

**Welfare to Work Commission
Of the Suffolk County Legislature
Minutes of the November 18, 2011 Meeting**

Present: Richard Koubek, Chair; Kathy Liguori, Vice Chair; Leg. Kate Browning; Andrea Hopkins for Michael Stoltz; Peggy Boyd; Vinnie Cassidy Pam Killoran; Barbara Stootoff for Eric Lopez; Debbie Joseph; Rob Greenberger; Don Friedman; Roland Hampson; Bridget DePasquale;

Excused: Barbara Egloff; Jeff Reynolds; Nina Leonhardt; Jack Caffey; Frank Casiglia; Gwen Branch; Frederick Combs; Michael Haynes; Ellen Krakow

1. **Minutes:** Minutes of the October 21st meeting were adopted unanimously on a motion by Kathy Liguori seconded by Don Friedman.
2. **Suffolk County 2012 Operating Budget:** Chair Richard Koubek reported that the Legislature worked in a bi-partisan effort to restore most of the health center and staffing reductions that were of concern to the Commission. He noted that the Suffolk Legislature should serve as a national model for bi-partisan cooperation.
 - a. Only 88 of some 700 positions scheduled for elimination in the proposed budget were actually cut. Roland Hampson reported that SCDSS did fairly well in staffing decisions made by the Legislature. Barbara Stootoff acknowledged that SCDOL did not do well, having lost a number of positions that were not restored. The Commission discussed how it might work with SCDOL to support staffing for the Department.
 - b. Most of the health center \$4 million proposed reductions were restored. The Coram/Stony Brook University Center budget line was set aside in anticipation of this center becoming a Federally Qualified Health Center (FQHC) that would be run by Hudson River Health Care.
3. **Sunday Bus Service:** Richard Koubek reported that Legislator Jay Schneiderman is still working to secure County-wide Sunday bus service despite the \$1 million shortfall anticipated in bus revenues for 2012. He stated that Legislator Schneiderman believes a 25 cent general fare increase coupled with the elimination of certain bus runs that are inefficient could yield enough savings to cover the \$1 million shortfall. This would then allow for a 50 cent fare increase only for the high priority lines that would have Sunday service. He has asked the Department of Public Works to provide him with a cost analysis.
4. **Reauthorization of the Commission.** Legislation to reauthorize the Welfare to Work Commission will be submitted to the Health and Human Services Committee on December 1st for a vote by the full Legislature on December 6th. After reviewing the current legislation, Kathy Liguori moved and Peggy Boyd seconded a motion, which passed unanimously, to suggest the following changes be incorporated into the resolution reauthorizing Welfare to Work Commission:
 - a. "The chairperson of the Health and Human Services Committee of the Suffolk Legislature, or any successor committee thereto, or his or her designee" and delete: "who shall serve as Chairman of the Commission."

- b. Add: "The Suffolk County Commissioner of Labor or his or her designee" and delete: "A representative of the Suffolk County Department of Labor".
 - c. Delete: "A representative of the INN."
 - d. Add: "The Suffolk County Commissioner of Health or his or her designee."
 - e. Add: "A representative of the Long Island Council on Alcoholism and Drug Dependence."
 - f. Add: "A representative of the Health and Welfare Council of Long Island."
 - g. Delete: "shall submit an annual report each year on November 30th" and add: "shall submit an annual report each year on March 30th."
5. **Sober Homes:**
- a. The Commission took note of a three-page story in *Newsday* during November (along with a News 12 series) about the problem of sober homes, followed by another story about Nassau District Attorney Kathleen Rice launching an investigation of sober homes. The Commission's 2010 report on sober homes was prominently featured in both articles. Legislator Browning's two resolutions to create and RFQ process that would lead to criteria for establishing enhanced payment to sober homes that meet these criteria, along with the creation of a Sober Homes Oversight Board, were highlighted by *Newsday*.
 - b. Richard Koubek reported that SCDSS Deputy Commissioner Ed Hernandez confirmed that Seafield was disqualified for an enhanced rate because of legal issues regarding its nonprofit status. Mr. Koubek stated that Dr. Hernandez believes the RFQ will likely be revised and reissued in the spring of 2012 to include more flexible criteria for an agency to qualify for the enhanced sober homes rate.
 - c. The Commission agreed with a suggestion from Kathy Liguori that a meeting be scheduled with Scott Martella, Governor Andrew Cuomo's Suffolk County representative, to discuss the sober homes issue and the reluctance of the NYS Office of Alcohol and Substance abuse Services (OASAS) to accept regulatory responsibility for sober homes. Ms. Liguori volunteered to arrange for this meeting.
6. **TANF Law and Regulations:** Don Friedman reported that he was part of a delegation of TANF policy advocates who went to Washington in October to speak with representatives of the US Department of Health and Human Services as well as members of Congress about TANF reauthorization which Congress needs to enact by December 31st, 2011. He noted that, given the current stalemate in Congress on most issues, Congress will likely enact temporary reauthorizations as it has previously done. He summarized the changes in current TANF requirements that the coalition is seeking, including:
- a. Changing the work-participation formula so as to exclude people who are not eligible to work;
 - b. Changing the work eligibility criteria and the general operations of welfare programs and offices to be more accommodating to people with disabilities as required by the Americans with Disabilities Act;
 - c. Making education and training more accessible as a countable work activity;

