June 12, 2019
Submitted via www.regulations.gov

Chief Statistician Nancy Potok
Office of Management and Budget
Re: Directive No. 14, "Consumer Inflation Measures Produced by Federal Statistical Agencies"

I am writing on behalf of Prevention Institute in response to the Office of Management and Budget's request for comments on switching to a different measure of inflation for recalculating the poverty line each year. To ensure health, safety, and wellbeing for all people, we need more policy changes to *eradicate* poverty, not ones that will artificially push people over the poverty line even though they still struggle to meet their basic needs.

Founded in 1997, Prevention Institute is a national public health non-profit that works to advance health, safety, and wellbeing for all communities, with a focus on closing health inequities that exist across race and ethnicity, sex, and socioeconomic status, and immigration status. Public health is rooted in recognizing the interdependence within society: we are only as healthy as the least healthy member of our community, and their vulnerability makes us all more vulnerable. Prevention Institute is deeply concerned that switching to the "Chained CPI for all Urban Consumers", or a similar index as suggested, will inaccurately define low-income working or retiree individuals or households as out of poverty when they are in fact struggling to pay for daily necessities. Subsequently denying eligibility for benefits such as health coverage, prescription drugs, heating or cooling assistance, or nutrition assistance based on changes to the poverty threshold will increase hardship and severely threaten health, child development, and family stability, contrary to the intent of Congress in establishing these programs.

Because OMB has said it is not seeking comment on the impact of changing the HHS poverty guidelines, we are not commenting directly on that issue. However, if OMB is considering going forward with a change to the poverty thresholds that would affect the guidelines, it should certainly not be undertaken without in-depth research and analysis, and should solicit public comments regarding impacts such as the number of individuals losing assistance and a demographic profile of those individuals and families, how service providers would be affected, and how the impacts would change over time. The onus should be on the federal government to conduct these kinds of extensive analyses before suggesting a policy change that would harm large numbers of people.

A change to the poverty thresholds would affect several programs of concern to Prevention Institute, including:

Supplemental Nutrition Assistance Program (SNAP; formerly called Food Stamps)—Households are ineligible for SNAP if their gross income exceeds an amount that is tied to the federal poverty guidelines (between 130 percent and 200 percent, depending on the option the state adopts). Each year, that amount is adjusted for inflation. If the adjustment shrinks, over time fewer households will qualify for assistance. Working families with small earnings gains over time will find themselves ineligible despite high housing and child care or other work-related expenses. While the SNAP program allows households with gross income below the 130 percent of poverty cutoff to qualify for higher benefits if they have high shelter costs, if their income exceeds the gross income standard, they will be denied assistance altogether. The U.S. Department of Agriculture found that 15 million households with 40 million people faced food insecurity in 2017 – that is, they had trouble affording

1301 Connecticut Ave NW #200 Washington, DC 20036 202.747.3496

food. For people below 185 percent of the poverty line, more than 30 percent were food insecure. We should not be increasing the number of households that do not qualify for SNAP assistance when so many beyond even the current guidelines find it difficult to afford an adequate diet.

School Meals—Students in households with incomes at or below 130 percent of the poverty line are eligible for free school breakfasts or lunches. A student from a household with income between 130 – 185 percent of the poverty threshold is eligible for a reduced-price meal. If the annual inflation adjustment for the poverty measure shrinks, fewer students will qualify for free or 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 migrants. 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 because of the shrinking poverty measure. They will be doubly hit by having to pay for school meals. There is overwhelming evidence of the importance of adequate nutrition for children for their health, development, and learning. This proposal would make proper nutrition for children in school harder for their families to afford.

It has long been understood that the Official Poverty Measure is incomplete and outdated because it *undercounts* the number of individuals and families who cannot meet their basic human needs for food, housing, and other life-sustaining resources.[i] For example, today's families with children spend a high percentage of their income on housing and child care. Changing one small aspect of the poverty measure (the annual inflation adjustment) is certain to result in further inaccuracies. *Any change should build on existing research that suggests the official poverty measure is too low for most types of households, and that shrinking the inflation adjustment will make it less accurate, not more.* The Bureau of the Census has begun this kind of research, developing the Supplemental Poverty Measure, which does count income sources such as SNAP and refundable tax credits, and more accurately considers expenditures such as housing, child care, and out of pocket medical expenses. The Supplemental Poverty Measure shows a somewhat higher poverty level and rate for most types of households compared to the official measure.

As another example, in 2008, the United Way developed a tool to help policymakers and the public understand just how many families are financially insecure but do not fall below the official federal poverty level. The tool, ALICE, which stands for "Asset Limited, Income Constrained, Employed," looks at the total cost of five household essentials—housing, child care, food, transportation, and healthcare—based on county-level cost of living, and takes into account different family structures.[ii] The ALICE "threshold" more accurately calculates a household's survival budget, helping communities develop a more complete picture of economic hardship than traditional poverty measures, and is now being used in over 400 communities across 16 states.

Living in poverty is one of the most significant social factors that shapes health. Here are just a few health risks associated with living in poverty:

- People with lower incomes have a shorter life expectancy than people with higher incomes. The gap in life expectancy between the richest 1% and poorest 1% of people living in the US is 15 years for men and 10 years for women.[iii]
- People living in poverty experience higher rates of heart disease, diabetes, stroke, and other chronic conditions than people with higher incomes,[iv] and face more mental health challenges like depression, anxiety, and other psychiatric disorders.[v]

- People living in poverty are more likely to live in overcrowded, unsafe living conditions, or experience homelessness.[vi] Overcrowded housing and high rent burdens are associated with higher rates of emergency department visits for asthma, high blood pressure, and mental health issues, and can interfere with children's educational outcomes.
- As of 2017, 14.6% of people in the US live below the federal poverty line. That includes over 20% of all children in the US—more than 15 million kids. Native Americans, African Americans, and Latinos experience disproportionately high rates of poverty. Women and people with disabilities are also overrepresented among those who currently 'count' as poor.[vii]

We know that households just above the official poverty line report higher than average rates of food insecurity and difficulty paying rent and utilities. They are more likely to be uninsured. These facts suggest that shrinking the annual rate of increase in the Official Poverty Measure will artificially push people over the poverty line even though they struggle to make ends meet. Such a change would be unsupported by the evidence and would have unfortunate impact of increasing hardships for people who work at low and volatile wages, and for retirees whose earnings were never high and who were unable to build adequate savings.

OMB should not ignore all the evidence of low-income worker and retiree spending and income patterns and simply shrink the annual inflation adjustment for the poverty measure. Far from making the annual assessment more accurate, it will make the current flaws worse and will move us in the wrong direction. People who would be most adversely affected by this unsupported change include children, single mothers, people of color, people with disabilities, and low-income retirees. **Everyone deserves a fair and just opportunity to thrive and to access the programs and benefits that support their health, safety and wellbeing**—including Medicaid, SNAP, school meals, LIHEAP, Weatherization, and Head Start. Denying benefits by making the poverty line a less accurate reflection of life circumstances is contrary to Congressional intent and the national interest.

Thank you for the opportunity to submit comments.

Sincerely,

Sana Chehimi, MPH
Director of Policy and Advocacy
Prevention Institute
sana@preventioninstitute.org

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