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The Jesuit Conference Office of Justice and Ecology advocates for public policy rooted in Catholic social justice principles and the lived experience of those whom we serve, many of whom are directly impacted by poverty, hunger, immigration status, and the criminal justice system. We are deeply concerned by the Office of Management and Budget’s solicitation of comments related to the potential adoption of a different inflation measure for determining the Official Poverty Measure (OPM). We are especially concerned by the prospect that OMB may adopt a new inflation measure without adequately considering the tremendous negative impact this could have on individuals and families who rely on assistance programs, eligibility for which is tied to the OPM. Accurately defining the poverty line threshold is very important as it is the primary eligibility criterion used for accessing anti-poverty programs, including, but not limited to, the Supplemental Nutrition Assistance Program (SNAP), Job Corps, the National School Lunch and Breakfast Programs, Migrant Health Centers, Legal Services Corporation, Foster Grandparent Program, Children’s Health Insurance Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

We are particularly concerned by the possibility of using the “Chained CPI” model of inflation to determine the OPM. The C-CPI model assumes that as prices rise, consumers substitute lower-cost options, and so their costs of living do not rise at the same rate as prices. However, low-income consumers are often already using the lowest cost items available, and so are unable to substitute lower-cost items. Their actual cost of living therefore rises at a rate higher than that provided in the C-CPI model. Adoption of this model would result in large numbers of struggling individuals and families finding themselves above the income-eligibility cutoffs, causing them to lose some or all assistance from federal poverty programs. According to research from the Center on Budget and Policy Priorities¹, by the tenth year of indexing the poverty line using the C-CPI instead of the traditional Consumer Price Index, we can expect:

- More than 300,000 children would lose comprehensive coverage through Medicaid or the Children’s Health Insurance Program (CHIP), as would some pregnant women.
- More than 250,000 adults would lose coverage through the Affordable Care Act’s (ACA) Medicaid expansion. Some very low-income parents covered through Medicaid in states that haven’t adopted the expansion would lose coverage as well.
- Nearly 200,000 people, mostly in working households, would lose SNAP benefits altogether.
- More than 100,000 school-age children would lose eligibility for free or reduced-price school meals altogether. In addition, more than 100,000 children would lose eligibility for free meals, though they could pay the reduced price.

Any proposal to change the index used to determine the OPM must seriously consider the impact that this will have on the large number of people who rely on federal poverty programs. Further, the selection of an appropriate index must consider the specific factors faced by poor households. Without an accurate accounting of poverty, we cannot adequately begin to address the problem itself. The Journal of Monetary Economics found in a recent study that lower income households experience higher inflation rates on average compared to the general public.\footnote{Inflation at the Household Level. Journal of Monetary Economics. Board of Governors of the Federal Reserve System. August 14, 2017. https://gregkaplan.uchicago.edu/sites/gregkaplan.uchicago.edu/files/uploads/kaplan_schulhoferwohl_jme_2017.pdf} An accurate determination of the OPM must account for this variation between lower income households and the general public.

The Bureau of Census has already provided a tool to re-evaluate the poverty threshold with its Supplemental Poverty Measure. This measure considers other income sources such as SNAP and refundable tax credits, as well as more accurately tracking expenditures such as housing, childcare, and out of pocket medical expense. Rather than move forward with a measurement based on C-CPI, we recommend that OMB incorporate the methodology behind the Supplemental Poverty Measure into a more holistic poverty measurement tool.

In closing, government has a fundamental role to play in fighting poverty and ensuring that basic needs are met. Our faith teaches us that a society that does not provide for the poor is morally bankrupt. We cannot support any proposal that will result in fewer individuals and families in genuine need receiving the benefits their God-given dignity and wellbeing demand. We urge you not to implement such a change, especially when more holistic calculations of material need, like the Supplemental Poverty Measure, are readily available.

Sincerely,

[Signature]

Rev. Ted Penton, SJ
Secretary