change.³

As we explain below, The Education Fund opposes this proposal because it would result in a more inaccurate measure of poverty. Proponents of using a lower inflation measure argue that these alternate measures for calculating poverty “would paint a more accurate picture of the price increases that consumers face.”⁴ But as the Center for Budget and Policy Priorities has noted, “it is not clear whether the chained CPI is a more accurate measure *for low-income households*.”⁵ For example, households that are low income spend proportionally more of their income on housing than higher income families, and costs for housing have been increasing faster than the overall CPI in recent years. From 2008 to 2018, the cost of rent rose 31 percent, while the overall CPI-U is only 17 percent.⁶ The National Low Income Housing Coalition found that in 2019 a working person paid the federal minimum wage of \$7.25 an hour would have to work “nearly 127 hours per week (more than 3 full-time jobs) to afford a two-bedroom rental home or 103 hours per week (more than 2.5 full-time jobs) to afford a one-bedroom rental home at the national average fair market rent.”⁷ The alternate inflation measures proposed also assume that when prices increase, individuals will replace more expensive goods with cheaper substitutes. There is evidence that people who are low-income cannot easily substitute less expensive goods or change their consumption patterns when prices of goods increase however, because they are already doing without the more expensive items that they cannot afford to begin with. The Center on Budget and Policy Priorities found that when looking at the totality of the research it “suggest[s] that low-income households experience higher inflation than average or high-income households.”⁸

The Education Fund contends that the *current* poverty level already provides an inaccurate indicator of whether people can make ends meet. Introducing an inflation index that would lower the poverty threshold would only exacerbate the inaccuracies in the OPM that already exist. According to a 2017 Urban Institute Study, over 60 percent of non-elderly adults with income between the poverty line and twice the poverty line reported one or more material hardships such as problems paying family medical bills, food insecurity, or missed payments for rent or mortgage or utility bills—not significantly different than for those who live below the poverty line.⁹ Based on their lived experience, most people in the

Priorities. May 22, 2019. Available at <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>

³ Ibid.

⁴ Fessler, Pam. “Trump Wants to Limit Aid for Low-Income Americans. A Look at His Proposals.” *National Public Radio*. June 11, 2019. Available at <https://www.npr.org/2019/06/11/730639328/trump-wants-to-limit-aid-for-low-income-americans-a-look-at-his-proposals>

⁵ Aron-Dine, Aviva 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. Available at <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>

⁶ Sherman, Arloc and Paul N. Van de Water. “Reducing Cost-of-Living Adjustment Would Make Poverty Line a Less Accurate Measure of Basic Needs.” *Center on Budget and Policy Priorities*. June 11, 2019. Available at <https://www.cbpp.org/sites/default/files/atoms/files/6-11-19pov.pdf>

⁷ Aurand, Andrew et al. “Out of Reach.” *National Low Income Housing Coalition*. June 2019. Available at https://reports.nlihc.org/sites/default/files/oor/OOR_2019.pdf

⁸ Sherman, Arloc and Paul N. Van de Water. “Reducing Cost-of-Living Adjustment Would Make Poverty Line a Less Accurate Measure of Basic Needs.” *Center on Budget and Policy Priorities*. June 11, 2019. Available at <https://www.cbpp.org/sites/default/files/atoms/files/6-11-19pov.pdf>

⁹ Karpman, Michael, Stephen Zuckerman, and Dulce Gonzalez. “Material Hardship among Nonelderly Adults and Their Families in 2017.” *Urban Institute*. August 2018. Available at https://urban.org/sites/default/files/publication/98918/material_hardship_among_nonelderly_adults_and_their_families_in_2017.pdf

United States would already set the poverty threshold higher than the current OPM. A 2016 survey by the American Enterprise Institute and *Los Angeles Times* found that while the OPM for a family of four was \$24,339, the median American would consider the poverty line for a family of four to be \$30,000—24 percent higher than the OPM.¹⁰ Annual updates for inflation should also consider rising living standards. For example, the ability to access the internet has become a basic necessity in today’s world—whether to access job postings or electronic health records, purchase lower priced goods, or to do your homework—and that cost should be factored into the basic cost of living just as the cost of housing and food is. The growing need for and expense of child care should also be factored in to the cost of living for low income families.

