

FAQ: The Trump Administration's Proposal to Lower the Federal Poverty Line



What change is the Administration considering?

On May 6, the Office of Management and Budget (OMB) issued a [notice](#) requesting comments on changing the methodology for updating the federal poverty line for inflation. The notice floats the idea of updating the Census Bureau's poverty thresholds using an alternative, lower measure of inflation than the traditional Consumer Price Index (known as the CPI-U) — either the “chained” CPI or the Personal Consumption Expenditures Price Index. This would result in lower poverty thresholds, with the gap between the current and proposed methodologies increasing each year.

How would the proposal affect low- and moderate-income people?

Each year the Department of Health and Human Services (HHS) puts out *poverty guidelines*, which are the basis for program eligibility and/or benefits in many health care, nutrition, and other basic assistance programs. Because the HHS poverty guidelines are based directly on the Census Bureau's *poverty thresholds*, the proposed change would lower the income-eligibility cutoffs for all of these programs, cutting or eliminating assistance to some individuals and families.

The policy's impact would be small at first but would grow each year. For example, by the [tenth year](#), millions of people would lose eligibility for, or receive less help from, health and nutrition programs:

- More than 250,000 seniors and people with disabilities would lose or receive less help from Medicare's Part D Low-Income Subsidy, meaning they would pay higher premiums for drug coverage and pay more out of pocket for prescription drugs.
- More than 300,000 children would lose comprehensive coverage through Medicaid or the Children's Health Insurance Program, and more than 250,000 adults would lose coverage through the Affordable Care Act's (ACA) Medicaid expansion.
- Millions of ACA marketplace consumers would receive lower premium tax credits, meaning they would pay higher premiums, and more than 150,000 would get less help with cost sharing, meaning their deductibles would increase.
- Significant numbers of low-income households, primarily in working families, would lose eligibility for federal nutrition assistance programs including SNAP (food stamps); the WIC nutrition program for low-income women, infants and children; and free school meals.

Would the change make the poverty line more accurate?

[No](#). The Administration's claim that the alternative indices would be appropriate for adjusting the poverty line because they more accurately measure inflation has several flaws:

- The poverty line is already below what is needed to raise a family. Research has identified many ways in which it is inadequate; for example, it doesn't take into account the full costs of low-income families' basic necessities, and it largely excludes some necessities that have become more important in families' budgets in recent decades, like child care. The high rates of hardship among families with incomes just above the poverty line provide more evidence of its inadequacy. The Administration proposal, by ignoring all other issues and making a single change that would further lower the poverty line, would make the poverty line less accurate.
- Studies suggest that costs may rise more rapidly for low-income households than for the population as a whole. This means that adjusting the poverty line — meant to equal the level of income needed for families to be able to afford the basics — by a lower measure of inflation would make the poverty line more out of touch with families' true expenses each year.

What's the next step in the Administration's process?

For now, OMB is seeking comments on the possible change. **Comments are due June 21 and can be submitted [here](#).** After that, it's not clear whether the Administration will undertake any additional process; it might just try to implement a change through OMB guidance, rather than issuing a regulation and seeking additional comments.

Trump Proposal to Lower Poverty Line Would Cut Eligibility or Benefits for Many Health, Nutrition, Other Basic Assistance Programs



Medicare prescription drug
Low-Income Subsidy Program



Cost-sharing assistance for ACA
marketplace coverage



Programs that help low-income people
pay Medicare premiums



Supplemental Nutrition Assistance
Program (SNAP)



Medicaid and CHIP coverage for
children and pregnant women



School breakfast and school lunch
programs



Medicaid coverage for adults,
including ACA Medicaid expansion



Head Start comprehensive early education
programs for low-income children



Medicaid coverage for family planning
services



WIC nutrition program for low-income
women, infants, and young children



Premium tax credits for ACA
marketplace coverage



LIHEAP home energy assistance
program for low-income households

ACA = Affordable Care Act. CHIP = Children's Health Insurance Program