

AMENDED IN SENATE AUGUST 11, 2014

AMENDED IN ASSEMBLY MAY 5, 2014

AMENDED IN ASSEMBLY APRIL 10, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

Assembly Joint Resolution

No. 40

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)

(Coauthors: Senators Corbett, Mitchell, Monning, and Steinberg)

February 21, 2014

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This measure would urge the federal government to take steps to reform the outdated and inadequate Official Poverty Measure to better reflect poverty and the unmet needs demonstrated by the Supplemental Poverty Measure.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
3 an individual’s eligibility for a number of government programs,
4 including the Supplemental Nutrition Assistance Program;
5 Medicaid; School Lunch Program; Women, Infants, and ~~Children;~~
6 *Children Program*; Housing Assistance; and others; and

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

12 *WHEREAS, Orshansky’s method used before-tax cash income*
13 *to determine a family’s resources, which was then compared to a*
14 *poverty threshold; and*

15 WHEREAS, In determining this poverty threshold, ~~Orshansky~~
16 *Orshansky* used a food plan developed by the federal Department
17 of Agriculture that was designed for “temporary or emergency use
18 when funds are low,” and then multiplied the cost of the plan by
19 three because, at the time, a family typically used about a third of
20 their income on food; and

21 WHEREAS, Other than minor changes, the method has remained
22 the same over time, despite significant economic and governmental
23 changes, including the introduction of Medicare and Medicaid,
24 the shift from a manufacturing to a service economy, welfare
25 reform of the ~~1990’s~~, *1990s*, and the general stagnation of wages;
26 and

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

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

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

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

1 WHEREAS, The Official Poverty Measure does not account
2 for variations in cost of living in different regions of our country;
3 and

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

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

12 WHEREAS, The Official Poverty Measure does not account
13 for variations in health care coverage and out-of-pocket medical
14 costs; and

15 WHEREAS, Historically, there has been widespread agreement
16 among analysts, advocates, and policymakers that the Official
17 Poverty Measure is inadequate, leading to a 1990 Congressional
18 appropriation that was made for an independent scientific study
19 on a new calculation method; and

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

25 WHEREAS, Fifteen years later, in 2010, the Interagency
26 Technical Working Group on Developing a Supplemental Poverty
27 Measure and the Census Bureau and the Bureau of Labor developed
28 an alternative poverty measure known as the Supplemental Poverty
29 Measure; and

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

34 WHEREAS, The Supplemental Poverty Measure more
35 accurately measures poverty by using a basic set of goods that
36 includes food, clothing, shelter, and utilities, adjusted to reflect
37 the needs of different family types and to account for geographic
38 differences in living costs to establish what is known as a poverty
39 threshold; and

1 WHEREAS, The Supplemental Poverty Measure defines family
2 resources as the value of cash income from all sources, plus the
3 value of noncash benefits, including nutrition assistance, subsidized
4 housing, home energy assistance, tax credits, and other benefits
5 that are available to buy the basic bundle of goods, minus the
6 necessary expenses for critical goods and services not included in
7 the thresholds; and

8 WHEREAS, Necessary expenses include income taxes, Social
9 Security payroll taxes, childcare and other work-related expenses,
10 child support payments, and contributions toward the cost of
11 medical care and health insurance premiums or out-of-pocket
12 medical costs; and

13 WHEREAS, The Supplemental Poverty Measure offers a more
14 accurate measure of poverty than the general Official Poverty
15 Measure; and

16 WHEREAS, The use of the Official Poverty Measure can have
17 a detrimental effect on policies to combat poverty because it results
18 in less efficient and less accurately targeted policies and
19 expenditures; and

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

23 WHEREAS, Given the numerous inadequacies of the Official
24 Poverty Measure as a tool to accurately target and efficiently
25 allocate antipoverty resources, the Supplemental Poverty Measure
26 should ~~supplant~~ *guide the reform and updating of* the Official
27 Poverty Measure for administrative purposes in determining
28 financial eligibility for programs intended to reduce poverty; now,
29 therefore, be it

30 *Resolved by the Assembly and the Senate of the State of*
31 *California, jointly,* That the Legislature of California urges the
32 President and the Congress of the United States to take steps to
33 reform the outdated and inadequate Official Poverty Measure to
34 better reflect poverty and the unmet needs demonstrated by the
35 Supplemental Poverty Measure; and be it further

36 *Resolved,* That the Chief Clerk of the Assembly transmit copies
37 of this resolution to the President and the Vice President of the
38 United States, to the Speaker of the House of Representatives, to
39 the Majority Leader of the Senate, and to each Senator and
40 Representative from California in the Congress of the United

1 States, to the Governor of California, and to the author of this
2 resolution.

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