

Domestic Poverty: Gentrification and Affordable Housing

By Maddie Greene

Introduction

- The issue of poverty has been prevalent across generations, yet the efforts to eliminate it thus far have been broadly unsuccessful.
- In recent years, there has been a stark increase in gentrification, which has mainly impacted those in lower income communities.
- Gentrification, overall, yields more negative benefits than positive.



Gentrification and Poverty Now

- Gentrification has also been widely unsuccessful in reducing poverty in recent years.
- New developments have displaced and harmed residents just as deconcentration did years ago.
- Some people believe in gentrification's neighborhood-level benefits, such as improving the school system.
- Even with possible benefits, communities are destroyed for the sake of the "outsider," which is proven to worsen the broader issue of poverty.

Background: Deconcentration Efforts

- In 1992, the federal government created a program called Housing Opportunities for People Everywhere (HOPE VI).
- Higher-income residents in Atlanta were moved into low-income housing to thwart out poverty, known as the "deconcentration" of poverty.
- Many residents were displaced as a result, and a lot of them ended up in even worse situations.
- Programs such as HOPE VI have not been replicated in the past decade or so.



What now?

- The future is uncertain in terms of solutions to this issue.
- There are always questions about policy, wealth taxes, etc., none of which have worked in their specific implementations.
- However, something important going forward is ensuring that the people of lower-income communities are centered in the discussions about the future of their neighborhoods.

The Impact of Minimum Wage

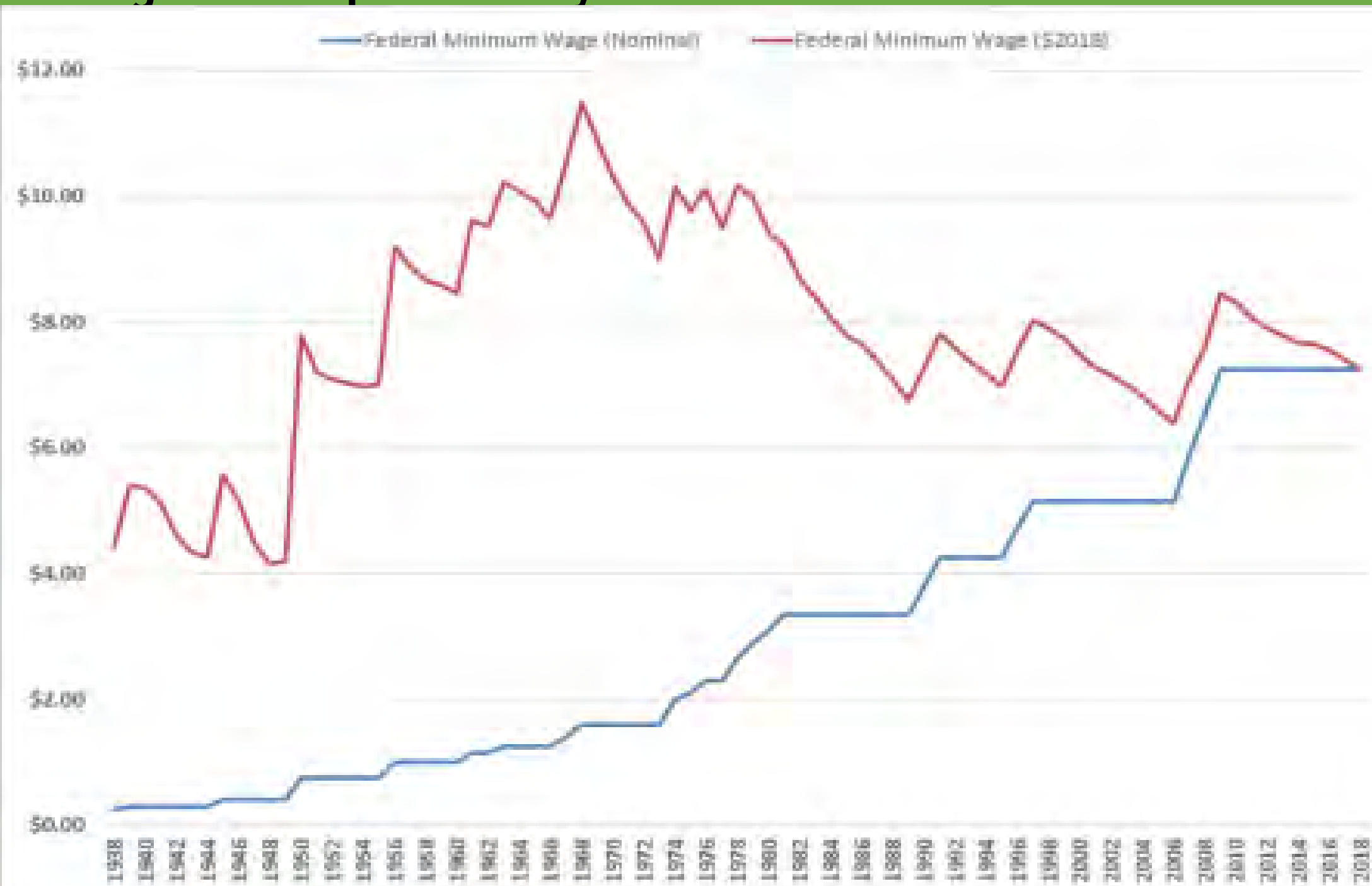
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Introduction

