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Office of the Chief Statistician  
Office of Management and Budget  
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Washington, DC 20503

[Submitted via <https://www.regulations.gov>]

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

To Whom It May Concern:

The National Women's Law Center (the "Center") takes this opportunity to comment in response to the Office of Management and Budget (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).

The Center fights for gender justice — in the courts, in public policy, and in society — working across the issues that are central to the lives of women and girls. The Center uses the law in all its forms to change culture and drive solutions to the gender inequity that shapes society and to break down the barriers that harm everyone — especially those who face multiple forms of discrimination. For more than 45 years, the Center has been on the leading edge of every major legal and policy victory for women.

Given that the Center and other leading anti-poverty organizations, economists, academics, and other stakeholders are currently focused on responding to the coronavirus outbreak and mitigating its disproportionate effects on economically insecure populations like women, children, and families, the Center first urges OMB to reopen the comment period on this notice after the National Emergency declared by President Trump has ended and provide at least 30 days in the reopened comment period 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 the United States more apparent. Many women, children, and families not captured under current poverty measures are just a missed paycheck away from eviction or hunger, and the outbreak is only stretching the budgets of families with low incomes even thinner. This National Emergency is disrupting every facet of the lives of women, children, and families, and we do not yet know the negative and long-lasting implications it will have on people's health and economic insecurity. This disruption has

limited the ability of the Center and others to meaningfully comment on this Request for Comment, so the information below only provides a partial response to the questions posed by the Working Group.

As the Center describes in the letter below, the Center urges the Working Group to meaningfully expand—not artificially shrink—poverty measures to include all women, children, and families experiencing economic deprivation, not just those currently counted as poor.

**I. Measuring poverty accurately is critical to the lives of women, children, and families.**

How poverty is measured has a direct impact on the assessment of how individuals and families are doing in terms of economic security, health, and overall wellbeing around the nation. While OMB has stated that any additional measures of poverty created through this Working Group will not replace the Official Poverty Measure (OPM), additional measures would influence the way that people’s well-being (relative to poverty) is viewed in the United States. As a result, OMB needs to proceed with caution and deliberation—and more engagement with the research and scientific community, including the National Academy of Sciences in particular—in developing alternative measures of poverty.

**A. Any poverty measure must provide a holistic assessment of people’s ability to meet basic needs.**

It is critical for any poverty measure to reflect lived experience – that is, poverty should be measured in terms of people’s ability to meet basic necessities. Many people just above the current poverty level struggle mightily to meet their own, and their families’, basic needs.

Take Amy Jo Hutchinson as an example. Ms. Hutchinson is an organizer with the Healthy Kids and Families Coalition in West Virginia and recently testified to the U.S. House Committee on Oversight and Reform about her personal struggle with material hardship despite having income that technically puts her above the federal poverty line, saying:

I have 2 jobs and a Bachelor’s Degree and 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.<sup>1</sup>

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<sup>1</sup> *A Threat to America’s Children: Hearing on the Trump Administration’s Proposed Changes to the Poverty Line Calculation Before the Subcomm. on Gov’t Operations of the H. Comm. on Oversight and Reform*, 116. Cong. 1 (2020) (statement of Amy Jo Hutchinson, Organizer, W. Va. Healthy Kids and Families Coalition), available at <https://docs.house.gov/meetings/GO/GO24/20200205/110451/HHRG-116-GO24-Wstate-HutchisonA-20200205.pdf>.

The current OPM is based on a decades-old formula, “three times the cost of a minimum food diet in 1963,”<sup>2</sup> that is incomplete and outdated. It was first set during the Johnson administration after research showed that low-income families at the time spent about one-third of their income on food. Since then, the government has increased the OPM for inflation (albeit a lower rate of inflation than families with low incomes experience), but without a serious revision based on current spending patterns. Families with children, for example, spend a high percentage of their income on housing and child care. In 1995, several studies estimated food expenses accounted for one-seventh, rather than one-third, of household expenditures.<sup>3</sup> Bureau of Labor Statics and Census Bureau analysts have similarly found that food spending as a portion of income has declined.<sup>4</sup>

