

Rural Poverty in the United States



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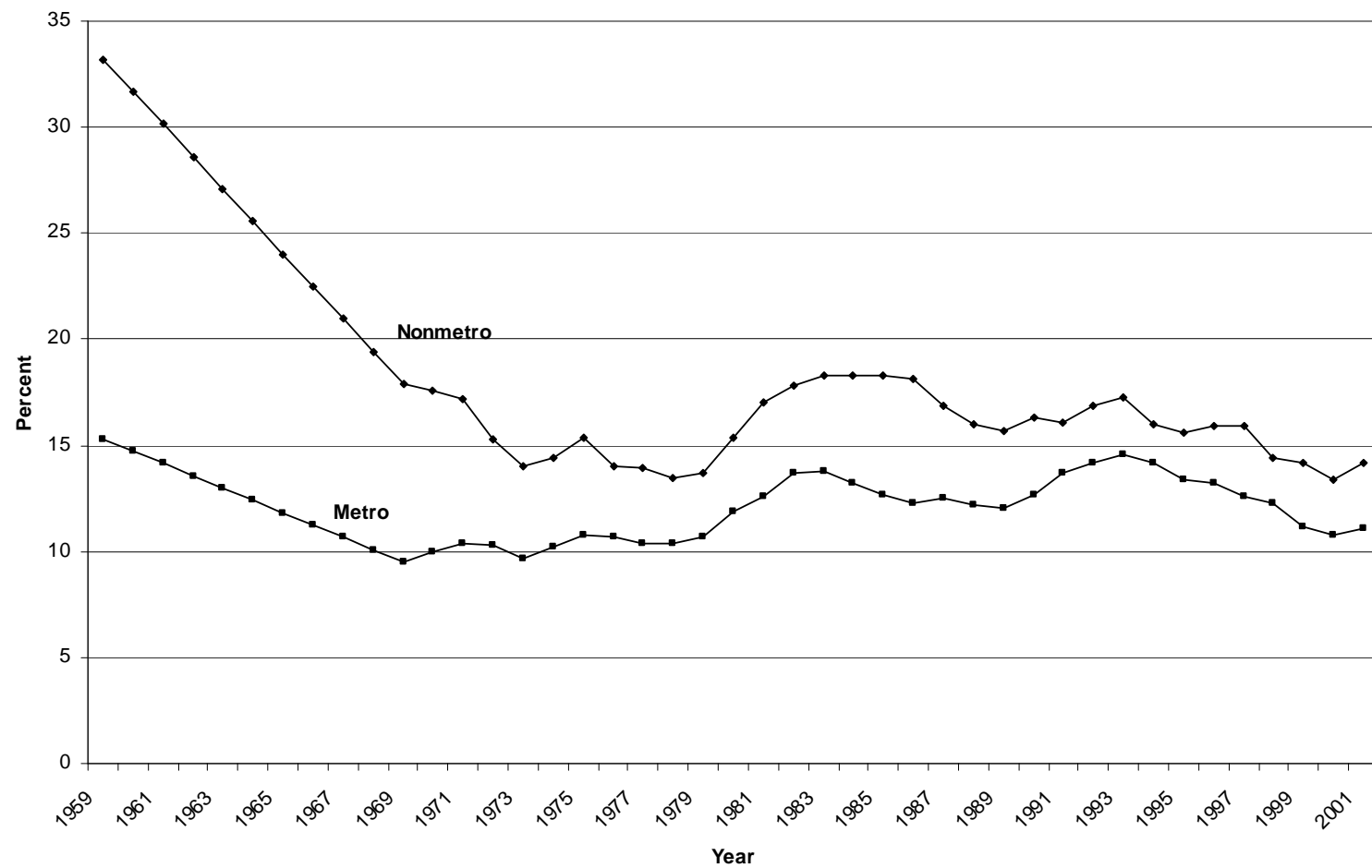
Overview

- ❑ Poverty and Place: A Geography of Poverty in US
- ❑ Social Safety Net and the Increasing Importance of Local Context
- ❑ What research says about Poverty, Policy and Place

