The Barriers to Economic Mobility

United Way of Greater Greensboro

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Introduction

Despite increased investment in low-income communities, there exists extreme wealth inequality in Guilford County. As redistributive efforts continue to fall short in their mission to pull citizens out of poverty, it is time to try another approach. In addition to mitigating the effects of poverty through the transfer of tangible resources that undoubtedly benefit families in times of crisis, we must work to eliminate the systemic barriers to economic mobility that keep families in poverty across generations. In other words, true empowerment is not continued reliance on government assistance — it is the ability to afford basic necessities without the fear of bankruptcy. Today, this is impossible for most people in poverty in Guilford County, however, because of institutional and infrastructural obstacles that prevent economic mobility in low-income areas. The objective of this study is to develop a deeper, data-based understanding of the barriers to economic mobility in Guilford County. Essentially, why are people unable to move from below the poverty line to self-sufficiency?

Methodology

Step 1. Mine publicly available state, county, and ZIP-code level data to determine which areas in Guilford County have the highest population(s) of residents in poverty. Major data sources include:

- the American Community Survey*/United States Census
- U.S. Database for Demographic Information by ZIP-code (unitedstateszipcodes.org)
- “North Carolina School Report Cards” from the North Carolina Department of Instruction
- Statistics from the U.S. Dept. of Labor

Step 2. Evaluate public access to basic needs — housing and childcare, education, transportation, and health (food security and healthcare coverage) — required for achieving economic mobility.

Step 3. Identify, and wherever possible quantify, the disparity in access to basic needs between families in low-income areas vs. families in higher-income areas in Guilford County
Income Inequality in Greensboro

There is significant income inequality in Greensboro that primarily affects people of color — Black people, specifically. Figure 1 shows Greensboro ZIP-codes with their corresponding median home values and median household incomes.

Notable data points include:

- Home value — a suitable proxy for wealth — is 2.1x greater in the “top” ZIP-code (24708) than in the “bottom” ZIP-code (24701).
- Income is 2.3x greater in the “top” ZIP-code than in the “bottom” ZIP-code.
- The “top” ZIP-code is primarily white (86.5% white), whereas the “bottom” ZIP-code is primarily people of color (19.6% white).
- The “top” ZIP-code is comprised of primarily two-parent families (48% two-parent, 12% single-parent), whereas the “bottom” ZIP-code have primarily single-parent families (19% two-parent, 26% single-parent).

Figure 1

<table>
<thead>
<tr>
<th>Zip Code</th>
<th>Median Home Value</th>
<th>Median HH Income</th>
<th>Race (% White)</th>
<th>Household Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>27408</td>
<td>$211,600.00</td>
<td>$60,938.00</td>
<td>86.5%</td>
<td>48% Two-parent, 12% Single-parent, 40% Singles</td>
</tr>
<tr>
<td>27410</td>
<td>$201,600.00</td>
<td>$60,097.00</td>
<td>79.6%</td>
<td>46% Two-parent, 12% Single-parent, 41% Singles</td>
</tr>
<tr>
<td>27455</td>
<td>$183,800.00</td>
<td>$60,818.00</td>
<td>72.7%</td>
<td>50% Two-parent, 15% Single-parent, 35% Singles</td>
</tr>
<tr>
<td>27337</td>
<td>$180,000.00</td>
<td>$60,718.00</td>
<td>74.8%</td>
<td>53% Two-parent, 16% Single-parent, 31% Singles</td>
</tr>
<tr>
<td>27403</td>
<td>$164,800.00</td>
<td>$36,664.00</td>
<td>66.6%</td>
<td>29% Two-parent, 14% Single-parent, 57% Singles</td>
</tr>
<tr>
<td>27407</td>
<td>$137,100.00</td>
<td>$42,270.00</td>
<td>47.2%</td>
<td>39% Two-parent, 21% Single-parent, 40% Singles</td>
</tr>
<tr>
<td>27409</td>
<td>$132,900.00</td>
<td>$42,831.00</td>
<td>52.9%</td>
<td>28% Two-parent, 18% Single-parent, 54% Singles</td>
</tr>
<tr>
<td>27406</td>
<td>$124,100.00</td>
<td>$37,548.00</td>
<td>33.5%</td>
<td>38% Two-parent, 27% Single-parent, 35% Singles</td>
</tr>
<tr>
<td>27405</td>
<td>$103,600.00</td>
<td>$26,677.00</td>
<td>29.7%</td>
<td>33% Two-parent, 29% Single-parent, 38% Singles</td>
</tr>
<tr>
<td>27401</td>
<td>$99,600.00</td>
<td>$26,460.00</td>
<td>19.6%</td>
<td>19% Two-parent, 26% Single-parent, 55% Singles</td>
</tr>
</tbody>
</table>