- d. Eliminating barriers that prevent people from accessing public-assistance benefits.

Mr. Friedman discussed the possibility of Commission members visiting Congressmen Tim Bishop and Steve Israel, as was done in 2008, to advocate for these changes.

- 7. **Rise in Suburban Poverty:** Chair Richard Koubek pointed out that the recent media attention regarding the rise in suburban poverty, the rise in Long Island public assistance cases and the growing discussion about the inadequacy of the federal definition of poverty have created an unusual amount of public attention to the needs of welfare recipients and the working poor. Noting the Commission's legislative mandate to hold public hearings, and recent media attention to the Commission's public hearings and report on sober homes that led to several resolutions on sober homes adopted by the Legislature, he suggested that the Commission hold public hearings in 2012 on suburban poverty with an emphasis on Suffolk poverty.
 - a. The goals of the public hearings would be to:
 - i. Identify factors that have caused the rise in suburban poverty;
 - ii. Tell the stories of Long Island's poor and working poor families;
 - iii. Identify public-policy issues related to the rise in suburban poverty;
 - iv. Examine the various definitions of poverty used by the US Department of Health and Human Services, the U.S. Census Department and various policy and academic institutions;
 - v. Apply the Self-Sufficiency Standard to Long Island poverty;
 - vi. Assess the degree to which current federal welfare policies are preparing clients for lives of self sufficiency.
 - b. Following discussion of this proposal, a motion was made by Roland Hampson and seconded by Don Friedman to form a committee to consider Commission hearings on suburban poverty in 2012. The motion passed unanimously. Don Friedman agreed to co-chair the committee. Roland Hampson may also co-chair. This motion was motivated by the:
 - i. Rise in Suffolk poverty and suburban poverty throughout the U.S.;
 - ii. Growing debate about the need to change the federal definition of the official poverty level;
 - iii. Stalled attempts in Washington to liberalize TANF rules and policies;
 - iv. Growth of the so-called "near poor" or working poor in the suburbs
 - v. Likely eclipsing of the poverty issue in the 2012 presidential election campaigns.
- 8. **Employment Assessment Committee:** The Committee will meet on November 23rd to continue its work on the "Did You Know?" disabilities brochure, improved communication between nonprofits and SCDSS and the Suffolk County disabilities policy. The Committee will report its work at the December 9th Commission meeting.
- 9. **Announcement:** Richard Koubek announced that LI Jobs with Justice will be hosting their second "Working But Still Poor" conference on Friday, March 30th (likely at Tuoro Law Center in Islip.) The conference theme for 2012 is the rise in suburban poverty and economic insecurity on Long Island amid growing disparities in wealth and power. Among the speakers will be Suffolk County Executive Steve Bellone,

Congressman Tim Bishop and Legislators Kate Browning and John Kennedy. There will be nine workshops and two plenary sessions.
10. **Next Meeting:** Friday, December 9th, 9:30 AM, SCODL One Stop Center.

**Notes on a Report Presented to the Welfare to Work Commission
Regarding Various Definitions of Poverty
By Don Friedman
Empire Justice Center
October 21st, 2011**

*******DRAFT – DRAFT – DRAFT – DRAFT*****
Measuring Poverty – The Official Measure and Alternatives
By Don Friedman
Empire Justice centr**

Introduction The prevailing benchmark for measuring poverty in the United States, the Federal Poverty Level (FPL), is as noteworthy for its shortcomings as for its widespread use. And its weaknesses have direct consequences for critical government functions, including the allocation of federal grants to states, and individual eligibility for a wide range of state and federal benefits and services, not to mention its distorting effect on the public debate over anti-poverty policy. This article briefly reviews some of the deficits of the FPL and examines alternative poverty measures, particularly the Supplemental Poverty Measure (SPM) recently introduced by the U.S. Bureau of the Census.

