

Bridging the Gap Between Poverty and Self-Sufficiency Through Housing and Education

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Abstract

Poverty and housing have a complex relationship that continuously shifts based on socio-economic trends and government policy. Between the basic human needs of generating income and the expense of housing a family, there is the issue of raising children in realm of poverty and the detrimental effects it has on them and the generations that follow. This issue is not only evaluated in terms of individual changes and betterment, but also in terms of a societal increase in quality of life and community economy. This paper uses an independent survey and then applies regression analysis methodology to assess the relationships between the dependent variable of annual income and independent variables of age, sex, marital status, education, parent education and housing status and expense. The outcome of this study is that age, marital status and education levels have a strong positive influence on a person's income. Education is found to be the variable that is the most constant in economic stability by means of increased income outside of marital status and this increase in income directly influences the amount individuals spent on housing expense. The goal is to apply this knowledge to educating single mothers through providing her with affordable housing so she can use this savings in housing expense as an opportunity to complete her post-secondary education. As the research herein explains, this example will lead to financial stability for the family as well as an increase in economic output. HERIndependence starts with education and uses housing as a bridge for single mothers to transition from poverty to self-sufficiency and independence.

Introduction

Poverty is always a troubling issue in all societies in all times, but in 21st Century America, the impact of poverty on single mothers is a qualitatively different and more concerning problem. Single mothers are particularly vulnerable because their circumstances generally limit them to typically lower wage jobs. In addition, lack of spousal support and the burdens of raising children alone limit opportunities for advancement in the work place and interferes with education (Brady, 2012). Already at a disadvantage, single mothers without a post-secondary education do not have the resources needed to support their families financially and become trapped in a cycle of poverty and government assistance programs that hinder advancement. They raise their children in a situation that inhibits their own education. Researchers also widely acknowledge that poverty in childhood causes a range of negative adult socioeconomic outcomes, such as lower educational achievement and lower earnings in the labor market (Borjas, 2011). Single motherhood is the single largest factor in the continuation of poverty and inequality (Brady, 2012). In other words, single mother headed households are often a cyclical and learned process that is passed down from generation to generation.

Although the federal and state governments provide many welfare programs available to qualified applicants, these programs typically provide only partial and temporary financial assistance to needy families and are not designed to help families get ahead and stay ahead (e.g., attain educational goals for advancement in careers). In an NPR article titled, *One Family's Story Shows How the Cycle Of Poverty Is Hard To Break*, researcher Pam Fessler explains that even though many of the welfare participants are not able to get jobs because of their lack of education, the welfare programs have their "hands tied by state and federal laws" when it comes to supporting a post-secondary education. For example, many welfare

programs will allow participants to go to school in lieu of working, but terminate the allowance after only one year. Benefit recipients are not allowed to work towards a two or four year degree because the Act does not allow four-year programs under the 1996 Responsibility and Work Opportunity Reconciliation Act (PRWORA) (London, 2006). "One year is great. It's better than what used to be, but you can't get an associate's degree in one year," says Muller, a social service worker in Western New York (Fessler, 2014). Unfortunately, it is only a matter of time before the participants who are desperately trying to pull themselves out of poverty fall back into the self-defeating cycle of government assistance programs without the option to further their education. Their children remain dependent on government assistance and grow up in poverty only to continue the vicious cycle. Research demonstrates the majority of children born into poverty have a much lower chance for success for their own education (Mihai, 2015). Therefore, educating single mothers in a meaningful way is important because meaningful, maternal education will influence subsequent generations and has the potential to break family cycles of poverty. Meaningful education allows multiple generations of a family to achieve living self-sufficiently and independently. Without an opportunity to achieve a two or four-year degree, a single mother has no opportunity to escape the cycle, so the question becomes: what can be done to get these women a degree?

Contributing Components of Poverty

There are many factors that condemn most single mothers to a life of poverty. First, the gender pay gap still exists. Even after the intense pressure from activist groups, women continue to remain about 21% behind men when it comes to wages (Institute for Women's Policy Research, 2016). Second, single mothers trapped in low wage jobs lose the advantage

of age/experience because in most jobs, work experience generates higher wages that flows from the increased competence from experience in the employment field (Jeong, 2014). Third, being unemployed or more commonly, underemployed, also leads to poverty because the longer a person is unemployed or underemployed, the more difficult it becomes to find well-paying employment due to lack of related experience or an illustration of lower personal objective (Verbruggen, 2015). Fourth, economic trends also impact the availability for affordable housing as inner cities gentrify and become priced out of the reach of low income earners while at the same time, low paying jobs are less stable and subject to the variations of economic conditions. For example, the Carrier manufacturing plant in Indianapolis, Indiana recently came under intense scrutiny because of the government subsidies (and implied threats) that dissuaded the company from relocating. Lower wage earners are subject to being downsized or terminated at a much higher rate and frequency than higher paying jobs, which tend to be more stable. A single mother has more restrictions on time, schedule and childcare than a two-parent household that prevent her from being able to find a replacement job more quickly (Kirby, 1995).