Sources: unitedstateszipcodes.org, 2014—2018 ACS 5-Year Data Profile
The price of housing in Guilford County relative to the minimum wage makes economic mobility virtually impossible for low-income individuals. According to the national guidelines on affordability, housing costs should comprise no more than 30% of total income.\(^1\) Renters that spend more than 30% of income on housing costs are “cost burdened,” and those who spend more than 50% of income on housing costs are “severely cost burdened.”

The fair market rent in the Greensboro/High Point area for a two-bedroom apartment is $838/month.\(^2\) Given subsidized housing costs in Greensboro, the minimum income should be $2,800/month to ensure housing does not cost burden a family. Assuming a 35-hour work week, the minimum wage would need to be $18.50/hour for minimum wage workers to spend 30% or less of their income on housing costs. The actual minimum wage in Guilford County is $7.25/hour.

Not surprisingly, the National Low Income Housing Coalition reports that in North Carolina, housing costs impose a disproportionate burden on low-income households (see Figure 2).

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2. [https://reports.nlihc.org/oor/north-carolina](https://reports.nlihc.org/oor/north-carolina)
This minimum wage “doom loop” is exacerbated for single-parent households, which are over-represented in low-income areas (See Figure 1).

In Guilford County, childcare costs for 3-star facilities are:\(^3\)
- $539/month per child for school-aged children
- $750/month per child for 3-5 year olds
- $795/month for children 2 and under

Without subsidized childcare, a minimum-wage worker must work 17-25 per week (depending on child’s age) to cover child care alone. Considering housing and childcare together, a single parent earning minimum wage would have to work between 45-50 hours per week just to cover housing and childcare.

Employment is important, but it does not ensure economic mobility if the majority of a household’s income is going towards rent and childcare, as they are consequently unable to effectively invest in education, transportation, healthcare, or childcare — other enablers of economic mobility.

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Education

There is a pervasive, systemic disparity in the quality of education for low-income students relative to students living above the poverty line in Guilford County. According to the North Carolina Department of Instruction, 32 out of the 125 schools in Guilford County did not meet academic growth standards in the 2018-2019 academic year.\(^5\) As shown in Figure 3, 78% of the schools that did not meet the academic growth standards are Title 1 schools.\(^6\) From this data we understand that Title 1 schools — schools that receive additional funding because they contain a large population of students below federal poverty guidelines — are less likely to meet academic growth standards even with the additional funding.

Moreover, compared to the average student, economically disadvantaged students are 43% more likely to get suspended and 38% more likely to get bullied or harassed, \(^7\) as shown in Figure 4.

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\(^4\) Academic Growth represents the academic progress of a student compared to the average progress of students across the state in a given grade and/or subject.


\(^6\) https://www.gcsnc.com/Page/68434

\(^7\) https://ncreportcards.ondemand.sas.com/src/district?district=410LEA&year=2019&lng=en
As COVID-19 forces school online, the “technology gap” exacerbates this disparity in quality of education. In North Carolina, median household income is a key indicator of internet access. For every additional $1,000 in median income, the county’s broadband subscription rate increases by 0.9 percentage points. Figure 5 is a map created by Carolina Demographics that illustrates this phenomenon.

