

Experts Have Wanted to Update the Poverty Line for Years —but Not the Way Trump Is Planning to Do It

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Amid attacks on several food security programs from the Trump administration, this proposed change could ignite yet another debate about where we draw the line.

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Updated:

May 28, 2019

Original:

May 22, 2019



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The federal poverty line is a relic. Almost any economist would agree. Although the way Americans live and spend has changed considerably over the years, the standard that currently determines eligibility for food assistance is still based on the same formula it was

when the Social Security Administration created Medicare in 1965: how much Americans spent on groceries in 1955.*

For years, experts have petitioned the government to update the way it measures poverty. Economists say the line is arbitrary, outdated, and even exclusionary. By only incorporating the cost of food, this measurement has failed to account for the vast majority of factors defining what it means to be poor in America.

Now, the Trump administration has answered—but not in the way advocates had hoped. For the first time in decades, the office that oversees the federal poverty thresholds has indicated that it is open to changing one part of the calculus.

In the United States, the official poverty measure is known as the poverty threshold—a level that the U.S. Census Bureau updates for inflation each year and uses to calculate how many Americans are living in poverty. The Department of Health and Human Services (HHS) bases its annual poverty guidelines on this threshold in order to determine eligibility for certain benefit programs, like Medicaid, the Supplemental Nutrition Assistance Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Changes to either the guidelines or the threshold itself could affect how many people receive food assistance.

Earlier this month, the White House Office of Management and Budget published a request for comment on proposed changes to the current inflation measure. [Reports](#) suggest the White House is considering adopting the "chained" consumer price index for all urban consumers (CPI), which many economists say is a more accurate way to measure inflation, because it uses spending data from both [before and after](#) a price change. But it would also alter the poverty threshold in ways that would make fewer people eligible for benefits.

Some economists and anti-poverty advocates say the White House shouldn't update the inflation measure without also making serious adjustments to the way it measures poverty in the U.S. Amid [attacks on several food security programs](#) from the Trump administration, this change could ignite yet another debate about where we draw the line.

'A Somewhat Arbitrary Exercise'

Within the Social Security Administration, the poverty line's origin story is almost mythic: One year into President Lyndon Johnson's War on Poverty, economist Mollie Orshansky—known in some circles as "Ms. Poverty"—set out to define poverty in the U.S. At the time, the typical American family spent about one-third of its income on food, so Orshansky took this number and multiplied it by three. The result seemed a little too high, so she downsized it even more, coming up with what's known as the "thrifty food plan." HHS has been using the same formula and adjusting for inflation ever since.

"The idea was to find some absolute measure or threshold, below which we could say people are deeply in need, so we could track it," says [Gregory Acs](#), vice president of income and benefits policy at the Urban Institute, a Washington, D.C.-based think tank. But what economists know now is that poverty is not absolute. They likely knew back then too: According to a report in the [HHS newsletter](#), only six months after the Johnson administration adopted the threshold, policymakers and analysts began to express concern about how to adjust the line to account for increasing standards of living.

And yet, Orshanky's method remained. The result is an extremely outdated measure of poverty that can't account for differences in costs of living across the U.S. A family living in Mississippi, one of the country's poorest states, must meet the same threshold as one in New York.

According to economists and anti-hunger advocates, this is a major problem. Americans spend less of their overall income on food today than they did in 1950. They have other expenses that are not accounted for in the threshold: child care, transportation, housing. "Having a budget poverty line based on food consumption from over 50 years ago doesn't quite make sense given what people are spending their money on now," Acs says.

Others go even further. "The idea of a poverty threshold in general, some would argue, is a somewhat arbitrary exercise," says [Christopher Wimer](#), senior research scientist and co-director of Columbia University's Center on Poverty and Social Policy. "It's hard to come to anything regarding consensus on what a line should be."

'Spending a Bunch of Money' for Nothing

There are other issues with the official measurement: The guidelines only count cash income—pre-tax. This means there's no measure of how much families are receiving from programs like SNAP or the earned income tax credit. "If you're not counting what we're doing to fight poverty, it gives you the impression we're spending a bunch of money" for nothing, Acs says.

There's plenty of evidence that federal programs used to fight poverty and food insecurity are working, but you won't find it in the official measurement. Nor in the current administration's policies: These have been focused on promoting self-sufficiency and ending reliance on government programs—what [Matthew Gritter](#), political science professor and welfare reform expert, has [called](#) the harmful archetype of the "deserving poor." These proposals are intended to push people off benefits, when [research shows](#) they're already doing that themselves.

Over the years, these criticisms culminated in a larger push to redraw the line. In 2011, the Census Bureau finally released a new metric, which experts say provides a more accurate view of poverty in the U.S. Unlike the official measure, the Supplemental Poverty Measure is

based on families' contemporary spending patterns for a number of core necessities, including food, clothing, shelter, and utilities. It also counts benefits from government programs, which economists say has already improved research on the subject.