Many anti-poverty advocates and researchers believe the Supplemental Poverty Measure (SPM) is a better metric for economic wellbeing than the OPM because it takes into consideration more everyday expenses that families face, such as child support, work-related costs, and out of pocket medical expenses.<sup>5</sup> These necessities reflect the reality of what it costs to live and thrive in a modern society. The SPM’s approach shows that the current OPM understates people’s economic insecurity. For example, in 2018, the overall poverty rate using the SPM was 12.8 percent, while the OPM rate was only 11.8 percent.<sup>6</sup>

Yet even the SPM understates poverty. In 2018, the SPM income threshold was \$28,166 for a family of four (two adults and two children) renting their home (notwithstanding geographic adjustments).<sup>7</sup> That amounted to less than \$550 a week to feed, house, and otherwise provide for a family’s needs. Rent for a modest two-bedroom apartment in many areas plus the cost of food alone consumes most of the poverty threshold for a two-adult family.<sup>8</sup> Need also differs by geographic location. For example, according to the National Center for Children in Poverty’s Basic Needs Budget Calculator, a family of four with two children living in Washington, D.C. needs an annual

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<sup>2</sup> LIANA FOX, U.S. CENSUS BUREAU, U.S. DEP’T OF COMMERCE, *THE SUPPLEMENTAL POVERTY MEASURE: 2018* (Oct. 2019) *available at* <https://www.census.gov/content/dam/Census/library/publications/2019/demo/p60-268.pdf>.

<sup>3</sup> UNIV. OF WIS.-MADISON INST. FOR RES. ON POVERTY, *REVISING THE POVERTY MEASURE*, 19 FOCUS 1, 2 (Spring 1998), *available at* <https://www.irp.wisc.edu/publications/focus/pdfs/foc192.pdf>.

<sup>4</sup> THESIA I. GARNER & KATHLEEN S. SHORT, U.S. BUREAU OF LABOR STATISTICS, *CREATING A CONSISTENT POVERTY MEASURE OVER TIME USING NAS PROCEDURES: 1996- 2005* (2008), *available at* <https://www.census.gov/content/dam/Census/library/working-papers/2008/demo/experimental-measures-96-05v7.pdf>. For a further discussion about the inadequacy of the OPM, see *A Threat to America’s Children: Hearing on the Trump Administration’s Proposed Changes to the Poverty Line Calculation Before the Subcomm. on Gov’t Operations of the H. Comm. On Oversight and Reform*, 116<sup>th</sup> Cong. (2020) (statement of Indivar Dutta-Gupta, Co-Executive Director, Geo. Ctr. on Poverty and Inequality), *available at* <https://docs.house.gov/meetings/GO/GO24/20200205/110451/HHRG-116-GO24-Wstate-Guptal-20200205.pdf>.

<sup>5</sup> FOX, *supra* note 2, at 2.

<sup>6</sup> FOX, *supra* note 2, at 2.

<sup>7</sup> FOX, *supra* note 2, at 25.

<sup>8</sup> ARLOC SHERMAN & PAUL N. VAN DE WATER, CTR. ON BUDGET AND POL’Y PRIORITIES, *REDUCING COST OF LIVING ADJUSTMENT WOULD MAKE POVERTY A LESS ACCURATE MEASURE OF BASIC NEEDS* (June 11, 2019), *available at* <https://www.cbpp.org/sites/default/files/atoms/files/6-11-19pov.pdf>.

income of \$78,165 to meet its basic needs, which is nearly three times the current poverty threshold.<sup>9</sup>

Polls conducted by progressive and conservative organizations also find that existing measures of poverty understate poverty in the minds of people across the country. For example, a 2013 nationally representative survey conducted by the progressive organization Center for American Progress found that people in the United States believed a family of four, on average, needed \$30,000 to not be poor,<sup>10</sup> but the 2013 OPM was \$23,624 and the SPM was \$25,639 for a family of four with two adults and two children.<sup>11</sup> A later poll conducted by the conservative think tank American Enterprise Institute found that people believed that a family of four, on average, needed \$33,300 to not be poor in 2016,<sup>12</sup> while the OPM for that year was \$24,339 and the SPM was \$26,336 for a family of four with two adults and two children.<sup>13</sup> If the same questions were asked today, the average amount people think is necessary to avoid poverty would almost certainly be several thousand dollars more.

