



April 14, 2020

**SUBMITTED VIA REGULATIONS.GOV**

Office of the Chief Statistician  
Office of Management and Budget  
725 17<sup>th</sup> 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:

On behalf of the Children's Defense Fund (CDF), we write to offer a response to the Office of Management and Budget's (OMB) request for 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).

CDF appreciates the opportunity to submit comments on behalf of children in the United States, especially low-income children young children, children of color, children with disabilities, immigrant children, and children and youth involved in the child welfare or juvenile justice systems. CDF has been advocating for children for 45 years and seeking strong support for families through passage of laws and implementation of rules, programs, and services in their best interest. CDF's Leave No Child Behind® mission is to ensure every child a Healthy Start, a Head Start, a Fair Start, a Safe Start, and a Moral Start in life and successful passage to adulthood with the help of caring families and communities. From our inception, CDF has challenged this wealthy nation to see our poor children and end child poverty now.

Given CDF and other leading anti-poverty organizations are currently focused on responding to the coronavirus outbreak and mitigating its disproportionate effects on vulnerable populations, 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.

As we describe in the letter below, we urge you to meaningfully expand—not artificially shrink—poverty measures to include all children 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 children's healthy development. 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 with children is more prevalent—not less—than current poverty measures suggest.**

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). Due to systemic racism and discrimination ingrained in our country's institutions, children of color continue to experience rates of poverty three times that of white children. 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.<sup>1</sup> 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.<sup>2</sup>

Through our work, we are privileged to know young people from all across the country. Some of them live in families with household incomes that technically puts them above the federal poverty line but does not put them above hardship or struggle, like the high-school junior who tells us, “I know why Mom says no,” when he talks about all the “extra stuff” he’s stopped asking for, whether it’s money for school trips or a special dinner to celebrate a hard-won scholarship. Then there’s the high-school senior who can rattle off strategies to feel full when hunger bites and who looks for glinting change when she walks home from school so she can maybe buy a little something from the corner store for her younger siblings. In their families, each dollar has a job to do and cannot be assigned to tasks like an enriching school field trip or a healthy after-school snack. For them, an official federal poverty threshold simply does not match their lived experiences.

Amy Jo Hutchinson, an organizer with the Healthy Kids and Families Coalition in West Virginia, recently testified to the House Committee on Oversight and Reform about her personal struggle with material hardship, puts it this way:

"I have two jobs and a bachelor's degree and I struggle to make ends meet. The Federal Poverty Guidelines say that I'm not poor, but I cashed in a jar full of change the other day so my daughter could attend a music competition with her school band. I can't go grocery shopping without a calculator. I had to decide which bills to not pay so I could make this trip."<sup>3</sup>

As these studies and stories show, existing poverty measures do not capture too many, but rather too few, of the families struggling to make ends meet across the country.

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<sup>1</sup> Michael Karpman, Stephen Zuckerman, and Dulce Gonzalez, Material Hardship among Nonelderly Adults and Their Families in 2017, Urban Institute, 2018, [https://www.urban.org/sites/default/files/publication/98918/material\\_hardship\\_among\\_nonelderly\\_adults\\_and\\_their\\_families\\_in\\_2017.pdf](https://www.urban.org/sites/default/files/publication/98918/material_hardship_among_nonelderly_adults_and_their_families_in_2017.pdf).

<sup>2</sup> Karpman et al., Material Hardship.

<sup>3</sup> Amy Jo Hutchinson. Quote from: U.S. Congress. House Committee on Oversight and Reform, Subcommittee on Government Operations. “A Threat to America’s Children: Hearing on the Trump Administration’s Proposed Changes to the Poverty Line Calculation.” February 5, 2020, <https://docs.house.gov/meetings/GO/GO24/20200205/110451/HHRG-116-GO24-Wstate-HutchisonA-20200205.pdf>

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 America's children.

We know correcting for underreporting of income alone would reduce SPM poverty rates. Two reports on reducing child poverty from the Children's Defense Fund (CDF)<sup>4</sup> and the National Academy of Sciences (NAS)<sup>5</sup> and 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.<sup>6</sup>

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.<sup>7</sup> 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

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<sup>4</sup> *Ending Child Poverty Now*, Children's Defense Fund, 2019, <https://www.childrensdefense.org/wp-content/uploads/2019/04/Ending-Child-Poverty-2019.pdf>.

