



Joyce Peach pays bills in her Buffalo home. Peach, who makes \$26,800 a year, frequently has to decide which bills to pay immediately and which ones can wait.
Sharon Cantillon / Buffalo News

More struggle to attain economic security

New report challenges poverty guidelines as dated, inadequate

By Emma Sapong

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When Joyce Peach started working at Southeast Works in Depew, her welfare benefits ceased. With her new \$24,000-a-year position, she was no longer eligible for public subsidies.

In fact, her salary surpassed the federal poverty level by almost \$10,000. But nevertheless, Peach found that her paychecks failed to cover basic needs for her and her teenage daughter.

"I was stealing from Peter to pay Paul," the 52-year-old Buffalo resident said. "I would take money from one bill to pay the bill that was most urgent -- the one with the shut-off notice."

So she left that job after a year, landing a \$26,800-a-year job at the Western New York Independent Living Center on Main Street. But the extra \$2,800 didn't forestall her financial unraveling.

"I was still behind in my bills and couldn't save any money," she said. "It was a struggle."

Peach said she enjoyed being part of the work force, preferring to earn a living over collecting welfare because work "gives life meaning and value."

But she realized she was better off financially when she was on welfare. "I didn't have to worry about how I would pay rent, the bills or buy food. I had economic security."

The baffling reality of Peach's situation is borne out in "The Basic Economic Security Tables for the United States," a report prepared by Wider Opportunities for Women, a national organization that works to achieve economic independence for women and their families; the Center for Social Development at Washington University in St. Louis; and the University at Buffalo's School of Social Work. The study was conducted to determine how much income is actually needed to attain economic security without government assistance.

For Peach's family size, \$24,000 a year can't buy economic security; neither can \$26,800. She and her daughter would need \$42,504 to be secure, according to the BEST Index report. The federal poverty guideline for a household of two, meanwhile, is currently \$14,710.

"I expected a huge difference but not this much," said Yunju Nam, an assistant professor at UB and one of the authors of the report. "It shows how grossly inadequate the federal measures are; families who really need public assistance can't get it because the measures are too low."

The study does not suggest the government should raise official poverty levels to the study's economic security levels, Nam said. Rather, it seeks to provide more accurate figures for what people need.

With 220,000, or 34 percent, of Western New York's 650,000 workers earning \$26,000 or less, the report suggests even more residents, not just workers categorized as poor by the federal standard, are grappling with financial instability.

In fact, a majority of municipalities in the region had median incomes in 2009 that fell below the BEST Index's numbers. Buffalo, Niagara Falls and Lackawanna's median incomes miss the "economic security" targets by wide margins.

"It was already grim when you looked at the federal guidelines," said Lou Jean Fleron, an emeritus professor at Cornell University's Industrial Labor Relations School in Buffalo.

With much of the region's job growth occurring in the retail and service sectors, which offer lower wages, economic security could remain elusive for many Western New Yorkers who earn too much to receive government assistance but aren't employed gainfully enough to attain financial stability.

"Western New York's job market is a good place to employ people for wages, but it contributes to the problem of low family incomes," Fleron said.

According to the report, in order to be financially secure, single workers would need \$30,012 a year; single parents with two children would need \$57,756; and two-parent households with two children would need \$67,920.

The current poverty level is \$10,890 for a one-person family and \$18,530 for a family of three.

The BEST Index aims to point out that those poverty levels are inadequate and outdated.

The government's thresholds were developed in the early 1960s and are calculated by multiplying by three the cost of food for families of three or more. The poverty level is used to determine eligibility for government aid programs.

Nam said the government's calculation method is not up-to-date because the cost of food has been relatively stable compared to other necessities, like housing and health care.

She said the BEST Index aims to gauge what is needed for economic security, not just survival, so it includes expenses like housing, utilities, food, health care, transportation and child care. They even include savings for retirement and emergencies.

"The federal government is focused just on consumption, but families need long-term economic security," Nam said. "We calculated families' needs based on the costs of living expenses. It's a reflection of the changing economy and how families spend money today."

Michael Tanner, a senior fellow with Cato Institute, a conservative Washington, D.C., think tank, said the problem isn't with the poverty guidelines, and the solution is not to extend taxpayer-funded programs to more workers.