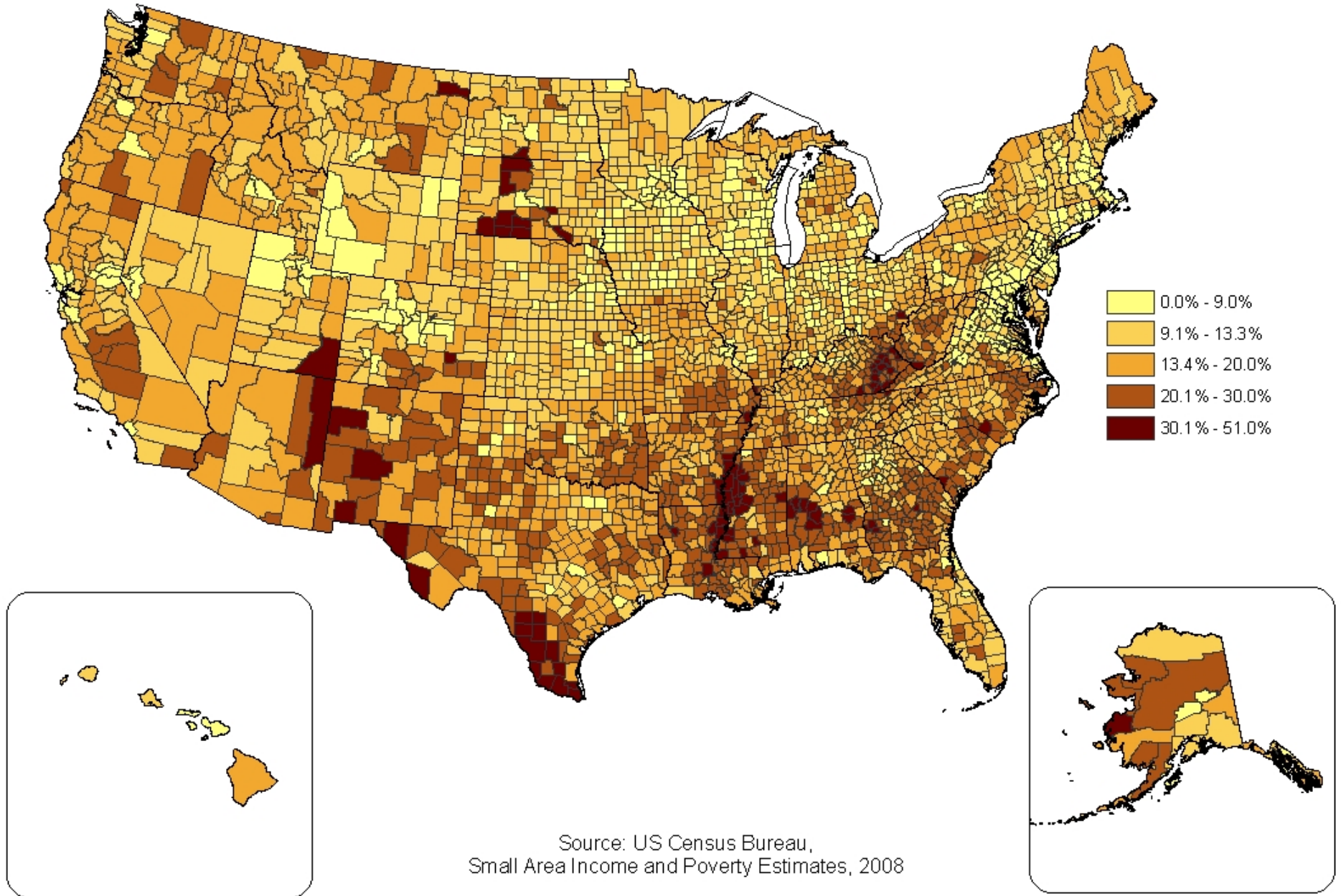
A Geography of Poverty: Poverty and Place in the U.S.

- ❑ County poverty rates have historically been higher in nonmetropolitan counties
- ❑ County poverty rates are highest in the most remote rural counties
- ❑ Tract level poverty rates are highest in central cities and remote rural areas
- ❑ Persistent poverty counties are mostly (95%) rural