Measures of poverty tend to be comprised of two basic elements:

(1) A determination of what it means to be poor. That determination is challenging because opinions vary widely regarding the minimum material resources needed for a household to avoid poverty.¹ I would suggest that the selection of a particular level of necessary resources must be somewhat arbitrary, but should be transparent and defensible.

(2) A method for counting resources. What counts as income? What should be excluded? As will be discussed shortly, the undercounting *and* overcounting of resources is a significant drawback of the FPL.

The Federal Poverty Level

The Federal Poverty Level was created in the 1960s based on the research of Molly Orshansky, who worked for the Social Security Administration.² She found that low-

¹ [Robert Rector](#) and [Rachel Sheffield](#), "Understanding Poverty in the United States: Surprising Facts About America's Poor," Backgrounder #2607, Heritage Foundation, September 13, 2011. *Backgrounder*- Heritage Backgrounders give researchers the in-depth information they need on a wide variety of key issues.

² See, for example, Gordon Fisher, "The Development and History of the Poverty Thresholds," Social Security Bulletin, Volume 55, Number 4, 1992.

income families tended to spend about one-third of their income on food. She then reasoned that by calculating what was needed to purchase a modest diet and multiplying by three, she could estimate the cost of meeting a household's essential needs. That calculation, with a formula to adjust for different family sizes, and annually modified by the change in the Consumer Price Index, has remained the predominant measure of poverty in this country for close to 50 years. Some important criticisms of the FPL include the following:

- The FPL is built entirely around one variable, food costs. Even if using just one variable might somehow be appropriate, there would still be serious flaws. First, the estimate of food costs was based on the US Department of Agriculture's Economy Food Plan, a diet that was designed only for temporary or emergency use. Second, while food expenditures may have represented a third of a modest-income family's budget in the mid-1950s, they now comprise closer to one eighth of a typical household's costs, arguably leaving the fundamental FPL formula with a fatal flaw.
- With the exception of Alaska and Hawaii, the FPL is uniform throughout the country. In places like Long Island, with two of the costliest counties in the nation, the FPL is nearly irrelevant as a measure of material need.
- The FPL looks only at gross income. It therefore *overcounts* income by not taking into account taxes or expenses such as child care and out of pocket medical costs, which have risen dramatically since the 1950s. And it *undercounts* income by failing to include tax credits and certain types of government assistance such as Food Stamps and housing subsidies as part of a family's resources. Related to this critique is the fact that, since the FPL was developed, there has been a dramatic increase in the number of employed mothers. The FPL, counts the additional income, but does not in any way take into consideration the corresponding increase in work-related expenses, such as child care and transportation.
- The failure to count certain government benefits means that some households may be doing better than the poverty data would suggest. It also means that this data is of no use in assessing the extent to which these benefit programs might actually alleviate poverty.

Absolute v. relative poverty

A significant but often unaddressed question is whether poverty is only validly expressed in terms of a household's capacity to meet basic material needs, or if it is also appropriate to take into account a household's well-being relative to the society at large. These concepts are sometimes referred to as "absolute" poverty and "relative" poverty. Recently released data about the dramatic inequality in the distribution of income in the United States has brought new attention to this question.

One the one side are those who insist that if a family is able to meet its rudimentary material needs, then it is not poor. According to this perspective, the fact that the household's income is ever more distant from, say, the national median, or from the

income of the wealthy, is not particularly relevant, as long as the household can meet its basic needs. Robert Rector, of the Heritage Foundation, has been a leading voice for the notion that poverty should be based solely on material deprivation and that existing and proposed poverty measures grossly overstate the number of Americans experiencing real material hardship.³

Taking a very different view are those who argue that it is appropriate, when measuring poverty, to take into account a household's relative well-being in their society. Rebecca Blank and Mark Greenberg, in their detailed study of poverty measurement, observe that "...The rationale for a relative measure is that in developed nations poverty is fundamentally about having the resources to fully participate in society."⁴ From this perspective, an indication of the inadequacy of the current poverty measure is the fact that in the 1960s, the FPL was about 50% of the national median income, but by 2007, the FPL had fallen to only 20% of median income. While the poverty level family arguably had a comparable material standard of living in the 1960s and in 2007, that family had clearly fallen dramatically farther from the American mainstream. Whether that matters is at the heart of the absolute versus relative poverty debate. Concepts that include relative measures in the poverty determination will be discussed briefly below.

