

The New York Times

Bloomberg Seeks New Way to Decide Who Is Poor



Annie Tritt for The New York Times

Mayor Michael R. Bloomberg said last week that 31 antipoverty programs were up and running and dozens more were to come.

By [LESLIE KAUFMAN](#)

Published: December 30, 2007

The Bloomberg administration, frustrated by the federal government's Great Society method of determining who is poor, is developing its own measure, which city officials say will offer a more modern and accurate picture of poverty.

Mayor [Michael R. Bloomberg](#) wants to adopt the new measure in part so he can better assess whether the tens of millions of dollars the city plans to spend on new anti-poverty programs will improve poor people's standard of living.

But officials also hope the new measure will set off a nationwide re-examination of the current federal standard, and prompt other cities and states to adopt the city's method.

The 42-year-old federal poverty standard, which is pegged to the annual cost of buying basic groceries, is widely viewed as outdated and off-target. The city's formula would take into account the money families must spend annually on necessities including rent, utilities and child care. But it would also factor in the value of financial assistance received, like housing vouchers or food stamps.

The city's efforts are already attracting attention. "There is widespread dissatisfaction with the current standard," said Jack Tweedie, the director of the children and families program at the National Conference of State Legislators, which provides research to state legislators and policy makers.

"Because it is New York City adopting it, it could be a big step forward," he said. "As it starts generating reports and data, others will be interested and you will get more momentum."

The politics of determining a poverty level are intense because the number largely determines eligibility for numerous federal entitlement programs. And, perhaps as important, it is used by people across the political spectrum as they debate how well this nation cares for its less fortunate.

Of course, New York City's adoption of a new calculus, which skeptics predict is certain to conclude that there are more poor here than previously counted, could be met with opposition from other areas around the country, like rural states, especially if the city uses the new measure to argue that it deserves more federal aid.

But city officials say their efforts are driven by Mayor Bloomberg's second-term pledge to reduce poverty.

About a year ago, the mayor announced that the city would put \$150 million in public and private money toward new antipoverty programs. At a press conference marking the anniversary of that effort last week, Mr. Bloomberg announced that 31 programs were up

and running, and that a dozen more would be started in the next months.

In developing the new programs, however, the city discovered a serious obstacle: the federal poverty standard was all but useless in assessing whether the efforts were having an effect. This was especially frustrating for the mayor, whose business background and Harvard M.B.A. have conditioned him to look for measurable results.

So the city began drafting a new measure, based on research done a decade ago by the [National Academy of Sciences](#). Dozens of respected poverty researchers in the nation have been asked to weigh in as well.

For years the [Census Bureau](#) has published several alternative measures of poverty, at least one of which is based on National Academy of Sciences data. However, poverty specialists say, that measure is of little use to cities or states because it only generates national data.

Mr. Bloomberg is seeking a balanced approach in devising New York's formula, which will be rolled out this summer.

The federal method of calculating the income of poor people does not take into account the value of the extensive benefits that governments give out, like housing vouchers. But the city method will, offering an in-depth look at the assistance provided by New York, which has perhaps the most generous safety net in the nation.

Upwards of 600,000 families in the city are in public housing or receive substantial rental assistance. Other aid that would be counted toward income includes food stamps, subsidized child care and cash that is returned to families through the earned income tax credit and other tax credits. These benefits can be worth thousands of dollars a year for each family, and if that were the only change made in the formula, the number of poor in New York would drop drastically.

But New York is also looking to establish a more realistic picture of how much money is needed to live here.

The current federal poverty threshold was developed in the 1960s by Mollie Orshansky, an economist with the [Social Security Administration](#), who based her number on a 1955 Department of Agriculture study that said low-income Americans spent about a third of their after-tax money on food. If a family had an annual income equal to three times the annual cost of basic groceries, Ms. Orshansky reasoned, they were not poor. If they fell below that income threshold, they were.

Obviously, that formula was developed in a very different America. Yet Mollie's Measure, as it is known in poverty circles, is still pegged to an annual grocery bill, adjusted for little more than price increases over time. The current poverty threshold for a family of four (two adults and two children) is a little under \$21,000. In its new formula, the city would set its poverty threshold at about 80 percent of the median amount spent by American families on essential goods, which would include food, rent, clothing, utilities, and a little extra. Costs would be adjusted to reflect New York prices.

Though city officials insist they are approaching this undertaking without bias, it is almost impossible to separate the process from politics.

Douglas J. Besharov, a scholar with the American Enterprise Institute in Washington, is watching the New York experiment intently and not without some cynicism that the city will come up with a far too generous formula. "It is highly likely they will come up with a higher poverty rate," he said. "It is perfectly safe politically in New York and it certainly is a good P.R. device for the mayor who wants to be a poverty crusader."