



I grew up hearing over and over, to the point of tedium, that "hard work" was the secret of success: "Work hard and you'll get ahead" or "It's hard work that got us where we are." No one ever said that you could work hard - harder even than you ever thought possible - and still find yourself sinking ever deeper into poverty and debt.

— Barbara Ehrenreich, author of *Nickel and Dimed: On (Not) Getting By in America*

October 2012

The High Cost of Being Poor

This whitepaper serves as an introduction to a series, titled "The High Cost of Being Poor" which looks at the interconnected problems that are often correlated with hunger. These factors include, for example, the high cost of housing, availability of transportation and access to affordable medical care. This series will provide an in-depth look at some of these issues as they pertain to Alaska - particularly Alaska's working poor - and provide direction to useful resources for clients.

The Working Poor: Life on the Edge of Poverty

"The words 'working poor' ought to be an oxymoron. The idea that you can work full time and still be poor in this society is a real crime," says Roger Weisberg, filmmaker of the PBS documentary *Waging a Living*.¹ Unfortunately, this situation - in which families work hard but can't get ahead - is becoming a reality for an increasing number of Americans. According to the 2010 US Census Bureau, 21 million Americans live in what is termed "working poor" families.² Although there are varying definitions and criteria for who falls into this category, it is broadly understood that the working poor are individuals or households that maintain employment but remain in relative poverty.

Many of the working poor are living paycheck to paycheck, and are constantly on the brink of financial catastrophe. For these families, it may only take one small calamity, such as an unexpected auto repair or medical expense, to wreak havoc on their lives. For others, the high cost of living has simply outpaced their salaries; while the increase in the cost of living has risen 67% since 1990, the value of the minimum wage has only gone up 21%.³

Alaska's Working Poor

In Alaska, a large portion of the food pantry clientele are working poor. According to the last Hunger Study in 2010 approximately 45% of Alaskan food pantry clients had at least one adult working in their household.⁴ Anecdotal evidence from Alaska Food Coalition members suggests that the number of working poor food pantry clients is quickly climbing. Paul Watson, who visits a number of food pantries as the Food Stamp Outreach Coordinator for the Alaska Food Coalition, has noticed a dramatic increase in the number of working poor in recent years. For example, he

¹ PBS, Interview with Roger Weisberg. <http://www.pbs.org/pov/wagingaliving/interview.php>

² Feeding America, Hunger Facts. <http://feedingamerica.org/hunger-in-america/hunger-facts/working-poor.aspx>

³ Mother Jones, "Overworked America: 12 Charts that Will Make Your Blood Boil."

<http://www.motherjones.com/politics/2011/06/speedup-americans-working-harder-charts>

⁴ Feeding America, 2010 Hunger in America Study: Alaska.

recalls that two years ago a food pantry in Anchorage served an average of 10-15 families at its evening distribution; now the same distribution sees an average of 80-90 families. Paul explains that the majority of these new clients are employed: "A lot of these are two-earner families, maybe each making \$8-10 an hour with no benefits...they are working hard but not making it. It's the American Dream shattered: work hard but don't succeed.

Poverty: A Constellation of Issues

Hunger is often one issue in a complex collection of poverty-related problems. For example, families experiencing poverty often have unpaid debts such as medical bills. While having unpaid medical bills does not *directly* cause hunger, there is a strong correlation between the two issues; one study reported that a staggering 63.9% of Alaskan food pantry clients had unpaid medical or hospital bills.⁵ David Shipler, author of *The Working Poor*, describes how these issues can cause a catastrophic chain reaction: "A rundown apartment can exacerbate a child's asthma, which leads to a call for an ambulance, which generates a medical bill that cannot be paid, which ruins a credit report, which hikes the interest rate on an auto loan, which forces the purchase of an unreliable used car, which jeopardizes a mother's punctuality at work, which limits her promotions and earning capacity, which confines her to poor housing."⁶ All of these subsequent problems created by the original problem of the low income housing and medical bills create a scenario in which an already small budget has to go further.

Moreover, it means that the working poor (who make less than the average middle income family) often have to pay more for the same living expenses. For example, families that don't have a car to drive to the grocery store might need to shop at the accessible – but more expensive - gas station near their house. Or, assuming that they don't have the extra hours in the day necessary for taking the bus, they might decide to take a cab to the grocery store, which would likely offset much of the anticipated savings. Similarly, residents of low income areas often pay more for their car insurance; they also may not qualify for the "safe neighborhood" discounts that some auto insurance companies offer. Finally, a person with past credit trouble might not be able to open a bank account, forcing them to use a high-fee paycheck-cashing service, further adding to their financial burden. As Washington Post writer DeNeen L. Brown puts it, "The poorer you are, the more things cost. More in money, time, hassle, exhaustion, menace."⁷

The high cost of living in Alaska – the second highest in the United States - adds to the struggle that poor families face.⁸ Often, competing expenses and issues force the poor to pay for one thing at the expense of something else. The 2010 Hunger Study reported that clients in Alaska often have to choose between food and other necessities:⁹

⁵ Feeding America, 2010 Hunger in America Study: Alaska.

⁶ David Shipler, *The Working Poor: Invisible in America*. New York: Vintage Books, 2004.

⁷ DeNeen L. Brown, "The High Cost of Poverty: Why the Poor Pay More," Washington Post, May 18, 2009. <http://www.washingtonpost.com/wp-dyn/content/article/2009/05/17/AR2009051702053.htm>

⁸ CNBC, "The Most Expensive States to Live in 2012."

http://www.cnbc.com/id/48058145/The_Most_Expensive_States_to_Live_in_2012?slide=10

⁹ Feeding America, 2010 Hunger in America Study: Alaska.

- 43% of clients report having to choose between paying for food and paying for utilities or heating fuel
- 45% had to choose between paying for food and paying their rent or mortgage
- 35% had to choose between paying for food and paying for medicine or medical care
- 46% had to choose between paying for food and paying for transportation
- 42% had to choose between paying for food and paying for gas for a car

Not surprisingly, when household funds are stretched tight, food budgets are often the first thing to be trimmed, as this category tends to be more fluid when compared to rent or another fixed expense. Additionally, it is generally easier to get food from a pantry than to get a fuel voucher to fill up your car. Moreover, if families are working two jobs and do not qualify for other forms of assistance like Food Stamps or Denali Kid Care, then often food assistance through the charitable networks of food pantries is one of the only supports they can access.

It is likely that for these reasons food pantries and other food distributing organizations are often the first line of defense for the working poor. In order to better serve those who are hungry, it is important to understand the complex myriad of issues they face. As David Shipler says, "If problems are interlocking, then so must solutions be."¹⁰

Copies of Alaska Food Coalition White Papers are available online:

<http://www.alaskafood.org/whitepapers.shtml>

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¹⁰ David Shipler, *The Working Poor: Invisible in America*.