As OMB considers its proposal to lower the poverty threshold it must consider who makes up the low wage workforce in our nation, as these are the families who will be most harmed by this change. Nearly half (42.4 percent) of working people in our country made less than \$15 per hour in 2018.¹¹ And according to a 2018 report from the Board of Governors of the Federal Reserve, 44 percent of American adults cannot afford a \$400 emergency.¹² Women of color are more likely than any other group to be paid the lowest wages.¹³ The economic security of women in the low wage work force is further threatened by unstable and unpredictable schedules, part-time work, and sexual harassment and retaliation.

Women of virtually all races, ethnicities, sexual orientations, and gender identities are overrepresented in the low wage workforce (here defined as paying less than \$11.50 per hour):¹⁴

- Of the nearly 22.6 million people working in low wage jobs, two-thirds are women.¹⁵
- White, non-Hispanic women are one-third of low wage working people, but only 29.7 percent of the overall workforce.¹⁶
- Latina women are 16 percent of low wage working people, but only 7.4 percent of the overall workforce.¹⁷
- Black women are 12 percent of low wage working people, but only 6.5 percent of the overall workforce are Black women.¹⁸
- More than 640,000 women in low wage jobs reported having a disability in 2017.¹⁹

¹⁰ Doar, Robert, Karylyn Bowman, and Eleanor O’Neil. “2016 Poverty Survey: Attitudes Toward the Poor, Poverty, and Welfare in the United States.” *American Enterprise Institute and Los Angeles Times*. August 18, 2016. Available at <http://www.aei.org/publication/2016-poverty-survey/>.

¹¹ Trung, Irene, et al. “The Growing Movement for \$15.” *National Employment Law Project*. November 2015. Available at <http://www.nelp.org/content/uploads/Growing-Movement-for-15-Dollars.pdf>.

¹² “Report on the Economic Well-Being of U.S. Households in 2017.” *Board of Governors of the Federal Reserve System*. May 2018. Available at <https://www.federalreserve.gov/mediacenter/files/report-on-the-economic-wellbeing-transcript-20180522.pdf>.

¹³ Trung, Irene, et al. “The Growing Movement for \$15.” *National Employment Law Project*. November 2015. Available at <http://www.nelp.org/content/uploads/Growing-Movement-for-15-Dollars.pdf>.

¹⁴ National Women’s Law Center. Calculations based on U.S. Census Bureau, 2018 Current Population Survey using Sarah Flood et al. Integrated Public Use Microdata Series (IPUMS): Version 6.0 (Minneapolis: University of Minnesota, 2018).

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ National Women’s Law Center. Calculations based on U.S. Census Bureau, 2017 American Community Survey using IPUMS. Those with a disability reported at least one of the following: being blind or having serious difficulty seeing even with corrective lenses; being deaf or having serious difficulty hearing; cognitive difficulties because of a physical, mental, or emotional condition; serious difficulty walking or climbing stairs; any physical, mental, or emotional condition that makes it difficult or impossible to perform basic activities outside the home alone lasting 6 months or more; or any physical or mental health

- While there are limited data on lesbian, gay, bisexual, transgender, and queer (LGBTQ) women's wages, given employment barriers they experience, many LGBTQ women are likely working in low-wage jobs²⁰ with unstable schedules.
- Transgender people are also more likely to be in the income range impacted by a slower inflation measure—one survey found that 22 percent of transgender respondents had household incomes between \$10,000 and \$24,999 in 2014, compared to 12 percent of the U.S. adult population.²¹

