



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

The Honorable Nancy Potok, Chief Statistician
Office of Management and Budget
725 17th St. NW
Washington, DC 20006

Submitted via regulations.gov: <https://www.regulations.gov/docket?D=OMB-2019-0002>

June 21, 2019

RE: Request for Comment on the Consumer Inflation Measures Produced by Federal Statistical Agencies (Directive No. 14), 84 Fed. Reg. 19961 (May 7, 2019).

Dear Dr. Potok:

These comments are submitted on behalf of the Consortium for Citizens with Disabilities (CCD). CCD is the largest coalition of national organizations working together to advocate for federal public policy that ensures the self-determination, independence, empowerment, integration and inclusion of children and adults with disabilities in all aspects of society. Since 1973, CCD has advocated on behalf of people of all ages with physical and mental disabilities and their families. CCD has worked to achieve federal legislation and regulations that assure that the 54 million children and adults with disabilities are fully integrated into the mainstream of society.

People with disabilities would be disproportionately impacted by the use of many indices to inflate the official poverty measure and any proposed change must go through the full notice and public comment process.

CCD represents millions of people with disabilities who receive services with eligibility requirements based in part or in full on the federal poverty measure. People with disabilities live in poverty at more than twice the rate of people without disabilities; while people with disabilities make up approximately 12 percent of the U.S. working-age population, they account for more than half of those living in long-term poverty. More than 65 percent of the 17.9 million working-age adults with disabilities participate in at least one safety net or income support program.¹ As such, people with disabilities would be disproportionately impacted by any change to the poverty guidelines or how they change from year to year based on changes

¹ National Council on Disability, 2017 Progress Report (2017):
<https://ncd.gov/newsroom/2017/disability-poverty-connection-2017-progress-report-release>.

in the cost of living.

We understand OMB is not requesting comment on the poverty guidelines or the impact of changes to those guidelines at this time. Obviously, a change that would impact the millions of people receiving SNAP, TANF, housing subsidies, SSI, Medicaid, Medicare, free and reduced price school meals, LIHEAP, Head Start, WIC, and numerous other federal, state, and local services² would need to go through a robust analysis and also the full notice and public comment process. In addition, we would remind OMB that any index is only as useful as the measure it is being used to inflate. For example, there is extensive historical research into how incomplete the federal poverty measure is; any change to the inflationary rate will not adequately address how the poverty measure fails to capture health care spending and costs as well as changes in the percentage of household expenditures used for child care and housing.³

Given that OMB is only requesting general comments on the differences between a limited set of indices and not asking about the impact of using different indices, CCD comments that it is crucially important that the index chosen reflects the population to which it is being applied. People with disabilities are disproportionately low-income and are more likely than people without disabilities to live in low-income households, so it is important that measures of inflation reflect the needs of low-income people and households. For example, there is evidence that inflation increases faster for low income households than for households overall.⁴ “Over the nine years from the third quarter of 2004 through the third quarter of 2013, average inflation cumulates to 33% for households with incomes below \$20,000 but to just 25% for households with incomes above \$100,000. The negative correlation of inflation with income implies that inequality in real incomes is rising faster than inequality in nominal incomes.”⁵ Indices that do not take into account this increased inflation for low income households do not capture the reality of costs for people with disabilities and their households, and therefore should not be used.

² A more complete list of programs that utilize the official poverty measure is available here: <https://aspe.hhs.gov/frequently-asked-questions-related-poverty-guidelines-and-poverty>.

³ See, e.g., Congressional Research Service, *The Supplemental Poverty Measure: Its Core Concepts, Development, and Use*, R45031 (2017): <https://fas.org/sgp/crs/misc/R45031.pdf>; The American Prospect, *Mismeasuring Poverty* (2012): <https://prospect.org/article/mismeasuring-poverty>; Stanford Social Innovation Review, *Beyond the Poverty Line* (2010): https://ssir.org/articles/entry/beyond_the_poverty_line.

⁴ Greg Kaplan and Sam Schulhofer-Wohl, *Inflation at the Household Level*, *Journal of Monetary Economics*, 91, 19–38 (2017), https://gregkaplan.uchicago.edu/sites/gregkaplan.uchicago.edu/files/uploads/kaplan_schulhoferwohl_jme_2017.pdf; Kilts Center for Marketing at Chicago Booth – Nielsen Dataset Paper Series 1-032, David Argente and Munseob Lee, *Cost of Living Inequality during the Great Recession* (2017), <https://ssrn.com/abstract=2567357> or <http://dx.doi.org/10.2139/ssrn.2567357>.

⁵ Kaplan and Schulhofer-Wohl, *supra* note 4, at 20.

CCD opposes the use of the Chained Consumer Price Index for All Urban Consumers (C–CPI–U) or any other “chained” measures of inflation.

As the request for comments states, the C-CPI-U “employs a formula that reflects the effect of substitution that consumers make across component item categories, for example in response to changes in relative prices.” However, it is not possible for people with disabilities to make certain substitutions: if insulin becomes more expensive, people with diabetes cannot substitute a different medication to sustain life. If bus fare increases, people with severe visual impairments or epilepsy cannot switch to driving a car. If the price of deli meat increases, people with peanut allergies cannot swap their turkey sandwiches for PB&Js. People with disabilities often require specially tailored clothing, assistive devices and technologies, specific diets, and other expenditures that cannot easily be changed because of changes in relative prices.

