Poverty and the Economy

Faculty Research Grants Program

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To improve economic well being and quality of life for Georgians, the University of Georgia’s Office of the Vice President for Public Service and Outreach has undertaken an initiative that aims to address issues of persistent poverty and the economy. With 91 counties in persistent poverty, the state of Georgia is at the heart of the South’s poverty belt — a 242-county region across the southern United States that has experienced persistent poverty over the last three decades and has not been served by federal initiatives.

One aspect of the UGA initiative is the Poverty and the Economy Faculty Research Grants program, which supports sound scholarly research that will promote public policy designed to improve both individual and community prosperity.

Jointly supported by the Office of the Vice President for Public Service and Outreach and the University of Georgia Research Foundation (UGARF), the grants program fosters applied research and creative scholarship related to poverty while contributing to the overall excellence of UGA’s research program. In particular, this program supports research that builds on understanding public policy barriers that inhibit or limit an individual’s ability to participate fully in the economy.

Multiple outcomes are expected, including a better understanding of how the university can address the issue of persistent poverty through teaching, research, and outreach; reinforcement of the linkages between research, application, and policy; and new knowledge about persistent poverty and the conditions associated with it. This grant program also will initiate new research programs that have the potential to be supported by extramural funding.

UGARF awarded a total of $100,000 for the first round of grants in 2006. Five proposals, representing 15 faculty members from 12 academic and public service units, were funded. The research undertaken includes:

- a pilot study of low-income microentrepreneurs;
- an assessment of how information kiosks can address healthcare issues among Latino immigrants;
- a study of state and local policies that impact home ownership among the poor;
- an assessment of service-learning as an approach to improve educational achievement among middle school-aged youth; and
- a study of the barriers to affordable housing construction in rural Georgia.

This report highlights the major findings of this research to date.

For more information about the Poverty and the Economy Faculty Research Grants program, visit the initiative’s Web site at www.poverty.uga.edu.
Pathways to Achieving Economic Self-Sufficiency: A Pilot Study of Low-Income Microentrepreneurs

One strategy to help low-income Americans increase income opportunities, accumulate assets, and achieve economic self-sufficiency is to support opportunities for developing microenterprises, which are small businesses that require less than $35,000 in start-up capital and have fewer than five employees. In fact, most microenterprises use $5,000 or less for start-up capital. In 2004, there were more than 23 million microenterprises nationwide and in Georgia, microenterprises employed 18.7 percent of the state’s workforce. ¹

This study examined non-business factors that impact microenterprise development. Graduates of an Atlanta-area training program offered by the Cobb Microenterprise Council participated in an online survey. Of 498 graduates, 54 responded. Highlights from the preliminary analysis of that survey follow.

1. **Social capital and support contribute to microenterprise development.** This study found that the majority of the respondents have strong regular support networks, especially when they need a ride, during health emergencies, and for emotional comfort and encouragement. Previous studies of low-income microentrepreneurs in Atlanta and the United States showed that stronger social networks correlate with business success (Akers, 2003; Akers, 1996).

2. **Family background and business experience influence the ability to achieve economic goals.** Among the microentrepreneurs surveyed, only eight of 54 did not have a family member engaged in business. Of those who had a family history of business experience, 17 respondents had at least one self-employed parent.

3. **Health conditions generally do not hinder microentrepreneurs from accomplishing their goals.** Many respondents mentioned that their health conditions did not stop them from starting and operating their microenterprises.

4. **Financial status and practice does not necessarily guarantee business success.** The survey found that business success is not significantly related to whether a microentrepreneur has savings or investments prior to participating in the training program.

Initial results show that non-business factors influence microentrepreneurial success. More analyses are planned that include data owned by the Cobb Microenterprise Council. Results of a focus group will add depth to these statistical analyses.

The study will be presented at the 2008 American Collegiate Schools of Planning conference and the Georgia Microenterprise Network Annual Conference. Plans are underway to seek extramural support from the Ms. Foundation, Reynolds Foundation, and U.S. Small Business Administration.


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Starting small businesses that need less than $5,000 start-up capital can help low-income Americans achieve economic self-sufficiency.
Addressing Poverty through Strong Schools and Strong Communities: A Service-Learning Approach

A fundamentally different approach to teaching — service-learning — was introduced at a middle school in Griffin, Ga., to determine whether linking academic studies with real-world poverty issues would improve student academic achievement, civic disposition and contribute to poverty reduction. Service-learning allows students to take what they learn in the classroom and apply it to a community problem or issue.