Poverty rates by residence, 1959 - 2001

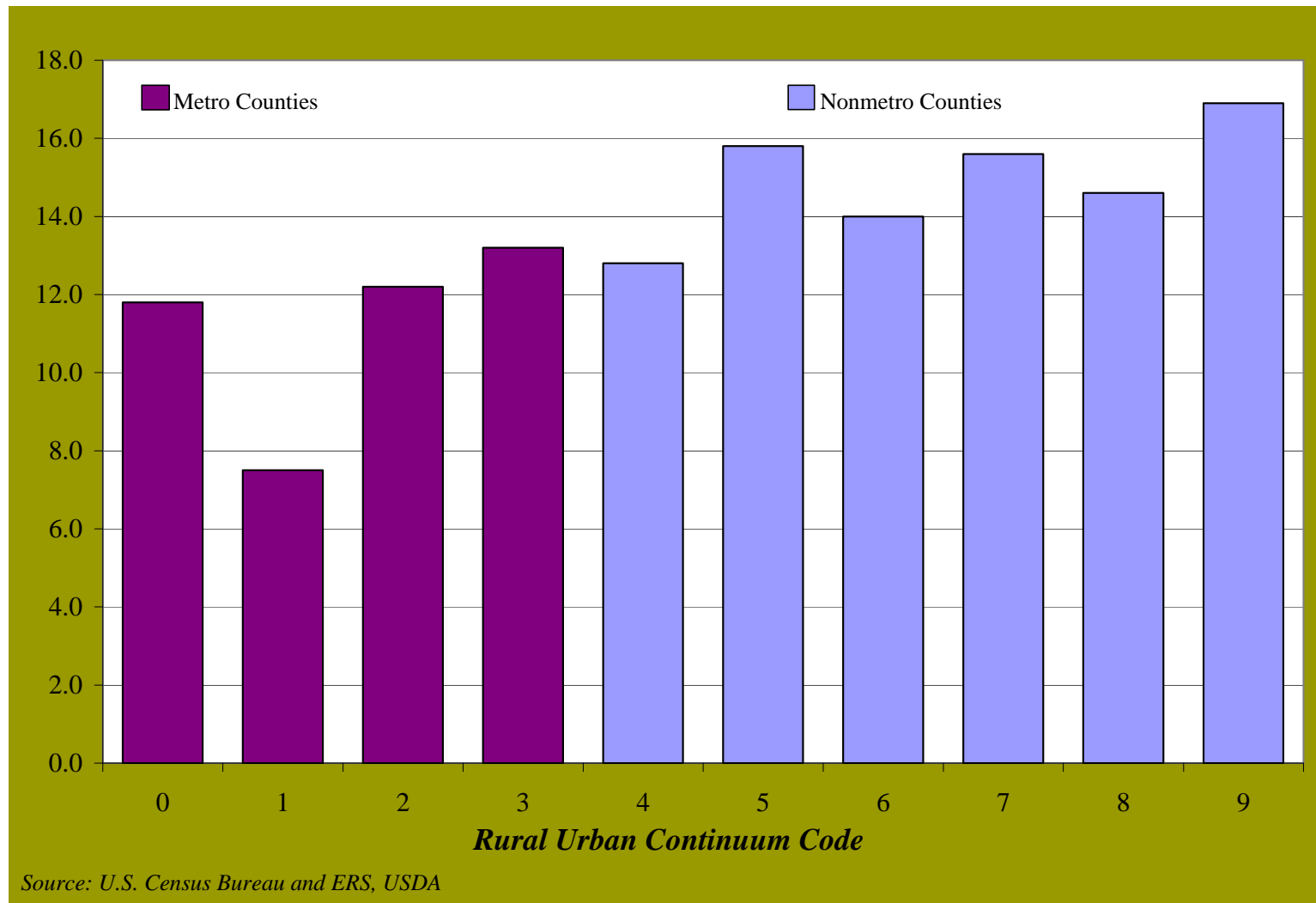


Estimated Percent of County Population in Poverty, 2005

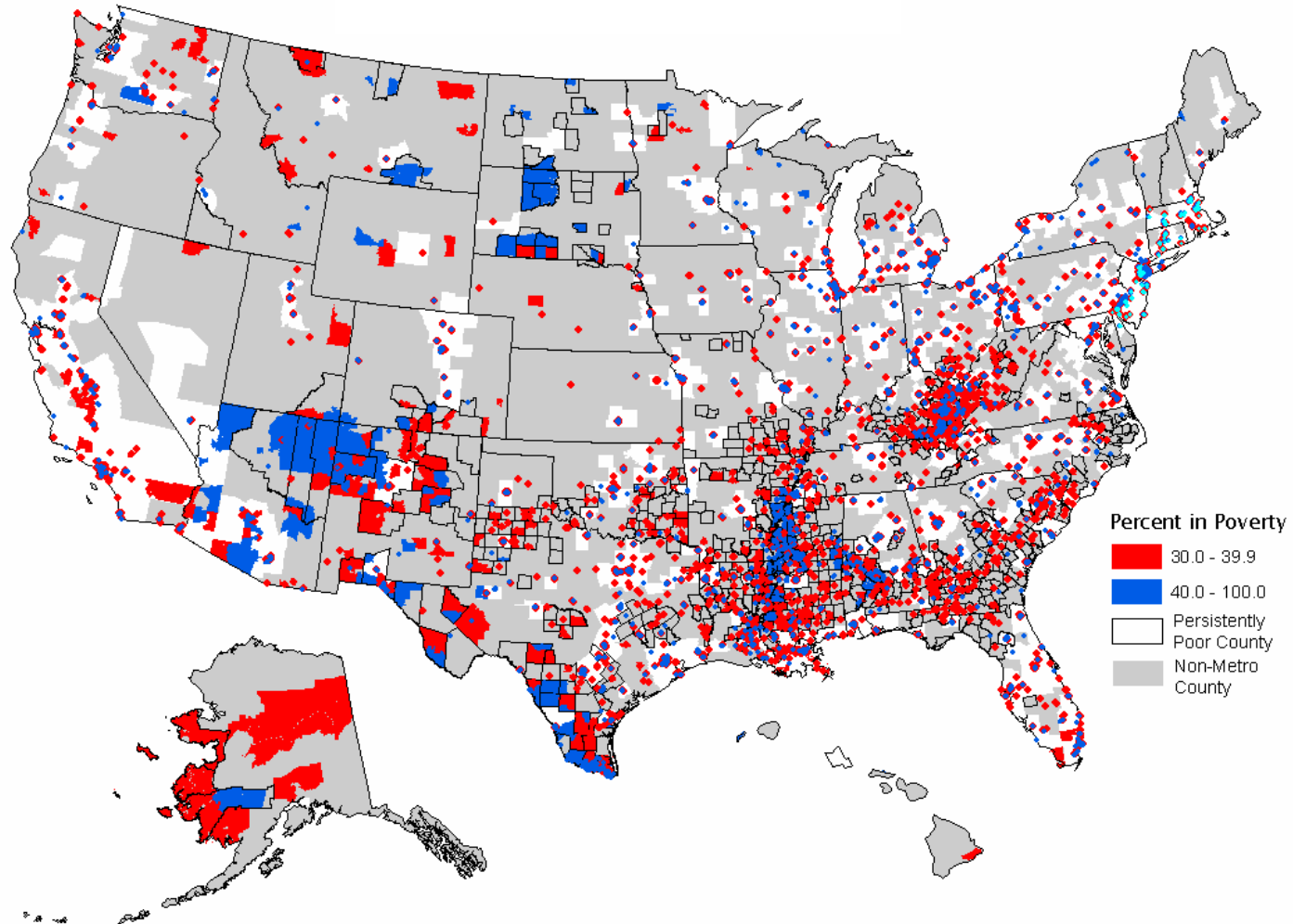


Source: US Census Bureau,
Small Area Income and Poverty Estimates, 2008

Poverty Rates Along the Rural Urban Continuum



High Poverty Census Tracts, 1990

