



COALITION ON HUMAN NEEDS

1120 Connecticut Avenue, NW · Suite 910 · Washington, DC 20036

July 29, 2008

Chairman James McDermott
Subcommittee on Income Security and Family Support
Of the House Committee on Ways and Means

Dear Chairman McDermott:

The Coalition on Human Needs (CHN) applauds your efforts to create a more accurate measure of poverty in America and also to develop a “Decent Living Standard” – one showing the income necessary to satisfy modest but above-poverty needs. CHN is an independent alliance of more than 100 national organizations working to improve federal policy and funding to meet the needs of low-income and vulnerable people. CHN also serves a network of tens of thousands of advocates nationwide, including service providers, religious organizations, policy experts, labor, civil rights groups, and many others.

The Measuring American Poverty Act of 2008 includes elements that are in our view essential to modernizing the assessment of poverty. Among these are

- Counting expenditures more accurately
- Including certain public benefits as income
- Adjusting the calculation of poverty thresholds for regional differences in costs
- A means of showing the anti-poverty effects of benefits programs by comparing pre- and post-tax and transfer income
- A clear statement that the proposed changes are not to modify eligibility or amount of assistance for public benefits
- A provision to periodically re-assess the validity of the revised poverty measure

The measurement of poverty in America should not be seen as an arcane matter for researchers. Poverty is a costly and wasteful brake on the nation’s economy and future. The most important reason to improve the measure of poverty is to gauge whether the steps we take to reduce it are working.

It is clear that the components of the Measuring American Poverty Act are closely intertwined. Many have correctly pointed out that the current measure is flawed in failing to count public benefits such as refundable tax credits, housing assistance, and food stamps as income. But today’s poverty calculation is just as flawed for its outdated

assessment of a poor family's expenses. Both income and expenditure must be assessed together to get a more accurate picture. We strongly favor the inclusion of cost estimates for housing, utilities, food, clothing, and other needs to get a better sense of what it means to be poor. Only food costs are included in the antiquated measure now in use; the increasing costs of housing, heat, transportation, child care and out of pocket medical expenses are left out.

The Coalition on Human Needs is committed to setting a national goal to cut poverty in half in ten years. We are participating in Half in Ten: From Poverty to Prosperity, a new campaign run jointly by ACORN, the Center for American Progress, the Leadership Conference on Civil Rights, and CHN. Among the initiatives sought by the campaign are substantial improvements in the Child Tax Credit and Earned Income Tax Credit. Under the current poverty measure, success in achieving these important improvements will not result in any reduction in the official poverty rate because refundable tax credits are not counted as income. Similarly, CHN strongly supports increases in Food Stamp benefits, but when those occur the poverty rate will not change because food stamps are not counted as income. We need the change proposed in your legislation in order to see whether benefit increases have the desired effect, and further, whether certain population groups are helped more or less than others.

We also favor assessing regional differences. Every year, the Coalition on Human Needs works with state groups to help them understand how to make use of the state data released by the Census Bureau on poverty, income, housing, transportation, education, and demographic differences. It is clear that there are big differences in rural and urban areas and from one part of the country to another. None of these are currently reflected in the poverty data.

A more accurate poverty measure will also give us greater understanding of the needs of population subgroups. Our current standard may understate the hardships of the elderly in making ends meet by failing to take into account their high out of pocket medical costs. A new standard may help us to learn if poverty is more prevalent, or deeper, among certain demographic groups (race/ethnicity, age, rural/urban residence) because they are less likely to receive benefits.

A very valuable part of the Measuring American Poverty Act is its call for a study of a Decent Living Standard – the assessment of the income needed for a modest standard of living, one that exceeds the standard of the impoverished. If we are to help the millions of the poor to contribute to and share in the nation's prosperity, we need to assess not just whether families inch a few dollars over the poverty line, but whether they are able to join the middle class, increase their economic security, and help their children realize their potential.

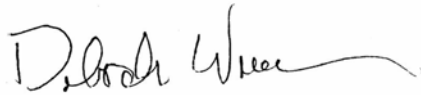
We want to highlight our strong support for the bill's prohibition on using the new thresholds to change eligibility for public benefits. Under current practice, administrative agencies set poverty *guidelines* on an annual basis that are used to determine eligibility for means-tested programs. These are similar but not the same as the poverty *thresholds*

established each year by the Census Bureau for research purposes. Maintaining this distinction is especially important as the new thresholds are devised. This legislation should help us to learn more about poverty and how to eradicate it, not exclude very low-income people from receiving assistance. After some period of study agencies may propose alterations in their eligibility standards; those should be considered separately, with the goal of poverty reduction foremost.

Whatever its imperfections, the current poverty measure has been very important in allowing us to see trends over time. We urge great care in making the transition from the old to the new standard, so that researchers remain able to evaluate trends. We also urge the Census Bureau to see as part of its mission the education of advocates and service providers in the proper use of the old and new statistics.

New York City's experiment with an updated poverty measure is an encouraging development, allowing the city to assess progress towards its own poverty reduction goal. We also agree with Dr. Levitan, who emphasized that a federal definition is essential. We look forward to working with you to modernize the assessment of poverty, and in using a more accurate measure to develop effective anti-poverty legislation.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Deborah Weinstein".

Deborah Weinstein
Executive Director