SILICON VALLEY
CAMPAIGN FOR LEGAL SERVICES

Redefining Poverty and the Silicon Valley Self-Sufficiency Standard
An excerpt from the "2008 Silicon Valley Campaign for Legal Services Annual Report"

The federal government's method of measuring poverty is considered by many – including economists, policy analysts, social scientists, and mayors – to be an outdated and inaccurate picture of a person's or family's true economic circumstances. Individuals and organizations are now calling for an overhaul of the nation's poverty measurement statistics, in order to reflect regional variations and other economic factors.

The current method was designed in the early 1960s as part of President Lyndon Johnson's War on Poverty. This threshold measure of severe deprivation – the minimum amount of money needed for subsistence -- is based primarily on how much of an individual's or household's pretax income is spent on food. This threshold varies by family size, but not by geography. The same dollar amounts officially define poverty in both low-cost-of-living rural areas and high-cost urban areas. Poverty thresholds are adjusted periodically using the Consumer Price Index, a measure of inflation.

The U.S. Conference of Mayors adopted a policy at its 2007 Annual Meeting urging the federal government to revise this formula so that it would better reflect the actual wages families must earn to meet basic needs, and also that the formula would reflect costs such as housing, transportation, health case, and child care, in addition to food.[1]

In July 2008, New York City Mayor Michael R. Bloomberg's administration adopted a new poverty measurement that takes into account a household's spending on food, clothing, shelter, transportation, utilities, and out-of-pocket medical expenses, as well as tax credits and government subsidies received. The city's new formula is based on recommendations developed in 1995 by the National Academy of Sciences' panel on poverty and family assistance, but never implemented.[2] Subsequent to New York City's poverty guideline change, a subcommittee of the House Ways and Means Committee held a hearing on the issue. Congressman Charles Rangel, chair of the Committee called New York City's efforts a "useful start."

Momentum is building to redefine "poverty," but there are political and financial barriers. First, a redefinition would increase the number of Americans classified as poor. In New York City alone, this act resulted in a nearly five percent increase. Second, there are perceived financial barriers. Expenditures for many federal programs are tied to the official poverty rate – the more poverty, the more the federal government would have to pay into these programs.[3]

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[1] "Third Stop: Villaraigosa Poverty Forum," *U.S. Mayor Newspaper*, The United States Conference of Mayors, September 29, 2008.
[2] "Bloomberg Attempts To Redefine Poverty," *The New York Sun*, July 14, 2008.
[3] "Economists Question 'Official' Poverty Statistics Used for US Mayor's Report," *City Mayors Society*, April 1, 2007.

In January 2009, the annual federal poverty level for a family of four (two adults and two children) was $22,050.

Consider the federal poverty threshold within the context of The California Self-Sufficiency Standard, which measures how much income working individuals and families need to pay for their basic needs – including housing, food, childcare, health care, transportation and other basic needs. The Standard varies in every county in California by providing localized information. A person working two full-time minimum wage jobs still does not earn enough to support a family in *any* county of California, even with California's minimum wage of $8.00 an hour.[4]

The Santa Clara County/Silicon Valley Self-Sufficiency Standard in 2008 for a family of four was $68,430. [4] Many such families cannot afford even their most basic needs without assistance. Although we live in one of the most affluent areas in the country, one in four county residents can't make ends meet. We need a poverty measure that shows us who the poor really are. When one-quarter of the people living in a community are poor by current federal standards, or are living below the Self-Sufficiency Standard, increased access to civil legal counsel should be considered a priority. It is a basic 'safety net' issue when our most vulnerable residents require help to address an array of life-affecting circumstances.

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[4] "How Much is Enough In Your County? The 2008 California Family Economic Self-Sufficiency Standard," *Insight Center for Community Economic Development,* May 2008.