<sup>5</sup> *A Roadmap to Reducing Child Poverty*, National Academies of Science, Engineering, and Medicine, 2019, <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.

<sup>6</sup> Minton, Sarah, Linda Giannarelli, Kevin Werner, and Victoria Tran, *Reducing Child Poverty in the US: An Updated Analysis of Policies Proposed by the Children's Defense Fund*, 2019, <https://www.urban.org/research/publication/reducing-child-poverty-us-updated-analysis-policies-proposed-childrens-defense-fund>.

<sup>7</sup> Kinsey Alden Dinan, "Budgeting for Basic Needs: A Struggle for Working Families," National Center for Children in Poverty, March 2009, [http://www.nccp.org/publications/pdf/text\\_858.pdf](http://www.nccp.org/publications/pdf/text_858.pdf).

SPM threshold and 52.2 percent lived in families with income below 200 percent of the threshold.<sup>8</sup>

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 child poverty rates without improving the descriptive accuracy of the SPM.

**B. A consumption-based poverty measure would drastically and artificially deflate child 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 from H. Luke Shaefer and Joshua Rivera with the University of Michigan, however, suggests otherwise.

In their 2018 working paper, Shaefer and Rivera 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.”<sup>9</sup>

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

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<sup>8</sup> Minton, Sarah, Linda Giannarelli, Kevin Werner, and Victoria Tran, *Reducing Child Poverty in the US: An Updated Analysis of Policies Proposed by the Children’s Defense Fund*, 2019, <https://www.urban.org/research/publication/reducing-child-poverty-us-updated-analysis-policies-proposed-childrens-defense-fund>.

<sup>9</sup> Shaefer, H. Luke and Joshua Rivera, *Comparing Trends in Poverty and Material Hardship Over the Past Two Decades*, 2018, <https://poverty.umich.edu/working-paper/comparing-trends-in-poverty-and-material-hardship-over-the-past-two-decades/-two-decades/>.

indicator of economic wellbeing. In fact, research shows that children in families facing such rent burdens experience worse health and education outcomes.<sup>10</sup>

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.<sup>11</sup> 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.<sup>12</sup> Under the Meyer-Sullivan consumption poverty line the Administration has promoted, this family would have only about \$650 a month leftover to cover all their housing, transportation, child care, utilities, and clothing expenses. Consider that nowhere in the United States does the monthly Fair Market Rent (FMR) dip below \$700 for a two-bedroom rental unit. In Arkansas, for example, the monthly FMR for two-bedroom rental is \$742. In California, it’s \$1,804.<sup>13</sup>

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.<sup>14</sup> 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 child poverty crisis could have real and dangerous impacts for millions of children.**

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

Poverty is a particularly serious problem for children, especially children of color, who suffer negative effects for the rest of their lives after living in poverty for even a short time. 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.

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<sup>10</sup> Opportunity Starts At Home, *Good Housing is Good Health*, 2018 <https://www.opportunityhome.org/resources/good-housing-good-health/>; Opportunity Starts at Home, *Stable, Affordable Housing Drives Stronger Student Outcomes*, 2018, <https://www.opportunityhome.org/resources/stable-affordable-housing-drives-stronger-student-outcomes/>.

<sup>11</sup> Meyer, Bruce D. and James X. Sullivan, *Annual Report on U.S. Consumption Poverty: 2018, 2019*, [https://leo.nd.edu/assets/339909/2018\\_consumption\\_poverty\\_report\\_1\\_.pdf](https://leo.nd.edu/assets/339909/2018_consumption_poverty_report_1_.pdf).

<sup>12</sup> *Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, February 2020*, U.S. Department of Agriculture, 2020, <https://fns-prod.azureedge.net/sites/default/files/media/file/CostofFoodFeb2020.pdf>.

<sup>13</sup> *The State of America’s Children 2020*, Table 8, Children’s Defense Fund, 2020, <https://www.childrensdefense.org/wp-content/uploads/2020/02/The-State-Of-Americas-Children-2020.pdf>.

<sup>14</sup> Meyer, Bruce D. and James X. Sullivan, *Annual Report on U.S. Consumption Poverty: 2018, 2019*, [https://leo.nd.edu/assets/339909/2018\\_consumption\\_poverty\\_report\\_1\\_.pdf](https://leo.nd.edu/assets/339909/2018_consumption_poverty_report_1_.pdf).