"It would be nice if that money could materialize in thin air, but it has to come from someplace," he said, adding that improving the standard of living of the poor would mean hitting businesses and individuals with more taxes that would cripple their economic security.

"You'll create more poverty," he said. The answer, Tanner said, is a market-based economy to produce more goods; lower taxes; and fewer government-sponsored programs.

Nam said the BEST Index does not advocate dependency on welfare, but rather urges education and financial literacy for current welfare recipients to help them break the cycle of poverty.

By the BEST Index's standards, Linsey Graff appears to be on the cusp of self-sufficiency. The 26-year-old architect is single and earns about \$30,000. But she works two jobs, and says she is often exhausted and broke.

Graff puts in 40 hours a week at an architecture firm and spends at least 15 hours teaching gymnastics.

"I break even every month," the Buffalo resident said. "I can cover all of my bills, but then there's nothing left."

She said she has no money for emergencies or contributing to retirement savings.

"I'm working just to pay bills, and that's my life right now," she said.

Graff has no credit card debt, but she makes hefty monthly student loan payments for her college education, which includes a master's degree from UB.

Money worries plague her, along with fears of unexpected expenses, such as car repairs.

"If I lost one of my jobs, I don't know what I would do," she said. "I'm living paycheck-to-paycheck, month-to-month and hope for the best."

For people like Peach and Graff, financial security can appear to be an elusive goal. The BEST study points out that improved wages, stronger economic development and financial education are all needed to improve the lives of working people. By helping people understand the true costs of living, the study seeks to influence long-term economic policy.

"We need to identify areas of potential growth for this region," said Cornell's Fleron. "We are like other Rust Belt cities and need to create public policy that will give us better jobs and keep them here," she said.

A better job is just what Peach is looking for. She got laid off in April and said she is not applying for welfare. She's looking for another job and is considering going back to school to pick up skills to increase her income.

"Even though it is a struggle when you're not making enough money, I'd still rather earn my own money," she said.

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Comments

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There are limits of how long you can be on welfare for. In NY it is 5 years in your lifetime, and the cash they give is not all that much. A single person gets \$155.00 per month in cash, and you have to work to get that. The laws were changed in 1996. The middle class is being squeezed out of existence slowly but surely. Wages are stagnant and if you dare complain you are reminded that there are probably 7 people that are willing to take the job for less than you make. Meanwhile prices keep on rising and all the other costs keep going up. In the end there are only so many dollars to spend. Is it a wonder that the rate of savings is at an all time low?? I remember having a friend of the family when I was growing up. His dad put 4 kids through Catholic schools K-12 and three kids through college and managed to buy a house and then a vacation home on Lake Ontario and a new car for the wife every 2 or 3 years. All just on his income. He was not a college graduate.

JEREMY LEWIS, BUFFALO, NY on Tue May 31, 2011 at 09:29 AM

FLAG AS INAPPROPRIATE

Great life, Welfare. Some families are now 4th generation and only work when forced by the system and robbing Peter to pay Paul is how most of the working population live. This report by "Wider Opportunities for Women", a national organization only helps perpetuate the abuse to the Welfare System which was only supposed to be temporary help not to ABUSE for generations.....

DANIEL ROBERTS, BUFFALO, NY on Tue May 31, 2011 at 06:54 AM

FLAG AS INAPPROPRIATE

Mark, the personal accountability theme is usually the exception rather than the rule. The middle-class has declined over the past 30-40 years, where productivity has risen and wages haven't risen. The top 1% owns 70% of the wealth; the bottom 40% owns 0.3% of the wealth. 92% of Americans prefer the Swedish wealth distribution over the American wealth distribution. (See the study by Michael I. Norton and Dan Ariely at www.people.hbs.edu/mnorton/norton%20ariely%20in%20press.pdf.) Demand has been maintained by household debt, but it can only go so far. We don't know Ms. Peach's debts, but a lot of people's savings have been wiped out in the Great Recession (or shall I say our third depression). The high debt levels are not just an American problem; it's a global problem. (Economists like Steve Keen have pointed to Australia's high debt.) The best way out of this mess is for organizations (i.e., workplaces) to become democratic. It's sickening to see the few use their wealth to dominate the many.

