

COVER STORY

AT RISK Grocery cashier Sherry Kovas of Palm Desert fears the impact of a new Wal-Mart



KATRINA GILL, A 36-YEAR-OLD CERTIFIED nursing aide, worked in one of the premiere long-term care facilities near Portland, Ore. From 10:30 p.m. to 7 a.m., she was on duty alone, performing three rounds on the dementia ward, where she took care of up to 28 patients a night for \$9.32 an hour. She monitored vitals, turned for bedsores, and changed adult diapers. There were the constant vigils over patients like the one who would sneak into other rooms, mistaking female patients for his deceased wife. Worse was the resident she called “the hitter” who once lunged at her, ripping a muscle in her back and laying her flat for four days. Last month, Gill quit and took another job for 68¢ an hour more, bringing her salary to \$14,400 a year. But like so many health-care workers, she has no health-care benefits from her job. So she and her garage mechanic husband pay \$640 monthly for a policy and have racked up \$160,000 in medical debts from their youngest son Brandy’s cancer care.

In New York City, Joseph Schiraldi, 41, guards one of the biggest terrorist targets in the world: the Empire State Building. For eight hours a day, he X-rays packages, checks visitors’ IDs, and patrols the concourse. But on \$7.50 an hour in the priciest city in the U.S., he’s a security officer without security—no pension, no health care, and no paid sick days, typical for a nonunion guard.

Bellingham (Wash.) day-care teacher Mandy Smith can’t afford child care for her 6-year-old son, Jordan, on her take-home pay of \$60 a day. Neither can commercial cleaner Theresa Fabre on her \$8.50 an hour job. So her son, Christian, 9, waits for her after school in a crumbling upper Manhattan library where the kids line up five-deep to use one of two computers. The librarian doubles as a de facto babysitter for 40 or so other kids of the working poor.

Over the past year, the loss of lucrative white-collar work offshore has dominated news headlines, provoking economic anxiety among middle-class families who fear they may be next. But there’s an equally troubling yet more often over-

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looked problem among the nation's working poor—for whom the raises come in dimes, the sick days go unpaid, and the benefits are out of reach.

Today more than 28 million people, about a quarter of the workforce between the ages of 18 and 64, earn less than \$9.04 an hour, which translates into a full-time salary of \$18,800 a year—the income that marks the federal poverty line for a family of four (table). Any definition of the working poor, of course, involves some blurry lines. Some, like Gill, who make just above the \$9.04 wage, often bounce around the threshold with their chaotic hours, slippery job security, and tumultuous lives.

There's also the fact that about one-third work only part-time, and more than a third are 18- to 25-year-olds, who may still live at home but may eventually work their way up the ladder. Some perhaps moonlight with a second job. And others may have spouses whose incomes lift their families up. But most poor workers tend to marry people with similar backgrounds, leaving both to juggle jobs as janitors, health aides, and retail workers that don't raise them into the middle class.

Overall, 63% of U.S. families below the federal poverty line have one or more workers, according to the Census Bureau. They're not just minorities, either; nearly 60% are white. About a fifth of the working poor are foreign-born, mostly from Mexico. And the majority possess high school diplomas and even some college—which 30 years ago would virtually have assured them a shot at the middle class.

TOIL AND TROUBLE

NOW, THOUGH, MOST labor in a netherworld of maximum insecurity, where one missed bus, one stalled engine, one sick kid means the difference between keeping a job and getting fired, between subsistence and setting off the financial tremors of turned-off telephones and \$1,000 emergency-room bills that can bury them in a mountain of subprime debt.

At any moment, a boss pressured to pump profits can slash hours, shortchanging a family's grocery budget—or conversely, force employees to work off the clock, wreaking havoc on child-care plans. Often, as they get close to putting in enough time to qualify for benefits, many see their schedules cut back. The time it takes to don uniforms, go to the bathroom, or take breaks routinely goes unpaid. Complain, and there is always someone younger, cheaper, and newer to the U.S. willing to do the work for less. Pittsburgh native Edward Plesniak, 36, lost his \$10.68-an-hour union job as a janitor when the contractor fired all the union workers to make way for cheaper,

nonunion labor. So far, Plesniak has been able to dredge up work only as a part-time floor waxer. The pay: \$6.00 an hour, with no benefits. "I feel like I'm in a nightmare," says the married father of three. "And I can't wake up."

What's happening in the world's richest, most powerful country when so many families seem to be struggling? And what can be done? There's no question that robust growth is a potent remedy: Recall that the full-employment economy of the late 1990s reduced the ranks of the working poor. Five years of a 4% jobless

rate bid up wages across the board. That brought a healthy cumulative 14% pay hike, after inflation, to those in the bottom fifth between 1995 and 2003, when they averaged \$8.46 an hour, according to an analysis of Census data by the Economic Policy Institute (EPI), a liberal Washington research group. The share of the workforce earning subpoverty pay actually shrank eight percentage points, to 24% last year, or 5 million fewer than in 1995.

That's real progress, certainly. But it still leaves many workers earning less than what it takes to lift a family above the poverty line. In other words, the boom didn't last long enough to bring more people into better circumstances. Now, in the current recovery, there has been brisk growth again, as well as high productivity and job creation. But so far, wages at the low end haven't budged much. Many of today's economic gains are flowing to profits and efficiency improvements, and the job market isn't tight enough yet to lift pay for average workers, much less for those on the bottom. Of course, if the recovery continues apace, a strong labor market could bump wages up.

Perplexing, too, are signs that many jobs the working poor hold won't, over time, lead them out of their straits. Five of the 10 fastest-growing occupations over the next decade will be of the menial, dead-end variety, including retail clerks, janitors, and cashiers, according to the Bureau of Labor Statistics (table, page 63). What's more, while full employment in the 1990s may have brought higher pay for people like health aides and maids, the ladder up into the middle class has gotten longer, and they are more likely than in other periods to remain a health aide or a maid.

A 2003 study of 1990s mobility by two economists at the Federal Reserve Bank of Boston found that the chances that poor Americans would stay stuck in their strata had increased vs. the 1970s. Given the economy's strong showing in the '90s, that's a concern. "If current trends persist, a greater and greater share of wealth will keep going into the hands of the few, which will destroy initiative," worries James D. Sinegal, CEO of Costco Wholesale Corp., which offers above-average pay and benefits in the retail

The Working Poor: Who's In The Ranks

The majority are white, female,
and high school educated

	LOW-WAGE* WORKFORCE	TOTAL WORKFORCE
AVERAGE HOURLY WAGE 2003		
	\$7.09	\$17.15
GENDER		
Female	58%	45%
Male	42%	55%
RACE		
White	58%	73%
Hispanic	22%	11%
Black	14%	10%
Asian/other	6%	6%
EDUCATION		
Less than High School	23%	6%
High School	37%	29%
Some college	31%	29%
College or more	9%	36%
AGE		
18-25	37%	10%
26-35	22%	25%
36 plus	41%	65%
OCCUPATION		
Services	50%	18%
Operations	21%	24%
Clerical	15%	16%
Managers	12%	41%
Others	2%	1%

*Low-wage refers to hourly wage rate necessary for a family of four to just surpass the poverty line (weighted) with full-time, full-year work. In 2003, this wage was \$9.04.
Data: Economic Policy Institute