

## Nickel and Dimed- On (Not) Getting By in America

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Could you afford to live where you do now (or anywhere?) on a wage of \$6 or \$7 an hour? That's the central question behind this 221-page book by Ph.D. and author-turned undercover investigator- Barbara Ehrenreich. At the suggestion of an editor, Ehrenreich attempted to walk in the shoes of women transitioning off of welfare in the late 1990s and live on the wages available to unskilled workers in three different states. Her jobs during this experiment included waitressing, cleaning homes as a Merry Maid, working as a motel housekeeper and nursing home dietary aide, and straightening clothing displays at Wal-Mart.

*Nickel and Dimed* describes Ehrenreich's housing searches and work experiences in Florida, Maine, and Minnesota in great detail. Her insights are those of an upper middle class person experiencing poverty first-hand for weeks at a time and the writing is superb. At times, due to housing constraints, Ehrenreich's personal safety was an issue. You feel her fear as she describes dressing in the dark in an apartment with flimsy curtains and hiding her laptop computer so it wouldn't get stolen. In addition, the book includes various facts and research results about the working poor, including the following:

- g** Almost 30% of the U.S. workforce is paid \$8 an hour or less. Almost 60% earn less than \$14 an hour.
- g** It took, on average nationwide, an hourly wage of \$8.89 to afford a one-bedroom apartment in 1998.
- g** In 1996, the number of persons holding two or more jobs averaged 7.8 million or 6.2% of the workforce.
- g** 59% of poor renters, or 4.4 million households, spend more than 50% of their income on shelter.
- g** The Economic Policy Institute calculated a "living wage" of \$14 an hour (\$30,000 annually) for one adult and two children, including child care and health insurance.

Ehrenreich found, through personal experience that two low-wage jobs, or at least a job and a half, are necessary "if you intend to live indoors." The only other ways that her low-paid co-workers survived were to live in extremely substandard housing arrangements (e.g., cars and RVs) or to share household expenses with family members or roommates. Interestingly, Ehrenreich's first-hand conclusion of the need for more than one job coincides exactly with the Economic Policy Institute's figure: \$7/hour (job 1) + \$7/hour (job 2) = \$14/hour. In real life, however, 16 to 18 hour workdays or entire workweeks without even one day off, are physically exhausting and difficult to sustain. Some jobs, such as retailing, also have unpredictable schedules, making it difficult to work somewhere else, or the promised work hours are lengthened for various reasons, as Ehrenreich experienced several times.

Absent from this book was any discussion of topics typically associated with financial planning (e.g., setting goals and saving and retirement). Employee benefits were nonexistent or simply prohibitively expensive for a low-wage paycheck. The overriding tone was one of survival and acceptance and living "paycheck to paycheck." Seemingly small expenses, such as gasoline to drive to a pre-employment drug test or stain removers to clean a uniform, were major financial obstacles. Food choices (e.g., packaged snacks and fast food) were often dictated by housing constraints (e.g., lack of a kitchen).

The book concludes with an evaluation by Ehrenreich of her low wage working experiences and public policy issues to consider as America transitions thousands of previous welfare recipients to unskilled jobs paying the minimum wage or slightly above. One of the biggest issues that is raised is housing affordability (or lack thereof) for the working poor. Ehrenreich notes that "when the rich and the poor compete for housing on the open market, the poor don't stand a chance." As Ehrenreich experienced first hand, workers who can't afford two months rent up front to secure an apartment often end up paying more than what an apartment would cost monthly to rent hotel rooms by the week (shades of

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rent-to-own?).

Other issues raised in the summary chapter include employment obstacles, such as child care and transportation. Ehrenreich chose to "rent a wreck" during her experiment but otherwise would have experienced additional hassles. Also discussed was employers' long-standing resistance to raising wages for unskilled jobs and the fact that the U.S. basically lets its poorest citizens "fend for themselves" instead of providing improved public services to compensate for inadequate wages.

*Nickel and Dimed* is a "must read" for financial counselors and educators, especially those working with low-wage workers, Individual Development Account (IDA) program participants, and welfare-to-work clients. It will help you walk in the shoes of the working poor, as Ehrenreich did, and you can't help but become more sensitive to the needs of this audience.