***Poverty Line Act* FAQs**

What is the problem?
The current federal poverty line (FPL) is too low. It does not accurately reflect what it takes for households to meet their basic needs. Currently, for one individual, the FPL is $14,580 per year. For a family of four, it is $30,000 per year. (These figures are slightly higher in Hawaii and Alaska.) For context, in San Mateo County, California, housing costs alone are $48,024 per year. (EPI Family Budget Calculator) Millions of working families make too little income to afford their basic needs, including housing, food, utilities, and more, yet because the FPL is so low, they do not qualify for safety net programs, such as SNAP (food stamps), Medicaid, LIHEAP, and many others.

Why is the poverty line so low?
The methodology used to calculate the FPL was first developed in the 1960s as a multiple of household food costs – at the time, food costs were about a third of a household budget, so the government estimated the cost of food and multiplied it by three. It is annually adjusted based on the Consumer Price Index. As food costs have become a decreasing share of household budgets, and other costs have grown at faster rates, the poverty line has become increasingly disconnected with what a household needs to actually make ends meet.

What would the *Poverty Line Act* do?
The *Poverty Line Act* would update the way the FPL is calculated so it reflects today's cost of living and is adjusted for regional differences across the country.

How does the new calculation work?
The methodology proposed in the *Poverty Line Act* adds up the cost of basic needs – food, clothing, shelter, utilities, internet, telephone, health insurance and health care, and child care for families who need it – and adjusts costs for regional differences. It is then updated annually based on the latest data.

Would people in some regions be disadvantaged under this new calculation?
The bill ensures the poverty line is set no lower than it currently is for any household. Further, the bill requires a review of all federal programs that rely on the poverty line to determine whether other changes, for example, to formula grant programs, would need to be adjusted as well. The bill requires a three-year phase in to make these determinations and adjustments.

Is this about poverty measurement? Would this change federal poverty measures like the Supplemental Poverty Measure?
No. This bill would affect the poverty line as defined under the official poverty guidelines, which are used by agencies to determine who is eligible for certain safety net programs (SNAP, Medicaid, etc.). By contrast, the Census Bureau's Supplemental Poverty Measure (SPM) *measures* poverty, and does so by considering in-kind resources, such as benefits received in lieu of cash, as a part of a household's income. Therefore, measures like the SPM cannot be used for the purposes of determining eligibility for programs, which generally consider cash

income only. The *Poverty Line Act* does not address statistical measurement. (See HHS's FAQs on this topic for more information.)

Isn't changing the FPL calculation complicated? Is this realistic?
Yes and yes. It is complicated – and it is within the capabilities of the federal government, which already pulls together data sources to produce statistical tables for a range of reports and studies.

Changing the calculation of the FPL so that it pulls from several different data sources, accounts for regional differences, and differs depending on household-specific characteristics would require upfront work by the Office of Management and Budget and Department of Health and Human Services (HHS). The bill would require simplification of this data so that it can be practically used by agencies to determine program eligibility, and it would require HHS to set up a publicly accessible website to help individuals and agency administrators to look up the poverty line for a household with specific characteristics. While the bill's proposed approach is more complicated than the current approach, the data sources to be used already exist and, with modern technology, producing a household-specific poverty line based on different characteristics is achievable. Moreover, it is essential for ensuring working families are not prevented from accessing the help they need.

Why not have a task force or panel come up with a new calculation methodology?
There have been numerous federal task forces, committees, and evaluations over the years – at least in 1971, 1973, 1981, 1990, 1995, 2010, and 2023 (see here and here), not to mention state-level efforts to address the inadequacies of the FPL. The *Poverty Line Act* incorporates insights from the most recent federal panel on the topic, the National Academies of Sciences' *Panel on Evaluation and Improvements to the Supplemental Poverty Measure*, which issued a report and recommendations in 2023. The bill relies on the expense-side components of the Supplemental Poverty Measure (SPM) as well as recommendations made in this latest study on how to update the SPM. Setting up yet another working group or panel on the topic merely kicks the can down the road and gives fodder to those who oppose expanding access to safety net benefits by suggesting we do not yet have enough data to know whether or how to raise the poverty line.

What if the new calculation in the bill doesn't work as expected or needs to be changed in the future?
The bill requires ongoing evaluation and study on the new FPL's efficacy every four years, including recommendations on how to improve the calculation. This would enable Congress to act more quickly in the future to make course corrections as needed. OMB and HHS would also have flexibility to, at any time, make unilateral changes in the data sources it uses to generate the FPL based on changing conditions.

Does this spread too thin or cannibalize scarce resources for low-income families?
For entitlements, such as SNAP and Medicaid, expanding eligibility by increasing the FPL would enable more people to access such programs without Congress acting further. For programs

that are funded on a discretionary basis, Congress would need to increase appropriations commensurate with the expansion in eligibility to ensure programs do not run out of funds. Rep. Mullin is introducing the *Poverty Line Act* to build a coalition to dramatically expand access to the safety net. Along with that, we are building the political will that would ensure appropriations would be concomitantly increased to meet the need across all programs.

Why does this bill amend the *Community Services Block Grant Act*?

The Community Services Block Grant (CSBG) definition of the "federal poverty line" (42 U.S.C. § 9902(2)) is where OMB is instructed to calculate the line. Most other major safety net programs (although notably not housing subsidies, such as Housing Choice Vouchers, i.e., Section 8) reference the CSBG Act or they make a reference to it such as 'the official poverty line as defined by OMB.' For example: SNAP (7 U.S.C. § 2014(c)(1)), WIC (42 U.S.C. § 1758(b)), Medicaid (42 USC 1396a(a)(10)(A)(ii)(XIII)), ACA subsidies (42 U.S.C. § 18071 which references 26 U.S.C. § 36B(d)(3) which references 42 U.S.C. § 1397jj(c)(5) which references 42 U.S.C. § 9902(2)).

In the bill, why do you include employer-based health insurance coverage as an in-kind resource, but not other types of benefits a person may have (e.g., SNAP)?

Employer health insurance coverage is a universal program and not an income-based benefit. Employer coverage does not require any eligibility threshold, whereas Medicaid does. If someone doesn't get Medicaid but has employer-based coverage, they don't have to pay for it. That's not true for any other type of benefit in the bill's calculation (e.g., if a person does not have a Housing Choice Voucher/Section 8 voucher, they would still have to pay for housing and there's no universal alternative scheme to pay for housing). There are situational differences that may mean a specific person doesn't need to pay for housing (e.g., some jobs come with housing stipends), but that's the exception not the rule. The same is true for child care: While an individual employer may provide child care, there is no universal requirement that most employers provide child care.