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THE NEW DEAL

The Poor Have More Things Today -- Including Wild Income Swings

As economic risk rises, those near the bottom are hit with a vengeance: china plates, perhaps, but also more pay cuts and evictions.

By Peter G. Gosselin
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"The poor are not like everyone else," social critic Michael Harrington wrote in the 1962 bestseller "The Other America," which helped shape President Johnson's War on Poverty.

"They are a different kind of people," he declared. "They think and feel differently; they look upon a different America than the middle class."

How then to account for Elvira Rojas?

The 36-year-old Salvadoran-born dishwasher and her partner, warehouse worker Jose Maldanado, make barely enough to stay above the official poverty line — $18,810 last year for a family of four. But by working two, sometimes three, jobs between them, they are grabbing at middle-class dreams.

Rojas and Maldanado live in a two-room apartment in Hawthorne but have china settings for 16 tucked in a wooden hutch. Their two young daughters receive health coverage through Medi-Cal but get many of their clothes at Robinsons-May.

The family struggles to meet its monthly bills but has taken on a mountain of credit card debt. They have used plastic to buy a large-screen TV and other luxuries but have also relied on it to cover bare necessities such as rent and emergency-room visits.

"That's why I'm really poor even though I work so hard," Rojas said with a rueful laugh.

Some see circumstances like Rojas' as testament to the economic strides that America has made over the last generation, rather than a reflection of its failures.

"We've won the War on Poverty," asserted Robert Rector, an influential analyst with the Heritage Foundation, a conservative Washington think tank. "We've basically eliminated widespread material deprivation."

But if deprivation is no longer as big a problem, that hardly means all is well. In many ways, Rojas is the new face of the working poor, suffering not so much from a dearth of possessions as from a cavalcade of chaos — pay cuts and eviction notices, car troubles and medical crises — that rattles her finances and nudges her family toward the economic brink.

In this way, Rojas and millions like her are not — as Harrington described them — fundamentally different from most other Americans; they are remarkably similar.

Indeed, today's working poor are experiencing an extreme version of the economic turbulence that is rocking families across the income spectrum. And the cause, no matter people's means, is the same: a quarter-century-long shift of economic risk by business and government onto working families.

Protections that Americans, especially poor ones, once relied on to buffer them from economic setbacks — affordable housing, stable jobs with good benefits, union membership and the backstop of cash welfare — have shriveled or been eliminated. These losses have been only partially offset by an expansion of programs such as the earned-income tax credit for the working poor and publicly provided healthcare.

For the most part, the poor have been left to cope on their own, scrambling from one fragile employment arrangement to the next, doubling up on housing and borrowing heavily.

"Families up and down the income distribution are bearing more economic risk than they did 25 or 30 years ago," said Johns Hopkins University economist Robert A. Moffitt. "But the increase has been especially dramatic among the working poor."

As a result, their earnings are jumping around like never before.

During the early 1970s, the inflation-adjusted incomes of most families in the bottom fifth of the economy bounced up and down no more than 25% a year. By the beginning of this decade, those annual fluctuations had doubled to as much as 50%, according to statistics generated by the Los Angeles Times in conjunction with Moffitt and researchers at several other major universities.

For a family with an income at the 20th percentile — or roughly $23,000 a year in inflation-adjusted terms — that has meant recent annual swings of as much as $12,000. Twenty-five years ago, those swings tended to be no more than $4,300.

The Times' figures are based on the Panel Study of Income Dynamics, a database funded by the National Science Foundation and run by the University of Michigan. In contrast to most economic indicators, which involve taking random samples of different Americans at different times and comparing the results, the panel study has followed the same 5,000 nationally representative families and their offshoots for nearly 40 years.

In supplementing conventional statistics with the panel-study data, the newspaper has sought to explain why Americans in rising numbers report being less financially secure, even as the nation has grown richer overall.

In a nutshell, The Times has found that behind the upward march of most economic averages are increasingly frequent instances of financial setback and hardship for a large swath of the population. Even those in the top-10% bracket — making well over $100,000 a year — have seen their incomes grow more volatile and therefore prone to steep dives.