Although experts widely agree that the SPM is a better measure of poverty than the official line, the metric is not used to determine eligibility for SNAP or WIC. Why not? It's not as simple as a swap, says University of Michigan economist [David Johnson](#), who was working in the Bureau of Labor Statistics when the SPM was adopted. Since the SPM includes money low-income people receive from programs like SNAP and WIC, it wouldn't be an accurate measurement of who needs them.

Instead of redrawing the line, food assistance programs have raised the bar. This is why SNAP eligibility is currently at 130 percent of the poverty line, not 100. Acs thinks the U.S. Department of Agriculture and HHS could simply raise the bar even higher if the administration does adopt the new inflation measure, but "the politics of that could be challenging," he says.

'Taking a Level That's Too Low and Making It Grow Slower'

When the Trump administration published a [request](#) for comment on updating the inflation measure, Wimer and others said they were not too surprised. Some economists believe that the chained CPI is more accurate than other indices, because it eliminates what's called substitution bias: When the relative prices of goods change, consumers substitute the expensive goods for products that are less pricy. The chained CPI takes those substitutions into account, measuring what people buy before and after a price increase.

But experts aren't sure the chained CPI works for low-income people. Preliminary research suggests that substitution bias is lower for poor Americans, meaning they are less likely to switch to buying cheaper goods. "We don't know if low-income people face different prices than others," Johnson says. "It could be low-income people don't have as much flexibility as other people."

Johnson argues that anyone making changes to the threshold should settle this first. "If you want to adjust poverty by a cost of living measure, then do it with a measure that reflects the costs that those people are facing," he says.

Across the board, the experts I spoke to for this story agreed that it's risky to adopt a measure that will directly affect low-income people when the research is not conclusive. Jim Weill, president of the food security non-profit Food Research & Action Center, argues that this substitution occurs more among middle-class people than poor families. "So it doesn't improve the counting of inflation for the poor, it makes it worse," he says. Weill thinks the policy will "squeeze people out of the programs that help low-income families and individuals."

According to Acs, the chained CPI runs 0.2 or 0.3 percent lower than the current measure. "In the grand scheme of things from year to year, that's not much," he says. But if the line were to go unchanged, and HHS continued to use the chained CPI, we'd eventually start to notice: Fewer people would be considered poor under the federal guidelines, and a Congressional Budget Office analysis from 2013 found that this could reduce federal spending for Social Security, federal employees' pensions, Medicare, Medicaid, and other programs.

Concerns over the chained CPI are exacerbated by the fact that the line is too low in the first place. "If the idea is to make the inflation measure more accurate, it seems only fair to do [that] if you consider what poverty line people need to get by," Wimer says. "If you're going to change the inflation measure in a way that makes the poverty line grow slower such that fewer people are eligible for benefits, that's all well and good—if you have the right line. [But under the new measure], you're taking a level that's too low and making it grow slower."

'We Don't Like to Change Things in the U.S.'

The White House said it's "not currently seeking comment on the poverty guidelines or their application." Individual programs could still adjust their thresholds to accommodate more people, but the line will remain. Few actually expect the Trump administration to overhaul the poverty line in a way that will expand benefits, especially amid what Weill calls the "ongoing drumbeat to reduce eligibility" for benefits.

It's not just Trump, however: "We don't like to change things in the U.S. very much, and there's an attitude that poverty is absolute," Acs observes, noting that some federal programs and funding formulas are linked to the official poverty line.

Moreover, if the government adopted a measure that accounted for cost of living, benefits would be redistributed across urban and rural communities. "There'd be a lot of winners and a lot of losers," Wimer says. "The New Yorks and the Californias of the world, their low-income populations would start to get more, and the Alabamas and South Dakotas of the world would start to get less. That's sort of an issue."

Poverty may not be absolute, but it is political. And Trump's critics say the inflation measure is yet another notch in his anti-government assistance agenda. "I think it's pretty clear they're focusing on changes that hurt poor people," Weill says. He notes that the administration is only considering this metric for anti-poverty programs, not tax brackets or Social Security (as President Barack Obama proposed in 2015)—reforms that could affect wealthier populations.

Wimer, too, says the request to change the inflation measure aligns with the administration's recent policies restricting benefits: instituting broader work requirements for SNAP and Medicaid and scaling back the public-charge rule, so that fewer immigrant families are eligible for benefits. "It's part of a broader effort to cut back and slash programs that help low-income families get by," he says. "It's doing one thing that harms people without doing something to help people."

****Update—May 22nd, 2019:*** *This post has been updated with the correct year in which the data used to develop the poverty threshold was collected.*