



June 20, 2019

Nancy Potok
Chief, Statistical and Science Policy
Office of Information and Regulatory Affairs
Office of Management and Budget

Re: Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies, OMB-2019-0002-0001

Dear Ms. Potok:

Catholic Charities USA (CCUSA), the National Council of the United States Society of St. Vincent de Paul (SVdP-USA), and the United States Conference of Catholic Bishops (USCCB) respectfully submit these comments in response to the proposed rule: *Consumer Inflation Measures Produced by Federal Statistical Agencies published by the Executive Office of the President, Office of Management and Budget (OMB) on May 7, 2019.*

CCUSA is a national membership organization representing more than 167 diocesan Catholic Charities member agencies. These member agencies operate more than 2,600 service locations across 50 states, the District of Columbia, and five U.S. territories. The diverse array of social services offered by its member agencies reached more than 10 million individuals in need last year. These services include partnering with government agencies to deliver key safety net and community support programs. Catholic Charities focuses on reducing poverty in America and seeks to address symptoms of poverty including hunger and homelessness.

SVdP-USA is a national network of more than 98,000 volunteers in over 4,400 communities, committed to growing in holiness and building a more just world through personal relationships with and service to people in need. In 2017, the Society gave over \$3.4 billion in cash, in kind, and volunteer services combined to over five million people helping them find shelter or avoid eviction, find dignified work, feed their families, and thrive.

The USCCB is a nonprofit corporation whose members are the active Catholic Bishops of the United States. USCCB advocates and promotes the pastoral teachings of the U.S. Catholic Bishops in diverse areas of the nation's life. USCCB's Committee on Domestic Justice and Human Development assists the bishops in advancing the social mission of the Church through policy advocacy, education, and outreach in support of the Church's anti-poverty efforts.

Catholic teaching affirms that all persons have a right to life and to secure the basic necessities of life, including food, clothing, shelter, education, health care, safe environment, and economic security. The best way to achieve these necessities is to work at a living wage, sufficient to achieve a standard of living that¹ is in keeping with human dignity². When adequate work is unavailable or it is not possible to work, we all have a role to play to care for the poor. As the Catholic Bishops state in their 2002 pastoral letter on poverty, *A Place at the Table*:

In the Catholic tradition, government has a positive role because of its responsibility to serve the common good, provide a safety net for the vulnerable, and help overcome discrimination and ensure equal opportunity for all. Government has inescapable responsibilities toward those who are poor and vulnerable, to ensure their rights and defend their dignity. Government action is necessary to help overcome structures of injustice and misuse of power and to address problems beyond the reach of individual and community efforts. Government must act when these other institutions fall short in defending the weak and protecting human life and human rights.

The Official Poverty Measure (OPM) plays a critical role in determining program eligibility³ for millions of low-income Americans and therefore requires a great deal of care when making adjustments to it. Unfortunately, the proposed shift from the consumer price index for all urban consumers (CPI-U) to other indexes, including the chained consumer price index for all urban consumers (C-CPI-U), provides a less accurate account of poverty in America.

The Census Bureau determines poverty status by using an OPM which compares pre-tax income against a threshold that is set at three times the cost of a minimum food diet in 1963, adjusted for family size, and for inflation through the Consumer Price Index for all urban consumers (CPI-U).

While the request for comment is only seeking information on how various consumer price indexes might influence the estimation of OPM, we would be remiss if we did not highlight the vast impact this change would have on millions of people in poverty.

We have the following concerns regarding how the current and other economic indexes could impact the OPM in America:

- The CPI-U is a flawed index due to an underestimation of price increases for low-income people;
- The C-CPI-U's inclusion of consumer good substitutions in its methodology is a less accurate measure for people in poverty than for other people;
- The C-CPI-U's delayed estimates could unfairly exclude eligible clients from social services.

¹ A Catholic Framework for Economic Life, A Statement of the U.S. Catholic Bishops, November 1996.

² Pope John Paul II, *On Human Work*.

³ Digital Communications Division. "What Programs Use the Poverty Guidelines?" *HHS.gov*, 21 Aug. 2015, www.hhs.gov/answers/hhs-administrative/what-programs-use-the-poverty-guidelines/index.html.

CPI-U is the current index used in the determination of OPM. It represents roughly 93% of the population and is based on their expenditures. CPI-U remains a flawed measurement for determining OPM because people who are low-income have different expenditure patterns than other people in various income brackets. For example, housing cost burdens are most prevalent among low-income renters.⁴ They spend a larger portion of their income on housing than middle and high-income households. According to the Center on Budget and Policy Priorities (CBPP), the cost of rent rose 31% from 2008 to 2018, much faster than the overall CPI-U (17%).⁵ This discrepancy disproportionately impacts people in poverty because they are spending larger shares of their income on rent, but CPI-U struggles to accurately measure housing costs.