But for the country's 20 million working-poor families, the findings are particularly sobering: They now run the risk of seeing their incomes slashed by half in any given year. That's almost double the volatility experienced by families in the middle of the economic spectrum, the newspaper's findings show.

"The only way to improve your life if you're poor is to be very prudent and make very, very few mistakes like getting fired or splurging and ending up with a lot of debt," said Christopher Jencks, a Harvard University authority on poverty. "Most people aren't that prudent."

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Finding a Foothold

Elvira Rojas headed for the U.S. at age 21 in search of two things that were in short supply in her native El Salvador: peace and prosperity.

Combatants in that country's bloody civil war engaged in firefights outside her family's home in Acajutla, and Maldanado had received death threats because of his role as a former military man. In addition, Rojas discovered that the only job she could get with her high school diploma from El Instituto Nacional was at the local fish-packing plant.

The pair arrived in L.A. in May 1989. She quickly found work cleaning houses with two of Maldanado's aunts. He landed a job at a Hawthorne dry-cleaning plant. Between them, they made about $200 a week.

But with the average rent on a one-bedroom apartment in the city then running about $600, they could not afford a first foothold in their new country — a place of their own to live.

"I felt bad in the beginning because I had nothing," Rojas said. "I wanted to go home."

With nowhere else to turn, they moved in with one of Maldanado's aunts, her five children and four cousins in a two-bedroom house on Firmona Avenue in Hawthorne. They slept on the kitchen floor.

As the couple began to make more money, they moved into a succession of other apartments. Each was a little larger than the last but still crammed with relatives.

Rojas and Maldanado had few alternatives. During their first years, they were effectively excluded from federal rent subsidies or state help because they were illegal immigrants.

In 1991, the two gained legal status under a program that allowed people fleeing war in their homelands to be counted as refugees. But their new standing was thrown into question in 1994, when California voters approved Proposition 187. The initiative was designed to cut off state assistance to undocumented immigrants, but many legal ones interpreted the measure as a blanket ban aimed at them too.

Rojas, for one, took no chances; she never applied for housing assistance — or almost any other kind of aid — although it appears from her Social Security records and tax returns that she would have qualified. "I didn't want to be a burden on the government," she explained.

It's probably just as well. By the mid-1990s, the state and federal governments were winding down most of a six-decade-long drive to help poor families meet their housing needs. That effort had begun under President Franklin D. Roosevelt, who decried the conditions gripping America. "I see one-third of a nation ill-housed, ill-clad, ill-nourished," he said in 1937.

In the years that followed, a booming private sector largely solved the food and clothing problems. And a combination of financial market innovations and federal power applied through a battery of agencies — the Veterans Administration, the Federal Housing Administration, Fannie Mae and Freddie Mac — greatly expanded home ownership, especially among the middle class. But that still left what to do for poor families, most of whom could afford only to rent.

Washington's first answer was to have the government build and run housing projects. Some worked. But many degenerated into vertical ghettos, victimized by disastrous design, racial and economic segregation, drugs and crime.

In 1974, President Nixon and Congress turned to another solution: the Section 8 program. Instead of putting up buildings itself, the government would subsidize private developers to construct housing and give poor families vouchers to rent apartments in the open market. But developer subsidies produced cost overruns and political scandals in the 1980s and were largely phased out.

That left only the vouchers, which recently have been cut back. In all, the amount of money that Congress and the president have authorized to be spent on housing assistance has plunged by nearly two-thirds in the last 25 years, from an inflation-adjusted $82 billion in 1978 to $29 billion last year.

Washington's latest answer has been more laissez-faire: offer tax breaks for the creation of low-income housing but otherwise leave it to the marketplace to decide how much gets built. In hot housing markets such as Southern California's, little has.

"We've produced tens of thousands of units recently, but the well's been dry for so long we should have been producing hundreds of thousands," said Jan Breidenbach, executive director of the Southern California Assn. of Non-Profit Housing, which represents many of the region's developers of low-income housing.

In the absence of substantial government help — and with housing prices soaring beyond the reach of even the middle class — most working-poor families have been left to fend for themselves.