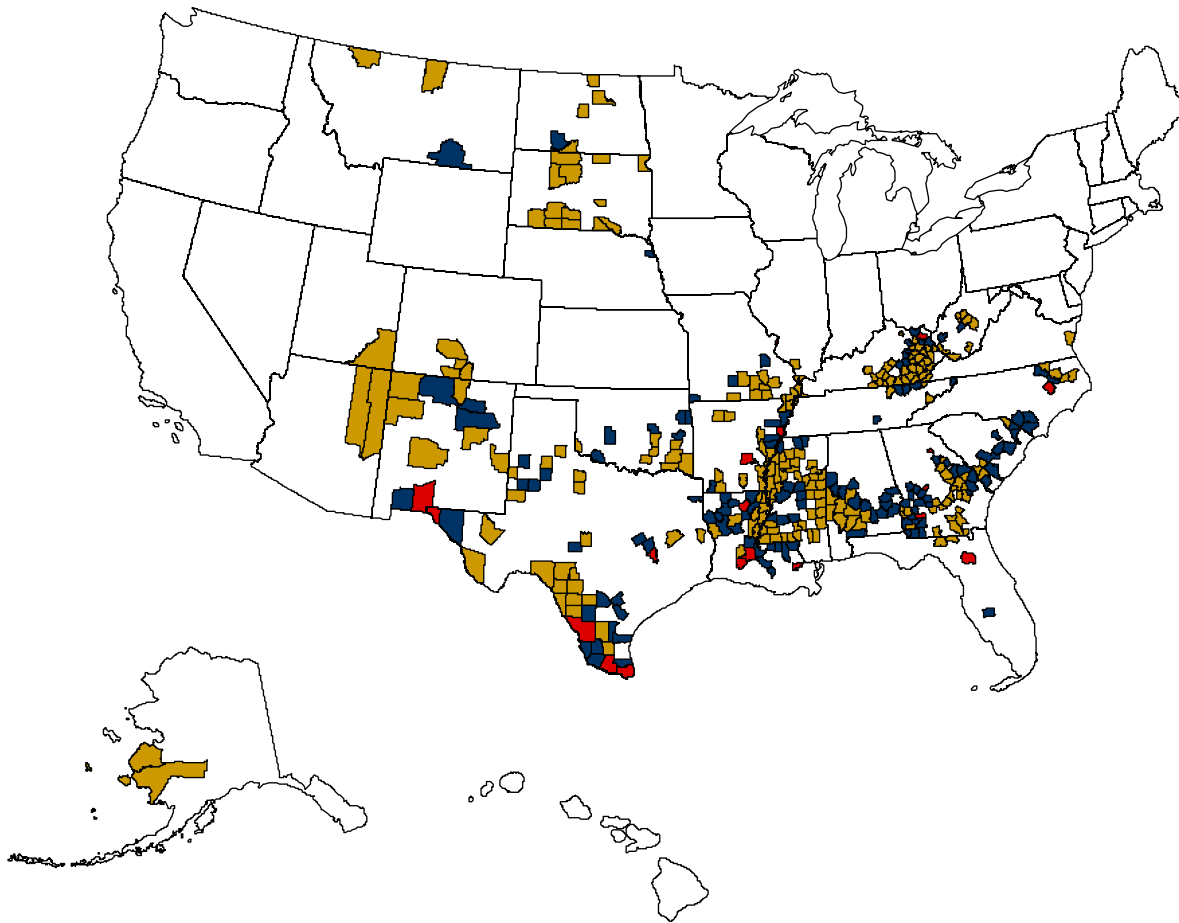


Persistent Poverty Counties

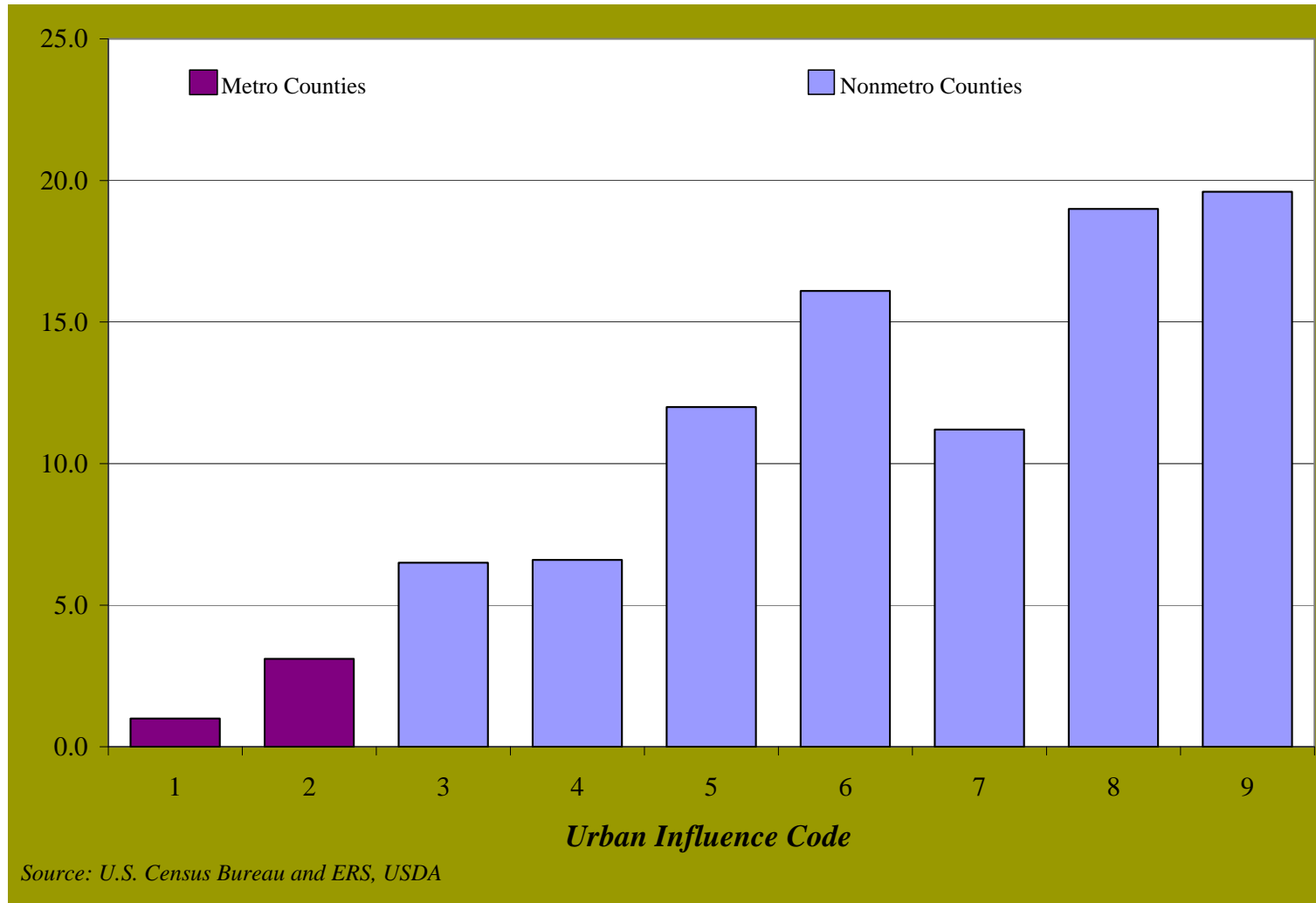
- There were 382 Persistent Poverty Counties in 2000. (These counties poverty rates of 20% or higher in each decennial census between 1960 and 2000)
- Persistent Poverty Counties are:
 - Geographically concentrated
 - Overwhelmingly rural (95 percent)

