

Assembly Joint Resolution No. 40

RESOLUTION CHAPTER 163

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

[Filed with Secretary of State September 9, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

AJR 40, 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This measure would urge the federal government to take steps to reform the outdated and inadequate Official Poverty Measure to better reflect poverty and the unmet needs demonstrated by the Supplemental Poverty Measure.

WHEREAS, The Official Poverty Measure is determined by the United States Census Bureau and is instrumental in determining an individual's eligibility for a number of government programs, including the Supplemental Nutrition Assistance Program; Medicaid; School Lunch Program; Women, Infants, and Children Program; Housing Assistance; and others; and

WHEREAS, The method we use today was developed in 1964 by Mollie Orshansky of the Social Security Administration; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature of California urges the President and the Congress of the United States 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; and be it further

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