By 1997, Rojas and Maldanado thought they had succeeded in doing that. He was making $5,800 a year at the dry-cleaning plant. She was making more than $12,000 dashing between a part-time job at an airline linen service on Prairie Avenue in Hawthorne and a temporary position with Kelly Services, packing magazines, perfume and shampoo in samplers for direct-market mailings.

In the fall of that year, the couple, with another of Maldanado's aunts and her children, moved into a white stucco bungalow on Burin Avenue in Inglewood, not far from Los Angeles International Airport.

Although the house sagged in the middle and had drainage problems, it featured two kitchens and two living rooms, plenty of space for each family. The place cost Rojas and Maldanado $550 a month. That was more than 30% of their earnings, a level the government considers the outer limit of affordable, but it was still something they could bear.

The bungalow "felt good because there were not so many of us," Rojas said. "It was the most room I've ever had." The following year, the two families celebrated Christmas by stringing sparkling lights along the structure's faded blue eaves and inviting neighbors for a party.

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Heading West for Work

Albert Grimes arrived in Los Angeles a few years before Elvira Rojas did, similarly hungry to start over.

He came from Cleveland, where his family was a pillar of the African American community. His father, "Big Joe"

Grimes, had returned home from World War II and used the GI Bill to buy a house. He opened a barbershop, founded a youth marching band called B.J.'s Raiders and became a kingmaker of sorts in Cleveland politics.

Albert's uncle, Walter Dicks, ran the municipal workers union and helped the younger Grimes find a job right out of high school on a city sanitation truck. It paid about $15,000, equal to about $30,000 in today's dollars.

But Albert was laid off during one of Cleveland's periodic fiscal crises. In 1985, at the age of 29, he left home and headed West. He had no trouble finding work with one of Los Angeles' big employers.

For most of the postwar era, working Americans could count on big business even more than big government to provide safeguards against economic risk. In a reverse of the current passion for temps, outsourcing and lean workforces, corporate America felt it had a civic duty to offer full-time jobs with good wages and solid benefits, even to those like Grimes with no college education.

"Steady, year-round employment is so right from the standpoint of the employer, so right from the standpoint of the workers and so right for the country as a whole … that it is hard to see why we manufacturers have not made more progress in its application," Procter & Gamble Co. President Richard Deupree told a 1948 audience.

As the decades passed, Los Angeles became the hub of the nation's aerospace industry; a second home to U.S. automakers, after Detroit; and a major financial center. Among the region's largest employers: Lockheed Corp., McDonnell Douglas Corp., General Motors Corp., Goodyear Tire & Rubber Co., First Interstate Bank and Security Pacific Bank.

By the late 1970s, the typical L.A. County workplace had nearly 30% more employees than the U.S. average, according to government statistics — a situation that translated into a high level of economic security.

"There is a close correlation between firm size, employment stability and generous compensation," said UCLA economist Sanford Jacoby, who has written extensively about the new risks that working people face. "Big firms underwrote the creation of America's — and Southern California's — blue-collar middle class."

As for Grimes, he found his way to Sears, Roebuck & Co.'s massive warehouse at Olympic Boulevard and Soto Street, where he was hired as a merchandise handler represented by the Teamsters. He did well for himself there. His Social Security records show that his income rose steadily — from $12,000 in 1987 to $20,000 in 1990 (or nearly $28,000 in today's terms). On top of that, his healthcare was covered.

But in 1992, Sears stumbled, the result of a failed strategy to sell everything from socks to stocks. Grimes, then on leave with a bad back, soon found himself out of a job.

It was a particularly bad time to be without work. The combination of recession and steep cuts in defense spending, brought on by the end of the Cold War, walloped Southern California. Unremitting pressure from low-cost foreign producers and wage competition from new immigrants such as Rojas took a severe toll on unskilled workers like Grimes.

Any chance that he would be rehired by Sears soon evaporated when the company's warehouse and adjacent store were damaged in the L.A. riots. The warehouse was eventually shuttered.

By the time the region bounced back, the nature of employment had changed. Gone were many of the corporate giants that had delivered a generation of blue-collar security. In their place were tens of thousands of relatively small employers whose job-generating capacity is now regularly praised by the nation's leaders but whose instability, often-low wages and meager benefits are less remarked upon.

