Catholic Charities' Identity in a Changing World

Advocacy Effort for NOCRA

CCUSA's New Catholic Identity Manual

What is POVERTY?

Finding Better Definitions, Measures, and Solutions
The questions above are those that lead to a true understanding of poverty in America, and answering them is the key to developing the best solutions for reducing poverty.

The National Opportunity and Community Renewal Act, developed by Catholic Charities USA and introduced in Congress, seeks ultimately to transform the way this nation assists people living in poverty by implementing a community-based client-centered approach that uses federal safety net funds in a more efficient, targeted way to help people move to self-sufficiency.

One of the main features of that approach is utilizing better definitions and measures of poverty, so as to fully understand the particular challenges of people living in poverty.


The official poverty rate in America is measured by the government using a formula developed in the 1960s. Over the years, this formula has grown increasingly inadequate in measuring poverty, as social and work conditions, costs, and family structures have changed. Despite the loud criticisms of the measure, elected officials are reluctant to redefine poverty because it would most likely result in an increase in the percentage of people classified as poor. And more people who are poor is a reality that many in government, and perhaps many in our country, do not want to deal with. But if we are to make any progress in reducing poverty, we have to recognize what we are dealing with.
Who are the Poor?

In *Think and Act Anew*, Fr. Snyder writes, “It is easy to think of the poor as a homogenous, monolithic bloc….Nothing could be further from the truth. But that’s how our government is structured to address poverty and thus the way government defines poverty.” He notes that poor individuals can be grouped into three categories “defined by their life experience, rather than solely by their economic status”:

- People who need help but lack the skills and abilities necessary to succeed in the work world—possibly because of a lack of education, experience, and cultural and social skills. These are often the intergenerational poor.

- People who need help but have a limited ability to care for themselves because they are sick or have physical or mental limitations that make it difficult or impossible to provide for their basic needs. Children and the elderly are likely to fit in this category.

- People with skills and experience but who still need help, possibly because they are limited by their circumstances, such as the current economic downturn with its foreclosures and millions of jobs lost. This could include the many thousands of underemployed working well below their skill levels.

By understanding the differing needs, challenges, assets, and circumstances of people living in poverty, we can develop better solutions to reducing poverty among those who have the capability to live self-sufficiently and ensure that those who do not have the capability live with dignity.

What does it mean to be poor?

The federal poverty rate relies solely on an income measure of poverty. A family of four is poor if they earn less than $22,350 in annual income. A family is not poor if they make above that amount. And yet, millions of working Americans above and below that threshold cannot meet their basic needs. Therefore, one better measure of poverty would be based on what it actually costs people to meet their basic needs.

In *Think and Act Anew*, Fr. Snyder summarizes the perspectives of a few Catholic Charities directors. One director suggests that someone is poor if:

- They cannot afford housing that is clean, safe, and in good repair.

- They cannot afford nutritious food for themselves and their family on a regular basis.

- They cannot consistently pay their utility bills even though it is a priority.

- Their children are not adequately clothed for school with clean clothes that fit and are in good repair, and they do not have proper clothing for work.

- They cannot afford to go to the doctor for any kind of illness for fear that a visit will be beyond their means to pay for it.

Taking this idea further, another Catholic Charities director suggests we define poverty in relation to a community-specific living wage. “[The poverty line] could actually be centered on the calculated living wage. Anyone not making the living wage would be below the poverty line.” Fr. Snyder says of this approach, “This idea calls for…develop[ing] a measure based on the cost of living in metropolitan (as well as other) regions and what it takes to make ends meet with housing, transportation, health care, child care, education, and food.”

By understanding what it means to be poor in terms of a family’s ability to meet its basic needs, we get a much more accurate picture of the problem. As Fr. Snyder writes, “The awareness of the reality of the breadth of poverty is a first step to creating the political will for change.”

What are the barriers that keep poor people from living with dignity?

Poverty, while certainly characterized by insufficient income for basic needs, is often much broader than that. It often means lack of access to affordable health care and to quality education-
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One tool that Catholic Charities USA has adopted in its work to reduce poverty is the American Human Development Index (see page 16), which measures human development through three indicators:

- a long and healthy life, measured by life expectancy
- access to knowledge, measured by educational attainment and school enrollment
- a decent standard of living, measured by median earnings

This kind of measure looks at people holistically, and focuses on “the process of enlarging people’s freedoms and opportunities and improving their well-being.” While this tool has been developed to measure human development broadly—by state or Congressional district, CCUSA is working with the American Human Development Project to develop the index as a tool for measuring individual progress.

