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VIEWPOINT: Falling behind

Marty Wolfson South Bend Tribune

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A new report documents what has been obvious for some time: there are many of our friends and neighbors in St. Joseph County whose income is above the official poverty line but who are still struggling to make ends meet.

The new report was commissioned by the Indiana Association of United Ways and it is called The ALICE report. ALICE stands for Asset Limited, Income Constrained, Employed. It's another way of saying that you're working, but it's a struggle to stretch what you're making from your job to meet the bills.

The report defines a new standard called the Household Survival Budget. The survival budget calculates how much it costs to afford the five basic household necessities: housing, child care, food, transportation and health care. It is a more realistic measure of how much it costs to meet basic needs than the official poverty line, which is widely recognized to be both outdated and inadequate.

And yet the survival budget is a "bare-bones" budget that does not allow for going out for dinner or a movie, holiday gifts or travel. It does not include savings, which means that the family is vulnerable if there are any unexpected expenses.

According to the report, the Household Survival Budget for a family of four in St. Joseph County is $46,354, which is approximately double what it takes for a family to be above the poverty line. It would take full-time work at $23 an hour to arrive at the survival budget.

Forty percent of the households in St. Joseph County have income below what they need for their basic needs (the Household Survival Budget); in South Bend the percentage is 45.

The fact that eligibility for many government assistance programs is tied to the poverty level creates a significant problem. Many households above the poverty level but below the survival budget don't qualify for these programs. Their taxes go to support other people in need, but they are struggling themselves.

In fact, a new report from the Institute on Taxation and Economic Policy concludes that low- and middle-income taxpayers pay more than their fair share of Indiana taxes.

Middle-income taxpayers, those making between $34,000 and $56,000, pay 10.8 percent of their income in Indiana state and local taxes. Taxpayers making between $19,000 and $34,000 pay 11.1 percent, and those making less than $19,000 pay 12.0 percent. In contrast, the very rich, the top 1 percent making more than $356,000, pay only 5.2 percent.

What's a fair solution to this problem? It's not to increase misery by cutting government programs for the poor. Certainly it is to make the tax burden fairer. But, most importantly, the solution is to raise the wages workers earn so that everyone has an income that at least meets their basic needs.

How to do this? First, raise the minimum wage. It is clear that it is difficult to get out of poverty with a minimum-wage income, let alone earn enough to meet basic needs.

Second, persuade America's leading companies to treat their workers with more respect. Too many companies today look at their workers simply as costs to be minimized. So they keep wages and benefits as low as possible and maintain a hostile attitude toward unions. They also undermine the conditions of work by, for example, increasing part-time, temporary and "on-call" work (with no set hours from one week to another). So even if a worker wants to get a second job to increase income, it is very difficult to do.

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The recent announcement by Wal-Mart that it is raising its workers' wages to $9 an hour, and eventually to $10 an hour, is an interesting case in point. Although the increase should have come earlier and should have been larger, and Wal-Mart is still keeping half of its workforce in part-time status, it is still an important step forward.

But it came about in large part because of the constant pressure that workers have applied to Wal-Mart over the years. We need to intensify this pressure in order that everyone can earn enough income to meet their basic needs.

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