Government figures show that the average size of a workplace shrank by 18% nationally between its late-1970s peak and last year. The slide was even steeper in L.A. County, with the average size of a workplace plunging 50% to 10 workers. This trend, according to Jacoby, "is one of the most important and least appreciated reasons why so many people are having a tough time making a go of it today."

For several years, Grimes all but vanished from the regular economy. He, his chronically ill girlfriend and the couple's young son lived off a mix of workers' compensation, disability payments and her welfare checks.

In 1995, he resurfaced, this time as a security guard and — befitting the U.S. economy's free-market transformation — a self-employed entrepreneur. "I set myself up as a corporation," he said proudly.

With the help of a friend, Grimes persuaded a string of businesses in a run-down neighborhood along Bixel Street near downtown to hire him.

For three years, he watched over a dental office, a parking garage, a liquor store and a methadone clinic. His earnings climbed from $5,600 when he launched his venture to more than $27,000 two years later. He bought himself a used

Pontiac Grand Am, a washer and dryer and a Rent-A-Center living room set.

Then in 1998, he found out how risky the life of an entrepreneur can be: The city bought up the properties along Bixel Street to make way for the Staples Center.

The businesses that employed Grimes closed. Demolition crews flattened the buildings and, along with them, Grimes' income. His earnings that year went clear to zero.

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High Hopes

As Grimes' world caved in on him once more, Rojas' prospects were looking up.

She was still shuttling between her jobs at the airline laundry service and as a packer of sundries when one of Maldanado's cousins told her that the dishwashing department at the Wyndham Hotel on Century Boulevard near LAX was hiring for the 4-to-midnight shift.

The full-time position paid more than $7 an hour and, because the workers were represented by Hotel Employees and Restaurant Employees Local 814, it came with holidays and family health insurance. The latter would prove particularly important when Rojas suffered a miscarriage in 2001, and her health plan picked up the tab for more than $5,000.

Rojas saw the job as a turning point. Until then, virtually everything she had in her life had belonged to her in-laws. "If we used dishes," she remembered, "they were theirs. If we watched TV, it was theirs."

But all that would change when she went to the Wyndham. "I knew at that point I would have my own things," she said.

By 1998, as Rojas and Maldanado's income more than doubled to $26,000 ($30,500 in today's dollars), the couple began assembling the pieces of a middle-class life.

Rojas bought china by Royal Prestige. She purchased a hutch from Levitz Furniture in which to display the dishes. She and Maldanado acquired a couch, a bed and a dining table. They shelled out for two large-screen TVs and signed up for satellite-dish service. They bought a 1987 Plymouth Sundance to go with their aging blue Toyota Camry. And they traveled.

"We would go to Las Vegas and Disneyland," Maldanado recalled. "We had more money to spend."

When the first of the couple's two daughters was born the following year, Rojas was so eager for her to be part of the fabric of America that she resisted entreaties to name her Maria after five of Maldanado's aunts, and instead gave her the name Katherine. She would make a similar choice when their second child was born last May, rejecting Maldanado's suggestion of Elvira in favor of Melane.

The new job let Rojas dream about owning a house where, she said, "my daughters can have their own rooms" and "maybe one day I can take care of my grandchildren if I have some."

Meanwhile, any thought of returning to Central America faded away. "Here," said Rojas, "my family will go a lot farther than in El Salvador."

In the summer of 2000, the Wyndham's owners announced that they were closing the hotel for renovations. Rojas remembers hearing ominous rumblings that more would change than the color of the lobby — something about the parking attendants' jobs being contracted out.

But she was not worried. To tide her over during the shutdown, Local 814 had steered her to a job at a unionized Burger King at LAX. The fast-food outlet offered a wage-and-benefit package almost as good as what she was making at the Wyndham.

About a year after it had closed, the hotel on Century Boulevard reopened. Only now, the sign outside read "Radisson." The Wyndham name wasn't the only thing that was gone either. So too was the union — part of a broader trend sweeping corporate America for more than two decades. Unions, which represented 17% of the nation's private-sector workforce in the early 1980s, counted only 8% as members by last year.