There is also a growing body of research that suggests that, even if the lowest income households tend to be doing better than such families were doing in the past, the widening gap between haves and have-nots in this country is nevertheless correlated with negative consequences for family well-being. A recent study of educational achievement, for example, makes clear that "...as the income gap between high- and low-income families has widened... the achievement gap between children in high- and low-income families has also widened..."⁵ In addition, while more young adults in all income groups are graduating from college, the gap between the college graduation rates for high- and low-income students has grown by more than 50% since the 1990s. College completion is one of the most significant predictors of economic success, so this aspect of the widening income gap has an unfortunate ripple effect for future generations.⁶ This research suggests that even if all families at all income levels may be

³ See, for example, Robert Rector and Rachel Sheffield, *Air Conditioning, Cable TV, and an Xbox: What is Poverty in the United States Today?* Heritage Foundation, July 19, 2011, <http://www.heritage.org/Research/Reports/2011/07/What-is-Poverty>.

⁴ Rebecca Blank and Mark Greenberg, *Improving the Measurement of Poverty*, Brookings Institution, December 2008. The authors quote Adam Smith in *The Wealth of Nations*: "By necessaries I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even the lowest order, to be without... A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably, though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct."

⁵ Sean Reardon, "The Widening Academic Achievement Gap Between the Rich and the Poor: New Evidence and Possible Explanations, Stanford University, July 2011, forthcoming in *Whither Opportunity? Rising Inequality, Schools, and Children's Life Chances*. Reardon does not argue that the widening achievement gap is directly caused by growing inequality; rather he cites it as one factor. But the fact is that growing inequality has been accompanied by a widening educational achievement gap.

⁶ Sabrina Tavernise, "Middle-Class Areas Shrink as Income Gap Grows, New Report Finds," *New York Times*, November 15, 2011. The article cites research by Martha J. Bailey, an economist at the University of Michigan, who found that "more than half of children from high-income families finish college, up from about a third 20 years ago. Fewer than 10 percent of low-income children finish, up from 5 percent."

doing better, the growing gap between the relative success of the wealthy and the success of the less affluent has detrimental consequences for our society.

In any event, this absolute v. relative poverty debate should not obscure the reality that many Americans, whether or not their household income falls below the poverty level, do objectively have difficulty meeting certain expenses that most of us would agree are essential. This includes access to decent housing, health care, child care, transportation and educational opportunity.

Alternative measures – The Supplemental Poverty Measure

In 1995, at the request of Congress, the National Academy of Sciences released a proposal for an alternative poverty measure.⁷ The proposed measure attempted to remedy some of the more glaring flaws in the FPL. Over the course of the next 15 years, the NAS proposal was analyzed, critiqued, and tested, and in March 2010, building on the NAS effort, an Interagency Technical Working Group introduced its suggested criteria for a Supplemental Poverty Measure (SPM). The current plan is that the Census Bureau will each year release some data using the SPM together with the fully array of official FPL data. As its name suggests, the SPM will supplement and not replace the FPL. It would appear that this distinction enables the public to have access to this new information while avoiding the politics and pitfalls that would be inevitably accompany a move to change the official measure.

As noted in the introduction, a poverty measure must define poverty by (a) specifying a particular income level as the “poverty threshold,” and must (b) determine how income will be counted. In addition to performing these tasks, the SPM refines the measure by determining which individuals in the household will be counted as part of the family unit and how the threshold will be adjusted over time. The following are the main features of the Supplemental Poverty Measure:⁸

- The poverty threshold is built around the amount a family spends on four key family expenses: food, clothing, shelter and utilities (FCSU), with a modest amount added for other items, such as household supplies and personal care items. The information is derived from the Consumer Expenditure Survey for a family of four with a formula to adjust for different family sizes. The threshold is pegged at the 33rd percentile of households’ expenditures across the spectrum on these items.
- The formula can be modified for different family compositions (number of adults, number of children, etc.)

