

AMENDED IN ASSEMBLY APRIL 10, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

Assembly Joint Resolution

No. 40

Introduced by Assembly Member Mullin

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This measure would urge the federal government to take steps to ~~transition from~~ *reform* the outdated and inadequate Official Poverty Measure and ~~instead begin implementing~~ *to better reflect poverty and the unmet needs demonstrated by* the Supplemental Poverty Measure ~~to determine the allocation of federal benefits.~~

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, Program; Medicaid;~~ School Lunch ~~Program, Women~~
6 ~~Infants and Children, Program; Women, Infants, and Children;~~
7 ~~Housing Assistance, Assistance;~~ and others; and
8 WHEREAS, The method we use today was developed in the
9 1964 by Mollie Orshanksy of the Social Security Administration,
10 and that method used before-tax cash income to determine a
11 family’s resources, which was then compared to a poverty
12 threshold; and

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

7 WHEREAS, Other than minor changes, the method has remained
8 the same over time, despite significant economic and governmental
9 changes, including the introduction of Medicare and Medicaid,
10 the shift from a manufacturing to a service economy, welfare
11 reform of the 1990’s, and the general stagnation of wages; and

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

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

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

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

24 WHEREAS, The Official Poverty Measure does not account
25 for variations in cost-of-living in different regions of our country;
26 and

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

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

35 WHEREAS, The Official Poverty Measure does not account
36 for variations in health care coverage and out-of-pocket medical
37 costs; and

38 WHEREAS, Historically, there has been widespread agreement
39 among analysts, advocates, and policymakers that the Official
40 Poverty Measure is inadequate, leading to a 1990 Congressional

1 appropriation that was made for an independent scientific study
2 on a new calculation method; and

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

8 WHEREAS, Fifteen years later, in 2010, the Interagency
9 Technical Working Group on Developing a Supplemental Poverty
10 Measure and the Census Bureau and the Bureau of Labor developed
11 an alternative poverty measure known as the Supplemental Poverty
12 Measure; and

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

17 WHEREAS, The Supplemental Poverty Measure more
18 accurately measures poverty by using a basic set of goods that
19 includes food, clothing, shelter, and utilities, adjusted to reflect
20 the needs of different family types and to account for geographic
21 differences in living costs to establish what is known as a poverty
22 threshold; and

23 WHEREAS, The Supplemental Poverty Measure defines family
24 resources as the value of cash income from all sources, plus the
25 value of noncash benefits, including nutrition assistance, subsidized
26 housing, home energy assistance, tax credits, and other benefits
27 that are available to buy the basic bundle of goods, minus the
28 necessary expenses for critical goods and services not included in
29 the thresholds; and

30 WHEREAS, Necessary expenses include income taxes, Social
31 Security payroll taxes, childcare and other work related expenses,
32 child support payments, and contributions toward the cost of
33 medical care and health insurance premiums or out-of-pocket
34 medical costs; and

35 WHEREAS, The Supplemental Poverty Measure offers a more
36 accurate measure of poverty than the general Official Poverty
37 Measure; and

38 WHEREAS, The use of the Official Poverty Measure can have
39 a detrimental effect on policies to combat poverty because it results

1 in less efficient and less accurately targeted policies and
2 expenditures; and

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

6 WHEREAS, Given the numerous inadequacies of the Official
7 Poverty Measure as a tool to accurately target and efficiently
8 allocate antipoverty resources, the Supplemental Poverty Measure
9 should supplant the Official Poverty Measure for administrative
10 purposes in determining financial eligibility for programs intended
11 to reduce poverty; now, therefore, be it

12 *Resolved by the Assembly and the Senate of the State of*
13 *California, jointly,* That the Legislature of California urges the
14 President and the Congress of the United States *to take steps to*
15 ~~transition from reform~~ the outdated and inadequate Official Poverty
16 Measure ~~and instead begin implementing~~ *to better reflect poverty*
17 *and the unmet needs demonstrated by* the Supplemental Poverty
18 Measure ~~to determine the allocation of federal benefits~~; and be it
19 further

20 *Resolved,* That the Chief Clerk of the Assembly transmit copies
21 of this resolution to the President and the Vice President of the
22 United States, to the Speaker of the House of Representatives, to
23 the Majority Leader of the Senate, and to each Senator and
24 Representative from California in the Congress of the United
25 States, to the Governor of California, and to the author of this
26 resolution.