

SAN DIEGO UNION-TRIBUNE

For S.D., federal measure of poverty 'a joke'

40-year-old formula is not valid for high-cost cities, experts say

By Michael Stetz
September 16, 2005

Twenty-thousand dollars a year?

In San Diego these days, that kind of income doesn't go far. An ordinary house costs a half-million; a kid's ticket to the zoo, \$14; a gallon of gas, \$3.

Earn that amount and it's tempting to scream poverty, particularly if the money is needed to house, clothe, feed and keep healthy a family of four.

But a family of four with an income of \$20,000 in San Diego is not considered impoverished.

It's making \$693 above the federal poverty threshold.

Gregory Knoll, who heads the Legal Aid Society of San Diego, has never had much faith in the numbers that establish federal poverty guidelines.

The thresholds are calculated by a 40-year-old formula and simply don't mesh with San Diego and other cities where the cost of living is high, Knoll and others argue.

"Quite frankly, they're a joke," said Knoll, who's been providing legal services to the poor for more than three decades.

Who qualifies as poor – and how many Americans fit into that category – has taken on new meaning in recent weeks.

First came data from the Census Bureau showing that the number of people in poverty rose for the fourth consecutive year. Based on 2004 figures, 37 million people – 12.7 percent of the population – are living below the poverty level.

Almost simultaneously came Hurricane Katrina and the many poor people who struggled and died in flooded New Orleans. Many didn't have the means to evacuate before the storm hit.

Nearly 1,000 of those hurricane survivors – some of them destitute – have arrived in San Diego. Some hope to make their home here. It won't be easy. The fastest-growing jobs are in food preparation and serving. From 2001 to 2003, 61 percent of jobs created in the county paid less than \$25,000.

While evacuees will receive emergency relief, the federal poverty guidelines could play a crucial role.



SANDY HUFFAKER

Mark Painter of Dallas rested at St. Vincent de Paul Village on Saturday. He said he came to San Diego to find work.

As many as 200 federal programs use the guidelines to help determine eligibility, said Diana Pearce, who teaches sociology at the University of Washington. Head Start, for one, strictly follows the guidelines.

Pearce developed the "**Self-Sufficiency Standard**," the amount of money needed to meet a family's basic needs. It takes into

account expenses such as day-care costs, she said.

In San Diego, a family of four – two adults and two infants – need \$54,539, according to her calculations.

"And that's bare-bones," she said. "No take-out foods or lattes."

■ ■ ■

Conservative thinkers argue that the poverty threshold is bogus, too.

That's because the formula doesn't take into account certain non-cash and cash benefits, said Kirk Johnson, senior policy analyst for the Heritage Foundation, a conservative think tank in Washington.

If items such as food stamps, housing assistance and Medicaid were included, fewer people would be under the poverty line, he said. Tax credits also aren't included.

It would be difficult to make adjustments by factoring in each region's intangibles, he added. People want to live in San Diego because of its many attractions – great weather, beaches, Balboa Park. So they are willing to make sacrifices to be a part of a thriving community, he said.

"It's a nicer place to live than, say, Oneonta, Ala., where the high-culture mark is the Super Wal-Mart," he said. "People make these trade-offs all the time."

The poverty rate in San Diego County has been relatively stable, according to Census Bureau data. In 2004, it was 12.1 percent. In 2000, it was 12.4 percent.

But some don't buy those figures. Because, well, this is San Diego, where it costs \$17 to park at a Chargers' game.

"It's certainly not an accurate reflection of poverty in San Diego," said Paul Karr, communications director for the Center on Policy Initiatives, a San Diego-based nonprofit that champions the causes of the working poor.

"Everybody knows \$20,000 is not going to cut it here."

The average monthly apartment rent is \$1,210, or \$14,520 a year. In August, the median price for a single-family house in San Diego County reached \$555,000.

But the federal poverty guidelines are applied in San Diego as they are in, say, Waveland, Miss., where the median home is \$90,100.