Faculty at Cowan Road Middle School in Griffin learned how service-learning could be an effective means for engaging students in community issues. They also participated in a poverty simulation to help them understand the daily challenges that people who live in poverty experience. More than 75 people representing local government and social service agencies attended a community luncheon to learn about the study and help identify possible student projects in the community. Teachers and students chose the focus of their projects: financial literacy (6th grade); literacy mentoring of pre-K students (7th grade); and health impacts of poverty (8th grade).

Findings so far relate to teachers and students adopting service-learning in their classrooms.

1. A poverty simulation helped spark interest in implementing service-learning activities related to poverty since teachers had little personal connection with poverty and the related issues that their students face.
2. Teachers reported that students welcome the chance to get involved in a real-life experience.
3. Some teachers implemented service-learning only as an “add-on” activity because of a concern that student test scores would suffer if it was included in the core curriculum.
4. Some teachers were uncomfortable involving students in planning and implementing projects.
5. Teachers reported that participation in service-learning increases students’ confidence, attitudes, participation in class activities, and willingness to work with others.

6. Providing professional development training at the school increased the likelihood of teacher involvement.
7. Students were more likely to talk about poverty’s effects on their lives when teachers demonstrated awareness of poverty.
8. Service-learning activities created opportunities for teachers to see their students in a different light.
9. Tutoring younger students gave middle schoolers a sense of accomplishment as their protégés improved.
10. Students reported that helping younger students develop reading comprehension skills makes them more aware of their own reading comprehension.
11. Students reported that they don’t like to miss school on days when they are going to be involved in service-learning work.

From a research standpoint, two important strands are emerging — the use of service-learning to address poverty and the estimation of students’ time preferences related to staying in school. The study also has sparked community-wide interest in addressing poverty in Griffin, Spalding County.

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This study examined the effectiveness of electronic kiosks for providing information to local Latino immigrants on diabetes management, local resources for diabetes information and treatment, and access to local resources for health insurance and health care.

Two types of kiosks were placed at locations well known to the Athens-area Latino community — the Pinewood Library and Hawthorne Drugs. Both kiosks offered diabetes education content, including health education modules and local resources, in a Web-based touch-screen format in both English and Spanish. Spanish-language print materials on diabetes management also were provided. A community-based peer educator (promotora) recruited eight residents at the Pinewood location and taught them how to use the kiosks. No promotora worked at the Hawthorne Drugs location.

Pinewood participants used each kind of kiosk for two months during the study. One kiosk was a gray-colored sit-down model that also measured blood pressure, weight, and other vital signs; the other was an upright, red-colored information-only kiosk. A pre-test measured the participants’ health literacy. User data and post-study focus groups (five participants) provided feedback on the kiosks and health information. Participants preferred to be able to sit down and liked the weight and blood pressure monitoring features of the gray kiosk.

Project evaluators reported that electronic kiosks are viable tools for the Latino community to learn about health information and that users found the information to be appropriate and potentially useful. The kiosks’ site-monitoring software and the online survey of kiosk users (n=14) showed that users were comfortable using the kiosk (100%) and found it easy to use (93%). During a focus group discussion, logistical barriers such as language, lack of insurance, and transportation difficulties meant that most participants did not meet regularly with healthcare professionals, further suggesting the informational value of the kiosks for this population.

Project evaluators reported that the promotora was key to the kiosk’s effectiveness due to users’ lack of general literacy skills, not just technology literacy or English-language literacy. The promotora also helped dispel fears of using the kiosk. The project was unable to effectively recruit participants at the location without a promotora.

This project showed that information kiosks located in the Latino community may be more effective than those in a healthcare setting. While some barriers were reported at Pinewood (e.g., facility hours of operation, distracting presence of children at the library), the Pinewood Library staff have requested that the kiosks remain after the study concludes because of the high level of community interest, especially in the health-management aspects such as weight and blood pressure measurements.

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When combined with instruction by health educators, electronic kiosks may provide important healthcare information to Latino immigrants.
Government Policies Impacting Families’ Abilities to Transform Income into Wealth via Home Ownership

The impact of government policies on housing values was studied using traditional research methods and by involving service-learning students.

Project investigators developed the quantitative methodology for this study and student teams from the University of Georgia law school’s Public Interest Practicum class explored the qualitative aspects of the complex social and economic factors that affect housing values. In particular, student teams visited and observed properties whose values were believed to have been negatively impacted by local policies related to zoning, site selection for undesirable land uses, school attendance zones, and other factors.

