

AMENDED IN ASSEMBLY MAY 5, 2014

AMENDED IN ASSEMBLY APRIL 10, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**Assembly Joint Resolution**

**No. 40**

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**Introduced by Assembly Member Mullin**

*(Coauthors: Assembly Members Alejo, Ammiano, Atkins, Bocanegra, Bonilla, Bonta, Bradford, Brown, Buchanan, Ian Calderon, Campos, Chau, Chesbro, Cooley, Dababneh, Dickinson, Eggman, Fong, Fox, Frazier, Garcia, Gatto, Gomez, Gonzalez, Gordon, Gray, Hall, Roger Hernández, Holden, Jones-Sawyer, Levine, Lowenthal, Medina, Muratsuchi, Nazarian, Pan, Perea, John A. Pérez, V. Manuel Pérez, Quirk, Quirk-Silva, Rendon, Ridley-Thomas, Rodriguez, Salas, Skinner, Stone, Ting, Weber, Wieckowski, Williams, and Yamada)*

February 21, 2014

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Assembly Joint Resolution No. 40—Relative to the federal poverty level measurement.

LEGISLATIVE COUNSEL'S DIGEST

AJR 40, as amended, Mullin. Federal poverty level measurement.

This measure would urge the federal government to take steps to reform the outdated and inadequate Official Poverty Measure to better reflect poverty and the unmet needs demonstrated by the Supplemental Poverty Measure.

Fiscal committee: no.

- 1 WHEREAS, The Official Poverty Measure is determined by
- 2 the United States Census Bureau and is instrumental in determining

1 an individual’s eligibility for a number of government programs,  
2 including the Supplemental Nutrition Assistance Program;  
3 Medicaid; School Lunch Program; Women, Infants, and Children;  
4 Housing Assistance; and others; and

5 WHEREAS, The method we use today was developed in the  
6 1964 by Mollie Orshanksy of the Social Security Administration,  
7 and that method used before-tax cash income to determine a  
8 family’s resources, which was then compared to a poverty  
9 threshold; and

10 WHEREAS, In determining this poverty threshold, Orshanksy  
11 used a food plan developed by the federal Department of  
12 Agriculture that was designed for “temporary or emergency use  
13 when funds are low,” and then multiplied the cost of the plan by  
14 three because, at the time, a family typically used about a third of  
15 their income on food; and

16 WHEREAS, Other than minor changes, the method has remained  
17 the same over time, despite significant economic and governmental  
18 changes, including the introduction of Medicare and Medicaid,  
19 the shift from a manufacturing to a service economy, welfare  
20 reform of the 1990’s, and the general stagnation of wages; and

21 WHEREAS, The Official Poverty Measure is a one-size-fits-all  
22 policy that leads to a distorted perception of poverty and an  
23 inefficient allocation of resources to fight poverty; and

24 WHEREAS, The Official Poverty Measure has failed to  
25 accurately measure poverty because it has not kept up with the  
26 changes to our economy and social science research; and

27 WHEREAS, The Official Poverty Measure does not take into  
28 account that families no longer spend one-third of their income on  
29 food; they currently spend between 5 to 10 percent; and

30 WHEREAS, The Official Poverty Measure does not account  
31 for noncash transfers, such as the Supplemental Nutrition  
32 Assistance Program or Medicaid, as income; and

33 WHEREAS, The Official Poverty Measure does not account  
34 for variations in cost-of-living in different regions of our country;  
35 and

36 WHEREAS, Low-income working families in California are  
37 especially disadvantaged by the Official Poverty Measure due to  
38 our state’s high cost of living, which results in the denial of  
39 federally funded assistance to families living above the federal  
40 poverty line, but who are unable to meet their basic needs; and

1 WHEREAS, The Official Poverty Measure does not account  
2 for the increase in child care expenses due to the rise in the  
3 workforce participation of both parents; and

4 WHEREAS, The Official Poverty Measure does not account  
5 for variations in health care coverage and out-of-pocket medical  
6 costs; and

7 WHEREAS, Historically, there has been widespread agreement  
8 among analysts, advocates, and policymakers that the Official  
9 Poverty Measure is inadequate, leading to a 1990 Congressional  
10 appropriation that was made for an independent scientific study  
11 on a new calculation method; and

12 WHEREAS, This study was performed by The National  
13 Academy of Sciences, which established the Panel on Poverty and  
14 Family Assistance. The panel released a report in 1995 entitled  
15 “Measuring Poverty: A New Approach,” which established  
16 guidelines for creating a new method; and

17 WHEREAS, Fifteen years later, in 2010, the Interagency  
18 Technical Working Group on Developing a Supplemental Poverty  
19 Measure and the Census Bureau and the Bureau of Labor developed  
20 an alternative poverty measure known as the Supplemental Poverty  
21 Measure; and

22 WHEREAS, The Supplemental Poverty Measure was designed  
23 to take into account changes in the United States economy over  
24 time, cost-of-living variations in different parts of the country, and  
25 the changing role of government; and

26 WHEREAS, The Supplemental Poverty Measure more  
27 accurately measures poverty by using a basic set of goods that  
28 includes food, clothing, shelter, and utilities, adjusted to reflect  
29 the needs of different family types and to account for geographic  
30 differences in living costs to establish what is known as a poverty  
31 threshold; and

32 WHEREAS, The Supplemental Poverty Measure defines family  
33 resources as the value of cash income from all sources, plus the  
34 value of noncash benefits, including nutrition assistance, subsidized  
35 housing, home energy assistance, tax credits, and other benefits  
36 that are available to buy the basic bundle of goods, minus the  
37 necessary expenses for critical goods and services not included in  
38 the thresholds; and

39 WHEREAS, Necessary expenses include income taxes, Social  
40 Security payroll taxes, childcare and other work related expenses,

1 child support payments, and contributions toward the cost of  
2 medical care and health insurance premiums or out-of-pocket  
3 medical costs; and

4 WHEREAS, The Supplemental Poverty Measure offers a more  
5 accurate measure of poverty than the general Official Poverty  
6 Measure; and

7 WHEREAS, The use of the Official Poverty Measure can have  
8 a detrimental effect on policies to combat poverty because it results  
9 in less efficient and less accurately targeted policies and  
10 expenditures; and

11 WHEREAS, It is vital that we implement a fair poverty measure  
12 that allows us to efficiently allocate resources and focus on regions  
13 and populations that need help the most; and

14 WHEREAS, Given the numerous inadequacies of the Official  
15 Poverty Measure as a tool to accurately target and efficiently  
16 allocate antipoverty resources, the Supplemental Poverty Measure  
17 should supplant the Official Poverty Measure for administrative  
18 purposes in determining financial eligibility for programs intended  
19 to reduce poverty; now, therefore, be it

20 *Resolved by the Assembly and the Senate of the State of*  
21 *California, jointly,* That the Legislature of California urges the  
22 President and the Congress of the United States to take steps to  
23 reform the outdated and inadequate Official Poverty Measure to  
24 better reflect poverty and the unmet needs demonstrated by the  
25 Supplemental Poverty Measure; and be it further

26 *Resolved,* That the Chief Clerk of the Assembly transmit copies  
27 of this resolution to the President and the Vice President of the  
28 United States, to the Speaker of the House of Representatives, to  
29 the Majority Leader of the Senate, and to each Senator and  
30 Representative from California in the Congress of the United  
31 States, to the Governor of California, and to the author of this  
32 resolution.