Conclusion

Helping the public, donors, funders, business people, and law makers understand poverty and the way it affects individual lives can lead to change in the way our country address poverty. As Fr. Snyder reminds us, “By changing our focus from a body of statistics to the human person, we will be able to develop the right solutions.”
Understanding Poverty

On the Ground

Defining and measuring poverty at the policy level is a necessary part of a government’s response to poverty. The effectiveness of that response rests on how well the policies understand poverty on the ground level and what it takes to help people move out of poverty. Catholic Charities has a lot of experience at the ground level, experience we hope will reform the way our country addresses poverty. In this article, three Catholic Charities directors share their perspectives about poverty, measuring it, understanding it, and alleviating it.

A Lack of Resources

“The current federal poverty measure has no relevance in today’s economy, especially given the huge differences in the cost of living from place to place,” said Greg Kepferle, head of Catholic Charities of Santa Clara County in California. Santa Clara County has a high cost of living, and the amount of money it takes to live there has little relation to the poverty level.

“If we just measured poverty with the federal poverty guidelines, it would appear that we are doing pretty well here, with a low rate of poverty,” said Kepferle. “But in reality, because of the cost of living, our poverty rate is really double or triple what the measure says it is.”

Kepferle believes poverty should be defined by what it actually costs to meet one’s basic needs in a particular place. That’s why he supports the work of The Insight Center for Community Economic Development, a California-based research organization, which has calculated the minimum amount of income required to pay for basic needs in each county of California. Right now, these county indexes are being used as an awareness and research tool, but Kepferle hopes that someday they will affect policy and government benefits.

Kepferle doesn’t see poverty as solely a lack of adequate income, however. He sees it more generally as a lack of resources, a definition based on the work of poverty expert Ruby Payne. “I look at poverty with a broader lens. It’s not just about a lack
of income. It can also be a lack of spiritual, mental, social, and emotional resources."

This understanding ties in with the American Human Development Index (see page 16), which Kepferl finds useful. "There are many indicators of human development, but if we just trimmed them down to three—income, health, and education—we'd get a better sense of the problems and the solutions."

Kepferle and his community are devising several strategies to reduce poverty, but what matters most, he said, is intentionality. "The services might be exactly the same. What's different would be the intent to accomplish something. It's about getting the case manager, the client, and all the systems aligned around the same goal."

**Different Needs**

Karen Hauser, executive director of Catholic Charities in Salina, KS, sees the barriers to moving out of poverty that people in rural areas face. Transportation is a major issue. There is no public transportation and many people can't afford to drive, which impacts their ability to work. Further, there are very few health and human service providers, which also impacts people's ability to work and function well in life. In fact, says Hauser of rural areas, job loss and the lack of health services are the two main reasons that people fall into poverty.

Many rural communities are on the decline. Companies that have been providing jobs for decades are leaving or folding and the younger people are moving to urban areas for better opportunities. That leaves the elderly, who do not have the resources to leave but still need help as they age. It also leaves immigrants, who cannot demand wages high enough to meet their needs.

"In the rural areas in our diocese, just about everyone fits the national poverty guidelines," said Hauser. "People may not consider themselves poor, however. There is a lot of pride among the poor in our area. They may be living in poverty, but do not want to acknowledge it. The elderly poor, for example, want at all costs to stay in their homes, which means that they often go without the things they need. They won't ask for help even when they really need it."

In recognition of the different needs and abilities of people affected by poverty, Catholic Charities USA is promoting a three-track service delivery model focused on prevention, to keep people from falling into poverty; intervention, to help people in poverty move out and stay out; and long-term support, to help people who cannot fully care for themselves because of age, disability, and other factors.

"It's a new way of looking at the totality of people that need assistance," said Candy Hill, senior vice president for social policy and government affairs for CCUSA. "Right now, people are thrown together in one bucket, and that can impede the best kind of responses that would help people from falling into poverty. Further, we don't acknowledge that people's full potential will be different. Some will do great on their own with a little bit of help at the right time. Others will need intensive case management and assistance to make it out of poverty, and they may still struggle. Still others will always need some kind of long-term support."