Research shows that marital status has perhaps the largest bearing on a family's poverty status for reasons that are obvious. According to the U.S. Census Bureau, single parent households have increased to nearly 12 million households. Of these, almost 84% are headed by a single mother (U.S. Census Bureau, 2015). Of those single mother households, nearly half live under the poverty line (U.S. Census Bureau, 2015).

The other obvious factor contributing to family poverty is the lack of single mother's education. Education increases a worker's skills, which is human capital. The greater the human capital, the higher the wage earner's occupational status, and the income earned over

the lifetime of a fully employed person leads to a much greater return on the investment in education. Higher education leads to higher wages, and these higher wages provide high returns on the amount invested in that education (Pandey, 2000). As the American economy has evolved from a manufacturing economy to a service economy, it is a recent phenomenon that education has become widely accepted as the main backbone of growth and developments of individuals and the nation (Maiyo, 2015). Because of the interdependence between education and poverty, the creation of a program that facilitates the growth of educated individuals, specifically single mothers, is essential (Maiyo, 2015).

Effects of poverty on Children

Children who live in poverty are at a huge disadvantage compared to their middle and upper class peers. It is a continuous struggle getting an underprivileged child in a single parent home to school and the factors that determine whether a child will or will not receive a decent education depends upon the dynamic of their home, the commitment of the parent, and the availability of transportation. Even when children attend school on a regular basis, children living in poverty often fail to absorb the lessons and do not get an adequate education because of the stress of constant deprivation (Tiamiyu, 2001). It is hard to learn when hungry, insecure or under constant exposure of stress (e.g., witnessing community violence in under resourced “affordable” neighborhoods). Children who grow up in substandard housing show signs of cognitive deficits. Research indicates that the stress of living in poverty at home negatively affects the brain’s ability to process and recall simple instructions and facts, dramatically increasing the child’s rate of poor grades and failure (Coley, 2013). This same inability to process and recall information through the working memory follows them into adulthood where the issues become unemployment and poverty, a cyclical process that remains

throughout the generations. It is well known among researchers that childhood poverty is linked with a range of negative adult socioeconomic consequences, including lower educational achievement and lower earnings in the labor market (Borjas, 2011). Children born into poverty unfortunately find themselves in this vicious circle of poverty, and it is one they cannot easily escape, even with government assistance programs (Mihai, 2015). While women with higher education are more likely to engage in and invest in the education of their children, single mothers with low education levels are at extreme risk for not only living in poverty, but also passing the same expectations for level of education and life standards onto their children (Hill, 2011).

Education

When it comes to poverty definitions and explanations, the United Nations Development Program (UNDP) adopted a program that promotes education as the solution to reduce the cycle of poverty. Human development is defined as a process that enlarges people's choices because of higher education (Fukuda-Parr, 2003), and greater choice means greater potential for earning.

Studies confirm that a woman with only a high school education, and working a “pink-collar job” (an occupation mainly in the service industry, for example a maid, waitress, retail, or preschool teacher) returns to welfare because her entry level job does not lead to promotion or to a better job with growing income to allow her to become self-sufficient (Tiarniyu, 2001). Without a post-secondary education, such women are trapped by low paying service jobs because they are the only jobs for which they are qualified. According to an analysis done by the Economic Policy Institute in Washington, in 2013, Americans with four-year college degrees made 98 percent more an hour on average in 2013 than people without (Leonhardt,

2014). A four-year college degree creates countless more opportunities for young women, and this is especially true for single mothers. For a single mother, a bachelor's degree is the critical springboard from poverty to economic self-sufficiency. "Education is considered the single most effective means for reducing poverty" (Tiarniyu, 2001). Thus, alternative and or additional federal and state assistance programs are necessary to allow single mothers opportunity to achieve educational goals.

According to studies through the World Bank, educated women are more independent, confident, and financially secure. When a woman is independent, confident, and secure, she can make more calculated decisions regarding her family (Pandey, 2006). In addition, about 71% of college graduates marry other college graduates because these degree holders have a better education, more job options and higher earnings, which make them more attractive in the marriage market (Pandey, 2008). This in turns creates even more stability and economic self-sufficiency, which is a platform for a family to escape the trap of low-income jobs where their uneducated counterparts remain (Cohen, 2013). When women escape the cycle of poverty, they also contribute more to the society at large, especially because women tend to be the economic engine of a family, making decisions about the family budget and controlling spending for the daily purchases that drive the economy. Such consumer spending boosts the socioeconomic status of the community as a whole (Bourguignon, 2004). Thus, reducing families living in poverty does not only benefit individual families, but also contains societal benefits.