Persistent Poverty Counties

Counties with poverty rates $>20\%$ in 1959, 1969, 1979, 1989, 1999



Percent of Counties in each Urban Influence Code in Persistent Poverty



Policies for Reducing Poverty: The Social Safety Net

- **Cash Assistance:** TANF, SSI
- **In-kind Assistance:** Food Stamps, Medicaid, Housing Assistance
- **Earnings Supplements:** EITC, minimum wage
- **Job Search and Job Training Programs**
- **Family-based Programs:** Child Support
- **Youth-targeted educational assistance:** Head Start, Job Corps
- **Place-based Economic Development:** tax incentives, enterprise zones, CDBG

Federal Social Safety Net

Spending and Caseloads FY 2000

	Spending (\$ billion)	Caseload (thousands)	Spending per recipient
Medicaid	207	42,020	\$4,931
SSI	35	6,609	5,306
EITC	26	53,320	466
Sub. Housing	22	26,961	834
Child Care	21	1,447	1,798
Food Stamps	20	18,200	1,118
TANF	14	6,035	2,401
Jobs/training	7	2,028	3,623
Child Sup. Enf.	3	11,900	274

Social Safety Net: the Increasing Importance of Local Context

- Most poverty is working poverty
 - most poor households have at least one worker
- Anti-poverty policy is increasingly work-related:
 - EITC goes only to those with earnings
 - TANF provides incentives for working and penalties for not working
 - Child care subsidies are often tied to work

Social Safety Net: the Increasing Importance of Local Context

- Local context is increasingly important in work-oriented anti-poverty strategy
 - success in getting a job and escaping poverty depends on local labor market
- Some social safety net programs are devolving to state and local level
 - States and tribes have been given more discretion in designing incentives and penalties
- Nongovernmental organizations have enhanced role in anti-poverty efforts
 - Faith-based organizations
 - Workforce investment system

The Particular Importance of Local Context in Rural Areas

- Working poverty is more prevalent in rural than in urban areas
 - In Oregon, 12 percent of rural working-age households are poor, compared to 8 percent of urban working-age households
- Social safety net appears to be less effective in rural areas
 - It is more difficult in rural areas to move single mothers into employment and out of poverty (demographics, local labor market conditions, work barriers, availability of support services)

What Have We Learned About Poverty-reducing Impact of.....

- Local Economic Context
 - Job Growth
 - Higher share of population with jobs
 - Lower unemployment
- Policy
 - Education and Training
 - Child care
 - Transportation

Local Economic Context: Job Growth

- Local job growth
 - reduces poverty in metro and nonmetro areas (Gunderson, 2006)
 - has a greater poverty-reducing effect in
 - central-city counties and remote rural counties (Partridge and Rickman, 2006)
 - persistent poverty counties (Partridge and Rickman, 2005)
 - reduces poverty most in high-poverty tracts (Crandall and Weber, 2004)

Local Economic Context: Unemployment

- Job growth can reduce unemployment rates and increase the share of the population that works
- Increasing the share of women working reduces poverty (Partridge and Rickman, 2006)
 - The effect is stronger in rural areas
- Reducing male unemployment rates reduces poverty (Partridge and Rickman, 2006)
 - The effect is stronger in metro areas

Federal and State Policy

- Education and Job Training
- Child Care
- Transportation

Education

- ▣ More formal education lowers the risk of poverty for rural people, other things equal ((Partridge and Rickman 2006, Weber et al. 2007)
- ▣ But education appears to have less poverty reducing effect in rural areas than in urban areas. (Lichter, Johnston and McLaughlin, 1994)

