

How a GED is a Real Advantage in Reducing Family Homelessness in New York City

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an ICPH policy brief

New York City's Department of Homeless Services' Advantage program aims to assist families to make a permanent transition from shelter to self-sufficiency by providing a rent subsidy for one to two years once they leave shelter. To maintain their eligibility, Advantage program participants are required to work at least part time and contribute 30% of their gross monthly income toward rent in the first year, and if they qualify, 40% in the second year. While receiving an Advantage subsidy is premised on a parent's ability to obtain and retain a job, without at least a high school equivalency diploma (known as the General Educational Development Exam or GED), the road to gainful employment and self-sufficiency will be riddled with potholes. Homeless parents—almost 50% of whom are high school drop-outs—require tools, such as a GED, to solidly begin down the road to self-sufficiency. While funding Advantage is clearly better than having no significant subsidy in place, the City's housing policies must be linked to cost-effective investments in education.

Even though a GED creates an avenue of opportunity for recipients and their families, overall less than 2% of New Yorkers without a high school diploma or GED take the exam each year.² Fortunately, the New York City Council recently launched a *Back-to-School* campaign to encourage New Yorkers to obtain a GED and participate in other free adult education classes. Ultimately, the initiative aims to improve New Yorkers' access to better jobs through education.³ However, while creating educational attainment opportunities for all New Yorkers yields benefits across the board, the *Back-to-School* program has the potential to provide homeless parents with a long-term advantage, not just a short-term subsidy.

Employment and Income Benefits of GEDs

Recent data demonstrates that obtaining a GED has employment and income benefits for all recipients. Nationally, high school dropouts who obtain a GED on average increase their earnings by \$115 per week or \$3,500 per year. Even GED recipients who do continue to further their education are more likely to be employed full time than dropouts without the credential.⁴ Individuals with either a high school diploma

or GED earn 33% (\$7,000) more annually than high school dropouts without a GED—New Yorkers with either credential earn 65% more over their lifetime than they would with neither.⁵ Most strikingly, female New Yorkers

with either credential earn nearly 94% more over their lifetime than those without.⁶ They are also more likely to exit poverty than women with lower educational attainment.⁷

Moreover, during the recent economic downturn, New Yorkers with a high school diploma or a GED lost jobs at half the rate of those who did not have them.⁸ At a time when unemployment hovers at 9.1% in New York City, a GED becomes crucial to finding and retaining a job. Meanwhile, a study issued by New York's Community Services Society reports that over a lifetime, a person without a high school diploma or GED represents a net fiscal cost of \$134,000 to the city, whereas someone with either credential provides a net fiscal benefit of almost \$193,000.⁹ A GED preparation course costs only about \$1,000 per participant.¹⁰

Comparative Costs¹

Cost of returning to shelter (per family)	\$30,000
Cost of Advantage Re-housing program (per household)	\$15,912
Cost of GED preparation course (per person)	\$1,000

More than one-half of homeless heads of households lack a high school diploma or GED.¹¹ These individuals are likely to have fewer job opportunities, work fewer hours, and earn lower wages than those with a high school diploma or GED. Without long-term steady employment, the probability of returning to homelessness greatly increases. A recent report noted that 40% of families seeking emergency shelter services has lived in New York City's shelter system at some point in the past.¹²

If homeless parents are expected to achieve stability through work, the Advantage program must provide them with the tools to make this goal a reality. Because family shelters often provide child care and other wrap-around services, GED courses can be easily and effectively offered at shelters. Given the advantage to families of participating in a GED program, and the timely opportunity of the City Council's *Back-to-School* campaign, there is a unique opportunity for collaboration to turn shelters into tools that will benefit homeless families and taxpayers alike.

Endnotes

¹ Two-year cost of Advantage is an average based on rental cost of a one-bedroom apartment at \$1070/mo and family contribution of 35% of household income over two years. Institute for Children, Poverty and Homelessness, *To Whose Advantage is Work Advantage* (2009) identifies mean income of homeless families as \$9.87/hr with 36% employed full time and 64% employed part time, for an overall average of \$13,960/yr. Average family rent contribution according to this mean income is \$4886/yr, with the city subsidizing \$7954/yr, for a total of \$15,908 over two years; Institute for Children, Poverty and Homelessness, *Boomerang Homeless Families: Aggressive Rehousing Policies in New York City*, Summer 2010; New York City Mayor's Office of Operations, *Mayor's Management Report*, 2005, 2009; New York City Department of Homeless Services, *Critical Activities Report*, FY02–FY09; Lazar Treschan and David Jason Fischer, *From Basic Skills to Better Futures: Generating Economic Dividends for New York City*, Community Service Society, September 2009.

² The Council of the City of New York, "Speaker Quinn, Council Member Arroyo Launch Citywide GED and Adult Education Campaign," August 24, 2010 (Release #084-2010).

³ Margaritov, Margarit, "Back-to-School Adult Programs," *The Queens Courier*, September 15, 2010.

⁴ Wei Song and Yung-chen Hsu, *Economic and Noneconomic Outcomes for GED Credential Recipients*, GED Testing Service Research Studies, American Educational Research Association (AERA) annual conference, New York, NY, 24–28 March 2008.

⁵ United States Bureau of Labor Statistics, *March 2007 Supplement to the Current Population Survey*; Lazar Treschan and David Jason Fischer, *From Basic Skills to Better Futures: Generating Economic Dividends for New York City*, Community Service Society, September 2009.

⁶ Female adults in New York City (18–64 years old) who do not have a high school diploma or GED have lifetime earnings of \$389,156 compared to \$753, 988 for those with it. Paul Harrington, *Labor Market and Fiscal Impacts of Educational Attainment in New York City*, "Multiple Pathways to Success: Graduation and Beyond" New York City Dropout Summit, Brooklyn, NY, 6 March 2009.

⁷ Annie Georges, "The GED certificate and the poverty status of adult women," *Journal of Children and Poverty*, 7(1), 49–61, 2001.

⁸ Lazar Treschan and David Jason Fischer, *From Basic Skills to Better Futures: Generating Economic Dividends for New York City*, Community Service Society, September 2009.

⁹ Net fiscal cost for less than high school or equivalent = \$-134,037. Net fiscal benefit for HSD or GED = \$192,715. Costs are derived from the cost of institutional expenditures (such as incarceration and shelter) and cash and in-kind transfers, while benefits are derived from tax payments; Paul Harrington, *Labor Market and Fiscal Impacts of Educational Attainment in New York City*, "Multiple Pathways to Success: Graduation and Beyond" New York City Dropout Summit, Brooklyn, NY, 6 March 2009; Lazar Treschan and David Jason Fischer, *From Basic Skills to Better Futures: Generating Economic Dividends for New York City*, Community Service Society, September 2009.

¹⁰ Lazar Treschan and David Jason Fischer, *From Basic Skills to Better Futures: Generating Economic Dividends for New York City*, Community Service Society, September 2009.

¹¹ 45% of homeless heads of households' highest educational attainment was "some high school" and another 11% had less than high school. Nancy Smith, Zaire Dinzey Flores, Jeffrey Lin, and John Markovic, Vera Institute of Justice, "Understanding Family Homelessness in New York City," September 2005.

¹² Institute for Children, Poverty, and Homelessness, *Boomerang Homeless Families: Aggressive Rehousing Policies in New York City*, Summer 2010.

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