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Life at America's bottom wage

The House is to vote Wednesday on a minimum wage of \$7.25 an hour.

By [Mark Trumbull](#) | Staff writer of The Christian Science Monitor

MUSKOGEE, OKLA.

It's the kind of December evening when the Hosier family might want to stay home.

At work all day, John Hosier has been resting on the living-room couch. Tina, his wife, has had her hands full taking care of their two young children. Yet, here they are, rolling 18-month-old Rose in a stroller with 5-year-old Donald tagging along, on a half-mile walk to the Salvation Army Church in Muskogee, Okla.

It's not just a place of worship and fellowship. The Salvation Army's affiliated store offers discounted goods and employs Mr. Hosier full time. The \$6-an-hour job is the family's sole paycheck, which amounts to barely \$200 a week. Even with government aid, such as food stamps, the family is on poverty's doorstep. "If it wasn't for the Salvation Army, I don't know where I'd be," Hosier says.

Wednesday, Congress formally begins considering helping families like the Hosiers by raising the nation's minimum wage to \$7.25 an hour, up from the \$5.15 rate that has held steady since 1997.

By one estimate, the expected hike would directly affect the paychecks of 6.6 million low-wage workers like John Hosier. Another 8 million workers have wages that, while a bit too high to be forced upward by the law, stand to gain from an upward ripple effect when the wage floor is adjusted.

A glimpse into the lives of people who live at bottom-rung pay rates illustrates why, to supporters of the change, the minimum wage is long overdue for a raise. But it also reveals that such a boost isn't a one-step solution for the challenges that face America's poorest workers.

In fact, many families are poor today even though they earn far above \$7.25 an hour.

"Until you're making \$10 or \$12 an hour, if you're [a single-income household] with dependents, you're going to have a really tough time making ends meet without public assistance," says David Blatt, a poverty expert at the Community Action Project of Tulsa County, about 40 miles from Muskogee in the state's northeastern section.

Oklahoma family's needs: \$33,000

Oklahoma doesn't have high living costs, compared with some other states. But to cover the basic needs of a family of four here typically requires an income of more than \$33,000, according to an online budget calculator created by the liberal Economic Policy Institute in Washington.

At \$5.15 an hour, it would take three full-time jobs for a family to earn that much.

Many minimum-wage workers, it's true, don't have children. Often they are young people on their first job.

But the Hosier family is not unusual. Of the workers who stand to reap higher pay if Congress raises the wage floor, the vast majority are adults, most work full-time, and about 1 in 4 have dependent children, according to the Economic Policy Institute.

Moreover, they are often the sole breadwinner in the household. Of families with children, nearly half of those who would be affected by a minimum-wage hike get all their earned income from one low-wage worker.

The issue is important politically. Democrats, now in control of Congress, have made raising the minimum wage a top priority in their 100-hour legislative push for change. It would also have its most significant economic effect - positive and negative - in the South and Great Plains where states generally haven't set their own higher minimum wage.

Few states will see a greater impact than Oklahoma. As of last year, the Sooner State led the nation in the share of hourly workers (4 percent) who earn no more than \$5.15 per hour.

That means many families such as the Hosiers will see a boost in pay if the law changes. But it means that negative ripple effects will also be magnified, as businesses confront a big jump in labor costs. Many employers will have to raise prices, and some are likely to hire fewer people as a result.

In the end, the law may exert only a modest influence on the arc of Oklahoma's economy, experts say. (The income gains and job setbacks would be greater if the hike, say, doubled the wage instead of boosting it by the proposed 40 percent.)

Yet the proposed raise would have a big effect on the households that would be directly affected.

The legislation calls for the wage floor to rise in three steps, reaching \$7.25 after two years.

A pay jump from \$6 to \$7.25 an hour would put 21 percent more money in each paycheck for Hosier. "That would help a lot," he says.

A 'soldier' in Salvation Army

A sturdy, soft-spoken man born in Arkansas, Hosier has spent about 15 years in this unassuming city of 39,000. He's worked as a mechanic on lawnmowers and other small motors. And for six years, he's been a "soldier" - a worker - at the Salvation Army. He rides a big truck, loading and unloading furniture, toys, boxes of clothing, and other items that county residents donate for sale in the store.

It's work that he believes in, but he also works there because the people - including the manager known as "Major" - believe in him.

"It's the people in Salvation Army who help you out," John says.

And he has needed help. His life story, as he recounts it, includes physical abuse from his father as a boy, various forms of drug abuse ("I did it all") and a prison term. And he struggles now with illiteracy.

As he sought a new life, he credits God and Tina with helping him forward. The church here has also been a haven of support.

The gathering on this night is not for formal worship but for a mix of activities. Mrs. Hosier settles in for some

games of Bingo. As John heads to a vending machine and treats the family to drinks, a friend hands Tina a little gift. It's a typical-looking mug, but it makes her smile when it turns out to be a music box, too.