Job Training

- “Among economically disadvantaged populations, job training is estimated to raise earnings of women, have small positive effects on men, and negligible impact on youth” ...
- “Earnings gains for adult women increase in both the short and long run, but the gains are not large enough to lift participants out of poverty” (O’Leary et al., 2005)

Education Access in Rural Areas

- Getting more education and training may be particularly challenging in rural areas
 - Blalock (2004), for example, found that mothers receiving welfare in remote, persistently poor areas in Louisiana “had been unsuccessful in their attempts to substantially improve their education or training”

Education and Jobs in Rural Areas

- And more education/employment experience may not help much because of lack of available jobs using acquired skills
 - Pickering (2000), for example, found that high rates of welfare participation on the Pine Ridge reservation in South Dakota “are the result of a lack of jobs, not a lack of job experience or an avoidance of existing jobs”

Childcare in rural areas

- ❑ Childcare cost, quality and availability is a key concern, especially given the work requirements of TANF
- ❑ Formal child care is less available in rural areas than in urban areas, particularly for those who work non-standard hours.

Child care subsidies

- ▣ Rural families have shorter spells of child care subsidy use than metro families with identical demographic characteristics (despite worse economic conditions in rural areas). (Davis et al., 2007)
- ▣ Child care spending can be particularly important in rural areas: a dollar increase in child-care spending increases child-care quantity three times as much in rural as in urban areas. (Cochi Ficano, 2006)

Transportation in Rural America

- ❑ Lack of public transportation is a key problem for welfare recipients in rural America
- ❑ Anderson and Van Hoy (2006), for example, found that a key difference between rural and urban Oregon women who receive welfare benefits is the availability of transportation

Transportation Subsidies

- A subsidized vehicle program in Vermont was found to increase the probability of employment and earned income for participants
 - Participants 19% more likely to have earned income after vehicle acquisition
 - Earned income on average \$127 per month higher

(Lucas and Nicholson, 2003)

What does research tell us about the Social Safety Net and rural poverty?

- ❑ Barriers to work are greater in rural areas: a lack of good jobs, education/job training, child care, transportation
- ❑ Improved labor market conditions reduce poverty, particularly in remote rural areas
- ❑ Education reduces poverty, but less in rural areas

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- ❑ Child care subsidies help increase supply more in rural areas, although rural families still use subsidized care less than urban families
 - ❑ Transportation subsidies help increase employment and income

Strengthening the social safety net

- ❑ Increase work supports (child care, transportation...)
- ❑ Enhance worker productivity (education, job training...)
- ❑ Support job creation (public sector jobs, wage subsidies, tax credits) particularly in persistent poverty areas
 - These three strategies require local “infrastructure” investments
- ❑ Strengthen social safety net “living supports” (food, housing, health care...)
- ❑ Make work pay (earned income tax credits, minimum wage increases...)

Fitting policies to the rural context

- Context is different in rural places
 - Small size means few “higher order services”, limited economies of scale and higher average costs of providing services and doing business, and limited administrative structures for public services
 - Remoteness means higher transportation costs
- Rural areas are not all the same
 - Some are growing, some declining, some are prosperous, some impoverished
 - Tribal communities have unique challenges and opportunities

Keys to success in rural areas

- Address lack of jobs, low wages and high unemployment
- Address the service problems caused by low population densities.
 - Improve education/training opportunities
 - Increase affordable and flexible child care
 - Recognize need of rural residents for reliable transportation

TANF Population as Community Asset

- ❑ Many of you view your individual clients as having unique assets they can develop to achieve personal success
- ❑ Can your collective caseload be viewed as a community asset that can be developed and marketed in local economic development efforts?
- ❑ Does your program have a role to play in defining and marketing that asset?