This service delivery model puts more focus on prevention—not just on programs that prevent families from living in poverty, like food stamps and health care, but the ability to get help before they get to the point of needing those things. "People shouldn't have to lose everything, divesting themselves of all their assets, before they can get help," said Hill. "At that point, they are on their way into poverty, and it's so much harder to help them get out. Some people may never get back to where they were and end up needing long-term public assistance."
Dealing with these kinds of challenges, Hauser sees the need for coming to a greater understanding of poverty, who the poor are, and what they need to get out of poverty.

“It’s helpful because you get more detail about who is in need and what they need, which leads to more specific approaches on how to help,” said Hauser. “When we break poverty down and help people understand the things that put people in poverty and the barriers to getting out of poverty, that’s when we can get our leaders to come up with solutions. And I’m talking about leaders among the people we serve, as well as our elected and community leaders.”

Hauser says her agency’s programs have pretty much evolved along the lines of prevention, intervention, and long-term assistance—for example, emergency support for people experiencing a job loss, financial literacy for a family in chronic poverty, and ongoing services to help the elderly and disabled remain in their homes and maintain a good quality of life.

What’s the value of understanding poverty better? “It makes the poor more real, and it can help engage more people in addressing the issues and finding solutions,” said Hauser.

A Holistic Response

Msgr. Kevin Sullivan, executive director of Catholic Charities, Archdiocese of New York, like Kepferle, finds the current federal poverty measure useless. “Nobody advocates around the poverty measure because what people need is irrelevant to what the poverty measures says. Even the government recognizes that, which is why they have to adjust the poverty measure to fit the group of people they want to serve in federal programs, for example, setting eligibility at 150% or 200% of the federal poverty level.”

And while he thinks it’s a good thing for us as a country to develop better measures of poverty, such a measure won’t have much impact on providers, at least not by itself. What would help, however, is a different approach, which is what the National Opportunity and Community Renewal Act proposes. “With this legislation, we are saying that when we deal with people holistically, we can make a better impact on poverty,” said Sullivan.

Looking at people holistically means looking not just at their income, but all the circumstances of their lives, as well as their assets and abilities. As CCUSA began developing a new model for service delivery, Sullivan was an early proponent of developing a model that did not treat the poor as a singular group, but as a diverse group with differing needs and abilities.

Sullivan’s agency already takes a holistic approach in the way they deliver services, working to prevent poverty among those on the edge, help others move out and stay out of poverty, and help people who for various reasons cannot take care of themselves live with dignity. It’s just that federal welfare programs are not designed holistically, which makes it harder.

“Right now, we have to gerrymander the system and the programs to help people,” said Sullivan. “If we can create a pool of resources we can draw from, then we can impact lives. We’ll go from being program-centric and fragmented in our approach to being integrated and holistic.”
The Federal Poverty Measure
Problems and Challenges in Measuring Poverty

An Interview with Ron Haskins

Ron Haskins, senior fellow in economic studies at the Brookings Institution, co-director of the Brookings Center on Children and Families, and a senior consultant at the Annie E. Casey Foundation, is an expert on domestic poverty and national welfare policy. Here he answers some questions from Ruth Liljenquist, managing editor of Charities USA, about the federal poverty measure and efforts to improve the way the government measures poverty.

RL: The federal poverty measure in use today was developed in the 1960s. It is widely criticized, but has never been changed. Can you frame the debate around the federal poverty measure?

RH: To have a poverty measure you need two things. First, you need a definition of what poverty is—a line that indicates that if a person's or family's income is below it they are in poverty. And then you need a measure of income that you compare to that line. People who have income below the line are poor, and people who have income above the line are not poor.

The official poverty measure has not changed; it is still what it was when first developed in the 1960s by Mollie Orshansky. The original poverty line developed by Orshansky is three times the cost of a modest food budget. Back in the 1960s Americans were spending roughly one-third of their
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Over the years there have been many, many criticisms of the current definition of poverty. Only cash income is counted, and taxes (including the Earned Income Tax Credit) and in-kind benefits (such as food stamps) are ignored. There are no regional adjustments. But nothing has been done to improve the poverty measure, though there have been a number of experimental measures developed by the Census Bureau, and the National Academy of Sciences formed an advisory group and developed major recommendations for improving the poverty measure, which were published as a book in the mid-1990s. That book is still valuable today. More recently, the Obama Administration has committed to redefining poverty, though there is no intent at the moment of using this new measure or any new measure to determine how federal money is distributed among the states.