There is also support for adopting at least one relative poverty measure. Research from decades of public opinion data, including Gallup polling, found that most people believe that families need about half of median disposable income to not be poor.<sup>14</sup> If people were asked to include common expenses such as health care, child care, and housing at market rates in their estimates, these estimates would likely be substantially higher. Adopting a relative poverty measure with a threshold based on a multi-year median of equivalized disposable income would better align poverty measures with public consensus around what individuals and families need to make ends meet. Relative measures are already used in the United Kingdom (where the poverty threshold is 60 percent of median equivalized disposable income),<sup>15</sup> by the Organisation for Economic Co-operation and Development (which uses a threshold of 50 percent of median equivalized disposable income),<sup>16</sup> and in scientific research. These thresholds are

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<sup>9</sup> NAT'L CTR. FOR CHILDREN IN POVERTY, BASIC NEEDS BUDGET CALCULATOR, *available at* <http://www.nccp.org/tools/frs/budget.php> (last accessed Apr. 13, 2020).

<sup>10</sup> JOHN HALPIN & KARL AGNE, CTR. FOR AM. PROGRESS, 50 YEARS AFTER LBJ'S WAR ON POVERTY: A STUDY OF AMERICAN ATTITUDES ABOUT WORK, ECONOMIC OPPORTUNITY, AND THE SOCIAL SAFETY NET (Jan. 2014), *available at* <https://cdn.americanprogress.org/wp-content/uploads/2014/01/WOP-PollReport2.pdf>.

<sup>11</sup> KATHLEEN SHORT, U.S. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, THE SUPPLEMENTAL POVERTY MEASURE: 2013 (Oct. 2014), *available at* <https://www2.census.gov/library/publications/2014/demographics/p60-251.pdf>.

<sup>12</sup> KARLYN BOWMAN & ROBERT DOAR, AM. ENTER. INST., AEI AND LA TIMES RELEASE NEW DATA ON PUBLIC OPINION ON POVERTY (Aug. 18, 2016), *available at* <https://www.aei.org/press/aei-and-la-times-release-new-data-on-public-opinion-on-poverty/>.

<sup>13</sup> LIANA FOX, U.S. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, THE SUPPLEMENTAL POVERTY MEASURE: 2016 (Sept. 2017), *available at* <https://www.census.gov/content/dam/Census/library/publications/2017/demo/p60-261.pdf>.

<sup>14</sup> DENTON R. VAUGHAN, U.S. CENSUS BUREAU, U.S. DEP'T OF COMMERCE, EXPLORING THE USE OF THE VIEWS OF THE PUBLIC TO SET INCOME POVERTY THRESHOLDS AND ADJUST THEM OVER TIME (Feb. 2004), *available at* <https://www.census.gov/content/dam/Census/library/working-papers/2004/demo/wkppov20-cen.pdf>.

<sup>15</sup> BRIGID FRANCIS-DEVINE, LORNA BOOTH & FEARGAL MCGUINNESS, HOUSE OF COMMONS LIBRARY, POVERTY IN THE UK: STATISTICS (Sept. 5, 2019), *available at* <https://commonslibrary.parliament.uk/research-briefings/sn07096/>.

<sup>16</sup> ORG. FOR ECON. COOP. AND DEV., SOCIETY AT A GLANCE 2019: OECD SOCIAL INDICATORS (2019), *available at* <https://www.oecd-ilibrary.org/sites/8483c82f-en/index.html?itemId=/content/component/8483c82f-en>.

transparent and clear and should be considered in any discussion of alternative poverty measures.

While proposals to change the definitions for poverty have the potential to address undercounting issues in existing poverty measures, they must be met with caution to ensure that the focus is on assessing poverty in terms of holistically assessing people's ability to meet their needs. This necessarily requires engaging with multiple areas of expertise, including but not limited to, scientists, economists, and community advocates, who are focused on defining poverty in terms of people's actual ability to meet their needs in a variety of ways.