Meanwhile, Donald has joined some older children throwing a football in the parking lot. Other youngsters are dressed as angels, rehearsing a play to be performed on Sunday.

The Salvation Army is the core of this family's world. They don't have a car, but live within walking distance of both the church and the store where John works.

The store is a source not only of a paycheck, but also of used goods available at deep discounts.

The family also gets substantial government aid, for everything from clothing to food and healthcare. But paying their bills is a stretch, the Hosiers say.

Rent is \$400 a month for their modest, yellow-sided home. They've lived there just a few months, so they're still figuring out how much to budget for utilities. And medical costs add up each month.

Donald takes medicines to cope with hyperactivity, and Hosier lists a range of ailments of his own, from asthma to an ulcer.

The state's Medicaid program covers many of these health costs, but the medications all require small monthly copayments that add up, John says.

"It's hard on a small income," he says. "You've got to get out and hustle and bustle to make a living."

When they need to go on an errand, the Hosiers rely on a Volunteers of America van, or ride with friends and relatives.

Life without a car

Mrs. Hosier says they'd like to get a car of their own, but that remains a far-off goal.

Their discretionary spending, for now, is on smaller items: some music CDs and for Donald on his birthday a toy truck and Spiderman underwear.

They like life in this quiet city that has long been a gateway for east-west and north-south commerce. Riverboats, railroads, and semitrailer trucks have successively rolled through this town. The historic brick downtown has given way to Wal-Mart on the edge of town as the new trading post for commerce.

The city was also the end point of the Trail of Tears, by which the Cherokee and Creek nations were forcibly resettled in the 1830s and '40s. In 1969, country legend Merle Haggard immortalized it a different way when he sang "I'm proud to be an Okie from Muskogee."

Oklahoma, like the rest of the states, got its first taste of a federally mandated minimum wage in 1938, during Franklin Roosevelt's New Deal. It was 25 cents at the time - worth about \$3.57 in today's dollars - and was adjusted upward, at infrequent intervals, in an effort to keep pace with rising costs of living.

The current level of \$5.15 was reached in 1997, and Congress has never waited so long to raise it.

As a result, the purchasing power of a minimum-wage paycheck is now at its lowest point in half a century.

Also earning the minimum: teenagers

The people who earn minimum, or close to it, are as different as John Hosier and Megan Sistanich.

She also lives in Muskogee but is still in high school. She's earning \$5.15 an hour at a downtown cafe called Breadworks. She aims to go to a nearby college and become a pharmacist, which almost certainly would mean much better pay in a few years.

Serving behind the counter here, taking orders for sandwiches and baked goods, is her first job. She's using the money for a cellphone and a coming band trip to Texas.

Drawing on government data on the American workforce, labor economists highlight several patterns in the low-wage workforce:

- Most workers don't work the minimum wage for very long. Of workers who are 10 years into their careers, only about 13 percent have spent half or more of their career earning within \$1.50 of the minimum wage, according to a 2001 study.
- Minimum-wage workers are concentrated in low-skill service-sector occupations, including food service, retail, and motel housekeeping. Among Labor Department occupations, "leisure/ hospitality" leads the pack with 14.3 percent of workers earning \$5.15 or less per hour. (Workers in some occupations such as food service can earn less than \$5.15 if they earn enough tips to equal the minimum.) By contrast, just 0.4 percent of manufacturing workers earn minimum wage.
- Of the 6.6 million workers who would be directly affected by the proposed minimum-wage hike to \$7.25 an hour, 61 percent are female, 29 percent are age 16 to 19, 21 percent are Hispanic, 16 percent are black, and 9 percent are single parents, according to the Economic Policy Institute.

Those numbers are all higher than the share of those groups in the total workforce. By contrast, 16 percent of those affected will be married parents - many fewer than the 29 percent of all workers who are in that group.

- Many low-wage workers also face a high level of job insecurity. People with low skills are more likely to be unemployed, according to government data. And many low-wage workers have only part-time jobs. Of those directly affected by the proposed wage hike, 21 percent work fewer than 20 hours per week, whereas just 5 percent of the overall workforce is in that category. In addition to low skills, barriers to employment can include substance abuse or mental illness and other disabilities.

Low wages only a part of the problem

"There are two problems the poor have. One is low wages.... The other is not enough work hours, consistently, over time," says Timothy Bartik, an economist at the Upjohn Institute for Employment Research in Kalamazoo, Mich.

Here in Oklahoma, Hosier is grateful for full-time work. He figures that, for now, none of the other jobs available to him would be better paying.

And he likes working for an organization that's in the business of helping others, just as he has been helped by those around him.

"If I had a dollar in my pocket and someone asked me for 50 cents, I would give them that dollar," he adds. "The would make me feel good."

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