⁷ Citro, Connie F., and Robert T. Michael. 1995. *Measuring Poverty: A New Approach*. Washington, DC: National Academy Press. An excellent analysis of the development of the NAS poverty measure can be found in Rebecca Blank and Mark Greenberg, “Improving the Measurement of Poverty,” Brookings Institution, December 2008.

⁸ Much of the material in this section is derived primarily from Kathleen Short, “The Research Supplemental Poverty Measure: 2010,” *Current Population Reports*, U.S. Department of Commerce, U.S. Census Bureau, November 2011.

- The expense calculation takes regional variations in the cost of living into account by adjusting the thresholds in accord with geographic differences in the cost of housing.
- The SPM will be adjusted periodically in accord with changes in the expenditures on the four key expense items (FCSU).
- Income is defined to include all cash income from all sources, plus the value of various benefits that help families to purchase the “basic bundle of goods (FCSU)”. These benefits include nutritional assistance, subsidized housing and home energy assistance.
- From this income total, certain necessary expenses that are not part of the FCSU bundle are deducted. These include income taxes, social security payroll taxes, child care and other work-related expenses, child support payments and contributions toward the cost of medical care, health insurance or out-of-pocket medical costs.

The following chart, created for the Census Bureau article on the SPM, provides a point by point comparison between key elements of the official poverty measure (the FPL) and the SPM.

Poverty Measure Concepts: Official and Supplemental

Official Poverty Measure	Supplemental Poverty Measure	
Measurement units	Families and unrelated individuals	All related individuals who live at the same address, including any coresident unrelated children who are cared for by the family (such as foster children) and any cohabitators and their children
Poverty threshold	Three times the cost of minimum food diet in 1963	The 33 rd percentile of expenditures on food, clothing, shelter, and utilities (FCSU) of consumer units with exactly two children multiplied by 1.2
Threshold adjustments	Vary by family size, composition, and age of householder	Geographic adjustments for differences in housing costs and a three parameter equivalence scale for family size and composition
Updating thresholds	Consumer Price Index: all items	Five year moving average of expenditures on FCSU
Resource measure	Gross before-tax cash income	Sum of cash income, plus in-kind benefits that families can use to meet their FCSU needs, minus taxes (or plus tax credits), minus work expenses, minus out-of-pocket medical expenses

As the chart indicates, the SPM addresses a number of the weaknesses of the official measure (the FPL). The calculation of the poverty threshold is based on four fundamental costs for families rather than solely food costs. The threshold is adjusted over time based on changes in those four expense items rather than only looking at changes in the Consumer Price Index. Variations in expenses due to differences in geography and family composition are taken into account. Finally, the computation of

income includes a variety of previously *uncounted* benefits, and deducts certain previously *counted* expenses. While still imperfect, it certainly appears to improve significantly upon the FPL.

Poverty numbers using the FPL v. the SPM

The U.S. Census Bureau first established the 2010 poverty thresholds for a family of four using the official measure (FPL) and the Supplemental Poverty Measure (SPM). For the SPM, they assigned four different thresholds, for home owners with a mortgage, owners without a mortgage, renters and where housing status was not taken into account.⁹ The thresholds are:

<u>Current Federal Poverty Level:</u>	\$22,113
<u>Supplemental Poverty Measure</u>	
Not accounting for housing status	\$24,343
Owners with a mortgage	\$25,018
Owners without a mortgage	\$20,590
Renters	\$24,391

Then, using the new thresholds, they determined the poverty rates. The national poverty rate, 15.2% using the FPL, rose to 16% using the SPM. This represents about 2.5 million additional people considered poor. Among the striking results was the fact that poverty among children was reduced by more than 4%, and poverty among the elderly increased by nearly 7%. The lower rate among children can be attributed to the counting of various government benefits as part of a household's income. On the other hand, the higher poverty rate for elderly Americans is largely due to the deduction from income of out-of-pocket medical expenses.

As conservatives have argued, the counting of certain government benefits as income lifts a significant number of families out of poverty, and perhaps more accurately reflects the ability of these families to get by. At the same time, the SPM calculation makes clear how crucial these benefits are to the well-being of many low-income families.

The Near-Poor: By any measure, the number of people in this country who live in poverty – over 49 million when using the SPM – is disturbingly high. Furthermore, many would argue that even the revised threshold is unrealistically low, particularly for many high-cost regions of the country. For this reason, some analysts look at families with incomes up to 200% of the threshold as a more appropriate measure, and refer to households with income above the poverty threshold but under 200% of the poverty line as the “near-poor.”¹⁰ While 19% of families would qualify as near poor using the official FPL, nearly 32% of families – 51 million Americans – fall into this category under the

⁹ As discussed above, the SPM takes regional costs into account by looking at geographic variations in housing costs. As a result, there are actually hundreds of different poverty thresholds. Presumably the thresholds listed here are a composite of the many regional levels. In the section called “A Long Island perspective,” below, the L.I. SPM housing figures are provided.

