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:

The Center for Law and Social Policy (CLASP) is grateful for the opportunity to 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).

Established in 1969, CLASP is a national, non-partisan, non-profit, anti-poverty organization that advances policy solutions for low-income people. Our comments draw on our deep expertise on poverty and its effects on children, individuals and families and the critical importance of federal programs that support the health and economic well-being of poor and low-income families.

Given that CLASP and other leading anti-poverty organizations are currently focused on responding to the coronavirus outbreak and mitigating its disproportionate effects on vulnerable populations, including people with low incomes and communities of color, 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. A substantial number of national, state, and local non-profit organizations have asked the federal government to extend the comment period. If the federal government denies or ignores this request, any alternative measures it adopts will be widely viewed as the illegitimate outcome of a process that failed to give interested parties a fair opportunity to be heard.

The public health and economic crisis caused by the COVID-19 outbreak has only made the importance of accurately 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 stretching low-income household budgets even thinner.

As we describe in the letter below, we urge you to meaningfully expand—not artificially shrink—poverty measures to include all families 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 worker’s economic mobility, children’s healthy development and financial security of families in low-income households. 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 is more prevalent—not less—than current poverty measures suggest.

It is widely documented that the official poverty line is set too low and fails to accurately represent the amount of income a family requires to meet their basic needs. Based on outdated methodology, it fails to consider major expenses for families such as child care costs. Research suggests that families in fact need incomes of about two times the current poverty level to meet their basic needs. For example, over half of low-income parents with incomes under 200 percent of poverty report food insecurity and nearly a quarter report problems making a rent or mortgage payment or being forced to move. Moreover, there is evidence that families just above the poverty line experience material hardship at similar rates to families with incomes just below. In a 2017 Urban Institute survey, over 60 percent of “near-poor” adults (those with family incomes between 100-199 percent of the poverty line) reported experiencing at least one material hardship such as food insecurity, missed payments for utility bills or rent or mortgage, or problems paying family medical bills—which was not significantly different from adults with incomes below the poverty line.

The current poverty measure also underestimates poverty for families with children. 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). Historical and institutionalized racism have created systemic and structural barriers to economic mobility for people of color, and as a result, poverty continues to have a deeply disproportionate impact on people of color. 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. 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. Existing poverty measures do not capture too many but too few of the families struggling to make ends meet across the country.

II. 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 children and families.

We know correcting for underreporting of income alone would reduce SPM poverty rates. Two reports on reducing child poverty from the National Academy of Sciences (NAS)\(^7\) and the Children’s Defense Fund (CDF)\(^8\) 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 both the NAS and CDF reports, 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.\(^9\)

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.\(^10\) 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.\(^11\)

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 poverty rates without improving the descriptive accuracy of the SPM.

### B. A consumption-based poverty measure would drastically and artificially deflate 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, however, suggests otherwise. In a 2018 working paper, researchers 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.”

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 wellbeing. In fact, research shows that children in families facing such rent burdens experience worse health and education outcomes.

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. 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. 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. 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.

III. Advancing alternative measures of poverty that understate the scope of America’s poverty crisis could have real and dangerous impacts for millions of children and families.

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

The profound consequences of living in poverty, especially for children, are well documented. 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.

Children who experience poverty are more likely to experience developmental delays and poor health. Children who are born poor and are persistently poor are far more likely than their peers to fail to finish high school, become parents as teens, and experience poverty as adults. Poor children also experience worse education outcomes and are at higher risk of experiencing food insecurity, housing insecurity, and toxic stress—all of which lead to higher
incidence of adverse outcomes for children. Child poverty can lead to lifelong deficits in health and earnings.\textsuperscript{20} Based on the weight of the body of research on child poverty, the NAS concluded that “the causal evidence does indeed indicate that income poverty itself causes negative child outcomes, especially when poverty occurs in early childhood or persists throughout a large portion of childhood.”\textsuperscript{21}

Child poverty endangers not only the wellbeing of individual children but the future skills and capacity of America’s labor force and the nation’s economic future. One study estimates the lost productivity and extra health and crime costs stemming from child poverty add up to about $1 trillion a year.\textsuperscript{22} Another study found eliminating child poverty between the prenatal years and age 5 would increase lifetime earnings between $53,000 and $100,000 per child—a total lifetime benefit of $20 to $36 billion for all babies born in a given year. These estimates do 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.

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.\textsuperscript{23} 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.

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.

**B. Alternative poverty measures could divert attention from meaningful policy work that is needed to reduce long-standing systemic racial disparities in income.**

Historical and institutionalized racism have created systemic and structural barriers to economic mobility for people of color, and as a result, poverty continues to have a deeply disproportionate impact on people of color. Across nearly all ages, racial and ethnic groups are disproportionately poor compared to their non-Hispanic white counterparts. Black and Hispanic children are more likely to be poor (29.5 and 23.7 percent respectively) compared to 8.9 percent of non-Hispanic white children, despite high levels of work among their families.\textsuperscript{24}

Young adults of color face similar disparities: 19.2 percent of Black young adults, 21.6 percent of Asian young adults, and 16.4 percent of Hispanic young adults were poor in 2018, compared to 12.4 percent of non-Hispanic white young adults. These disparate poverty rates result from structural racism and systemic barriers to education and employment—such as discrimination, segregation, mass incarceration, and grossly inadequate investments in education and good jobs in communities of color.