"We've always had concerns about the poverty guidelines, particularly in recent years with the cost of housing increasing so greatly," said Regina Evans, executive vice-president and chief operating officer of Neighborhood House, which oversees much of the county's Head Start program.

"You can imagine what people say when we tell them they are not eligible," she said.

Calls to have Head Start guidelines adjusted regionally have gone unanswered, she said.

Some agencies manage to help struggling families that are just above the poverty thresholds.

Knoll, of the Legal Aid Society, said his agency allows people to deduct costs such as medical bills from the family income, so some clients may make as much as 187.5 percent of the federal poverty level – \$36,187 for a family of four.

The San Diego Housing Commission, which receives money from the Department of Housing and Urban Development, also uses alternative eligibility standards. It relies on the region's median income to determine need. If a single person or a family earns 80 percent of that or less, they can qualify. A family of four making a maximum of \$55,200 can get subsidized housing.

But there is a major drawback: 25,000 to 30,000 people are on the waiting list, which means it takes five to seven years to get help.

Bobbie Christensen, the Housing Commission's director of communications strategy, can't fathom that the federal poverty threshold is anywhere close to accurate.

"It's more like the unable-to-live level, not the poverty level."

■ ■ ■

Better methodology does exist to more accurately measure poverty, said Jared Bernstein, a senior economist at the Economic Policy Institute, a liberal think tank in Washington, D.C.

Even the method used today was questioned when it was first applied 40 years ago, he said. It was not established to make policy, but as a research vehicle.

At the time, calculations showed that a family used one-third of its income for food, Bernstein said. That figure was multiplied by three to determine the poverty threshold.

The problem with that formula is that food has become less expensive and the cost of housing and other needs has increased. Meanwhile, items such as day-care expenses have been added to family budgets.

Bernstein thinks the nation's true poverty rate is closer to 15 or 17 percent. Others estimate it is as high as 18 percent.

Some on the front-lines think it's getting tougher out there. For instance, St. Vincent de Paul Village this month will serve its one millionth meal of the year, which is a month earlier than usual.

It's tied to cost-of-living increases, said Father Joe Carroll, who heads the center. Those on fixed incomes are paying more for housing. So they run out of money earlier in the month and come to the center for meals.

"Once they pay for rent, they don't have much left," he said.

The San Diego Rescue Mission is on pace to serve more than 370,000 meals this year – a 77,000 increase from last year.

Mitch Mitchell, vice president of public policy for the San Diego Regional Chamber of Commerce, said the federal poverty threshold doesn't reflect San Diego's situation "by any stretch of the imagination."

San Diego's cost of living makes it tough for businesses to recruit and retain employees, he said. Mitchell thinks the threshold needs to be adjusted by region.

"Whenever you hear this number, you should take it as a statistic and not a very meaningful one," he said.

A readjustment of the poverty threshold that resulted in a sudden increase in the number of poor people would be difficult politically, experts agree. With more people eligible for help, agencies would be overloaded.

But if a new formula found *fewer* people in poverty, liberal groups would argue that the poverty figures were being suppressed artificially.

If adjustments were made regionally, the number of poor would increase in states such as California and New York – where housing is expensive. Those regions would take away poverty assistance that now goes to the South, said Julie Cullen, an assistant professor of economics at the University of California San Diego.

"It disrupts the flow of resources. And that's where it gets trickier," she said. "It's politically charged."

Alan Curtis is president of the Milton S. Eisenhower Foundation, an anti-poverty organization in Washington, D.C. Several years ago, he predicted a rise in poverty and said he has seen no real effort to blunt it.

"The issue is not lack of knowledge, but lack of political will," he said.

Will the shocking pictures out of New Orleans change anything?

Curtis has his doubts. The nation took aim at poverty in the 1960s with President Johnson's war on poverty. But that war is no longer being fought, Curtis said. Now the nation is fighting a war in Iraq and a war against terrorism.

"Once other issues got in the way, people lost interest," he said. "The long-term trend is to ignore the realities of the poor."