References

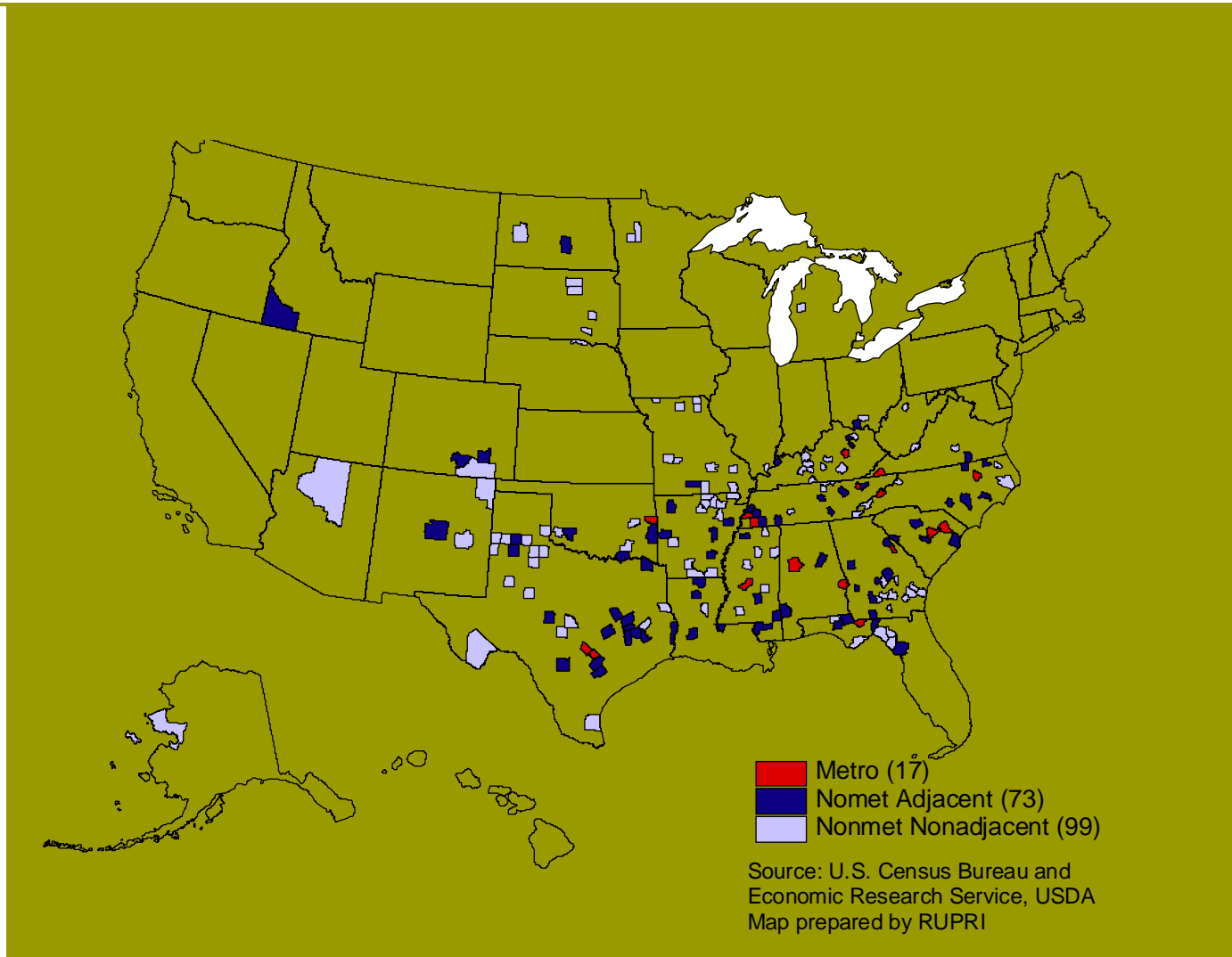
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- ❑ Blank, Rebecca, "Poverty, Policy, and Place: How Poverty and Policies to Alleviate Poverty Are Shaped by Local Characteristics", *International Regional Science Review*, October 2005
- ❑ Blank, Rebecca, *It Takes a Nation: A New Agenda for Fighting Poverty*, Princeton University Press, 1997 [social safety net policy options]
- ❑ Iceland, John, *Poverty in America: A Handbook*, University of California Press, 2003 [federal budget pie chart]
- ❑ Moffitt, Robert, ed., *Means-tested Transfer Programs in the United States*, University of Chicago Press, 2003. [spending table]
- ❑ Weber, Bruce, et al., "A Critical Review of Rural Poverty Literature: Is There Truly a Rural Effect?", *International Regional Science Review*, October 2005 [poverty maps and bar charts]

Persistent Poverty Dynamics: Persistent Poverty Leavers

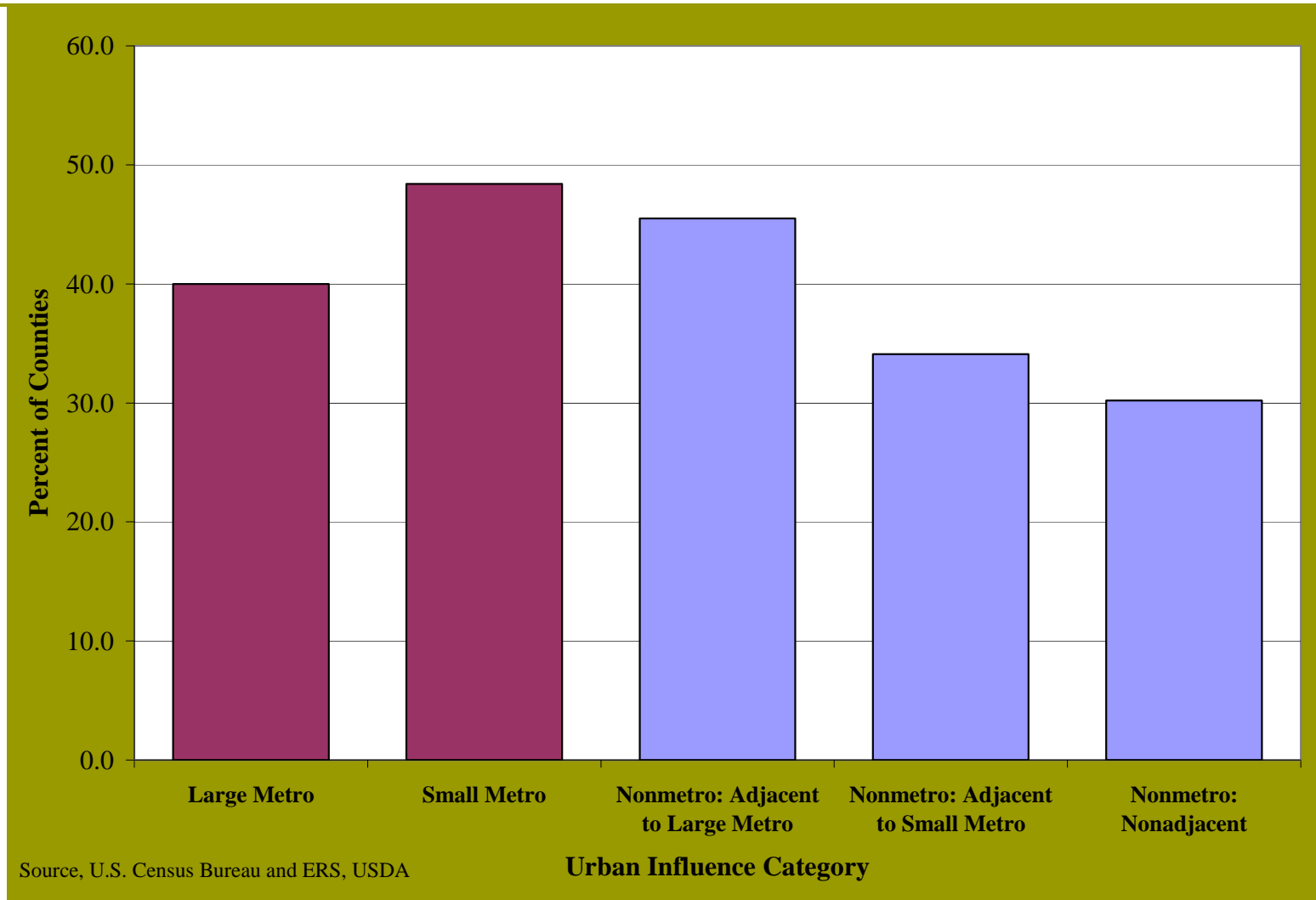
- 189 counties were “persistent poverty leavers”: they left persistent poverty status between 1990 and 2000
- The *metro* counties were *more likely to be leavers* than nonmetro counties
- *Nonmet adjacent counties* were *more likely to be leavers* than nonmet nonadjacent counties