¹⁰ See, for example, Jason DeParle, Robert Gebeloff and Sabrina Tavernise, “Older, Suburban and Struggling, ‘Near Poor’ Startle the Census,” New York Times, November 18, 2011.

substantially more accurate SPM. These families may not experience the harsh deprivation of hunger or homelessness, but they very likely must struggle – not always successful – to maintain a modest standard of living.

A Long Island perspective: Living in one of the most expensive areas in the country, advocates from Long Island have often asserted that the FPL has little relevance to the cost of living or the true incidence of economic hardship. While it can be argued that the SPM still falls short of accurately gauging poverty in this region, the inclusion of geographic variations in its formula certainly helps the SPM to improve upon the official measure. The regional variations for 2010 are not yet available, but the Census has published figures for 2009. In that year, the official poverty level for a family of four was \$21,756. By contrast, the SPM threshold on Long Island for families with mortgage or rental costs was over \$28,000.¹¹ Many would insist that even this figure seriously understates the economic realities of life on Long Island.

It might well be that a poverty level set at half the area median income or even higher might more closely reflect the cost of living here. A report published in 2009 by Adelphi University suggests that 50% of the Nassau-Suffolk median income would more appropriately serve as the poverty level. In 2007, this would have located the poverty level for Long Island at \$43,094. The Adelphi report also cites the Economic Policy Institute's calculator for meeting basic expenses. The EPI methodology would have pegged the necessary income level for a family of four on Long Island in 2007 at \$72,000.¹²

Other approaches to measuring poverty

Percentage of median: As has been discussed above, one alternative approach to measuring poverty is to set the poverty threshold at a percentage of a nation's or region's median income. Median income changes from year to year, and not necessarily in direct relation to the cost of living. This measure, therefore, provides some information about a family's ability to meet its basic needs, but actually tells more about their well-being relative to society as a whole. If median income rises, for example, the poverty level will rise as well, without regard to the cost of living. Thus, using a percentage of median is a measure of relative poverty.

The strongest critique of this approach has been described in this way: Let's assume a country has designated 50% of median income as the poverty level. If everyone in a nation experiences a doubling of their income during an economic boom, the poverty rate – the percentage of people below the poverty line – will remain unchanged, since roughly the same number of families will have incomes equal to 50% of the median income. Critics argue that this number will simply not accurately indicate the number of families genuinely living in poverty.

Two early proponents of such a relative measure were the British sociologist, Peter Townsend, and the American economist, Victor Fuchs, both of whom suggested that the poverty line should

¹¹ Figures are for the "New York-Northern New Jersey-Long Island-NY-NJ-PA Metropolitan Statistical Area, published in Trudi Renwick, "Geographic Adjustments of Supplemental Poverty Measure Thresholds: Using the American Community Survey Five-Year Data on Housing Costs," U.S. Census Bureau, July 2011.

¹² Sarah Eichberg and Deborah Petry, "Vital Signs 2009—Measuring Long Island's Social Health," Adelphi University, 2009. For the EPI Basic Family Budget Calculator, see <http://www.epi.org/resources/budget/>.

be set at 50% of median income.¹³ Townsend felt that people are living in poverty “if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live.”¹⁴ Thus, social exclusion and segregation by virtue of one’s low relative income is an indication of poverty and should be viewed as such...

A Family Budget: One important criticism of the SPM is that it examines how much people *spend* for certain necessary items, rather than how much they *need* for these items. People may not spend much for certain items because they feel that they cannot afford it and other inflexible expenses demand their resources, and this could distort the poverty calculation. Family budget measures address this problem by looking at a market basket of items needed for a modest standard of living, and determining the cost of that market basket. Of course, as with all poverty measures, there is some degree of arbitrariness in deciding the contents of the basket.

