

**MOTION TO END POVERTY IN LOS ANGELES**

The Federal Poverty Guidelines were created in 1963-1964 by Mollie Orshansky of the Social Security Administration. Orshansky applied the dollar costs of the U.S. Department of Agriculture's economy food plan for families of three or more persons and multiplied the costs by a factor of three. While this equation may have made sense in the 1960s, food is no longer one third of a family's budget. Today, with the increased costs of housing, health care and child care, food is roughly one sixth of a family budget making the formula for the Federal Poverty Guidelines outdated. Additionally, the Federal Poverty Guidelines are consistent across the United States without taking into account the very significant differences in regional costs of living.

The current Federal Poverty Guidelines do not accurately reflect what it takes to be self-sufficient in Los Angeles. The City of Los Angeles could more effectively and efficiently target resources if a Self-Sufficiency Standard were to be used for determining poverty in Los Angeles.

Currently, the Federal Poverty Guidelines consider a family of four making under \$20,650 a year as "in poverty." 4.8 million Californians (13.3 percent of the state's population) have income levels below the Federal Poverty Level. However, in Los Angeles, the National Economic Development and Law Center determined that it takes at least \$54,000 or more for a family of four to be self-sufficient. According to this equation, approximately 1 out of 3 City residents are not considered self-sufficient.

In recent years, many organizations and policy makers have supported updating the Federal Poverty Guidelines so that the guidelines take into account family composition, regional cost of living differences, as well as the basic costs families incur in their daily lives.

In 2003, then Senator Richard Alarcón introduced State Resolution, Senate Joint Resolution (SJR) 15 which supported updating the Federal Poverty Guidelines and, as a City Councilmember, he has introduced several motions and resolutions related to the Federal Poverty Guidelines, including a resolution (C.F. 07-0002-S144) in which the City of Los Angeles supported changing the guidelines for determining poverty from the antiquated Federal Poverty Guidelines to a formula that takes into account regional differences in cost of living, such as the Self-Sufficiency Standard, and a motion (C.F. 07-3141) that instructed the Community Development Department with the assistance of the Chief Legislative Analyst, Los Angeles Housing Department, Community Redevelopment Agency, and other appropriate City Departments, to report on what impact updating the Federal Poverty Guidelines to a Self-Sufficiency Standard would have on City programs and services.

In 2008, the City of New York changed the definition of what qualifies as poverty in the City of New York. Instead of the Federal Poverty Guidelines, New York City elected to use a formula developed by the National Academy of Sciences (NAS) in 1995. The new formula provides a more accurate portrayal of poverty in the City of New York and enables households and families previously ineligible for various services to qualify for those services. As result, the poverty "rate" in the City of New York rose from 19% to 23%, and the poverty level for a family of four increased from \$20,444 annually to \$26,138.

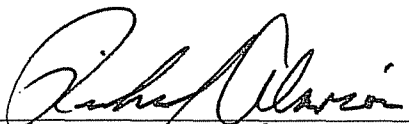
The City of Los Angeles should consider utilizing a similar model to that implemented by the City of New York. Los Angeles must examine the true cost of living in order to effectively and efficiently deliver resources to City residents. Several alternative proposals are available, including the NAS model adopted by the City of New York. In the state of California, self-sufficiency tables have been developed for all combinations of households, individuals, to a multi-generational household with three adults and four children.



**I THEREFORE MOVE** that the Council instruct the Community Development Department (CDD), Los Angeles Housing Department (LAHD), and Community Redevelopment Agency (Agency), with the assistance of the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO), and other appropriate City departments, to report to the Ad Hoc Committee on Ending Poverty in Los Angeles in 60 days on developing a self-sufficiency index for the City of Los Angeles. The report should include, specifically, the appropriate models that reflect specific local and regional factors that incorporate the current percentage of income that families spend on transportation, health care, housing, food, child care and other basic necessities; and

**I FURTHER MOVE** that the CDD be instructed review the number of individuals and families that will qualify for benefits, subsidies, and services under the newly proposed levels and the total amount of eligible benefits under the new self-sufficiency guidelines, and provide that information to the Ad Hoc Committee to End Poverty in the City of Los Angeles in 60 days; and

**I FURTHER MOVE** that the City Attorney be requested to prepare and present to the Ad Hoc Committee on Ending Poverty in Los Angeles in 60 days an ordinance to implement a Self-Sufficiency Standard in Los Angeles.

PRESENTED BY:   
RICHARD ALARCÓN  
Councilmember, 7<sup>th</sup> District

SECONDED BY: 

AG

08-1952