Children who experience poverty are more likely to experience developmental delays<sup>15</sup> and poor health.<sup>16</sup> 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.<sup>17</sup> 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.”<sup>18</sup>

But it’s not just the economics, poverty steals children’s potential and steals from all of us. Poverty stacks the odds against children and stalks them down every avenue of their lives. Poverty wears down children’s emotional reserves, saps their spirits and threatens their potential. Starting in infancy and continuing through to adulthood, poverty can haunt and harm children for life.

Beyond its individual harms, child poverty has substantial economic costs for our entire nation. One study estimates the lost productivity and extra health and crime costs stemming from child poverty add up to about \$1 trillion a year.<sup>19</sup> 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. Solutions to child poverty in our nation already exist. Since 1967, child poverty has been cut almost in half with the help of benefits like nutrition assistance, housing vouchers and refundable tax credits. 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 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.**

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<sup>15</sup> Halle, Tamara, Nicole Forry, Elizabeth Hair, Kate Perper, Laura Wandner, Julia Wessel, and Jessica Vick, “Disparities in Early Learning and Development: Lessons from the Early Childhood Longitudinal Study – Birth Cohort (ECLS-B),” 2009, Bethesda, MD: Child Trends, <https://www.childtrends.org/wp-content/uploads/2013/05/2009-52DisparitiesELExecSumm.pdf>.

<sup>16</sup> U.S. Department of Health and Human Services, “Summary Health Statistics: National Health Interview Survey, 2017” Table C-5a, data for children under age 18, 2017, [https://ftp.cdc.gov/pub/Health\\_Statistics/NCHS/NHIS/SHS/2017\\_SHS\\_Table\\_C-5.pdf](https://ftp.cdc.gov/pub/Health_Statistics/NCHS/NHIS/SHS/2017_SHS_Table_C-5.pdf).

<sup>17</sup> Duncan, Greg J, Kathleen M. Ziol-Guest, and Ariel Kalil, “Early-childhood Poverty and Adult Attainment, Behavior, and Health,” 2010, *Child Dev.* 81(1), <https://pubmed.ncbi.nlm.nih.gov/20331669/>.

<sup>18</sup> *A Roadmap to Reducing Child Poverty*, National Academies of Science, Engineering, and Medicine, 2019, <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.

<sup>19</sup> McLaughlin, Michael and Mark R. Rank, “Estimating the Economic Cost of Childhood Poverty in the United States,” 2018, *Social Work Research* 42(2).

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 policy makers and researchers. The creation of any alternative measure that underestimates the needs of children 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.

What's more, because children are more likely than any other age group to participate in means-tested programs, any changes to the measure could have serious implications<sup>20</sup> Critical anti-poverty programs not only benefit their health, education and food security, but also lift millions of children out of poverty each year. The SPM shows us that in 2018, nearly 1 million children were lifted out of poverty with the help of housing subsidies; 800,000 with the National School Lunch Program; 497,000 with the Supplemental Security Income (SSI) program; 216,000 with Temporary Assistance for Needy Families (TANF) and general assistance; and 169,000 with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

**IV. The Working Group must consult and convene leading experts to independently and properly identify how to ensure all children experiencing economic insecurity are included.**

Changing the federal poverty measure has significant consequences for children, 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**

In conclusion, 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 the needs of children and downplay the extent of economic instability facing America's families. Accordingly, we urge the Working Group to consult with leading researchers and explore ways to

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<sup>20</sup> "21.3 Percent of U.S. Population Participates in Government Assistance Programs Each Month," U.S. Census Bureau, 28 May 2015, <https://www.census.gov/newsroom/press-releases/2015/cb15-97.html>.

improve poverty measures to include all children whose economic circumstances jeopardize their health, safety and development.

We envision an America where no child lives in poverty and all children have the opportunities they need to reach their full potential. Protecting children against the lifelong consequences of poverty will improve their life and reduce child poverty in future generations. We appreciate the opportunity to provide comments and hope they will be taken into account by the Working Group.

If we can expand on any of these recommendations or provide more information, please do not hesitate to contact CDF's Director of Poverty Policy, Emma Mehrabi, and team ([emehrabi@childrensdefense.org](mailto:emehrabi@childrensdefense.org)).

Sincerely,

A handwritten signature in cursive script that reads "Kathleen King".

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