- With the poverty rate at least 13.7%, lawmakers consider whether or not raising the minimum wage from \$15.
- Some employers are feeling pressured to better compensate their workers
- Some employers believe that raising the wage will result in disastrous consequences.
- Although it doesn't solve all of poverty, the minimum wage could potentially lower it.



Thesis

Because of the broad situation concerning poverty, there is no clear solution to raising the minimum wage without dealing with notable drawbacks.

Pros of Raising Minimum Wage

- Consumer demand would increase, which would result in employers hiring more people.
- Could lower poverty rate by 2.5% - 5%.
- Reduce need for government assistance as financial issues would mostly be resolved.
- Could benefit lower income families and help push them above the poverty line.
- Income inequality could also be resolved with this raise along with balanced wages.

Cons of Raising Minimum Wage

- Reduction in public aid could result in 1/3 of wages being offset.
- Employers will have to make numerous layoffs to stabilize the economy.
- Stores all over the country must pass higher labor costs on customers.
- 35% of these benefits go to people three times above poverty line.

Conclusion

- There is no solution where there is no negative impact.
- There are many things that would have to be implemented to stabilize the country's economy in response to a raise.
- This topic needs to be explained in a broader sense if the people are to understand how to resolve the minimum wage debate.



Acknowledgement

I would like to thank Professor Jaffe for advising me on this topic and aiding me in any way.

Domestic Poverty

The Supplemental Nutrition Assistance Program (SNAP)

Allison Patino

Introduction:

The past few years we have seen the economy has been growing and the unemployment rate has also fallen to about 3.9%. Nonetheless, millions of Americans and their families continue to live in poverty, and many other millions in what is called deep poverty. As a result of the increasing amount of poverty levels and number of families struggling to bring food, there are high amounts of food insecurity. For this reason, many programs have been instituted, one of them being SNAP. This program was created with the goal of alleviating food insecurity.

Background:

The Supplemental Nutrition Assistance Program is the largest food assistance program created by the federal government. About 40M American rely on this program and many of those benefitted are children. People in this program receive these benefits through the Electronic Benefit Transfer (EBT) which is then used to purchase food and beverages.

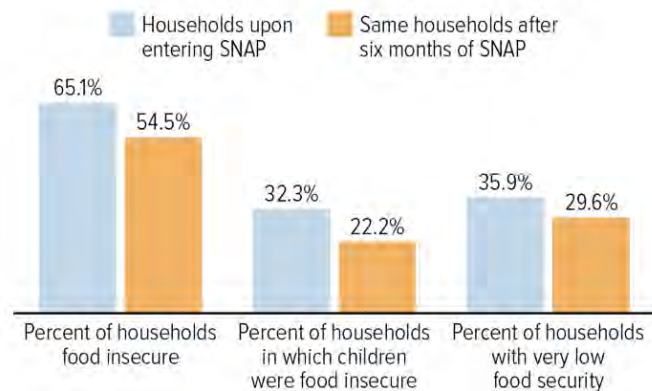
What is food insecurity?

Food insecurity is defined as the uncertainty of being able to acquire enough food as a result of insufficient money or other resources

Thesis:

The Supplemental Nutrition Assistance Program was created with the goal to reduce food insecurity and as the largest program helping millions of people alleviate food insecurity, it is important to understand how this program helps improve public health.

SNAP Helps Families Afford Adequate Food



Note: "Food insecure" = household lacks consistent access to nutritious food at some point during the year because of limited resources. "Households with food insecure children" = households in which both children and adults experience food insecurity during the year. "Very low food security" = one or more household members have to skip meals or otherwise eat less at some point during the year because they lack money.

Source: Agriculture Department, "Measuring the Effect of Supplemental Nutrition Assistance Program (SNAP) Participation on Food Security," August 2013. This chart shows the results of a study that looked at longitudinal data comparing SNAP households upon beginning to receive SNAP, and six months after SNAP receipt.

