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“A Threat to America’s Children: The Trump Administration’s Proposed Changes to the Poverty Line Calculation”

Subcommittee on Government Operations

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I was seventeen when then Senator Robert F. Kennedy – father of 10 children at the time – traveled to the Mississippi Delta to see firsthand the hunger and poverty experienced by the families and children there. He was inspired to do so by congressional testimony from civil rights lawyer Marian Wright (Edelman), the founder of the Children’s Defense Fund and the first African American woman admitted to the Mississippi Bar. The images of RFK’s tour were searing. They left an indelible mark on our national discourse on poverty and showed the nation the faces of people who are all too often forgotten.

More than 50 years later, we are revisiting Marion Wright’s testimony, but this time in the face of the Trump Administration’s assault on the poor. Today we commence a series of four hearings that will lay bare the Trump Administration’s attempts to gut regulations and programs that protect the health and welfare of our nation’s children. This hearing, in particular, will examine what it means to experience poverty in America, explore the inaccuracy of the federal government’s current and proposed measures of poverty, and consider our government’s responsibility to help Americans struggling to break free from the cycle of poverty. Specifically, we’ll look at how a recent Trump Administration proposal to recalculate the poverty threshold would make the poverty line less accurate and deprive hundreds of thousands of children access to critical healthcare and nutrition benefits.

In May 2019, the Office of Management and Budget (OMB) published a proposal to change the inflation index used to calculate annually the poverty threshold. While a switch to a different cost of living adjustment may seem like a small technicality, the ripple effects of this proposal would be tremendous. If OMB elected to use a Chained-Consumer Price Index (CPI), for example, the poverty line’s growth would slow by about 0.2 percentage points a year.

As you can see in the graphic on the screen, if the Administration moves to a chained price index, by 2030, the poverty line for a family of four would be \$691 lower than it would be using the existing inflation index. Over time, the impact of using the Chained-CPI to calculate the poverty threshold compounds, prompting catastrophic impacts on families and children who rely on the social safety net to access food, healthcare, and, eventually, escape poverty. While a \$691 reduction to the poverty line may sound like a modest impact, it is not.

After ten years, with the Chained CPI reducing the poverty line by roughly 2%, the Center on Budget and Policy Priorities estimates that:

- more than 300,000 children would lose healthcare,
- more than 200,000 school-age children would lose eligibility for free or reduced-price school meals,
- nearly 200,000 people, mostly in working households, would lose their Supplemental Nutrition Assistance Program, or SNAP benefits, and
- 40,000 infants and young children would lose benefits for supplemental nutrition.

This list represents just a few of the more than 80 anti-poverty programs that would see devastating impacts, and a summary of these eligibility impacts is also shown on the screen.

Children would lose access to these life-changing programs not because their parents had more money, but because the Trump Administration decided to define poverty in a way that ignores reality.

The Administration cannot solve the nation's poverty problem by simply lowering the dollar amount that defines poverty and claiming victory. The Administration's efforts disregard the hardships that those experiencing poverty endure. And they ignore the growing body of evidence that show those in poverty face higher rates of inflation and, therefore, have less access to basic needs.

First, the premise of the Administration's proposal is that every customer has choices – such as the option to swap to a cheaper product when prices escalate. But those in poverty are not always afforded that choice. The average household has more consumer choice because they have access to the Internet, the ability to buy in bulk, or transportation to a diverse array of stores, for example. Contrary to what a Chained-CPI implies, those in poverty cannot make these same choices.

Secondly, those in poverty spend most of their income on basic necessities, such as medical care, housing, and utilities. The cost of these basics needs has skyrocketed in comparison to the broader basket of goods assessed in the standard inflation rate. For example, the cost of rent alone has gone up by 31% between 2008 and 2018, while the existing inflation index rose only by 17%. The Administration's proposed chained inflation index rose by even less, at 14%, during this same decade.

Given the critically flawed assumptions baked into the Administration's proposal, it is no surprise that OMB received more than 57,000 comments, most in sweeping opposition to lowering the inflation index for the Official Poverty Measure. OMB's proposal also failed to acknowledge the many government programs that are administered using the poverty threshold, and the huge impact it would have on children's access to vital programs.

The Trump Administration's proposal to lower the poverty line ignores growing income inequality and misses the point entirely. The inadequacy of the existing poverty calculation is that it is too low, not too high. In 2020, across all 48 contiguous states and the District of Columbia, the poverty threshold for a family of four is a mere \$26,200. Even in the poorest

counties of our country, it is hard to imagine that \$26,200 is sufficient for parents to provide two children a warm home, three meals a day, clothing, and childcare.

Just last year, the National Academy of Sciences released a report that found child poverty costs the nation between \$800 billion and \$1.1 trillion annually. The report also stated that our nation could reduce poverty by 50 percent by increasing SNAP benefits, increasing housing vouchers, and expanding the social safety net. And these actions would cost much less than the trillion-dollar cost of doing nothing.

I commend my colleague, Congresswoman Ocasio-Cortez, on her legislation, The Recognizing Poverty Act, which tackles the inadequacy of our current poverty measure by directing the Department of Health and Human Services and statistical agencies to propose a new poverty line. We are long overdue for a complete re-write of a poverty threshold that was established more than 50 years ago. This bill requires the updated poverty line to factor in geographic cost variation, costs related to health insurance, work expenses, child care, and new necessities, such as internet access – all of which are excluded from the existing poverty measure.

I am proud to co-sponsor Ms. Ocasio-Cortez's bill, and hope that many of my Subcommittee colleagues will do the same. I welcome a reexamination of the poverty measure in its entirety.

We must not allow the Administration to quietly put forward a regulatory proposal that threatens the wellbeing of children across America. If there is one basic value that ought to unite us as Democrats and Republicans – as Americans – it is how we treat children. It does not matter where these children live, they are all our children. Protecting children is a fundamental value of this nation.

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