Among the noteworthy examples of this approach are the Economic Policy Institute’s Basic Family Budget Calculator and the Self-Sufficiency Standard, developed by Diana Pearce, formerly of Wider Opportunities for Women, and now at the University of Washington. The Self-Sufficiency Standard seeks to determine, by geographic area, the income needed to sustain a “minimum, but adequate” standard of living. The variables it looks at include housing, child care, food, transportation, health care, and miscellaneous costs. In addition to taking regional differences into account, the Standard also looks at ten different family types, varying by the number of parents and the number and age of the children.

A crucial feature of the Self-Sufficiency Standard is that it is self-described as a measure of “income adequacy” and not truly a measure of poverty. As such, it provides perhaps one of the most detailed and accurate examinations of the cost of a modest but decent lifestyle. The result may be seen as less useful in determining what it means to be living in poverty. For example, the 2010 Self-Sufficiency Standard for a family of four – with one pre-schooler and one school-age child – in Suffolk County was \$86,200. On the other hand, it provides a valuable counterpoint to the notion that a family of four can reasonably get by on Long Island with an income of \$21,700 (the FPL) or even \$28,000 (the SPM).

¹³ Peter Townsend, “The Meaning of Poverty,” *British Journal of Sociology*, Vol. 13, No. 3, September 1962, and Victor Fuchs, “Toward a Theory of Poverty,” in *The Concept of Poverty*, Task Force on Economic Growth and Opportunity, Washington, DC: Chamber of Commerce of the United States, 1965.

¹⁴ Townsend’s discussion continues: “Because of their poverty they may experience multiple disadvantage through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.” Cited in European Commission, *Joint Report on Social Inclusion 2004*.

A “decent standard of living”: At the conclusion of their excellent paper on the development of alternative measures to the Federal Poverty Level, Mark Greenberg and Rebecca Blank, recommend that, to complement poverty level measures, there should be research on the resources that would be needed to maintain a “decent standard of living.” With their concept, this would be:

“...a level well above basic needs at which families can pursue the activities that most Americans would consider desirable such as home-ownership, savings for college and retirement, quality child care, and adequate health care.”¹⁵

Conclusion: Looking at “economic inclusion”:

Shawn Fremstad, with the Center for Economic and Policy Research, has written a thoughtful critique of both the current official poverty measure and the Supplemental Poverty Measure.¹⁶ He argues that while the NAS alternative did a much better job of counting resources, it did not address what I refer to above as the measure of “what it means to be poor,” and what he prefers to view as “income adequacy.” His fundamental criticism is that neither the FPL nor the alternative measure correlate closely enough with material, real-world deprivation and hardship. Although he avoids the terms, he favors an approach that takes both absolute and relative poverty into account.

Fremstad proposes that the measure of income adequacy should take into account public opinion about the amount of income that is needed to “get along.” He observes that people who have been surveyed have been remarkably consistent, over time, in responding with an estimate that corresponds with 50-60% of median income. Whether or not this would be called a poverty line or a “risk of poverty” line, or a “get-along” line, it would be defensible as a “a common-sense measure based on public consensus about the smallest amount of income needed to get by in one’s local community...”¹⁷ Fremstad points out that the survey estimates of a “get-along” income generally are quite similar to those of the experts.

To best measure poverty and income adequacy, Shawn Fremstad framed a proposal that serves as a fitting conclusion to this article. His proposal is modeled on a three-tiered approach developed in the United Kingdom in 2003 to assess child poverty.¹⁸ The three tiers are:

¹⁵ Rebecca Blank and Mark Greenberg, “Improving the Measurement of Poverty,” Brookings Institution, December 2008, p. 15.

¹⁶ Shawn Fremstad, “Measuring Poverty and Economic Inclusion: The Current Poverty Measure, the NAS Alternative, and the Case for a Truly New Approach,” Center for Economic and Policy Research, 2/09, December 2008. When Fremstad wrote this paper, the SPM had not been formally introduced. Rather he wrote in response to the NAS alternative measure. However, I believe that the NAS version and the SPM are closely enough related that his comments remain equally relevant.

¹⁷ I have expressed my view that every poverty or income adequacy measure requires some arbitrary decisions about what material deficits constitute poverty or what material possessions represent a modest but decent standard of living. In light of this perspective, it seems reasonable to argue that popular conceptions of the necessary income to “get along” is a valid and valuable factor.

¹⁸ Steven Kennedy and Ian Townsend, “Poverty: Measures and Targets”, Research Paper 04/23, March 2004, House of Commons Library, March 2004. The measure was developed as part of a declared goal of eradicating child poverty in the U.K. by 2020.