8 2013—2017 ACS 5-Year Data Profile
Taken together, all these factors – less access to schools meeting academic growth standards, higher incidence of suspension and harassment, less access to key enablers such as broadband, and others – all serve to depress the level of educational attainment in low income areas.

In Greensboro, wealthier ZIP codes have populations with greater educational attainment. In 24708, the wealthiest ZIP code in Greensboro, 63% of residents 25 years and older have completed education past high school (associates degree, bachelor’s degree, etc). In 24701, the ZIP code with the lowest median household income and lowest median home value, 29% of residents 25 years and older have completed education past high school (See Figure 6).\textsuperscript{9}

And, lower educational attainment in turn depresses employment and earnings (Figure 7). The impact of education on economic mobility is clear.

\textsuperscript{9} \url{unitedstateszipcodes.org}
Transportation

Across most Greensboro ZIP codes, over 90% of Greensboro residents drive a car to work (See Figure 7). Although vehicles are the preferred mode of transportation in all Greensboro ZIP codes, lower-income ZIP codes have dramatically lower access. Figure 8 shows that there are 37% more vehicles per capita in 27408 (.82) relative to 27405 (.60).
Another factor that contributes to the disparity in sustained access to vehicles is driver’s license suspensions. Typical tickets in North Carolina carry a fine between $10 and $50, but court fees can push cost upwards of $200. If fines are not paid within 100 days, the state can automatically suspend the driver’s license. As of September 2018, North Carolina had 1.2 million suspended licenses — 1 in 7 drivers — for the failure to appear in court or pay the fine. Low-income people are more likely to get their license suspended as they are less likely to have the disposable income necessary to pay fines. And restricted access to vehicles means restricted access to sustained employment. In this way, transportation is just another piece of the puzzle; it represents a barrier to sustained employment which especially impacts to low-income people and hinders their economic mobility.

**Health**

Low-income communities face barriers to healthy living that wealthier areas in Guilford County do not experience. First, it is important to note that barriers to healthy living are especially prevalent in Guilford County, as it ranks higher than peer counties in food insecurity (see Figure 9). Moreover, the most food-insecure areas in Greensboro correspond with the lowest-income areas of Greensboro. Figure 10 is a map of Greensboro food deserts.

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12 [https://scholarship.law.duke.edu/dlj/vol69/iss7/4/](https://scholarship.law.duke.edu/dlj/vol69/iss7/4/)

13 County Health Rankings BRFSS 2017
In addition to barriers to healthy living, low-income residents of North Carolina have less access to insurance and quality health care. The Guilford County uninsured population is higher than peer counties and the U.S. (Figure 11), especially in areas with more racial minorities, higher poverty rates, and lower educational attainment.

Specifically, the map shows low-income census tracts where a significant number or share of residents is more than 1 mile (urban) or 10 miles (rural) from the nearest supermarket. The highlighted areas in the upper right corner show significant overlap with Greensboro ZIP codes 27405 and 27401, the lowest-income ZIP codes. In short, lower income ZIP codes have less access to food as they are not in close proximity to a supermarket.

And Figure 12 illustrates that in North Carolina, low-income individuals with lower educational attainment and that are single parents are more likely to be uninsured.\textsuperscript{14}

\textsuperscript{14} https://www.ncmedicaljournal.com/content/80/5/269
Furthermore, a study in the North Carolina Medical Journal explains how low-income residents of North Carolina that are not covered by Medicaid have lower levels/quality of medical care.

Because North Carolina did not elect to expand Medicaid, many have fallen into the “Medicaid gap” — the Medicaid gap includes individuals who are not eligible for Medicaid, and yet are too low-income to qualify for ACA subsidies.

These uninsured North Carolinians have lower educational attainment compared to people above the poverty line and to Medicaid recipients — 40.3% have not graduated high school. Moreover, this population is more likely to include single-parents. Both of these attributes directly correlate with lower median household incomes (See Figure 1).