Low Incomes and Its Effects on Housing

Housing is a family's highest monthly expense typically accounting for upwards of a third of a family's income (Economic News Release, 2015). Poverty's limitation on such spending determines where families live, and where families can afford to live, and has a direct effect on which neighborhoods become the most desirable and beautiful places to live and visit. When poverty limits housing choices, it confines families to concentrations of undesirable neighborhoods, with unfavorable school districts which in turn makes finding affordable housing even more difficult (Maurer, 2016). Anyone who has driven past government housing usually detects the effects of such poverty without conducting a study. Charleston is a perfect example. Over the past four years Charleston's housing market has seen major changes as peninsula Charleston, James Island and Mt. Pleasant have gentrified, confining low income workers to dense concentrations of substandard housing and less access to quality education for already disadvantaged children. According, to the U.S. Census Bureau, in four years' time, the tri-county area population has grown from 664,643 in 2010, to 728,000 in 2014 (U.S. Census Bureau, 2015). The influx of new residents, mostly affluent, is causing a boom in the real estate industry, and this rejuvenation brings with it increased demand for housing in Charleston as well as a dramatic increase in housing prices (Live5News, 2016). Residents love to see their city's economy thrive, but how is that affecting the majority of residents currently on the lower end of the socio-economic curve?

Financial writer, Tim Harford, defines poverty as an "absolute poverty," which he explains as insufficient income below the amount necessary "to support a particular standard of living." By "standard of living," he means the amount necessary to provide the most basic of needs (Harford, 2013). The first of those basic needs is a roof over a family's head. As can be seen by the following example, a single mother without a post-secondary education,

even though she is working a 40-hour week job, is unable to meet the economic demands to achieve a minimal standard of living. According to the U.S. Census Bureau's 2015 reports, the median income of a Charleston County resident is \$52,084.00 and the percentage of people in Charleston living below poverty level in Charleston is 16.8% (U.S. Census Bureau, 2015). A single mother head of household with related children under the age of 18 living under the poverty threshold is a staggering 6,223 households. The poverty threshold calculation takes into account income before tax and the number of family members living in the same household. For example, for a family of 3, one mother and two children, the poverty threshold is \$20,160.00, and that is equivalent to an hourly wage of \$9.69 while working 40 hours a week (U.S. Dept. of Health and Human Services, 2016).

If we take an example using typical numbers and apply the earnings to the actual cost of housing in Charleston, we see that as of February 2016, the monthly rent for a 2-bedroom apartment runs about \$1,450.00 per month, or \$17,400.00 annually. Monthly rent is equivalent at best to her monthly income after taxes. If the only expense she is able to provide is an adequate roof over her children's heads, then food, transportation, medical care, clothing, education, and anything like entertainment are not even an option. How then is a single mother who is barely able to afford her housing expense able to return to school and complete her education in order to make a better life for her and her children? The key to facilitating this bridge for single mothers to reach financial independence is to create subsidized housing specifically for single mothers who desire to further their education.

Methodology and Findings

The idea that an individual's education level directly influences her income is intuitive and natural. Marital status and age are additional variables that directly influence the ability to earn income, which in turn directly influences the monthly amount spent on housing.

The current author conducted a survey that asked each participant ten questions regarding their sex, age, marital status, level of education, parent education levels, annual income, monthly expense on housing and whether or not they own or rent their house. The survey collected data from 159 participants. The survey software collated the answers into a table and the author performed a regression analysis to determine the relationships between the dependent variable of income level and all other independent variables listed above. The hypothesis is that sex, education and marital status have a direct influence (i.e., significant predictors) on an individual's annual income, and the null hypothesis is that none of the variables tested will have a significant effect on income and be rejected. The survey set a 95% confidence level in order to determine if the null hypothesis is rejected or accepted.

As predicted, the regression analysis demonstrated that, in fact, education and marital status have a direct, positive effect on income levels. Also notable, age and monthly housing expense have a direct, positive outcome on income levels, while parent's education levels, number of children and sex did not have a statistically significant effect on annual income. It is important to note that out of the 159 participants, 81% were females, so there may not have been enough male participants for a complete analysis based on sex. For sex $t=-0.66$, $p>0.50$, thus the null hypothesis was accepted; age $t=2.85$, $p<0.01$, rejected the null hypothesis and demonstrated that age has a positive association with income; marital status $t=2.23$, $p<0.03$, rejected the null hypothesis and demonstrated hypothesized relationship with income level; education level $t=2.80$, $p<0.01$, rejected null hypothesis; father's education level, $t=0.62$,

$p > 0.50$, accepted null hypothesis; mother's education level, $t = 0.64$, $p > 0.50$, accepted null hypothesis; number of children $t = 0.46$, $p > 0.60$, accepted null hypothesis; housing status $t = 1.92$, $p > 0.05$, accepted null hypothesis; and housing expense $t = 5.29$, $p < 0.01$, rejected null hypothesis. The model's R-squared is 0.40 and this figure explains that 40% of the income variable variation is explained through the independent variables included in this regression model (Table 1).