Rojas could have her dishwashing job back. But instead of $8.89 an hour, her top wage at the Wyndham, she said, she'd be pulling down only $7.50 at the Radisson, with no employer-paid family health insurance. She signed on anyway and, to make ends meet, kept her job at Burger King as well.

It was hard running between two jobs again, but the family's income finally seemed to be stabilizing. As it turned out, their financial roller-coaster ride had only just begun.

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Shrinking Welfare

For the poor, the most dramatic of all the safety-net cuts that the government has engineered in the last 25 years came in 1996.

That's when a Republican-controlled Congress passed and President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, overhauling the nation's cash welfare system.

The law sought to push people off the dole and into work. In doing so, it essentially reversed the poverty-fighting strategy that Washington had pursued since the 1960s in which poor Americans were promised a certain minimal standard of living. By last year, the law had reduced the nation's welfare rolls by 3 million families, or one-half, and had sliced inflation-adjusted welfare spending by about $10 billion, or one-third.

These numbers, though, are about all the experts can agree on. Advocates have hailed the measure as a spectacular success, saying it has increased the incomes of many poor people while triggering a steep drop in poverty among black children. Critics have denounced it as a failure, saying that many people are poorer today than they were before the law was changed.

For its part, Grimes' household has remained largely unaffected by the law's "work first" requirements. That's because California has maintained relatively generous benefits and because Grimes' domestic partner, Jacqueline Harvey, has a chronic intestinal disease and is exempt from work requirements. She has thus continued to collect benefits off and on from the state's cash welfare program, CalWORKs. She now receives $583 a month.

But Grimes, in the meantime, has been staggered by another, lesser-known element of the 1996 act — a significant toughening of child-support enforcement rules. This part of the law built on other efforts undertaken since the 1970s to go after absentee parents and compel them to help finance their kids' upbringings.

Grimes and Harvey's son, Albert Jr., was born in 1988. Nine years later, when the elder Grimes applied for custody of a nephew, the Los Angeles County district attorney's office sued him for child support for Albert Jr. The D.A. took action even though Grimes, Harvey and their son had always lived together and, they and several relatives say, Grimes always helped raise the boy.

Nonetheless, Grimes declined to challenge the county, which won a court judgment against him. Grimes said he thought that he had to go along with the support order to obtain custody of his nephew and to ensure that Harvey would continue receiving publicly funded healthcare. It's also unclear whether counting Grimes as a parent in the house would have jeopardized the size of Harvey's welfare checks.

Whether a mix-up or not, the effect on Grimes' finances has been devastating. California courts not only have imposed high monthly support payments — often unrelated to a parent's ability to comply — but also have added interest at a 10% annual clip to past-due amounts.

A recent study commissioned by the state found that past-due child-support payments in California have soared to almost $17 billion from $2.5 billion in the last decade. Most of that money, moreover, is earmarked for state coffers — not for the children who need support.

"The system was largely about welfare-cost recovery, not helping families," said Curtis L. Child, who stepped down recently as head of the state Department of Child Support Services, which was created in 2000 to remove enforcement power from county district attorneys and restructure the system. "In imposing these huge judgments on fathers, we're confronting these men with an awful choice: Go underground, which is just what child-support enforcement was intended to stop, or let themselves be financially ruined."

In August 1997, Grimes was ordered to start sending the county $173 a month in current payments, plus an additional amount for past-due support totaling $4,900. When he fell behind after his Bixel Street business collapsed in 1998, the past-due total began to swell. It now tops $8,000.

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Plastic Safety Net

In one great clap, the 9/11 terrorists brought down the twin towers in New York, shattered Americans' sense of security and shoved Elvira Rojas down the economic ladder.

It took her five days to reach Burger King after the police and military sealed off the airport in the wake of the September 2001 attacks. When she finally was allowed in, Rojas found that her manager had cut her shift to just four hours. Within a couple of weeks, she was laid off.

Things were little better at the nearly deserted Radisson. Rojas' hours there were reduced to practically nothing.

Over the next 15 months, Rojas grabbed whatever hours she could get at the hotel and worked a second job ironing clothes at Hermosa Cleaners in Hermosa Beach. It was a tough schedule even before she got pregnant in 2002. And still it was not enough to keep her family's income from sliding almost 20% from its 1998 high to less than $22,000.