- A measure of poverty based on income and adjusted annually for the cost of living. *Thus, a poverty level is determined to reflect the minimum income needed to meet basic needs, and that figure is adjusted annually based on inflation. So after each year's adjustment, a family with income at the poverty level should have roughly the same standard of living as households at the poverty level in any other year – an “absolute” measure.*
- A measure of poverty based on income and adjusted for changes in median income. The starting point is 60% of median income, and it is updated annually to remain at that percentage. *This measure will determine “whether the poorest families are keeping pace with the growth of incomes in the economy as a whole” – a measure of “relative poverty”.*¹⁹
- A measure of poverty based on material deprivation. People with incomes under 70% of median income are surveyed to determine whether they have certain basic material items. If they do not have them, they are asked whether they want them but cannot afford them. The responses determine a material deprivation score. *Unlike poverty measures that are based solely on income, this tier asks about the family's material well-being – a measure of actual hardship.*

This three-pronged model thus looks at absolute poverty, relative poverty and material hardship. And poverty is deemed to be falling “when all three indicators are moving in the right direction.”²⁰

Conclusion

This article has discussed some of the fundamental issues and debates inherent in seeking a proper measure of poverty. We looked at the current Federal Poverty Level (FPL), and reviewed a variety of alternatives that seek to address the weaknesses of the FPL or to otherwise provide an improved methodology.

The Supplemental Poverty Measure (SPM) offers a more accurate, real-world alternative, although it has shortcomings of its own. We concluded with a brief description of a concept developed in the United Kingdom that, in essence, acknowledges the impossibility of developing the perfect poverty measure, and instead utilizes a multi-tiered approach that combines an “absolute” measure of poverty, a “relative” measure of poverty, and survey-based information about material hardship. It seems difficult to deny the value of this more comprehensive approach.

Whether the measure of poverty will change substantially in the United States is of course a question of politics as much as policy. Many commentators have observed that no political figures want to see a substantial increase in poverty on their watch. Indeed, it has been suggested that to be politically viable, the change would have to be characterized as something other than a poverty count. For example, Shawn Fremstad proposes that this change should be described not as just an update of the FPL, but as a new measure of poverty and economic inclusion. This particular problem does not seem

¹⁹ Measuring Child Poverty,” United Kingdom Department of Work and Pensions, December 2003. http://www.dwp.gov.uk/ofa/related/final_conclusions.pdf

²⁰ Ibid.

to be insurmountable since it should be clear that the new numbers would be caused by an improved measuring tool, not because conditions had dramatically changed. Nevertheless, the politics of the debate will inevitably play a role.

Another source of resistance has a much more concrete grounding. It is estimated that about 80 federal agencies and countless state and local government agencies use the FPL in one way or another. Millions of dollars in government aid depend on the number of people living below the FPL in a state or locality, and one element of eligibility for a wide array of government benefits involves a household's income relative to the FPL. If the threshold changes in any significant way, there will be major "winners and losers."

On the other hand, it is difficult to justify leaving, as the United States' primary measure of poverty, a tool that is as problematic as the FPL. And the status quo is not without serious costs, as truly needy people are deemed "not poor" and are denied crucial benefits, and states and localities do not receive urgently needed government support based on unrealistic poverty numbers. Finally, the public debate over social policy is hindered by the absence of appropriate estimates of the extent and depth of poverty in our country. So it must be hoped that the trend towards a critical reassessment of the measurement of poverty will continue and that a more accurate and meaningful measure will be adopted.

In closing, we must acknowledge that changing the tool for measurement does little by itself to address the problem. Elizabeth Lower-Basch, of the Center on Law and Social Policy (CLASP), commented that the SPM represented a valuable improvement in the measurement of poverty, but then observed that:

"... this is only a change in the measurement and not a change in the underlying reality. Regardless of the numbers, people's everyday reality is the same. No senior citizen finds it easier to pay for medicine and not one child is less hungry as a result of this new report.... However we measure it, poverty is unacceptably high, hardship is unacceptably widespread, and no focus on technical issues can obscure that fact."²¹

Nevertheless, the SPM and the poverty measurement debate does shed important new light on the subject and should result in a more accurate picture of the extent and the nature of poverty in our country. And that, hopefully, will eventually lead to policy changes that will change the underlying reality.

²¹ Elizabeth Lower-Basch, "New Supplemental Poverty Measure Doesn't Change Reality," originally appeared in the Huffington Post, November 8, 2011.