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A study on North Carolina’s Medicaid Gap published in the North Carolina Medical Journal, illustrates how the uninsured are far more likely to have no regular source of care. Moreover, they are more likely to forgo doctor’s visits and medication/treatment due to cost.

<table>
<thead>
<tr>
<th></th>
<th>No High School</th>
<th>Single Parents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above FPG</td>
<td>5.5%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Traditional Medicaid</td>
<td>23.7%</td>
<td>38.8%</td>
</tr>
<tr>
<td>Medicaid Gap</td>
<td>40.3%</td>
<td>43.9%</td>
</tr>
</tbody>
</table>

Source: https://www.ncmedicaljournal.com/content/80/5/269
Barriers to healthy living and less access to quality medical care result in significantly worse health outcomes for Black residents of Guilford County. As established earlier, there is substantial overlap between low-income residents of Guilford County and Black residents of Guilford County. Figure 13 is a table that shows the different mortality rates between Black and white people with regard to five leading causes of death in Guilford County. Two of these causes of death — heart disease (1) and diabetes (5) — are directly related to access to healthy food. Mortality rates for the other three, specifically cancer (3) and kidney disease (4), are directly related to continued access to medical care.

<table>
<thead>
<tr>
<th>CAUSE OF DEATH</th>
<th>White (Rate Per 1,000)</th>
<th>Black (Rate Per 1,000)</th>
<th>Black B/W (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diseases of the Heart</td>
<td>127.8</td>
<td>165.3</td>
<td>+29%</td>
</tr>
<tr>
<td>Cerebrovascular Disease</td>
<td>39.7</td>
<td>54.1</td>
<td>+36%</td>
</tr>
<tr>
<td>Cancer</td>
<td>151.2</td>
<td>177.2</td>
<td>+17.2%</td>
</tr>
<tr>
<td>Nephritis/Nephrosis (Kidney)</td>
<td>13.7</td>
<td>36.3</td>
<td>+165%</td>
</tr>
<tr>
<td>Diabetes Mellitus</td>
<td>18.8</td>
<td>37.8</td>
<td>+101%</td>
</tr>
<tr>
<td>ALL CAUSES</td>
<td>733</td>
<td>874.6</td>
<td>+19%</td>
</tr>
</tbody>
</table>

In sum, low-income residents of North Carolina have less access to food and medical treatment, which results in poor health outcomes -- a clear barrier to sustained employment and, in turn, economic mobility.
Summary/Implications

Housing and childcare, education, transportation, and health (food security and healthcare coverage) are enablers to economic mobility. Systemic, quantifiable disparities across all of these enablers between low-income and middle class areas in Guilford County clearly affect access to employment and prevent some families from being able to achieve economic mobility. In a nutshell, people that live in areas with low median household incomes do not have access to tools that are readily accessible to people in wealthier areas.

To facilitate economic mobility, the arrangement, funding and implementation of existing support services must be transformed. Now, the anti-poverty efforts primarily consist of separate clusters of public programs, each focused on a single issue, with restrictions that limit participants to people of a certain income level, age, etc.

Instead, the approach must be holistic: all structural barriers to economic mobility must be addressed simultaneously. If an individual is forced to sacrifice a large portion of their income for housing and childcare, they cannot become economically mobile. If an individual has lower educational attainment, their earning potential is significantly lowered and they do not have access to jobs that could potentially cover the increasing costs of basic needs. And, finally, if someone does not have access to healthy food or medical care, they cannot easily function in a work or school environment. Everything is connected.

Moreover, efforts to alleviate poverty must be multi-generational. If we consider the data regarding education, for example, it is clear that both adult and child education contribute to continued poverty. A child’s educational experience is in some ways decided by the income of their family, and the income of their family is in many ways decided by the adults’ educational attainment.

Ultimately, the focus must augment the transfer of tangible resources, to the facilitation of skill-building and more opportunities for increased social capital for low-income individuals.

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