Low income families in our nation depend upon numerous federal programs to help meet basic needs that their low wages cannot cover. While OMB's notice said that it is not currently seeking comments on the poverty guidelines that the U.S. Department of Health and Human Services (HHS) produces annually, its proposal to redefine poverty cannot be analyzed in a vacuum and while ignoring the real-world implications of such a change. HHS's poverty guidelines are based on the Census Bureau's poverty thresholds and are used every day as a criterion of eligibility for over 30 federal programs spanning the federal government, including parts of Medicaid and Medicare, the Children's Health Insurance Program (CHIP), Head Start, the Low-Income Home Energy Assistance Program (LIHEAP), the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and parts of the National School Lunch Program and School Breakfast Program.²² If the Administration implemented its proposal, over time many people who are low income around the country would lose eligibility for or receive less help from these programs, exacerbating poverty and making life harder for families who are living paycheck to paycheck.

OMB must conduct balanced and robust research and analysis of the potential impact of the administration's proposal on health insurance coverage and access to health care, the impact on nutrition programs and food insecurity, and the impact on other basic assistance programs before considering such a proposal. Based on a preliminary analysis by the Center on Budget and Policy Priorities, by the tenth year of indexing the poverty line using the chained CPI:

- More than 250,000 adults would have their health care coverage through the Affordable Care Act's (ACA) Medicaid expansion taken away, and some low-income parents covered through Medicaid in states that have not yet adopted the expansion would also lose coverage.²³
- More than 300,000 children would have their comprehensive health care coverage through Medicaid or the Children's Health Insurance Program (CHIP) taken away, as would some pregnant women.²⁴

condition that makes it difficult to care of own personal needs such as bathing, dressing, or getting around inside the home lasting six months or more.

²⁰ Rooney, Caitlin and Sarah Hassmer. "Programs that Support Basic Living Standards for LGBTQ Women Should be Strengthened—Not Cut." *Center for American Progress and National Women's Law Center*. March 2019. Available at <https://nwlc.org/resources/programs-that-support-basic-living-standards-for-lgbtq-women-should-be-strengthened-not-cut/>.

²¹ James, S.E., Herman, J. L., Rankin, S., Keisling, M., Mottet, L., & Anafi, M. "The Report of the 2015 U.S. Transgender Survey." *National Center for Transgender Equality*. December 2015. Available at <https://transequality.org/sites/default/files/docs/usts/USTS-Full-Report-Dec17.pdf> (comparing results of a national survey with 27,715 transgender respondents to income data from the U.S. Census Current Population Survey (CPS)).

²² "What programs use the poverty guidelines?" *HHS.gov*. Available at <https://www.hhs.gov/answers/hhs-administrative/what-programs-use-the-poverty-guidelines/index.html>

²³ *Ibid.*

²⁴ Aron-Dine, Aviva, Matt Broaddus, Zoe Beuberger, and Arloc Sherman. "Administration's Poverty Line Proposal Would Cut Health, Food Assistance for Millions Over Time." *Center on Budget and Policy Priorities*. June 18, 2019. Available at <https://www.cbpp.org/research/poverty-and-inequality/administrations-poverty-line-proposal-would-cut-health-food>.

- Millions of ACA marketplace consumers would pay higher premiums, and more than 150,000 would get less help with cost sharing, resulting in an increase in their deductibles.²⁵
- Almost 200,000 people, mostly in working households, would have their SNAP benefits taken away completely.²⁶

The Education Fund is concerned about the negative impact that the administration's attempt to fundamentally shift the standards that determine eligibility for certain programs and supports will specifically have on children in low income families. In addition to taking away health care from thousands of children through cuts to Medicaid and CHIP eligibility as noted above, programs like Head Start and the School Breakfast and National School Lunch programs have direct impacts on the long-term outcomes and access to nutrition for low income children. Head Start is crucial in promoting the readiness of children ages birth to five from low income families by supporting child development. In 2018, Head Start served about 1 million children.²⁷ This program has innumerable benefits for children that participate, including better social-emotional, language, and cognitive development, higher attendance levels, and improved health outcomes.²⁸ These benefits persist as a child becomes older, with Head Start graduates more likely to complete high school, attend college, and receive a post-secondary degree, license, or certification.²⁹ Shrinking the annual inflation adjustment would leave some low income families ineligible to enroll their children in these programs, thus eliminating access to these crucial Head Start programs and the benefits they provide for the children and families who need it the most.

