

How expensive it is to be poor



This month, the Pew Research Center released a study that found that most wealthy Americans believed “poor people today have it easy because they can get government benefits without doing anything in return.”

This is an infuriatingly obtuse view of what it means to be poor in this country — the soul-rending omnipresence of worry and fear, of weariness and fatigue. This can be the view only of those who have not known — or have long forgotten — what poverty truly means.

“Easy” is a word not easily spoken among the poor. Things are hard — the times are hard, the work is hard, the way is hard. “Easy” is for uninformed explanations issued by the wilfully callous and the haughtily blind.

Allow me to explain, as James Baldwin put it, a few illustrations of “how extremely expensive it is to be poor.”

First, many poor people work, but they just don’t make enough to move out of poverty — an estimated 11 million Americans fall into this category.

So, as the Pew report pointed out, “more than half of the least secure group reports receiving at least one type of means-tested government benefit.”

And yet, whatever the poor earn is likely to be more heavily taxed than the earnings of wealthier citizens, according to a new analysis by the Institute on Taxation and Economic Policy. As *The New York Times* put it last week: “According to the study, in 2015 the poorest fifth of Americans will pay on average 10.9 percent of their income in state and local taxes, the middle fifth will pay 9.4 percent

and the top 1 percent will average 5.4 percent.”

In addition, many low-income people are “unbanked” (not served by a financial institution), and thus nearly eaten alive by exorbitant fees. As the St. Louis Federal Reserve pointed out in 2010: “Unbanked consumers spend approximately 2.5 to 3 percent of a government benefits check and between 4 percent and 5 percent of payroll check just to cash them. Additional dollars are spent to purchase money orders to pay routine monthly expenses. When you consider the cost for cashing a bi-weekly payroll check and buying about six money orders each month, a household with a net income of \$20,000 may pay as much as \$1,200 annually for alternative service fees — substantially more than the expense of a monthly checking account.”

Even when low-income people can become affiliated with a bank, those banks are increasing making them pay “steep rates for loans and high fees on basic checking accounts,” as *The Times*’ DealBook blog put it last year.

And poor people can have a hard time getting credit. As *The Washington Post* put it, the excesses of the subprime boom have led conventional banks to stay away from the riskiest borrowers, leaving them “all but cut off from access to big loans, like mortgages.”

Higher education

One way to move up the ladder and out of poverty is through higher education, but even that is not without disproportionate costs. As the Institute for College Access and Success noted in March: “Graduates who received Pell Grants, most of whom had family incomes under \$40,000, were much more likely to borrow and to borrow more. Among graduating seniors who ever received a Pell Grant, 88 percent had student loans in 2012, with an average of \$31,200 per borrower. In contrast, 53 percent of those who never received a Pell Grant had debt, with an average of \$26,450 per borrower.”

And often, work or school requires transportation, which can be another outrageous expense. According to the Leadership Conference on Civil and Human Rights: “Low- and moderate-income households spend 42 percent of their total annual income on transportation, including those who live in rural areas, as compared to middle-income households, who spend less than 22 percent of their annual income on transportation.”

And besides, having a car can make prime targets of the poor. One pernicious practice that the killing of Michael Brown in Ferguson, Missouri — and the protests that followed — resurfaced was the degree to which some local municipalities profit from police departments targeting poor communities, with a raft of stops, fines, summonses and arrests supported by police actions and complicit courts.

As NPR reported in August: “In 2013, the municipal court in Ferguson — a city of 21,135 people — issued 32,975 arrest warrants for nonviolent offenses, mostly driving violations.”

The story continued: “ArchCity Defenders, a St. Louis-area public defender group, says in its report that more than half the courts in St. Louis County engage in the ‘illegal and harmful practices’ of charging high court fines and fees on nonviolent offenses like traffic violations — and then arresting people when they don’t pay.”

The list of hardships could go on for several more columns, but you get the point: Being poor is anything but easy. — **New York Times News Service**

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