

Changing poverty formula, Trump administration to make millions ineligible for social programs

By Alex González
10 May 2019

The Trump administration released May 6 a proposal to change the way the official poverty rate is calculated. The move would involve altering the inflation formula so the poverty level increases at a slower rate, giving the artificial appearance that fewer people are poor. Major social programs, including Medicaid and food stamps, rely on the poverty rate to determine eligibility for benefits.

The proposal would be devastating for millions of people. More than 20 percent of the US population—some 52 million people—participated in means-tested programs in 2012, according to the Census Bureau. The change would gradually push millions off the rolls of government programs, intensifying the poverty and social misery of those denied already inadequate social assistance.

The proposed change was outlined by the Office of Management and Budget (OMB), under the direction of self-proclaimed “deficit hawk” and current acting White House Chief of Staff Mick Mulvaney. Having previously advocated slashing entitlement programs like Medicare and Social Security, Mulvaney is one of many Trump appointees setting policy for programs that they actually wish to destroy.

The OMB proposal calls for changing the government’s inflation formula to a so-called “chained consumer price index.” The “chained CPI” assumes that consumers substitute items that they usually buy with cheaper alternatives when prices rise. However, critics point out that, due to higher prices set by monopolies, individuals are not easily able to substitute many essential goods, such as transportation, healthcare, child care and housing.

The poverty line is adjusted each year to account for

the consumer price index. The chained CPI would reflect slower inflation growth and therefore lead to fewer people being categorized as poor. The effects would be particularly dire for the elderly, because they are disproportionate users of healthcare, whose cost has typically risen much faster than prices overall.

The current poverty rate is already severely underestimated. The official poverty line was set in the 1960s as three times the cost of a basic diet, based on research showing that families spent about one third of their incomes on food. Now, however, families spend only about one seventh of their income of food and the rest on other basic necessities that are not sufficiently taken into consideration when determining who can receive social assistance.

A study by the National Center for Children in Poverty at Columbia University revealed that on average, a family of four would require *double* the official federal poverty level to make ends meet. Last year, the poverty level for a family of four was just \$25,900.

While criticizing the outdated nature of the poverty-rate formula, the Trump administration is not looking to update it scientifically to reflect modern spending habits and allocate government resources more fairly and efficiently. Rather, it seeks to rig the rate artificially as a means of gutting social programs, enabling it to divert resources towards militarism, attacks on immigrants, and tax breaks for the rich.

This proposal is just the latest of Trump’s assaults on social programs. Trump’s proposed budget for the next fiscal year would impose the biggest cuts in Medicaid and Medicare in history, nearly \$2 trillion over 10 years. Medicaid would be turned into a block grant for

states, and the expansion of Medicaid under Obamacare would be repealed, leading to more than 10 million people losing healthcare. Trump's fiscal year 2019 budget proposed cutting the budget for the Supplemental Nutrition Assistance Program (SNAP), commonly referred to as food stamps, by nearly 30 percent over 10 years.

In July of last year, the White House Council of Economic Advisors (CEA) declared that the "War on Poverty is largely over" and recommended implementing work requirements for non-cash government programs. Flying in the face of reality, the CEA declared that America no longer had "poverty" or "homelessness."

On April of last year, Trump signed an executive order dictating that departments throughout his cabinet review which programs had work requirements affiliated with benefits. He instructed that programs lacking these requirements be either eliminated or consolidated, except when doing so would go against the law.

Trump's tax bill, passed in December 2017 with no serious opposition from the Democratic Party, granted a windfall to the financial elite at an estimated cost of \$1.5 trillion, creating conditions where social programs would be purposefully underfunded so they could be better attacked and dismantled.

The gutting of social programs was not initiated by Trump, but is bipartisan in nature. It was Obama who tried to introduce the chained CPI for federal programs in 2014. The move, which was eventually dropped due to popular opposition, would have cut Social Security payments by \$130 billion and federal workers' retirement benefits by \$35 billion over 10 years. Obama's 2012 fiscal year budget included \$320 billion in Medicare and Medicaid cuts over 10 years.

In every country, the working class is coming under assault by a rapacious ruling class set on clawing back concessions fought for through sweat and blood by the working class throughout the 20th century. The attack on social program is a class response by the financial elite, who wish to solve their insoluble crisis by means of authoritarianism and war. The gargantuan \$750 billion available to US imperialism to launch full-blown war abroad necessarily requires vicious attacks on the living standards and social benefits of working people at home.

The defense of social programs, the fight against war, and the struggle to reorganize social life on a scientific and democratic basis requires a break with the Democrats and the Republicans—both reactionary parties of the rich—and taking up the fight for socialism.

To contact the WSWs and the
Socialist Equality Party visit:

<http://www.wsws.org>