### **B. Measuring poverty accurately is especially important for women, children, and families who face higher economic security.**

Women are more likely to experience economic insecurity than men because of deeply rooted discrimination in our economic system and society. Women face significant wage gaps that amount to thousands of dollars each year in lost income, and women of color face the compounded impact of gender and racial wage gaps.<sup>17</sup> Gender and racial employment discrimination, the devaluing of “women’s work” like caregiving,<sup>18</sup> women’s overrepresentation in low-paid jobs,<sup>19</sup> and policymakers’ failure to increase the minimum wage negatively impact women’s economic security. The OPM rate for women overall in 2018 was 12 percent versus nine percent for men overall.<sup>20</sup> There are larger disparities between poverty rates for women of color compared to the seven percent of white, non-Hispanic men in poverty: 20 percent of Black women, 18 percent of Latinas, 22 percent of Native women, 10 percent of Asian women, and nine percent of white, non-Hispanic women lived in poverty.<sup>21</sup> There are also disparities based on sex and disability: 29 percent of women with disabilities age 18 to 64 were in poverty compared to 11 percent of non-disabled women, 23 percent of men with disabilities, and eight percent of non-disabled men.<sup>22</sup> Because of reasons stated above, this data understates poverty levels and could therefore also understate disparities based on sex, race, and disability.

In addition, economic insecurity among families with children is more prevalent—not less—than current poverty measures suggest. In 2018, 11.9 million children (16 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 SPM.<sup>23</sup> Due to systemic racism and discrimination ingrained in our country’s institutions, there are also disparities based on race and ethnicity within children’s poverty rates.

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<sup>17</sup> NAT’L WOMEN’S LAW CTR., THE WAGE GAP: THE WHO, HOW, WHY, AND WHAT TO DO (Sept. 2019), available at <https://nwlc.org/resources/the-wage-gap-the-who-how-why-and-what-to-do/>.

<sup>18</sup> JULIE VOGTMAN, NAT’L WOMEN’S LAW CTR., UNDERVALUED: A BRIEF HISTORY OF WOMEN’S CARE WORK AND CHILD CARE POLICY IN THE UNITED STATES (2017), available at [https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/12/final\\_nwlc\\_Undervalued2017.pdf](https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/12/final_nwlc_Undervalued2017.pdf).

<sup>19</sup> NAT’L WOMEN’S LAW CTR., WHEN HARD WORK IS NOT ENOUGH: WOMEN IN LOW-PAID JOBS (2020), available at [https://nwlc.org/wp-content/uploads/2020/04/Women-in-Low-Paid-Jobs-report\\_ES\\_pp01.pdf](https://nwlc.org/wp-content/uploads/2020/04/Women-in-Low-Paid-Jobs-report_ES_pp01.pdf).

<sup>20</sup> AMANDA FINS, NAT’L WOMEN’S LAW CTR., NATIONAL SNAPSHOT: POVERTY AMONG WOMEN & FAMILIES, 2019 (Oct. 2019), available at <https://nwlc.org/wp-content/uploads/2019/10/PovertySnapshot2019-1.pdf>.

<sup>21</sup> *Id.* at 1.

<sup>22</sup> *Id.* at 2.

<sup>23</sup> Fox, *supra* note 2, at 23.

Using the OPM, 30 percent of Black children, 24 percent of Latinx children, 28 percent of Native children, 11 percent of Asian children, and 22 percent of foreign-born children were living in poverty in 2018 compared to 9 percent of white, non-Hispanic children.<sup>24</sup>

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.<sup>25</sup> In fact, families with incomes between 100 and 200 percent of the official poverty line experienced material hardship at nearly the same rate of families below the poverty line.<sup>26</sup>

## **II. OMB must be transparent about the process for adopting proposed poverty measures and incorporate more feedback from stakeholders.**

As noted above, the COVID-19 crisis has impeded the ability for stakeholders to meaningfully comment on the working group's interim report and 14 questions. The Center urges OMB to reopen this comment period before the working group analyzes responses.

In addition, before adopting any specific additional poverty measure, OMB should publish the proposed measure for notice and comment. The interim report poses several hypotheticals. Measuring poverty involves making judgments, such as the definition of "poverty" under the measure (when there is not a precise statutory definition) and where to set the threshold. These judgments must be informed by research and social consensus.

