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City Refines Formula to Measure Poverty Rate

By [CARA BUCKLEY](#)

The Bloomberg administration unveiled a new measure on Sunday for gauging poverty levels, one that takes into account the cost of housing, child care and clothing, among other expenses not included in the formula used by the federal government.

Under the new model, announced by Linda I. Gibbs, the city's deputy mayor for health and human services, at the [N.A.A.C.P.](#)'s annual convention in Cincinnati, the poverty rate in New York City would increase to 23 percent of the population, compared with the official level of roughly 19 percent. Also, fewer people in the city would fall into the category of extreme poverty, partly because the new measure factors in government aid programs like housing assistance, food stamps and tax credits.

Ms. Gibbs said that the new measures would not automatically affect any federal funding the city receives, or the number of people getting aid. But, she said, the change could affect local programs and policy decisions, like how the city cares for the elderly.

According to the current federal measure, fewer than one in five New Yorkers 65 or older are poor. But under the new model, that figure grows to one in three, largely because higher medical costs are taken into account.

City officials hope that the new model will be adopted by other cities and states, and will also start a national re-examination about the way poverty is gauged.

"The next step," Ms. Gibbs said during a conference call with reporters, "is issuing a very detailed report so our sister jurisdictions can adopt this approach."

Mark Greenberg, a senior fellow at the Center for American Progress, a liberal research institute in Washington, said the need to recalibrate how poverty is calculated was long overdue.

"There is a very broad agreement that the existing measure has a lot of problems," he said.

The nation's poverty measure was developed in the 1960s and was based on a 1955 study that showed that poor Americans spent roughly a third of their after-tax income on food. Ever since then, the country's poverty levels have been gauged by tripling the annual cost of groceries.

That model, while updated for inflation, has been criticized for being out of date, inaccurate and not taking into account how expenses like housing vary nationwide. According to the federal [Bureau of Labor Statistics](#), families nowadays spend one-eighth of their income on food, with more money going to transportation, child care and housing. Nor does the federal model measure the financial impact of government assistance programs.

The city's formula was developed by its Center for Economic Opportunity and modeled on a proposal developed by the [National Academy of Sciences](#). Both set the poverty threshold at roughly 80 percent of the median amount of what families spend on expenses like food, shelter, utilities and clothing. The New York model also factors in regional differences in the cost of living.

Under the new calculus, the poverty threshold for a family of two adults and two children in New York City would be a \$26,138 annual income compared with the official level of \$20,444.

The new model also shows shifts in poverty in the city's boroughs. The Bronx is still the poorest borough, though Brooklyn and Queens are less poor than what the federal government records. Under the city's formula, more Hispanics, Asians and non-Hispanic whites would be considered poor.

Still there were questions about how effective the Bloomberg administration's new model would be and how much of it was driven by politics and Mayor [Michael R. Bloomberg](#)'s political ambitions.

"The poor in the city are still poor, but they're a lot better off than they were 20, 30, 40 years ago, and this measure didn't show it," said Douglas J. Besharov, a resident scholar at the [American Enterprise Institute](#), a conservative research group in Washington, speaking of the National Academy of Sciences model on which New York City's new formula is based. "I think this is all about keeping a lame-duck mayor in the public eye."

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