At first glance, one deduces that these four variables (age, marital status, education and housing expense) affect income levels at a 95% confidence level. This high confidence level confirms that the effect is not due to chance. Further interpretation demonstrates that as the age of an individual increases, so does the participant's income level (i.e., positive coefficient). The marital status category was dichotomized from single, married, separated, divorced and widowed to two categories of single and married. All single, separated, divorced and widowed individuals were combined into the same "single" category. The model demonstrates that a married status individual has an increased income compared to its single status participants. Education has a direct influence on income levels, and the data shows that the higher the education level of the individual, the higher their income level becomes. Lastly, the regression shows that monthly housing expense is a direct factor of income. The higher a person's income the more they tend to spend on their monthly housing expense, hardly a surprising result.

It is interesting to note that even as income rises, the housing status such as renting or owning is on the cusp, but not significant. These results suggest that this relationship appears to be affected by other variables that were not included in this study. Lastly, the hypothesis predicted that sex was a significant predictor of income levels and if more males had been

represented in the sample, the initial assumption remains that males will earn substantially more income than women.

A Solution Through HERIndependence

HERIndependence is a program that addresses the need for single mothers to be educated in order to obtain self-sufficiency in regards to a socio-economic standpoint. It will allow single mothers to lessen the financial burden of obtaining adequate, affordable housing while pursuing a post-secondary.

As seen above single mothers without a post-secondary education do not have high chances of living a life that is financially independent and above the poverty line. Unlike a two-parent headed household, a single mother does not have the luxury of depending on someone else for extra monthly income. Every dollar earned comes from her and if she lacks a post-secondary education, this dollar amount will be not enough to support her family. In the case of a single mother, it is not only the mother that is given a chance for a higher standard of living through education it is her children as well (Mihai, 2015).

Rent or housing is a family's largest monthly expense followed closely behind by transportation. Providing a temporary housing solution to single mothers who have the drive to further their education and become independent, but lack the monetary support to accomplish their educational goals is the key to success of bringing low-income, single-mother headed households out of poverty and into financial independence and self-sufficiency permanently. Once a single mother completes her post-secondary education program, she will have the degree and networking tools necessary to find a job that will provide sufficient income for her family. She will be equipped to remove herself and family from being a participant of the governmental assistance programs and further contribute to her community

through consumer spending. If single mothers were given an opportunity to live in a home with reduced or free rent in exchange for a two to four-year span to work on completing their post-secondary education degree, then the likelihood of bridging the gap between poverty and self-sufficiency becomes a reality.

Conclusion

Poverty and education are negatively and highly correlated (Shimeles, 2016). That is, as a single mother's education increases, her chances for living a life of poverty decrease. A person with a bachelor's degree education generates almost double the income than that of a high school graduate (Leonhardt, 2014). These post-secondary graduates also tend to be more self-sufficient and are more likely to engage in income-generating activities and contribute more to the economy than their counterparts. The higher education levels also lead to increased human capital productivity and economic growth (Shimeles, 2016). For a single mother, higher education would be even more valued for its ability to break or disrupt a family cycle of poverty.

Economist Amartya Sen, who won The Nobel Prize for his work in welfare economics, broadened the definition of poverty from a simple calculation of income, to encompass insecurity, powerlessness, and low self-esteem. "Poverty encompasses a range of deprivations and denotes exclusion of people from socially adequate living standards. Poverty dimensions cover many distinct aspects of human capabilities including human (health, education) and economic (livelihoods, income, decent work)" (Bourguignon, 2004). Post-secondary education will not only break the cycle of financial poverty, but also contribute to added self-worth and an increase in independent living.

Postscript

I am passionate about this program because I am a single mother of three children. In 2011, I found myself separated from my husband and not making enough money to support my family alone. I had some college courses under my belt, but knew that the only way for me to advance up the income ladder was to finish my bachelor's degree. I quickly (before I lost my nerve) applied to the College of Charleston and was accepted. I began taking classes, part-time working through the never-ending list of requirements towards that Bachelors of Science in Business Administration. I am now in my final semester and ready to graduate. Going back to school to finish my degree has taught me many things, but the two most important concepts I have learn and attempt to implement are confidence and resiliency. I want to share what I have experienced and learned with other single mothers who have the drive and determination to make their life and the lives of their children stronger.

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