Research suggests that neighborhood characteristics are associated with median neighborhood housing values in Athens-Clarke County, Ga. Analysis of 1990 and 2000 neighborhood data showed that as the percentage of African-American residents increases, the neighborhood median value of owner-occupied housing units decreases. This finding was confirmed when more rigorous statistical analysis controlled for variables associated with area housing values (e.g., housing characteristics and median income) and suggests that race is a factor in housing values.

Project investigators also found that local and state policies that determine the location of government facilities affect assessed housing values. Homes located near some types of government facilities such as jails and prisons, the airport, and water treatment facilities; public housing developments; and social service agencies, including half-way houses and soup kitchens, had lower assessed housing values than would be expected based on the quality of the homes without considering location factors. These same policies also negatively impacted the rate of return on a home investment. However, not all “unwanted” facilities had negative impacts on values. Public housing was associated with positive impacts on housing values.

Analysis showed that housing values were higher in neighborhoods with a greater percentage of larger single-family lot sizes, all else being equal. However, the study also showed that land zoned for less dense single-family housing (25,000 sq.-foot lot average) has a slower rate of increased housing value assessment over time compared to more dense neighborhoods. This may be due to the development of more vital neighborhoods that have higher densities but also more access to mixed uses.

School enrollment policies also appear to affect assessed housing values. Parents will pay a premium for homes in areas with high-quality schools; similarly, homes in areas with lower quality schools will sell for a discount, all else being equal. School choice policies tend to reduce both the premium and the discount of home values that fixed attendance zones create.

A survey of housing real estate professionals indicated that sale prices of homes located within 100 feet of certain undesirable land-uses would be discounted from 8.1 to 51.9 percent and that homes in areas with top-performing schools receive a 27 percent sales premium compared to homes located in areas where the schools are in the bottom half of school district performance.

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Law students examined the impact of government policies and complex social and economic factors that affect housing values.
Barriers to Workforce Housing and Economic Self-Sufficiency in the Rural South

The city of Moultrie, located in southwest Georgia, has recently experienced rapid economic growth due in part to new industry in the area. As a result, the city has faced a shortage of workforce housing.

This study aimed to: identify and address the potential demand for workforce housing in Moultrie due to the new Sanderson Farms poultry processing facility, and document and study possible solutions for overcoming barriers to building such housing.

Data and information were obtained from a survey of 515 poultry processing job applicants, a survey of local homebuilders, and interviews with government planning staff and local housing and community development professionals. The data indicate that there is a demand for workforce housing but that significant barriers exist.

Many job applicants (28 percent) would like to move from their current residences and another 25 percent may need new homes because of the poor or undesirable conditions of their current residences. The typical job applicant was black, female, 33-years old, employed and high-school educated. Almost 40 percent lived in a mobile or manufactured home, and 41 percent were homeowners.

Of those who were hired, both Hispanics and blacks were more likely than whites to remain employed eight months later. Employees without a high-school education were less likely than high-school graduates to be still employed by the firm at that time. Also, if the primary childcare option was having children stay at home, workers were more likely to separate from the firm. This finding suggests that providing affordable care for children outside the home may play an important role in reducing turnover.

Interviews with government planning staff and local housing and community development professionals yielded these conclusions: there is a need to improve existing housing stock; and there is a need to review and amend outdated ordinances that affect housing development. With UGA’s Archway Partnership Project facilitation, a visit from the state’s Department of Community Affairs Quality Growth Resource Team, and Moultrie’s continued participation in the Georgia Initiative for Community Housing program, the city is amending those ordinances.

UGA has expanded the housing survey to include employees of the city of Moultrie, Colquitt County, the Colquitt County school system, and the local hospital to provide a picture of the full workforce in the Moultrie area. This survey was funded by DCA through the Southwest Georgia Regional Development Center.

Project collaborators included the city of Moultrie, Colquitt County Cooperative Extension, Archway Partnership Project, and the Moultrie-Colquitt Chamber of Commerce. The Human Resource Division at Sanderson Farms provided access to their applicants and subsequent data on employee wages and job status and facilitated an in-plant employee housing fair. The Georgia DCA, USDA Rural Development, and the Southwest Georgia Regional Development Center provided education on available assistance programs during the housing fair, the builder survey meeting, and an initial community data presentation.

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