

June 20, 2019

Nancy Potok, Chief Statistician  
Office of Management and Budget  
Statistical\_Directives@omb.eop.gov  
Re: Directive No. 14

Comments to OMB 2019-0002-0001

Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies

Dear Ms. Potok:

We are writing to express our concerns about potentially replacing the Consumer Price Index for All Urban Consumers (CPI-U) with another measure of inflation such as the Chained Consumer Price Index for All Urban Consumers (C-CPI-U), or the Personal Consumption Expenditures Price Index (PCEPI). Over time, the proposed use of a lower measure of inflation **would reduce or eliminate critical services including health, mental health, early education, legal aid, child welfare and nutrition services for thousands of Missourians.**

While we appreciate the desire to update the mechanisms used to calculate the Census Bureau's Official Poverty Measure to make it more meaningful, neither the C-CPI-U nor the PCEPI would adequately nor accurately assess the status and well-being of lower-income Missourians.

Recent studies indicate that inflation is increasing at a faster rate for low-income households than for households overall.<sup>1</sup> In particular, inflation measures such as the CPI-U do not adequately account for the fact that low-income households pay a higher proportion of their incomes on necessities such as housing and child care. The costs of these expenses have risen dramatically the past several decades—much faster than wages - making it extremely difficult for working families to get ahead and be financially self-sufficient. Lowering the calculation of poverty further, using the C-CPI-U or the PCEPI, would make the assessment of need even less accurate.

We recognize that OMB has not requested comments on the impact the proposed measures could have on the official Federal Poverty Guidelines (often referred to as the Federal Poverty Level) developed by the U.S Department of Health & Human Services (HHS). However, the poverty guidelines developed by HHS take their lead from the OMB threshold and would impact numerous federal, state and local government programs including access for Medicaid, CHIP, Child Care and Early Education, SNAP, WIC, and School Meals. By using a lower measure of inflation, the calculation of need used to determine

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<sup>1</sup> Greg Kaplan and Sam Schulhofer-Wohl, "Inflation at the Household Level," *Journal of Monetary Economics*, August 2017, [https://gregkaplan.uchicago.edu/sites/gregkaplan.uchicago.edu/files/uploads/kaplan\\_schulhoferwohl\\_jme\\_2017.pdf](https://gregkaplan.uchicago.edu/sites/gregkaplan.uchicago.edu/files/uploads/kaplan_schulhoferwohl_jme_2017.pdf) and David Argent and Munseob Lee, "Cost of Living Inequality during the Great Recession," Kilts Center for Marketing at Chicago Booth — Nielsen Dataset Paper Series 1-032, March 1, 2017, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2567357](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2567357).

eligibility for these programs would significantly reduce over time, impacting tens of thousands of Missourians.

Any proposed change to how poverty is calculated should undergo thorough research and analysis, and solicit public comments regarding the policy's potential impact on low- and moderate-income households. We oppose any change that would worsen the economic and health conditions of Missourians.

Please contact Amy Blouin, Missouri Budget Project at [ablouin@mobudget.org](mailto:ablouin@mobudget.org) with any questions.

Respectfully submitted on behalf of the following organizations:

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cc:

The Honorable Roy Blunt  
The Honorable Josh Hawley