This proposal would also affect the ability of students to access proper nutrition at school by altering eligibility for the School Breakfast and National School Lunch programs. These programs make it possible for millions of children to have a nutritious breakfast and lunch every day at school. Furthermore, these programs serve as a vital support for low income families working to stretch limited resources and provide children the nutrition they need to learn and be healthy.³⁰ Currently, students in households with incomes up to 185 percent of the poverty threshold are eligible for either free or reduced-price meals.³¹ Certain students are considered categorically eligible for free school meals, including those whose families participate in other support programs such as SNAP or TANF and students who are homeless, in foster care, or who participate in Head Start.

Under the proposed changes, students whose families receive SNAP or other benefits will no longer automatically qualify for free school meals if their families' earnings bump them out of eligibility for means-tested programs. In fact, these changes will leave vulnerable families facing the additional

²⁵ Ibid.

²⁶ Ibid.

²⁷ "Head Start Program Facts: Fiscal Year 2018." Head Start | Early Childhood Learning and Knowledge Center. *U.S. Department of Health and Human Services*. May 6, 2019.

²⁸ Zhai, Fuhua, Jeanne Brooks-Gunn, and Jane Waldfogel. "Head Start and Urban Children's School Readiness: A Birth Cohort Study in 18 Cities." *Developmental Psychology*. January 2011. 47, 134–152. Available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3050648/pdf/nihms273531.pdf>

²⁹ Schanzenbach, D.W. and Lauren Bauer. "The Long-Term Impact of the Head Start Program." *The Hamilton Project, The Brookings Institution*. August 19, 2016. Available at http://www.hamiltonproject.org/assets/files/long_term_impact_of_head_start_program.pdf

³⁰ "School Breakfast Program." *Food Research and Action Center*. Available at <http://frac.org/programs/school-breakfast-program>

³¹ "The National School Lunch Program." *Feeding America*. Available at <https://www.feedingamerica.org/take-action/advocate/federal-hunger-relief-programs/national-school-lunch-program>



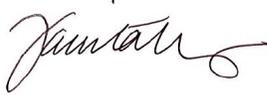
financial obligation of paying for school meals they may not be able to afford. Given the overwhelming evidence on the importance of adequate nutrition for children for their health, development, and learning, we oppose any proposal that would make it harder for children to obtain proper nutrition in schools.

An analysis from the Center on Budget and Policy Priorities predicts that by the tenth year of indexing the poverty line using the chained CPI, more than 100,000 school-age children would no longer be eligible for free school meals and another 100,000 children would lose eligibility for reduced-price meals.³²

The Leadership Conference Education Fund strongly urges OMB to withdraw its proposal to lower the poverty line and instead focus on promoting policies that will improve economic security for low-income people in our nation. Before moving forward on any changes to the OPM, OMB must undertake a serious and rigorous analysis of all the issues presented above, publish these findings, and solicit public comment. The stakes are too high for too many for a change with such a far-reaching impact to be carried out by administrative fiat, without a robust public conversation. An already too-low poverty line that is increasingly inadequate to support a family should not be made any more inaccurate or inadequate.

Thank you for the opportunity to submit The Education Fund's comments on this proposal. If you have any questions, please contact Emily Chatterjee at chatterjee@civilrights.org.

Sincerely,



Vanita Gupta
President and CEO
The Leadership Conference on Civil and Human Rights

³² Aron-Dine, Aviva, Matt Broaddus, Zoe Beuberger, and Arloc Sherman. "Administration's Poverty Line Proposal Would Cut Health, Food Assistance for Millions Over Time." *Center on Budget and Policy Priorities*. June 18, 2019. Available at <https://www.cbpp.org/research/poverty-and-inequality/administrations-poverty-line-proposal-would-cut-health-food>.