The notice of a comment period on any proposed specific additional measures should provide reasoned justifications in plain language for the measure(s) and for major elements of any measure(s), including poverty thresholds. The comment period should last at least 90 days so the public can review and comment on any specific additional measure(s) before being adopted by the federal government for use and publication on a regular basis. In addition, in determining modern necessities to set an accurate and credible poverty measure, the federal government should conduct specific outreach to consult with people with low and moderate incomes, women, people of color, people with disabilities, caregivers, LGBTQ people, survivors of gender-based violence, young adults, people with student loans, and other populations who face higher rates of economic insecurity.

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<sup>24</sup> FINS, *supra* note 20, at 2-3.

<sup>25</sup> MICHAEL KARPMAN, STEPHEN ZUCKERMAN & DULCE GONZALEZ, URBAN INST., MATERIAL HARDSHIP AMONG NONELDERLY ADULTS AND THEIR FAMILIES IN 2017: IMPLICATIONS FOR THE SAFETY NET (Aug. 2018), *available at* [https://www.urban.org/sites/default/files/publication/98918/material\\_hardship\\_among\\_nonelderly\\_adults\\_and\\_their\\_families\\_in\\_2017.pdf](https://www.urban.org/sites/default/files/publication/98918/material_hardship_among_nonelderly_adults_and_their_families_in_2017.pdf).

<sup>26</sup> *Id.* at 7.

### **III. Resource measures should use the best data possible.**

Any discussion of resource measures should account for feasibility and data availability. By this standard, it is inadvisable to move to a consumption-based measure because the Consumer Expenditure Survey sample size is much smaller than the sample sizes in the surveys currently used for poverty measurement—the American Community Survey (ACS) and the Annual Social and Economic Supplement to the Current Population Survey (CPS ASEC).

Developing a poverty measure should also address how to make sure people experiencing homelessness are included, as they are less likely to be captured in household survey data. Resource measures should also be evaluated in terms of conceptual advantages and simplicity and should align with public consensus on the level of resources necessary to make ends meet.

Furthermore, the interim report's discussion of potentially considering the value of health insurance in an additional poverty measure is troubling. Health coverage benefits provided by employers or the government are not fungible—they cannot be used to purchase shelter, food, or other necessities outside of health care<sup>27</sup> as, for example, refunds from refundable tax credits can. They also often require individuals to pay to access that coverage, such as a premium. In addition, health care needs vary from person to person and year-to-year. Health-related costs, which often differ based on sex,<sup>28</sup> class, and other demographics, can easily overwhelm families with or without coverage. The Center urges OMB to reopen the comment period, have the National Academy of Sciences form a panel to inform this work, and engage more stakeholders so that any further considerations of including health in any aspect of creating additional poverty measures do not exacerbate health disparities.

### **IV. Developing an Income Resource Measure and establishing an initial threshold involve complex considerations requiring more time for stakeholder input.**

Determining what income sources should be included in a poverty measure is a complex question. There should be more research before counting noncash assistance such as nutrition assistance, rental assistance, child care assistance, and refundable tax credits as income given gaps in coverage due to program funding shortages and policies that impose barriers to accessing these benefits. Given that stakeholders who can help address this question are currently addressing the COVID-19 crisis, this comment period should be reopened to gather more information from experts to address this question.

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<sup>27</sup> See, e.g., SANDERS KORENMAN, DAHLIA K. REMLER & ROSEMARY T. HYSOON, NAT'L ACAD. OF SCI., ACCOUNTING FOR THE IMPACT OF MEDICAID ON CHILD POVERTY (Oct. 2 2017), *available at* <https://www.nap.edu/resource/25246/Korenman%20Remler%20and%20Hyson.pdf>.

<sup>28</sup> CTR. FOR MEDICARE & MEDICAID SERV., U.S. PERSONAL HEALTH CARE SPENDING BY AGE AND GENDER: 2014 HIGHLIGHTS (2014), *available at* <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/AgeandGenderHighlights.pdf>.

