

September 21, 2002 Saturday, NORTH FINAL EDITION

SECTION: Editorial; Pg. 24; ZONE: N

Debating the definition of 'poor' **When does a family fall into poverty?**

The government defines the poverty line as the minimum amount of income a household needs for basic subsistence without requiring government help. That has been set since 1964 on a sliding scale, and the figure today is \$18,100 for a family of four.

It is a powerful statistic. It determines who qualifies for numerous programs targeted to help the poor. But experts in the poverty debate are raising questions about the reliability of a poverty standard that was conceived some four decades ago.

The question has a particular urgency as Congress mulls reauthorization of the bill that overhauled the nation's welfare system six years ago. Welfare reform has succeeded in leading many people to gainful employment. Yet there is also evidence that it has been more successful at liberating recipients from welfare than from poverty.

How much more? That depends on the definition of poverty.

Liberal critics say the poverty line underestimates the cost of self-sufficiency, while conservatives say it underestimates the impact of non-cash assistance that is available to the poor through programs that were not around in the early 1960s.

For instance, the government's poverty calculation long has assumed that families spend one-third of their budget for food. In fact, most families spend less than one-fifth of their income for that purpose. The poverty line also is based on a two-parent family in which one parent stays at home, even though most families in poverty since the 1960s have been headed by single mothers and, in nearly two-thirds of two-parent families, both parents work.

The index is calculated as if incomes and the cost of living were the same for every state except Hawaii and Alaska, for

which the poverty line is set higher. One does not have to be very well traveled to know that housing, transportation and child-care costs will burn a hole in your pocket more quickly in Chicago than in, say, Cheyenne, Wyo.

Another approach is the Self-Sufficiency Standard developed by Diana Pearce, a researcher at the University of Washington, for the Washington-based Wider Opportunities for Women (WOW). Illinois is one of several states that have adopted this standard as a way to measure when a family's income can be judged to be self-sufficient. By this measure, a Chicago family with two parents and two children needs \$42,519 per year--more than twice the national poverty line--to pay its bills without government help.

On the other side of the debate, the Heritage Foundation's Robert Rector, who helped to author the welfare reform bill, has long criticized the government's poverty measure for undercounting non-cash government assistance like food stamps, housing subsidies, Medicaid and the Earned Income Tax Credit. Most of these programs are excluded from calculations of the poverty line. Add them in and poor people do not become rich, but they are better off than the poverty line makes them appear to be.

The government's definition of poverty has been a useful indicator of trends, but it seems time for a re-evaluation of how it is set. As a measure of the true costs of living and value of government benefits, it may now be about as accurate as a sundial.