Low-income people also have limited ability to switch to different items, because they are already selecting the lowest-priced item available to them in a given category. Even when an item appears to be cheaper it often requires initial capital expenditures that are out of reach. For example, purchasing a used car might be cheaper than taking the train, but requires a down payment and insurance. Buying dry beans and carrots to make soup from scratch might be cheaper per portion than buying microwaveable prepared soup, but requires a knife, cutting board, pot, working stove, running water, ladle, and time, among other commodities.

For these and other reasons, CCD has long opposed chained CPI measures, both to adjust Social Security benefits and to adjust eligibility for other programs.⁶

Additionally, OMB’s general statement that C-CPI-U and the Personal Consumption Expenditure Price Index are more accurate because they are “revised after initial release” offers no evidence of how such revisions ensure these measures are more accurate in the context of the programs to which they might be applied and appears completely arbitrary.

The Experimental Price Index for the Elderly (CPI-E) is a more accurate measure of changes in the cost of living for elderly people and of people with disabilities, but would not fix other

⁶ See, e.g., CCD, Letter to President Obama (2012): http://www.c-c-d.org/fichiers/CCD-President_Sign_On_Opposing_Chained_CPI_Nov-30-2012.pdf; CCD, Chained CPI Fact Sheet (2012): http://www.c-c-d.org/fichiers/SSTF_Chained_CPI_FactSheet_FINAL12-12-12.pdf; CCD, Statement for the Record, Hearing on the President’s and Other Bipartisan Entitlement Reform Proposals (2013) http://www.c-c-d.org/fichiers/CCD_Ways_and_Means_CCPI_Hearing_Statement_05-02-13.pdf; and CCD, Comments on Comments on: “Using the Chained Consumer Price Index to Determine Social Security Cost-of-Living Adjustments and Benefit Increases for Long-Time Social Security Beneficiaries” (2013) http://www.c-c-d.org/fichiers/CCD_Way_and_Means_CCPI_ommentsFINAL08-09-13.pdf.

significant problems with the current poverty guidelines.

If OMB is looking for an alternative index that more accurately captures the needs of people with disabilities from the limited list of indices provided in the request for comment, the CPI-E does incorporate more relevant factors for people with disabilities. The CPI-E assumes people spend a greater portion of their income on housing and medical care than other measures do.⁷ Given that people with disabilities often require specific characteristics for their housing (no stairs, smoke detectors that flash a light in addition to making a noise, lower counters, wider doorways, proximity to public transportation, nearby medical facilities, etc.) it makes sense that such housing would be in more limited supply (and therefore more expensive) and/or require costly modification. Similarly, people with disabilities are likely to spend more on health care: choosing the most insurance coverage they can afford, paying more towards their deductibles, additional copayments, and out-of-pocket charges for things like over-the-counter medications or therapies and equipment not covered by insurers. However, while these factors are relevant to people with disabilities and might be appropriate to adopt to make Social Security cost-of-living adjustments, it does not incorporate factors related to low-income households that would be a crucial aspect of any change to the official poverty measure.

In addition, the official poverty measure has a multitude of other accuracy problems that are unrelated to the index used for inflation. The official poverty measure has been the subject of extensive analysis, discussion, and debate since it were first published.⁸ The Federal government has devoted extensive resources to analyzing and discussing these challenges and publishes the Supplemental Poverty Measure which “developed after decades of research focused on overcoming the limitations of the official poverty measure.”⁹ This research has also identified other challenges, such as “the valuation of noncash benefits such as subsidized health care.”¹⁰ Changing the index used to inflate the official poverty measure will not change the inaccuracy of the measure it is inflating, but will certainly impact the poverty guidelines and program eligibility for the programs partially listed above and the people who rely on those programs.

Again, we understand that OMB is not asking for comments on that impact, but if OMB does decide to move forward with some substantive policy change, OMB and other agencies must engage in the complicated, careful analysis required to truly make the official poverty measure more accurate and to reflect the needs of people with disabilities and other disproportionately impacted populations. Before any new indices are adopted, OMB and other agencies must

⁷ Bureau of Labor Statistics, *Relative Importance of Expenditure Categories in Consumer Price Indexes for Three Population Groups* (2011):

https://www.bls.gov/opub/ted/2012/ted_20120302_data.htm.

⁸ Bureau of Labor Statistics, *Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure* (2010):

https://www.bls.gov/pir/spm/spm_twg_observations.pdf.

⁹ See e.g., *Id.*; Congressional Research Service R45031, [supra note 3](#).

¹⁰ *Id.*

carefully analyze the effects of any change on programs, including how many individuals will lose access to health care and other services or benefits under a change and if those changes will disproportionately impact certain groups of people, including low-income people and people with disabilities. This analysis must demonstrate how any impacts will change over time and this analysis should be published as part of a formal notice and comment process to elicit input from affected individuals and groups. We look forward to providing such comments.

Respectfully submitted,

American Association of People with Disabilities
American Association on Health and Disability
American Association on Intellectual and Developmental Disabilities
American Council of the Blind
American Network of Community Options & Resources (ANCOR)
American Speech-Language-Hearing Association
Association of University Centers on Disabilities (AUCD)
Autism Society of America
Autistic Self Advocacy Network
Autistic Women & Nonbinary Network
Center for Public Representation
Disability Rights Education and Defense Fund (DREDF)
Epilepsy Foundation
Justice in Aging
Lutheran Services in America-Disability Network
National Alliance on Mental Illness
National Association of Councils on Developmental Disabilities
National Association of Disability Representatives
National Association of State Head Injury Administrators
National Council on Independent Living
National Disability Institute
National Disability Rights Network
National Down Syndrome Congress
National Multiple Sclerosis Society
Paralyzed Veterans of America
Partnership for Inclusive Disaster Strategies
RespectAbility
TASH
The Arc of the United States