Identifying what expenses should be subtracted versus included in establishing an initial poverty threshold under any new income resource measure warrants an additional comment period and the formation of a National Academy of Sciences panel to provide input. As an initial matter, any additional income resource measure should be modelled on, and build on, the SPM. The SPM poverty threshold is “[b]ased on expenditures of food, clothing, shelter, and utilities.”<sup>29</sup> The SPM measure subtracts “taxes..., work expenses, medical expenses, and child support paid to another household.”<sup>30</sup> Any additional income resource measure should also consider, either in establishing the poverty threshold or on the subtraction of expenses side, child care costs, extra costs of disability and necessary care expenses, and student loan and other mandatory debt.<sup>31</sup> Taking these basic expenses into account would be consistent with the principle that poverty should measure people’s actual ability to meet their basic needs. More time is needed, however, to study other aspects of expenses that should be subtracted from an income resource measure to assess economic deprivation.

## V. Poverty measures must be adjusted over time to remain accurate.

The Consumer Price Index for All Urban Consumers (CPI-U) calculation factors in the expenditures of about 93 percent of the total U.S. population and is calculated based on the change in prices of goods and services urban households consume.<sup>32</sup> This calculation assumes there is a single rate of price changes for the whole population. But there is strong evidence that people with low incomes may face higher rates of inflation than the population as a whole.<sup>33</sup> Research conducted by the Groundwork Collaborative and Columbia University shows that if this inflation inequality were taken into account in the official OPM, then an additional 1.1 million children and 1.2 million people in women-headed households would be counted as poor.<sup>34</sup> That means that the CPI-U is an imperfect measure of inflation that does not reflect the realities of the lives of people with low incomes, and slower measures of inflation would exacerbate this inaccuracy.

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<sup>29</sup> FOX, *supra* note 2, at 2.

<sup>30</sup> FOX, *supra* note 2, at 2.

<sup>31</sup> This aligns with a recommendation by an expert United Kingdom commission. See PHILIPPA STROUD, SOCIAL METRICS COMMISSION, MEASURING POVERTY 2019 (July 2019), *available at* [https://socialmetricscommission.org.uk/wp-content/uploads/2019/07/SMC\\_measuring-poverty-201908\\_full-report.pdf](https://socialmetricscommission.org.uk/wp-content/uploads/2019/07/SMC_measuring-poverty-201908_full-report.pdf).

<sup>32</sup> BUREAU OF LABOR STATISTICS, U.S. DEP’T OF LABOR, CONSUMER PRICE INDEXES OVERVIEW, <https://www.bls.gov/cpi/overview.htm> (last modified Jan. 10, 2020).

<sup>33</sup> CHRISTOPHER WIMER, SOPHIE COLLYER & XAVIER JARAVEL, THE GROUNDWORK COLLABORATIVE & CTR. ON POVERTY & SOCIAL POL’Y AT COLUMBIA UNIV., THE COSTS OF BEING POOR: INFLATION INEQUALITY LEADS TO THREE MILLION MORE PEOPLE IN POVERTY (Nov. 2019), *available at* <https://groundworkcollaborative.org/wp-content/uploads/2019/11/The-Costs-of-Being-Poor-Groundwork-Collaborative.pdf>. See also GREG KAPLAN & SAM SCHULHOFER-WHOL, INFLATION AT THE HOUSEHOLD LEVEL, 91 J. OF MONETARY ECON. 9 (2017), *available at* <https://www.sciencedirect.com/science/article/abs/pii/S0304393217300879?via%3Dihub> (describing how people with low incomes experience inflation at higher rates than families with higher incomes because they do not have as much opportunity to switch to less expensive items); DAVID ARGENTE & MUNSEOB LEE, COST OF LIVING INEQUALITY DURING THE GREAT RECESSION, KILTS CTR. FOR MARKETING AT CHICAGO BOOTH, NEILSEN DATASET PAPER SERIES 1-032 (Sep. 20, 2017), *available at* [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2567357](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2567357) (describing the increased phenomenon during recessions).

<sup>34</sup> WIMER, COLLYER & JARAVEL, *supra* note 33, at 3.



