

September 22, 2002 Sunday THREE STAR EDITION, SECTION: PERSPECTIVE, Pg. B1

Defining who's poor Families suffer as the government continues to rely on the outdated measure of the poverty line

By Deepak Bhargava And Joan Kuriansky

The U.S. Conference of Mayors reported late last year that hunger and homelessness had risen sharply in major American cities.

Over the previous year, requests for emergency food assistance climbed an average of 23 percent and requests for emergency shelter assistance rose an average of 13 percent in 27 cities surveyed.

"Hunger remains a very real problem in America and that problem has gotten worse over the past four years," one charity official said in the report, which predicted that food and shelter assistance requests would increase again in 2002.

Hunger and homelessness are key indicators of poverty, yet census figures have documented a decrease in poverty over four years for most demographic groups, including those in America's cities.

The reason for this dissonance between the reality in America's streets and official poverty data is the federal government's reliance on the concept of the poverty line, an outdated measure that distorts the true picture of indigence in our nation. First developed in the early 1960s, the federal poverty line reflects economic and social realities completely different from those faced by families today. Drawn up in 1963-64 by a Social Security Administration official on the basis of a 1955 household food consumption survey by the Agriculture Department, the poverty line assumed that the cost of food makes up one-third of a family's budget. The official then used the department's "thrifty food plan" for people in financial emergency situations and multiplied by three.

Over the last 40 years, the federal poverty level has been updated to reflect inflation, but not social and economic changes. For most families today, food constitutes less than a fifth of their budgets

while higher costs of transportation, housing, health care and child care have created new burdens.

Moreover, the poverty line was calculated based on a "Leave It to Beaver" model -- the two-parent family with one stay-at-home parent. But that model doesn't accurately describe contemporary families and is particularly off base for low-income families, where single working parents are more common than they were during the 1960s. In nearly two-thirds of two-parent families, both parents work. For them, there are costs associated with employment -- costs such as transportation, child care and taxes -- that the federal poverty threshold either underestimates or neglects entirely.

Despite all evidence to the contrary, the federal poverty level measurement also assumes that costs are the same across all of the lower 48 states (the federal poverty level is higher for Hawaii and Alaska). A family living in New York's Manhattan is expected to spend the same amount of money on food, clothing and shelter as a family in the town of Manhattan, Kan. Yet in almost any city, small town or suburb, an annual income of \$18,100 -- the 2002 poverty figure for a family of four -- is nowhere near enough to cover housing, food, clothing, child care, transportation and taxes. In one of the nation's least expensive areas, Tennessee, a family of four needs roughly \$26,000 a year just to survive -- far more than the federal poverty level.

The question of what constitutes poverty is particularly important right now. The principal evidence cited by proponents of welfare reform as evidence of its success is the significant decline in poverty rates for children and families since the 1996 law was enacted. While most admit that the hot economy of the late 1990s, an increased minimum wage and the expanded Earned Income Tax Credit played significant roles, they attribute declining poverty rates primarily to welfare reform's "success." A closer look reveals otherwise. Because

of the gap between the poverty line and what people really need, many families technically above the poverty line are being forced to make wrenching choices about whether to pay for food, medicine or rent.

In addition, many welfare families live in extreme poverty, with incomes less than half the poverty line and benefits that are, in nearly all states, abysmally low, averaging roughly \$400 per month for a family of three. So in assessing the record of welfare reform, one might ask not just about poverty rates in general, but more specifically about the extremely poor.

The portion of children in this category has increased in the past five years, even after accounting for food stamps, cash assistance and other benefits. In other words, we have less official poverty overall, but poverty is deeper than it was five years ago.

The most likely explanation is that significant numbers of poor families left (or were pushed off) welfare, lost their cash assistance and food stamps and did not get enough income to fill the gap.

For some social policy experts, an increase in hardship for some welfare families may be an acceptable trade-off given the large number of families who have increased their earnings enough to climb above the poverty line.

But if the poverty line is an increasingly irrelevant measure of economic well being, the debate on welfare this fall will be skewed. It's time to accept that the poverty line is an anachronism and to adopt a new benchmark. Diana Pearce, a researcher at the University of Washington, has studied its inadequacies. While director of the Women and Poverty Project at Wider Opportunities for Women (WOW), Pearce developed a "Self-Sufficiency

Standard," which establishes a level for family incomes that is both realistic and flexible enough to address changing costs over time and from place to place.

Unlike the federal poverty level, the Self-Sufficiency Standard identifies the income levels at which families can meet their most basic needs without public support. It varies geographically, reflecting costs in different cities and counties across the United States for families of various sizes. For instance, in Cocke County, Tenn., the Self-Sufficiency Standard for a single parent with two children is \$23,091. In Washington, D.C., it is \$52,061. This is a "no-frills" budget, covering only the most basic needs, such as food, housing, clothing, child care, health care, transportation and taxes. The food budget does not include any restaurant or takeout food -- not even a pizza or a Happy Meal.

A more realistic measure of poverty will give us a new way to assess the success of social programs - not just whether a family moves a dollar above an arbitrary threshold, but whether it is moving toward self-sufficiency. In addition to changes in welfare, we should make greater investments in child care, job training and affordable housing to help families fill the gap between what they earn and what they need. The welfare reforms of the 1990s haven't ended poverty in America, but they may have inadvertently pointed the way to a broader policy framework to address the needs of the poorest one-third of families.

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