So she and Maldanado turned to what has become one of the few reliable safety nets left for many poor Americans: their credit cards.

In May 2002, Rojas was rushed to the emergency room at Robert F. Kennedy Medical Center in Hawthorne, where she suffered a second miscarriage. This time, with only minimal health insurance from the hotel, she said she had to put $2,000 of her $4,000 medical bill onto her MasterCard.

"I didn't have the money otherwise," she said.

As the credit card industry emerged in the late 1950s and '60s, some expressed concern that even well-provisioned middle-class families would be unable to resist the lure of instant credit. Betty Furness, President Johnson's consumer affairs advisor, warned that credit cards were "modern traps" that would turn Americans into "hopeless addicts."

But over the last 25 years, card issuers have not let up in pushing their products. Instead, they have reached out for ever more low-income households.

Federal Reserve figures show that among families in the bottom fifth of the economy, the percentage of households with credit cards has soared from 11% in the late 1970s to almost 40%. Their average balance on those cards has climbed, in inflation-adjusted terms, from about $825 to more than $2,000.

Some analysts applaud the greater availability of credit. Gregory Elliehausen, of the Credit Research Center at Georgetown University, said the spread of cards and other kinds of lending was part of a sweeping "democratization of finance" that has allowed poor families to operate more efficiently by, for example, buying decent cars to get to work.

Economists Dirk Krueger of the University of Pennsylvania and Fabrizio Perri, a New York University professor now on sabbatical at the Federal Reserve Bank of Minneapolis, say families of all incomes increasingly rely on loans, rather than on business and government safety nets, in times of trouble. They borrow their way through the bad patches and pay off their debts in flush periods.

The problem comes when there are no flush periods.

Some of the items purchased on Rojas' and Maldanado's credit cards can seem frivolous or extravagant — the TVs, for example, or a $150 set of sepia-toned studio photographs of Katherine and her mom dressed in feather boas and gowns. But most of the charges appear to fit the definition of safety-net spending.

Beyond the emergency room charge, there was $130 for a new fuel pump for Rojas' Toyota and $170 to repair the power steering. There was $300 at the start of September to cover rent and a $1,000 cash advance that Rojas said went to help a brother bring his wife to the U.S. from El Salvador.

Chipping away at what's due on their cards is virtually impossible. That's in large part because the interest the two are charged is about double what a typical middle-class borrower faces. By the time they cover that, there is little left to reduce the balance.

Although the stated interest on the couple's most heavily used cards, a pair of Direct Merchants Bank MasterCards, ranges from 20.49% to 31.99%, a review of recent bills indicates that they are consistently charged close to the higher amount. (The Minnetonka, Minn., bank recently was ordered by federal regulators to pay $3.2 million in penalties for "downselling" — offering low pre-approved rates and then moving customers to higher-rate accounts without fully disclosing the switch. It is not clear that this happened to Rojas and Maldanado.)

Rojas and Maldanado now owe $14,592 on their four credit cards — a burden that financial experts say is appropriate for a household making about $100,000, but not one like theirs.

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Falling Behind

In the spring of 2000, two years after Grimes' Bixel Street business failed, he found a job as a security guard five blocks away at Ernst & Young Plaza.

For a while after the September 2001 terrorist attacks, the building's owners and tenants treated Grimes and his co-workers with newfound respect. Managers listened to his suggestions about how to improve safety at the 41-story structure.

He was promoted to "lobby ambassador," a sort of informal emissary to the building, and then to lobby supervisor. His annual earnings climbed back above $20,000, and he began to imagine himself becoming a director of security.

"My goal was to have a facility of my own," Grimes said. "I thought I should have a situation where I'm in control."

But for most of the last year, Grimes has been anything but in control.

In February, after a dispute with their landlord, he and his family were evicted from their apartment on Fedora Street, where they had lived for several years. All that he was able to save from the place were three mattresses, two chairs and a Sony PlayStation.

By April, he had run through several thousand dollars paying for a $90-a-night motel room while he looked for a new apartment. He and Harvey eventually rented a two-room Hollywood walk-up for $875 a month, or more than 40% of their combined income. Before long, he fell behind again on his court-ordered child-support payments.