For example, using the Chained Consumer Price Index for All Urban Consumers (C-CPI-U) instead of CPI-U to adjust a poverty measure each year for inflation would make poverty measurement less accurate, providing policymakers and the public with less credible information about the number and characteristics of families struggling to get by in the United States. The C-CPI-U assumes that as prices of goods rise, individuals substitute less expensive items, thereby reducing their overall expenses. However, there is evidence that people with low incomes cannot as readily take advantage of such substitutions, since they are already doing without more expensive items (and even without moderately priced items). Research also suggests that costs as a share of overall income rise more rapidly for low-income households than for the population as a whole. They pay a greater percentage of their income for housing and utilities, for instance. Using the C-CPI-U would exacerbate the OPM's inaccuracy in measuring inflation for low-income people—indeed, its use over 10 years would reduce the OPM by two percent.<sup>35</sup>

Using the Personal Consumption Expenditures Price Index (PCEPI) would produce an even greater inaccurate measure of inflation for any poverty measure adjustments. The PCEPI, like the CPI-U, measures the changing prices of consumer goods and services but reflects changes in consumer behavior and covers out-of-pocket consumption and some government-funded consumption.<sup>36</sup> However, the PCEPI has a major flaw for people with low incomes similar to the C-CPI-U—its substitution assumptions do not consider how people with low incomes are already using inferior goods and often cannot substitute for even more inferior goods. Using the PCEPI over 10 years would reduce the OPM by 3.4 percent,<sup>37</sup> and using it for adjustments to additional measures of poverty would suffer from the same flaw.

Moreover, inflation measures should not be the only adjustment made to poverty measures over time. Inflation measures should only be used for short periods of time, such as five to ten years maximum, before re-benchmarking the underlying poverty measure for changes beyond inflation, including changing social consensus on what income is necessary to holistically meet people's needs. As discussed earlier, the OPM and SPM understate poverty. Adjusting an inaccurate poverty measure with an inaccurate measure of inflation compounds and exacerbates the fundamental undercounting of poverty. An accurate inflation measure for people with low incomes

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<sup>35</sup> AVIVA ARON-DINE & MATT BROADDUS, CTR. ON BUDGET AND POL'Y PRIORITIES, POVERTY LINE PROPOSAL WOULD CUT MEDICAID, MEDICARE, AND PREMIUM TAX CREDITS, CAUSING MILLIONS TO LOSE OR SEE REDUCED BENEFITS OVER TIME (May 2019), *available at* <https://www.cbpp.org/research/poverty-and-inequality/poverty-line-proposal-would-cut-medicaid-medicare-and-premium-tax>. For additional information about the harm that would result from using the C-CPI-U, see Nat'l Women's Law Ctr., Comment Letter on Request for Comment on Consumer Inflation Measures Produced by Federal Statistical Agencies (June 21, 2019), *available at* <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/06/NWLC-Comment-on-Consumer-Inflation-Measures-Produced-by-Federal-Statistical-Agencies-OMB-2019-0002-0001.pdf>.

<sup>36</sup>TODD E. CARK, FED. RES. BANK OF KANSAS ECON. REV., A COMPARISON OF THE CPI AND PCE PRICE INDEX (1999), *available at* [http://fac.comtech.depaul.edu/topiela/content/021\\_CPI%20and%20PCE%20Comparison%201999%20INFL%20ASAD.pdf](http://fac.comtech.depaul.edu/topiela/content/021_CPI%20and%20PCE%20Comparison%201999%20INFL%20ASAD.pdf).

<sup>37</sup> ARON-DINE & BROADDUS, *supra* note 35.

combined with periodic re-benchmarking will increase the accuracy of any additional measures of poverty developed.

**VI. OMB should reject any proposal to create additional poverty measures that further undercount women, children, and families in poverty.**

Families below and just above the current OPM threshold currently experience high rates of financial insecurity and hardship. OMB should reject any proposal that artificially pushes people over the poverty line even though they struggle to make ends meet. As set forth above, such a change would be inaccurate and would have harmful impacts—it would increase hardships for women with low incomes and their families.

Consequently, the Center urges OMB to continue working with experts, including additional comment periods, to develop additional measures of poverty that more accurately reflect a holistic assessment of what families need to meet their basic needs.

Sincerely,



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