There are two big issues here. One issue is the threshold. Many people and certainly most scholars and most Democrats think that the current poverty line is too low. It’s been updated every year by the inflation rate, but it hasn’t changed relative to average consumption or the standard of living or any measure of the increasing affluence of Americans. For a lot of people, that’s a bad thing. All of Europe thinks it’s a bad thing because their poverty measures are relative measures, which means that as average income goes up, the poverty threshold goes up. Our measure, which is an absolute measure, does not do that. Generally speaking, Republicans like an absolute threshold. They don’t want to change the current measure. Apart from the impact on states, if a new measure, a relative measure, were to become official at some point, it would likely result in more poverty, which would give Democrats another argument for increasing spending on the poor. Republicans don’t want to spend more money on the poor, and therefore don’t want a relative measure. So that’s the issue about the threshold.

The other big issue is how income should be measured. I think there’s universal agreement that the current definition of income used by the Census Bureau is awful. And the very biggest reason is that the Earned Income Tax Credit (EITC), over $50 billion in tax credits to low-income families, is ignored in poverty calculations. Even though it’s a very efficient program in terms of the amount of total spending that actually goes into the pocketbooks of poor and low-income families, it’s ignored. Similarly all in-kind benefits are ignored, so there’s no value from, say, health care or food stamps. It gets very complicated. If we spent a million dollars on a family for health care or food stamps, it would not have any impact on whether they were in poverty. And if you included the amount of money that families get through public health programs, Medicare and Medicaid, then roughly speaking, the sicker they are, the less likely they are to be poor. That doesn’t make much sense. But on the other hand, we spend more money on health programs than on anything else. Republicans want those credits and benefits to be figured in, and so do Democrats, although there would probably be some differences between the two parties in how they would value health care or health insurance. I think most analysts believe that federal programs are pretty effective at reducing poverty, and indeed they’re correct. But if you increase spending on something that isn’t reflected in the income measure used to calculate poverty, then you can’t measure your impact on poverty.

RL: You mentioned that the Obama Administration is developing a new measure. How will it be different than the current measure?

RH: The administration has created a new measure, and it has a lot of support in the academic world. It’s very good work very sophisticated. Let me emphasize that the measure the ac
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The administration's measure is somewhat of a relative measure, which means that it reflects the growth of income in the country as a whole or even the decline in income in the case of a recession. The new threshold is based on the spending of two-parent, two-child families at the 33rd percentile of the distribution of expenditures on food, clothing, shelter, and utilities. As I mentioned, this measure is partially a relative measure. If you based the threshold on changes in median income, then it would be clearly a relative measure. But the thought is that spending on the basic necessities by families at the 33rd percentile would rise less rapidly than average income or median income because as people make more money, they spend a lower percentage of their income on food, clothing, shelter, and utilities, and they buy vacations, and fancy cars, and all that. The administration's new measure will also include adjustments for region. There is nothing that accounts for regional differences in the current measure, which is a very frequent criticism of the measure. After all, it costs a lot less to live in Mississippi than in New York City.

RL: Why will this measure be important if it is not going to directly impact policy?

RH: This new measure is an important thing, and it is directly applicable to one of the biggest theoretical issues that differentiate Republicans and Democrats. Republicans will likely say that the new measure is something like a socialist measure. I believe it's somewhat accurate to say that poverty should reflect the average growth of income in a society, and since many of our policies are based on the poverty threshold, we would be trying to help people get to that threshold. So if the threshold increases as living standards increase, and especially if people think government has some responsibility to help families stay above this threshold, that's a big deal to Republicans. They don't see why the growth rate of the economy should affect how we define poverty. And Democrats, of course, strongly disagree with that. And as I pointed out, all of Europe disagrees with it.

This new measure will not directly affect policy, but I do think it will have some impact. Democrats may like the new measure more, and there's nothing to stop them politically from using it for speeches and press releases, citing it as not a new measure, but the best measure of poverty. And, of course, I think it would stimulate a lot of thinking in the scholarly world, and as the new measure is used year after year, scholars are going to make all kinds of discoveries—ways to improve the current measure, for example, in the measurement of housing costs or of regional differences. So the new measure will have an effect, but it will not have an official effect. The biggest official effect that it could have in the long run, of course, would be to change the formula under which money for various programs is distributed among the states. That would cause a huge debate in Congress.

RL: A debate that Catholic Charities USA may stir up someday. Thank you very much.