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Conclusion:

A variety of studies have proved the positive decrease in food insecurity as a result of SNAP which some might argue helps decrease poverty rates. It also proves to help low-income families, especially those with children, to improve their health whereas it wouldn't be possible were they not in the program, but there are still issues that need to be tackled to bridge the gaps in certain aspects of the program

Impact of SNAP in public health

- ❑ Children in households that receive SNAP are far more prone to health-related problems than kids who are not.
- ❑ In areas where there are high food costs, SNAP participation was connected to childhood obesity.
- ❑ In areas where there were low food costs, SNAP reduced childhood obesity.
- ❑ Studies show that participation in SNAP can reduce health care costs among low-income adults.
- ❑ There is an increased negative mental health effect in those who participate and are members of SNAP programs as a result of stigmatization of participating in SNAP

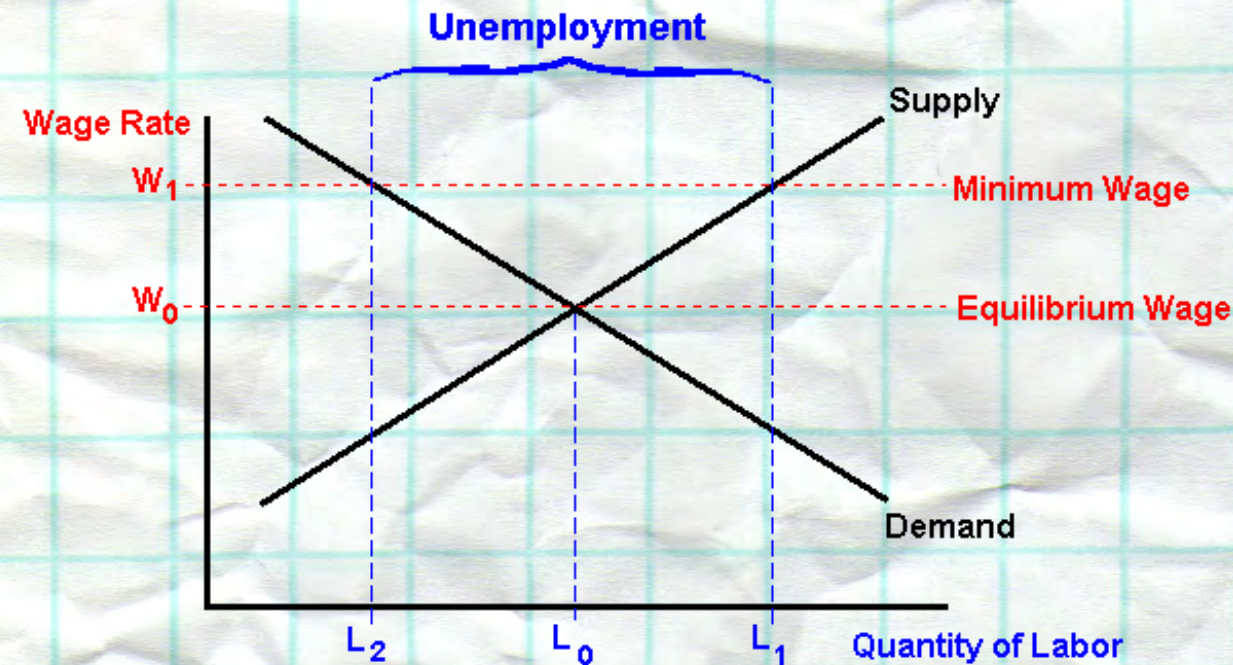
Possible Solutions:

- ✓ Lowering the price of foods like fruits and vegetables has proven to increase the spending on these products by at least 27%.
- ✓ Create a possible reward system like cash back for families who buy nutritious food with SNAP.
- ✓ A need for SNAP benefits to match the regional costs of food because food prices are not the same everywhere and seeing the impact of SNAP on the health of participants, shows a need for this match.
- ✓ Studies show the need for reducing the stigma towards participants who are part of SNAP. Not only because there are people who qualify and would benefit from the program but also because such stigma creates an increase in mental health problems while overshadowing any nutritious benefits it might bring.

