*NOTE: The deadline to submit comments is no later than 11:59PM ST on June 21, 2019. Comments should be uploaded to regulations.gov – in the “Search” box enter ‘‘OMB–2019–0002” and then click on “Comment Now. You can paste comments into the comment box or upload a file.*

*We encourage you to supplement the template below with comments based on your experience in your state, or cut-and-paste sections based on your organization’s issue priorities.*

**COMMENTS to the Office of Management and Budget (OMB), OMB–2019–0002**

**RE: Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies**

**Submitted** by [ADVOCACY ORGANIZATION]

[DATE]

[ADVOCACY ORGANIZATION] respectfully submits the following comments to the Office of Management and Budget (OMB) in response to the proposed **Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies**, posted on May 7, 2019.

[Insert brief description of your advocacy organization(s), who you represent, and basis for commenting.]

[NAME OF ORGANIZATION] appreciates the opportunity to comment on the proposed change to the methodology for updating the federal poverty line. We are extremely concerned by the idea of updating the Census Bureau’s poverty thresholds from the current Consumer Price Index (CPI-U) to either the “chained” CPI or the Personal Consumption Expenditures Price Index.  **Redefining poverty does nothing to eliminate, or lessen, poverty**. For the millions of low-income people who would be affected by this far-reaching and devastating change, poverty is a real threat to their health and well-being, and this proposal would worsen their situation.

The poverty line is meant to equal the level of income that a family needs to afford the basics and it is already far below what is needed to raise a family. It doesn’t take into account the full costs of a family’s needs like housing and childcare for which costs have been increasing faster than the overall CPI in recent years. Individuals and families are already struggling getting by on too little.

This proposal does nothing to improve the accuracy of the poverty line—it wrongly assumes that chained CPI will be a more accurate measure of poverty because it eliminates a substitution bias – this means that as prices change, peoples purchasing habits will change too. However, low-income people and families don’t substitute in the same way as those with more financial resources—they do not have that kind of flexibility. For example, two studies suggest that in recent years, inflation has actually risen faster for low-income households than for households overall.[[1]](#footnote-2) That may be due to rising costs for rental housing, on which low-income households disproportionately rely, which have recently been growing faster than CPI-U.[[2]](#footnote-3)

We support efforts to make adjustments to how the OPM is calculated that would result in raising it not lowering it, thus improving its accuracy. Some possible changes could include a re-evaluation of the expenses that families experience such as child-care and out of pocket medical costs.[[3]](#footnote-4) In addition, OPM could look to other metrics that are viewed as better measures of current living expenses such as the Census Bureau’s Supplemental Poverty Measure; this measure is developed based on a National Academy of Sciences study and results in a higher poverty threshold for most households – which should be the goal since the current metric under-measures poverty.[[4]](#footnote-5) Finally, the Request for Comment includes no analysis from the Census Bureau itself on these key questions such as how using another measure of inflation would likely affect the accuracy of the OPM or what a review of the relevant research literature finds.

This effort to redefine poverty is particularly devastating because its effects worsen over time. As the price of health care, education, childcare and other costs rise beyond inflation or wages and income, the effects worsen dramatically for those with lower incomes. The chained CPI and the Personal Consumption Expenditures Price Index both rise more slowly than the current measure. This would mean a lower poverty line—and a gap between today’s poverty line and the proposed poverty line. By changing the rate of inflation, this administration makes the poverty line further out of step with a family’s needs.

Changing the poverty thresholds also impacts eligibility for health care, nutrition, and other assistance programs. Every year, the Department of Health and Human Services puts out poverty guidelines based directly on the Census Bureau’s poverty thresholds. The result is that the proposed change would lower the income-eligibility cutoffs for all of these programs—and individual and families would become ineligible.

While the Request for Comment acknowledges that the HHS poverty guidelines are based the poverty thresholds—and that the guidelines are used to determine eligibility and benefits for numerous federal, state and local government programs—it does not include research or analysis on the impact of changing the thresholds. It is critical to understand the number of individuals who would lose Medicaid, CHIP and marketplace subsidies, as well as the number of seniors and people with disabilities who would lose or receive less help from Medicare’s Part D Low-Income Subsidy. It will also be important to understand the impact of this change on access to federal nutrition programs, including SNAP, WIC and free school meals. This analysis should be conducted in partnership with all of the federal agencies administering the programs, and it must solicit public comments through formal rulemaking. This Request for Comment includes no analysis, discussion or impact—and in fact explicitly states that “OMB is not currently seeking comment on the poverty guidelines or their application.”

Changing eligibility thresholds will impact real people who are struggling to afford their family’s basic needs. Estimates suggest that after 10 years:

* More than 250,000 seniors and people with disabilities would lose help paying

for prescription drug costs;

* More than 300,000 children would lose their health insurance through Medicaid and CHIP Coverage;
* More than 250,000 adults would lose coverage through Medicaid expansion;
* More than 150,000 marketplace consumers would lose cost-sharing assistance

and see higher deductibles for their health insurance; and

* Tens of thousands would lose premium tax credits which makes purchasing health insurance more affordable.

For no good reason this proposal, if adopted, would undermine the health and economic well-being of families that are already struggling to make ends meet. This is people like [Insert stories or case studies—bullet points are fine—about families or individuals who are struggling to make ends meet or programmatic effects in your state or community.]

We strongly believe that a more accurate measure of poverty would result in more being done to address the needs of low-income individuals and families rather than less. The approach OMB is considering is fundamentally flawed. Rather than providing support to people who are working to pull themselves out of poverty, this proposal puts the economic security increasingly out of reach while doing anything to improve the technical accuracy of the poverty measure.

Thank you for this opportunity to comment,

[State or Community Advocacy Organization (s)]

1. See, for example, Greg Kaplan and Sam Schulhofer-Wohl, “Inflation at the Household Level,” *Journal of Monetary Economics*, August 2017, <https://gregkaplan.uchicago.edu/sites/gregkaplan.uchicago.edu/files/uploads/kaplan_schulhoferwohl_jme_2017.pdf> and David Argent and Munseob Lee, “Cost of Living Inequality during the Great Recession,” Kilts Center for Marketing at Chicago Booth — Nielsen Dataset Paper Series 1-032, March 1, 2017, <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2567357>. [↑](#footnote-ref-2)
2. Sharon Parrott, “Trump Administration Floating Changes to Poverty Measure That Would Reduce or Eliminate Assistance to Millions of Low-Income Americans,” Center on Budget and Policy Priorities, May 7, 2019, <https://www.cbpp.org/press/statements/trump-administration-floating-changes-to-poverty-measure-that-would-reduce-or>. [↑](#footnote-ref-3)
3. Rebecca Blank and Mark Greenberg, “Improving the Measurement of Poverty,” Hamilton Project, Brookings Institution, December 2008, <https://www.brookings.edu/wp-content/uploads/2016/06/12_poverty_measurement_blank.pdf>. [↑](#footnote-ref-4)
4. Parrott, *op cit* and National Research Council, *Measuring Poverty: A New Approach*, National Academies Press, 1995. [↑](#footnote-ref-5)