In July, things took another turn for the worse. After a series of clashes with his boss, Grimes was ordered out of the Ernst & Young tower and told he would be reassigned. Instead, he quit. For the time being, he is working for the Service Employees International Union on a campaign to organize security guards in the city's high-rise offices.

Grimes is determined to recover from the latest round of reverses. He dreams about what his father had — a house, a secure job — and is convinced he'll fare as well someday.

"I'm trying," Grimes said, "to get back to what he had."

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Another Eviction

A month after Grimes was forced out of the Ernst & Young tower, Rojas and her family were evicted from the Burin Avenue bungalow where they had lived for seven years. A developer is preparing to raze the place and put in half-million-dollar townhouses.

It's not clear how long they could have afforded to stay there anyway. A week before they moved, Maldanado was laid off from the dry-cleaning plant to make way, he said, for new immigrants who were willing to work for less. He has since gotten a new job, packing items at a warehouse, for minimum wage.

The family's new apartment is so small that the bedroom is a single mass of mattresses and cribs. The hutch and couches fill the living room to overflowing. And the cabinets in the kitchenette are so stuffed that Rojas must store her supply of infant formula in her car trunk.

But the couple has plans — to turn around the slide in their income, to look for a house, to make sure that the girls continue all the way through school. "I don't want them to be struggling like us," Maldanado said.

Rojas is making other plans as well. Soon after arriving in the U.S., she took out a loan to finance her future at the Inglewood Park Cemetery. She now owns two plots at the cemetery's Mausoleum of the Golden West, and recently signed papers to pay $82.79 a month for the next five years to buy two more. By the time Rojas is finished, she will have spent more than $12,000 in total. But she's convinced it's worth it.

"Now if I die, I won't have to worry about my funeral," she said. "I won't leave my family with a financial burden."

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The Source of the Statistics and How They Were Analyzed

The Times used the Panel Study of Income Dynamics for its analysis of family income volatility.

The panel study has followed a nationally representative sample of about 5,000 families and their offshoots for nearly 40 years and is the most comprehensive publicly available income and earnings database in the world. It is run by the University of Michigan and principally underwritten by the National Science Foundation. The families' identities are kept confidential.

The Times employed techniques for gauging income volatility that were developed by economists Robert A. Moffitt of Johns Hopkins University and Peter Gottschalk of Boston College. The Times also consulted with Yale University political scientist Jacob S. Hacker, who has conducted his own analysis of income volatility among households in the panel study and has published results linking it to economic risk.

The Times employed two Johns Hopkins graduate students, Xiaoguo Hu and Anubha Dhasmana, to help generate the data. Moffitt guided them and advised the newspaper.

The Times' analysis looked at five-year increments from 1970 to 2000 and examined the annual fluctuations in each family's income.

For example, for a family whose income rose by $5,000 over a five- year span, the paper examined the journey from the lower number to the higher: Did the change occur in steady $1,000 annual increases? Or did the family's income take a big jump in one year and plunge in another?

The Times' basic finding is that the fluctuations in annual income that individual families have experienced have grown larger over the last three decades.

Based on the panel-study sample, The Times estimated the annual income swings, up or down, for 68% of all U.S. families — those who did not have the most extreme fluctuations. As a result, the newspaper's conclusions don't rest on cases outside the mainstream: the movie star whose career dries up overnight, say, or the hourly worker who wins the lottery.

To zero in on working families, The Times focused on men and women 25 to 64 years old whose households had some income. To analyze the working poor, the paper ranked families by their average income during each five-year period. It then concentrated on those in the bottom one-fifth of income earners and especially those right at the 20th percentile.

The average annual income of panel-study families at the 20th percentile is close to the government's official poverty line for a family of four most years.

The analysis looked at pretax income of all family members from all sources, including workplace earnings; investments; public transfers such as jobless benefits, food stamps and cash welfare; and private transfers such as inheritances.

All amounts were adjusted for inflation, expressed in 2003 dollars.

For a more detailed description of The Times' analysis, visit latimes.com/newdeal.

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Times researcher Janet Lundblad and staff writer Susana Enriquez contributed to this report.