Alliance to End Hunger Opposes the Administration's Proposal to Change the Poverty Measure
June 18, 2019

Every fiscal year, the Department of Human Health and Services establishes poverty guidelines that determine, amongst other things, who is eligible for certain benefits and programs. The current method of measuring poverty was established in the 1960's and constantly adjusts for inflation, the increase in prices over time as measured by the Consumer Price Index (CPI). The Administration proposes to change the way the poverty line is adjusted for inflation[i], potentially leading to a significant drop in the number of persons considered poor and therefore eligible for benefits and programs, such as the Supplemental Nutrition Assistance Program (SNAP). Currently, a family of three with an income of $21,330 or less is considered poor.

While a reexamination of the antiquated poverty measure is in order, the Alliance to End Hunger believes the Administration's proposal would lead to a less accurate measure of poverty. The proposal will artificially lower the poverty line and continue to depress it year after year[ii]. As a consequence, millions of people are going to experience the loss of life-saving services such as health care, disability subsidy programs and food assistance[iii].

A major concern of the alternative inflation measure proposed is that it will not be as accurate a measure for low-income households—the very households that will be negatively impacted by this change. For example, low-income households spend a larger portion of their income on housing, for which costs have been increasing faster than the CPI has estimated in recent years. Several studies report higher inflation on good and services purchased by low-income households compared to other households. Moreover, low-income consumers may not have the same ability as other consumers to switch to lower cost goods and services due to limits in access to retail outlets, the internet and transportation.

"We cannot reduce poverty and hunger just by changing the definition. This administration needs to make the investments that will lead families to greater self-sufficiency" says Rebecca Middleton, Executive Director of the Alliance to End Hunger. "We call on members of the Alliance to oppose this harmful proposal."

Please submit comments by June 21 through the federal register at: https://www.federalregister.gov/documents/2019/05/07/2019-09106/request-for-comment-on-the-consumer-inflation-measures-produced-by-federal-statistical-agencies.

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[i] The basis of this inflation-adjustment is found in an economic computation labeled CPI-U, which stands for Consumer Price Index for all Urban Consumers. The CPI is a measure that examines the average of prices of a variety of consumer goods and services, such as rent, transportation, food and medical care. It is calculated by looking at price changes in categories of goods and services. The CPI is used to assess price changes associated with the cost of living and inflation. There are various ways to measure changes in consumer prices. The change promoted by the White House is based on moving from CPI-U to a chained-CPI. The chained-CPI assumes consumers can switch to lower price items within the various categories of goods and services measured. As a result, it returns a lower inflation rate each year.

[ii] Chained-CPI is a slower rising index. Center on Budget and Policy Priorities estimates using chained-CPI versus CPI-U would slow its growth by .02 percentage points a year.

[iii] Center on Budget and Policy Priorities, Administration's Poverty Line Proposal Would Cut Health, Food Assistance for Millions Over Time, June 18 2019. https://www.cbpp.org/research/poverty-and-inequality/administrations-poverty-line-proposal-would-cut-health-food