Systemic racism contributes to disparate rates of poverty among people of color and we cannot reduce economic insecurity for all unless our policies systematically address racial injustice.
Obscuring poverty, or artificially reducing the poverty line through alternative measures, will only serve to inaccurately portray the deep racial disparities in rates of poverty. Alternative poverty measures must consider how changes could exacerbate the racial disparities that already exist in health, nutrition, educational attainment, and other life outcomes for children of color by reducing access to anti-poverty programs and obscuring the data needed to design and implement racially just economic policies.

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 policymakers and researchers. The creation of any alternative measure that underestimates the needs of people with low incomes could lead to policy choices that would have negative impacts on children and families. For example, the Administration recently used the consumption measure to justify proposals to institute work requirements for SNAP and Medicaid—a policy proposal NAS has proven ineffective, even counterproductive, for reducing child poverty. 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. If OMB considers moving forward with an alternative poverty measure that would impact the HHS guidelines, we strongly urge the Working Group to undertake a comprehensive effort to research and analyze the impact on critical public programs including Medicaid, nutrition assistance and Head Start.

Medicaid covers 37.1 million children and the Children’s Health Insurance Program (CHIP) covers 8.9 million children.\textsuperscript{25} Together these programs give millions of children in low-income households’ access to vital health care services. Adjusting the federal poverty line in a way in which there would be a reduction of the income eligibility limits for Medicaid and the Children’s Health Insurance Program (CHIP) would result in a de facto cut to eligibility.

Affordable health insurance coverage provides low-income people access to care that prevents and treats illness, promotes children’s development, and supports employment. Losing health insurance coverage would threaten the health and economic stability of thousands of adults and families. Moreover, the current COVID-19 crisis has revealed the significant gaps that exist in our nation’s health care system, and millions of people losing access to basic care through cuts to Medicaid eligibility would only further exacerbate the current health emergency.

Food insecurity is a widespread issue among families in low-income households. A USDA report found that 11.8 percent of American households were food insecure at some time in 2017, and for people below 130 percent of the poverty line, that number jumps to 34.5 percent.\textsuperscript{26} As the nation’s largest federal food assistance program, SNAP acts as the first line of defense against food security for millions of families that are struggling to put food on the table. Food insecurity and hunger can greatly impact an individual’s wellbeing, as there is
overwhelming evidence of the importance of adequate nutrition on health, development, and learning, especially for children. Limiting access to SNAP would have long term health and economic impacts that must be analyzed before any changes are made to the eligibility requirements.

Decades of studies demonstrate the critical role that Head Start plays in improving life outcomes for children living in poverty. A robust body of research has found that at the end of Head Start, prior to kindergarten, the program shows wide-ranging positive effects on children and families from language and pre-reading abilities to parenting skills—and that effects last into adulthood. Before making any change that would lower the poverty line, OMB should first engage in robust research and analysis that assesses the impact of reduced access to high quality, comprehensive early childhood education for children with very low family incomes.

Women are more likely than men to face economic insecurity at all stages of their lives, due to ongoing employment discrimination, overrepresentation in low-wage jobs, difficulty accessing affordable and comprehensive health care, and greater responsibilities for unpaid caregiving. As a result, women would also be disproportionately affected by any changes to the federal poverty line that affect their eligibility for basic needs programs. If women are no longer able to receive these supports, this will negatively impact not only their own wellbeing, but that of their children.

Children comprise a disproportionate share of our nation’s poor, with the highest poverty rates among the youngest and most vulnerable children. As a result, children are more likely than any other age group to participate in means-tested programs, and any changes to the measure could have serious implications for their health and well-being. Critical anti-poverty programs not only benefit their health, education and food security, but also lift millions of children out of poverty each year.

Additionally, young adults (ages 18-24) face sharply elevated rates of poverty compared to older adults. Decades of research show that growing up with inadequate income and opportunity can stunt young adults’ education and careers. Living in poverty makes it more difficult for them to access quality education and training programs, especially those living in high poverty communities where these opportunities are particularly scarce. Under the Workforce Innovation and Opportunity Act (WIOA), in-school youth of 14-21 years can qualify for workforce preparation, education, and training if they are defined as low-income. One of the ways they can meet that definition is if they live in a high poverty area (one that has a poverty rate of at least 25 percent). If fewer youth are able to access opportunities to that support them in understanding the world of work and provide them with education and skills they need to get on a career path, they will be less likely to secure stable jobs with above-poverty wages.

IV. The Working Group must consult and convene leading experts to independently and properly identify how to ensure all families experiencing economic deprivation or hardship are included.
Changing the federal poverty measure has significant consequences for children, families and workers, 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 wellbeing.

V. Conclusion

Accurately identifying individuals in poverty, supporting their access to basic needs and economic opportunity, and crafting effective poverty-reduction policies, is a crucial responsibility of the federal government due to the large economic and societal impacts of poverty. To prove more meaningful than political, 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 financial need and downplay the extent of economic instability facing America’s families. Accordingly, we recommend that the Working Group consult with leading researchers and explore ways to improve poverty measures to include all children whose economic circumstances jeopardize their health, safety and development.

Additionally, we urge the Working Group to examine the work that has been done within federal agencies to assess and improve measures of poverty, including for example the development of the Supplemental Poverty Measure at the US Census Bureau, which more fully incorporates the current cost of basic living expenses and results in a poverty line that is higher than the official poverty line for most households.

The federal poverty line already fails to capture many of working families struggling to make ends meet. OMB should reject proposed changes that would shrink the annual rate of increase in the Official Poverty Measure and artificially push people over the poverty line even though they still aren’t able to meet their basic needs.

Thank you for the opportunity to comment.

Sincerely,

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