Minimum Wage: The Limitations of the Economic Model

Current Cost-Benefit Analysis

Economic Model



- Represents a standard perfect-competition analysis of a minimum wage hike
- Shows that the price of a min. wage hike will lead to high unemployment rates and costs will be fully shifted to consumers
- Fails to consider frequent changes that occur in the market
- Takes center stage in the min. wage debate, but overlooks important non-monetary costs to society

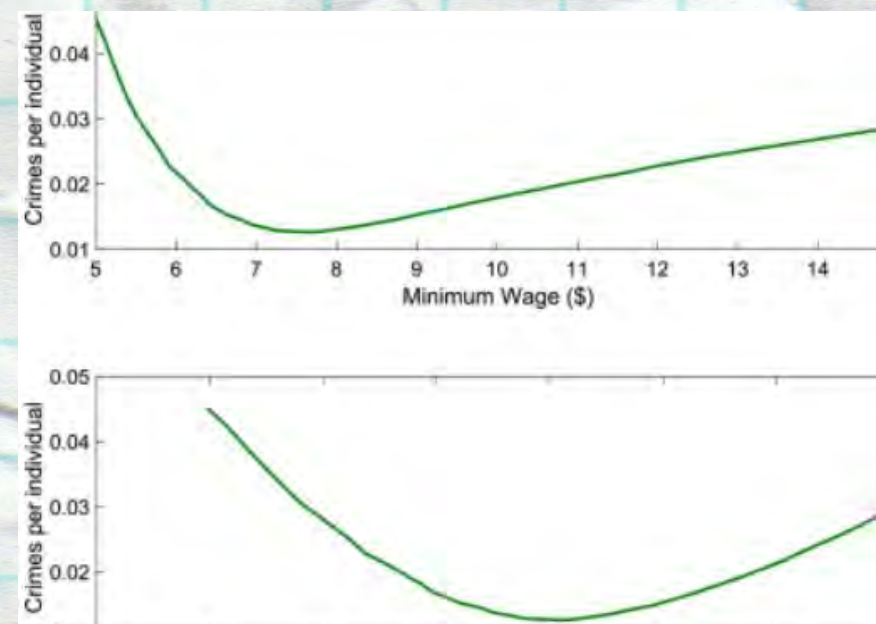
Neglected Cost-Benefit Analysis

Psychological



- Poverty is linked to psychological problems
- Can lead to depression, anti-social behavior, and PTSD
- These health effects are important to consider when discussing min. wage hike

Crime



Social



- Poverty leads to social exclusion where low-income individuals are isolated from valuable resources and civic life
- Min. wage reform can validate the labor of low-income individuals, making them feel included
- Crime rates can be impacted by a min. wage hike in a few ways
- Wage Effect: Workers less likely to commit crimes if they receive a higher wage
- Unemployment Effect: Workers more likely to commit crimes if they are displaced from their jobs

Youth Unemployment

Introduction:

- unemployment is a leading cause of people living in domestic poverty
- even prior to the pandemic, unemployment for youth without postsecondary education has steadily increased.
- As the demands of the workforce changes, it is becoming increasingly important to ensure that there are effective job training that will help students obtain skills that the labor market demands

Focus: Analyzing the funding, skills taught and post-training management of young people in three different federal job training programs for at-risk youth to assess if the training they receive is effective

Findings:

- Fraud in the reporting the number of students who got jobs after leaving programs especially in Job Corps.
- Young people in these federally funded job training programs don't receive the full benefits that these programs were designed to give.

JOB CORPS

- residential > struggles with drugs, gang violence
- enrollment > assessing applications
- teaches academic and occupational skills
- Successful participants are usually older youth, make at least \$40,000 practicing their learned trade
- post-program career and education assistance
- average income: earn a few hundred dollars above the poverty line (about \$12,486)
- cost: \$15,000-\$45,000 per student

SYEP

- nonresidential
- summer program; lottery
- focuses on academic skills and work experience
- tends to avoid drop-outs
- drop-outs are extremely high risk; raises concerns about whether SYEP targets the most disadvantaged Youth.

YEAR UP

- non-residential, one year
- teaches technical skills and soft skills
- enrollment > assessing applications
- post-program career assistance (i.e. corporate internships)
- post-program educational assistance (i.e. tutoring schools)
- 85% of students are enrolled in college within four months of participating in the program
- cost: about \$27,000 per student



- decrease participation in the labor market of young people and increase unemployment rates
- some may have pursued higher education or become discouraged workers.

Conclusion:

- *High youth unemployment (especially among drop-outs) leads to:
 - depressed income later for young people
 - youth more vulnerable to drug abuse and addiction
 - higher fiscal costs in the future > burden taxpayers
 - higher rates of welfare dependency
 - increased involvement in the criminal justice system
- *training programs can keep improving by becoming more multi-service and addressing issues diligently (i.e. making mental health a priority in residential programs such as Job Corps to help with behavior, violence etc.)
- *Hard to design perfect job training programs but these programs can not be simply eliminated nor left to operate as they are without any changes