

FAQ: The Administration's Proposal to Lower the Federal Poverty Line

What change is the Administration considering?

On May 6, the Office of Management and Budget (OMB) issued a [notice](#) requesting comments on changing the methodology for updating the federal poverty line for inflation. The notice floats the idea of updating the Census Bureau's poverty thresholds using an alternative, lower measure of inflation than the traditional Consumer Price Index (known as the CPI-U) — either the “chained” CPI or the Personal Consumption Expenditures Price Index. This would result in lower poverty thresholds, with the gap between the current and proposed methodology increasing each year.

How would the proposal affect low- and moderate-income people?

Each year the Department of Health and Human Services (HHS) puts out ***poverty guidelines***, which are the basis for program eligibility and/or benefits in many health care, nutrition, and other basic assistance programs. Because the HHS poverty guidelines are based directly on the Census Bureau's ***poverty thresholds***, the proposed change would lower the income-eligibility cutoffs for all of these programs, cutting or eliminating assistance to some individuals and families.

The policy's impact would be small at first but would grow each year. For example, by the tenth year, millions of people would lose eligibility for, or receive less help from, health and nutrition programs:

- Hundreds of thousands of seniors and people with disabilities would lose or receive less help from Medicare's Part D Low-Income Subsidy, meaning they would pay higher premiums for drug coverage and pay more out of pocket for prescription drugs.
- Hundreds of thousands of children and adults would lose comprehensive coverage through Medicaid or CHIP.
- Millions of ACA marketplace consumers would receive lower premium tax credits, meaning they would pay higher premiums.
- Significant numbers of low-income households, primarily in working families, would lose eligibility for federal nutrition assistance programs including SNAP, WIC, and free school meals.

Would the change make the poverty line more accurate?

[No](#). The Administration's claim that the alternative indices would be appropriate for adjusting the poverty line because they more accurately measure inflation has several flaws:

- The poverty line is already below what is needed to raise a family. Research has identified many ways in which it is inadequate; for example, it doesn't take into account the full costs of low-income families' basic necessities, and largely excludes some necessities that have become more important in families' budgets in recent decades like child care. High rates of hardship among families with incomes just above the poverty line provide more evidence of its inadequacy. The Administration proposal, by ignoring all other issues and making a single change that would further lower the poverty line, would make the poverty line less accurate.
- Studies suggest that costs may rise more rapidly for low-income households than for the population as a whole. This means that adjusting the poverty line — meant to equal the level of income needed for families to be able to afford the basics — by a lower measure of inflation would make the poverty line more out-of-touch with families' true expenses each year.

What's the next step in the Administration's process?

For now, OMB is seeking comments on the possible change. **Comments are due June 21 and can be submitted [here](#).** After that, it's not clear whether the Administration will undertake any additional process; it might just try to implement a change through OMB guidance, rather than seek additional comments and issue a regulation.

Comments opposing the change are important. Comments – along with statements, analyses, op-eds, and social media efforts – help draw attention to the issue. The comments themselves also create a record that agencies generally have to show they've appropriately considered before taking action to implement the policy change; otherwise, the courts may judge their actions “arbitrary and capricious.” Thoughtful, meaty comments from a range of sectors and perspectives are the priority, rather than a huge volume of comments.

What kinds of issues should the comments address?

It's useful to submit comments that directly address the Administration's argument for the change. They don't necessarily have to address the technical merits of different inflation measures; instead, they could explain why the current measure falls short of what families need to make ends meet, so lowering it over time would make it less accurate.

It's also useful to submit comments addressing the potential impact on programs and people, but ***the framing of these comments is important***. OMB's notice specifies that it is ***not*** seeking comment on how its proposal would affect the poverty guidelines that HHS develops and that govern the eligibility limits in programs like Medicaid. This shows that the agency is considering making a change that would affect millions of people without even considering those effects. So instead of giving OMB the comments it directly said it doesn't want, we suggest framing a discussion of these programmatic impacts in the following way:

“Because you said you were not seeking comment on the impact of changing the HHS poverty guidelines, we are not commenting on that issue. However, were you to consider moving forward with a change to the thresholds that affects the guidelines, it would be imperative to first undertake in-depth research and analysis, and solicit public comments, regarding.....” This could be followed by an extended discussion of the *types of impacts* the Administration would need to analyze and consider, such as the number of individuals losing assistance, the impact of the loss of assistance on those individuals as well as on service providers, how the impacts would grow over time, etc., without indicating what such analyses would show. The onus should be on the federal government to conduct these kinds of extensive analyses before suggesting a policy change that would harm large numbers of people.