June 21, 2019

Nancy Poto, Chief Statistician
Office of Management and Budget
9257 New Executive Office Building
725 17th St. NW
Washington, D.C. 20006


Dear Ms. Pctok,

The Los Angeles Homeless Services Authority (LAHSA) submits our response to the request for comment regarding Consumer Inflation Measures Produced by Federal Statistical Agencies as issued in the May 7, 2019 Federal Register (Docket No. OMB-2019-0002). LAHSA writes in opposition to using the Chained Consumer Price Index for All Urban Consumers (C-CPI-U) to adjust the Official Poverty Measure (OPM) for inflation, as it could potentially force thousands of extremely low-income Los Angeles County residents closer to homelessness.

LAHSA is a joint-powers authority of the City and County of Los Angeles and serves as the lead agency in the Los Angeles Continuum of Care (LA CoC). LAHSA is responsible for funding a significant portion of the interim housing, permanent housing, and supportive services for individuals and families experiencing homelessness in Los Angeles County. LAHSA’s mission is to combat homelessness and ensure everyone in the LA CoC has access to safe and stable housing. We believe that use of a methodology with a lower estimate of inflation for the OPM will have disproportionately negative consequences for those with very low incomes, making them more vulnerable to homelessness.

Currently, there are almost two and a half million Angelenos that are living at or below 150% of the federal poverty limit, many of whom qualify for public benefits such as the Medicare Low-Income Subsidy program, Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). If the Office of Management and Budget (OMB) were to switch to the C-CPI-U when adjusting the OPM, over time many of these households would become ineligible for these and other vital public benefits. This is because the C-CPI-U rises more slowly than the current measure – the Consumer Price Index for All Urban Consumers (CPI-U) – and would slow the rise of the OPM by a projected 0.2 percentage points per year.2

According to LAHSA’s analysis, at least 40,000 individuals in Los Angeles County would lose access to critical benefits over the next ten years if the C-CPI-U is used to adjust the OPM. This is significant because rising housing costs and stagnant wages have caused many Los Angeles County residents to become more reliant on public benefits to meet basic needs like nutrition and healthcare as housing expenditures consume more and more of very low-income families’ budgets. Even under the current measure of inflation, the Consumer Price Index (CPI) has not

kept pace with housing and other costs in recent years. Expenditures that dominate poorer households’ spending, such as childcare, health care, and rent, are rising much faster than current adjustments allow for. For example, the Bureau of Labor Statistics base the CPI-U off of the assumption that households nationwide spend around 33% of their income on housing.³ In Los Angeles County, there are over 555,000 households that are severely housing cost-burdened, meaning they are paying more than 50% of their income on rent; over 89% of these households are very low-income or below.⁵ The typical household that is buoyed by public benefits is paying far more for housing than even the CPI-U accounts for.

In recognition of the shortcomings of the current CPI and how it influences the OPM, the U.S. Census Bureau developed the Supplemental Poverty Measure (SPM). The SPM is widely thought to be a more accurate account of poverty in the U.S., as it considers in-kind benefits, such as subsidized housing and nutritional assistance, as well as regional differences in cost of living and expenses, which the OPM does not. Using a three-year average from 2015 to 2017, the U.S. Census Bureau estimated that 19% of California’s population was living in poverty using the SPM, compared to only 13.4% under the OPM — a difference of almost 2.2 million individuals.³ The current CPI methodology is already severely undercounting impoverished individuals in Los Angeles County and California in general; switching to a even more restrictive methodology, such as the C-CPI-U, will only serve to exacerbate this inaccuracy.

In Los Angeles County, a household must make $50 per hour to afford a typical modest apartment.⁶ However, the minimum wage is $13.25 per hour and the average renter wage is $21.50 per hour, meaning a disqualification from necessary anti-hunger and medical programs may force a family to forego these necessities in order to maintain their housing. When a family faces an emergency in this housing market, such as unexpected medical expenses, job loss, or a needed car repair, they may become unstably housed and vulnerable to falling into the homeless services system, where negative impacts to physical and mental health, income, and educational attainment all become significantly magnified, especially for children.

On any given night in 2019, Los Angeles County is home to nearly 59,000 people experiencing homelessness, a 12% increase from 2018.⁷ Although Los Angeles County’s homeless services system housed more people than ever before — over 21,000 — more and more people fell into homelessness due to unaffordable rents. If this proposed change goes into effect, the number of people experiencing homelessness will likely increase even more in the coming years, as the gap between the real poverty line under the current versus the proposed methodology would widen each year.

According to the Los Angeles County Department of Public Social Services, in 2018 there were over one million persons in Los Angeles County using CalFresh, California’s version of SNAP, and over three million people using Medi-Cal, California’s Medicaid. Medicaid and SNAP are two of the more widely-used public benefit programs that would be affected if this change were to go into effect. This means that in Los Angeles County alone, there are millions of people, including children, seniors, and people with disabilities, who rely on these benefits for their well-being. If the OPM is adjusted using the C-CPI-U, over time, thousands of these extremely low-income households may be at risk of losing eligibility.

The goal of public assistance is to provide a degree of economic security to people in need and the goal of the OPM is to accurately measure the amount of people in need. By using a methodology that does not accurately account for the rising costs of housing and other basic needs, thousands of in-need individuals who are close to or at-risk of homelessness will move nearer to the brink of losing their housing.

We appreciate the Administration’s efforts to more accurately measure inflation and other costs. However, using the C-CPI-U to adjust the OPM will result in an increase of deeply vulnerable individuals. We welcome the opportunity to work with the Administration on alternative ways to adjust this measure that will help lift people out of poverty rather than do the opposite.

Sincerely,

Peter Lynn
Executive Director