



June 20, 2019

Submitted via www.regulations.gov

Nancy Potok, Chief, Statistician and Science Policy
Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th Street Northwest
Washington, DC 20503

RE: Docket Number: OMB-2019-0002 - Consumer Inflation Measure Produced by Federal Statistical Agencies

Dear Chief Potok:

First 5 California appreciates the opportunity to comment on the potential selection and utilization of various consumer price indexes for estimating the Official Poverty Measure. First 5 California strongly opposes the inclusion of any measure that applies a smaller inflation adjustment each year than the current measure. This would lower the nation's poverty line and reduce both the number of low-income Californians who are eligible for certain supportive services as well as the levels of assistance many children and families can receive. At a time when Americans are struggling to afford housing, food, and other basic necessities, making it more difficult for families to access services will exacerbate the impacts of poverty in California and communities throughout the country.

Established 20 years ago, First 5 California was tasked directly by California's voters to urge leaders and lawmakers to prioritize the well-being of children in policy and budget decisions. Knowing the earliest years are crucial for child development, First 5 California works with others to ensure all children are supported at the earliest moments possible. As early childhood development experts and advocates, we work to ensure all children get the best start in life by working to educate policymakers on the importance of early childhood development, promoting strong and healthy children from the earliest moments possible, and shifting the public mindset to one focused on prevention and well-being.

Accurately accounting for the general rise in the cost of goods and services is crucial when adjusting the nation's poverty line each year. However, utilizing a measure of inflation that rises more slowly than the Consumer Price Index (CPI), such as the Chained Consumer Price Index (CPI-U), will hurt already struggling children and families. Such a change in methodology will lower the poverty line even when leading experts on poverty,

such as the California Budget & Policy Center and the Center on Budget and Policy Priorities, argue it is too low already and not reflective of any minimum adequate level of economic security.

Should the federal government revise its methodology for calculating the poverty threshold, it should do so by including an inflation measure that more accurately reflects the impacts of inflation on families experiencing poverty. CPI-U is not an accurate measure of the inflation that lower-income families experience, as research indicates inflation rises more quickly for low-income individuals than for the broader population. This is particularly true because low-income families must devote a significant share of their incomes to housing and childcare, the costs of which have grown more rapidly than other goods and services in recent years. For this reason, any inflation measure that rises more slowly than the CPI, as CPI-U does, is wholly inappropriate for inclusion in federal poverty calculations.

The income-level at which the federal government defines poverty provides the basis for eligibility for many public assistance programs. As a leading advocate for young children and their families in California, First 5 California is deeply concerned with the impact a lower poverty line would have on access to public benefit programs, including Head Start, Medicaid, the Children's Health Insurance Program (CHIP), and Supplemental Nutrition Assistance Program (SNAP), among others. Reducing or eliminating access to these and other supports will have an adverse impact on the healthy and optimal development of children, as well as the stability and wellbeing of families.

Safety net programs like Medicaid, CHIP, Head Start, and SNAP are intended to ensure that families have access to basic services and supports which lead to increased positive outcomes for children. During the first five years of life, 90 percent of brain development occurs and millions of new neural connections form each second. For children living in or near poverty, consistent access to supportive services is especially important during this critical time. Losing access to healthcare, early learning, and nutritional resources can negatively impact brain development and leads to life-long adverse outcomes. Public health research continually demonstrates food insecurity leads to suboptimal physical and mental growth, and children served by Medicaid and CHIP have better access to preventive and primary care services, as well as fewer unmet health needs, than their uninsured counterparts.

California currently has the highest rate of poverty in the nation. Slowing the rate of inflation used to calculate the poverty line would only further restrict access to services that support precisely those families already struggling to meet basic needs.

On behalf of California's children, First 5 California firmly opposes utilizing CPI-U when calculating poverty, as well as any other inflation measure that would reduce the threshold for consideration as poor. Including such a measure will ultimately harm the well-being of young children across California by restricting access to vital child care, and nutritional and health care services that serve families most in-need.

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If First 5 California can be of further assistance, please contact Erin Gabel, Deputy Director of External and Governmental Affairs, at egabel@cfc.ca.gov or (916) 263-1093.

Sincerely,

A handwritten signature in cursive script that reads "Camille Maben".

Camille Maben
Executive Director

First 5 California was established in 1998 when voters passed Proposition 10, which taxes tobacco products to fund services for children ages 0 to 5 and their families. First 5 California programs and resources are designed to educate and support teachers, parents, and caregivers in the critical role they play during a child's first five years – to help California kids receive the best possible start in life and thrive. For more information, please visit www.cfc.ca.gov.