C-CPI-U

In the request for comment - inflation section - it states that “there are many different ways in which actual indexes attempt to capture this change [inflation] in the level of prices... These measures are continually evaluated to ensure they are objective, accurate, relevant, and timely, thereby maintaining the integrity of official statistics.” The proposed shift to C-CPI-U fails to improve the OPM on two counts by being less accurate and timely.

The C-CPI-U formula asserts that consumers can substitute certain goods in response to changes in relative prices, but the opposite is true for people in poverty. The lack of access to affordable food, housing, healthcare, and other essentials makes substitution difficult to impossible. Low-income communities frequently live in food deserts in urban areas and often lack full-service grocery stores and farmers’ markets, forcing them to rely on nearby convenience stores.⁶ The prices set by the local convenience store provide the only options for many low-income families and no opportunity to substitute.

The inability to substitute consumer goods makes the C-CPI-U formula a less accurate measure of inflation for people who are low-income and in turn a less accurate OPM.

Utilizing expenditure data in the C-CPI-U formula produces untimely estimates that are not finalized until a year later. The lagging data could potentially take lifesaving services away from eligible families.

Client Impact

Many of the critical federal programs used by clients of Catholic Charities and St. Vincent de Paul would be impacted by shifting from CPI-U to the C-CPI-U. The Center on Budget and

⁴ Herbert, Christopher, et al. *Measuring Housing Affordability: Assessing the 30-Percent of Income Standard*. Joint Center of Housing Studies of Harvard University, Sept. 2018, www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Herbert_Hermann_McCue_measuring_housing_affordability.pdf#page=3.

⁵ Sherman, Arloc, and Paul Van De Water. “Reducing Cost-of-Living Adjustment Would Make Poverty Line a Less Accurate Measure of Basic Needs.” *Center on Budget and Policy Priorities*, 11 June 2019, www.cbpp.org/research/poverty-and-inequality/reducing-cost-of-living-adjustment-would-make-poverty-line-a-less.

⁶ Beaulac, Julie, et al. “A Systematic Review of Food Deserts, 1966-2007.” *Preventing Chronic Disease*, Centers for Disease Control and Prevention, www.ncbi.nlm.nih.gov/pubmed/19527577.

Policy and Priorities estimates that 300,000 fewer low-income children will be enrolled in Medicaid and CHIP by 2029, relative to current law. (Other effects would include 250,000 fewer low-income adults enrolled in the Medicaid expansion and 150,000 fewer low-income seniors and people with disabilities enrolled in the Medicare Savings Programs, under which Medicaid pays for Medicare premiums and/or cost-sharing charges.)

A reduction in access to those vital federal programs shifts more of the burden of meeting human needs from the federal government to Catholic Charities local agencies and St. Vincent de Paul programs. In virtually every community we serve, the need for rent and utility assistance, food and nutrition, mental and other health services, and childcare already far outpaces the resources we have, so we are forced to turn people away. Our local agencies and programs will not be able to meet the increased need.

Recommendations

- 1) We recommend that OMB consider creating an additional index that specifically evaluates expenditure patterns for low-income communities. The litany of concerns outlined above highlight the inadequacy of the current indexes available for the calculation of OPM. It would behoove OMB to work with the Bureau of Labor Statistics and other relevant federal agencies to develop an index specifically targeted at improving OPM.
- 2) If OMB is concerned about calculating an accurate OPM then it should focus efforts on addressing the other deficient components of the calculation rather than the inflation index. The current method of using 3 times the cost of a food diet in 1963 is arbitrary and an unrealistic measurement of poverty in America.

The Census Bureau's Supplemental Poverty Measure attempts to modernize the measurement to provide a more accurate representation of the number of people in poverty. While this measurement provides some of its own limitations, it is a step in the right direction and closer to reality.

Conclusion

We applaud efforts to improve the accuracy of the OPM and attempts to more clearly identify the number of people living in poverty in the United States. Yet, the request for comment only focuses on the various consumer price indexes and neglects more glaring problems in the OPM calculation. The possibility of changing the CPI and inaccurately reducing the OPM inevitably leaves hundreds of thousands of people turning to our agencies for support.

We will continue to support as many people as possible, but we cannot do it alone. A just and compassionate government is necessary in our common quest to serve and lift people out of poverty and help them pursue a dignified life.

Sincerely,



Anthony R. Picarello, Jr.
Associate General Secretary and General Counsel
United States Conference of Catholic Bishops



Brian Corbin
Executive Vice President, Member Services
Catholic Charities USA



Ralph Middlecamp
National President
National Council of the United States Society of St. Vincent de Paul