ERIC GRABOWSKI, LANCASTER, NY on Mon May 30, 2011 at 11:30 PM

FLAG AS INAPPROPRIATE

Very, very interesting, to say the least. To have Mister Freedman personally respond to this is, frankly, surprising. He makes VERY valid points. All I'll say is, whether it's appropriate or not for him to comment is up to the reader, and obviously, the law professional, but I'll say one thing regarding this type of situation. Someone said to me a few years ago, and it hit me then and still holds true; it's not what you make, it's what you spend. I see many, many people with the best cell phones, the best cable, the nicer cars, etcetera, and they struggle and are on assistance. WE ALL SEE IT, so let's not pretend it isn't there. I'm NOT drawing a parrallel to this woman or am saying that's the case with her. I'm simply saying that it is a true statement. Know your abilities, financially, and plan accordingly. That's all. Now, let all the people who disagree broil me. It's my opinion, and I've been a tough time or three in my life, and came back just fine by myself. Personal accountability. It goes a long way and is taken at face value. My opinion. Peace.

MARK REMING, MAPLE HEIGHTS, OH on Mon May 30, 2011 at 08:08 PM

FLAG AS INAPPROPRIATE

Commendations to Ms. Peach for preferring to work rather than to collect welfare. Interesting though that she makes \$26,800 and finds that she is falling behind compared to being on welfare. Odd that articles like these never tell you exactly how much one makes doing nothing but collecting the benefits. I have to admit I was kind of shocked. After 28 years in the NYS Dept. of Corrections as a working supervisor my pension is \$24,000. Luckily I saved for my own retirement every single paycheck that I made and was lucky in my investments. While attorney Freedman is correct in recommending education the simple fact is that we are and have been in a pyramid-type economy. Those very high paying jobs that an education can give some access to are by the nature of the pyramid limited. Colleges and universities graduate large numbers of students every year in a wide variety of academic disciplines, many of which will never find employment in their field...or find employment that pays just enough to get by week to week. A high school diploma is entry level education for a slightly better than minimum wage existence. We need to re-examine our economic objectives and policies. The bulk of employment has always been and will continue to be in the skilled trades and semi-skilled labor. That is the reality. As long as we continue to profess that honest labor is worthy of only bare existence, as long as we continue policies that allow our jobs and manufacturing...and our national wealth to go the the very few and to overseas countries willing to provide that labor at serf-like levels that is exactly what we can expect for our children and grandchildren. "Competition" and "free-trade" to the lowest common denominator.

ROBERT H. MACCALLUM, SLOAN, NY on Mon May 30, 2011 at 04:56 PM

FLAG AS INAPPROPRIATE

Wages have been flat for how many years for the bulk of the population in the US? The problem with the US is that people will vote against their own best interests based on ideology. Is it any wonder that the usage of anti-depressants is now at record levels in the US?

JEREMY LEWIS, BUFFALO, NY on Mon May 30, 2011 at 04:00 PM

FLAG AS INAPPROPRIATE

This is the story of so many in our country; you have just enough to make it - God forbid something happens and you're going to sink into a hole that's almost impossible to get out of... Unfortunately wages just has not kept up with general inflation and it's a shame... When you think about the fact that Ms. Graff has a Masters degree and she still has to work 2 jobs to squeak out \$30k/yr; mind boggling...

EDWIN JACKSON, BUFFALO, NY on Mon May 30, 2011 at 12:38 PM

FLAG AS INAPPROPRIATE

Can you even imagine 220,000 or 34% workers living in WNY earn less than \$26,000 or less per year? And a parent with 2 children needs to earn over \$50,000 to be financially secure. In our law practice we see hundreds if not thousands of families on the brink of financial disaster. The number of people we see who have debt problems has shot up dramatically. Some file for bankruptcy. But many others don't even have funds to hire an attorney. When an unfortunate event such as illness, divorce or job loss occurs many families have no discretionary income. It's clear to me that the middle class is losing ground economically and are being squeezed. This piece by Emma Sapong provides insights into what is happening to many of our neighbors. There are no easy answers. From my vantage point I would encourage in the strongest possible terms the following: Get as much education as possible. The more education the higher wages will be. The key is education, education, education. Teen pregnancies need to stop. Have babies when you are in a loving stable relationship when you can afford to support your family. For those who need guidance contact one of the many excellent, United Way agencies serving WNY.

JEFFREY FREEDMAN, BUFFALO, NY on Mon May 30, 2011 at 11:44 AM

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