Persistent Poverty Dynamics

Persistent Poverty Leavers



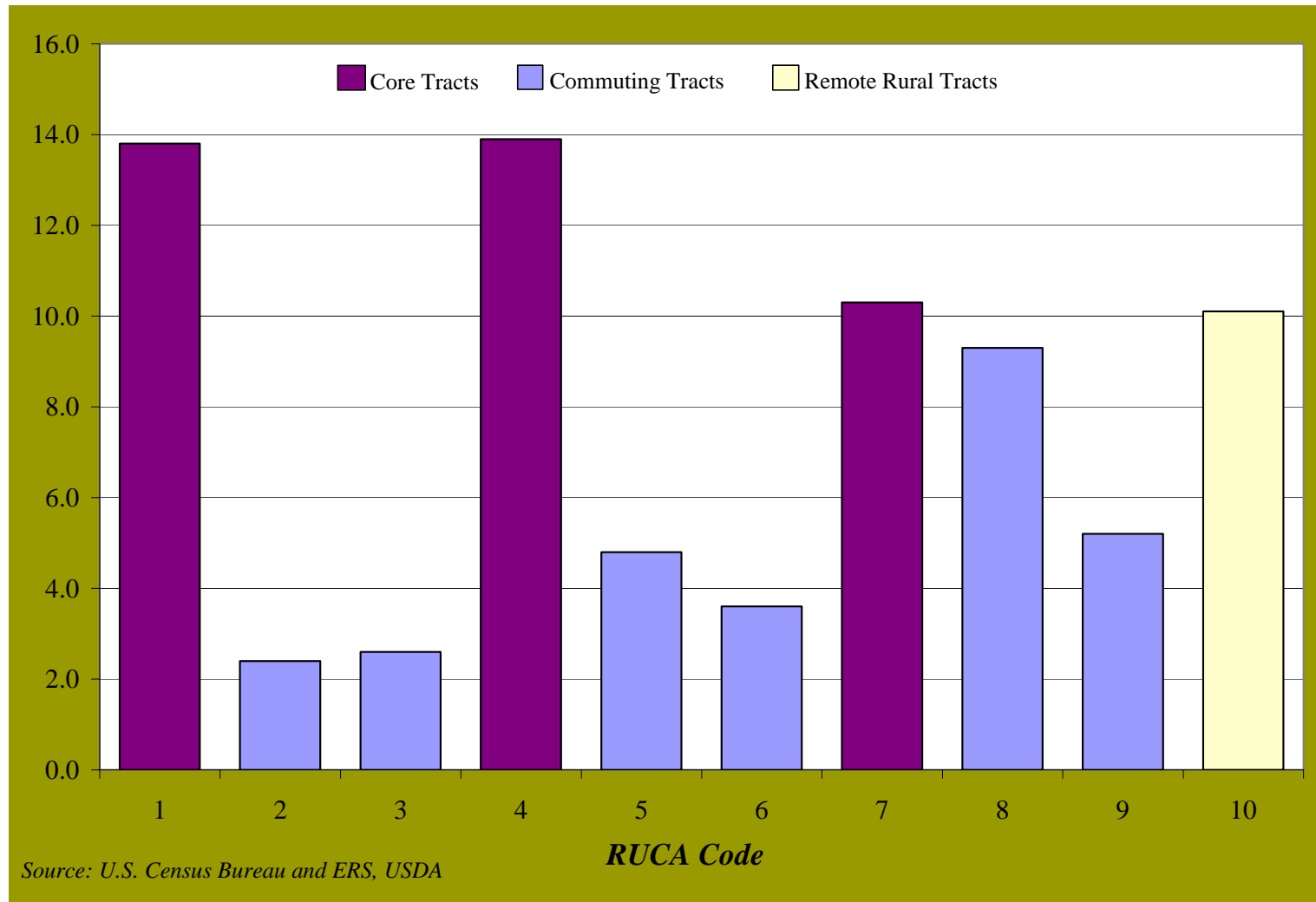
Percent of Counties in each Urban Influence Category that Left Persistent Poverty Status



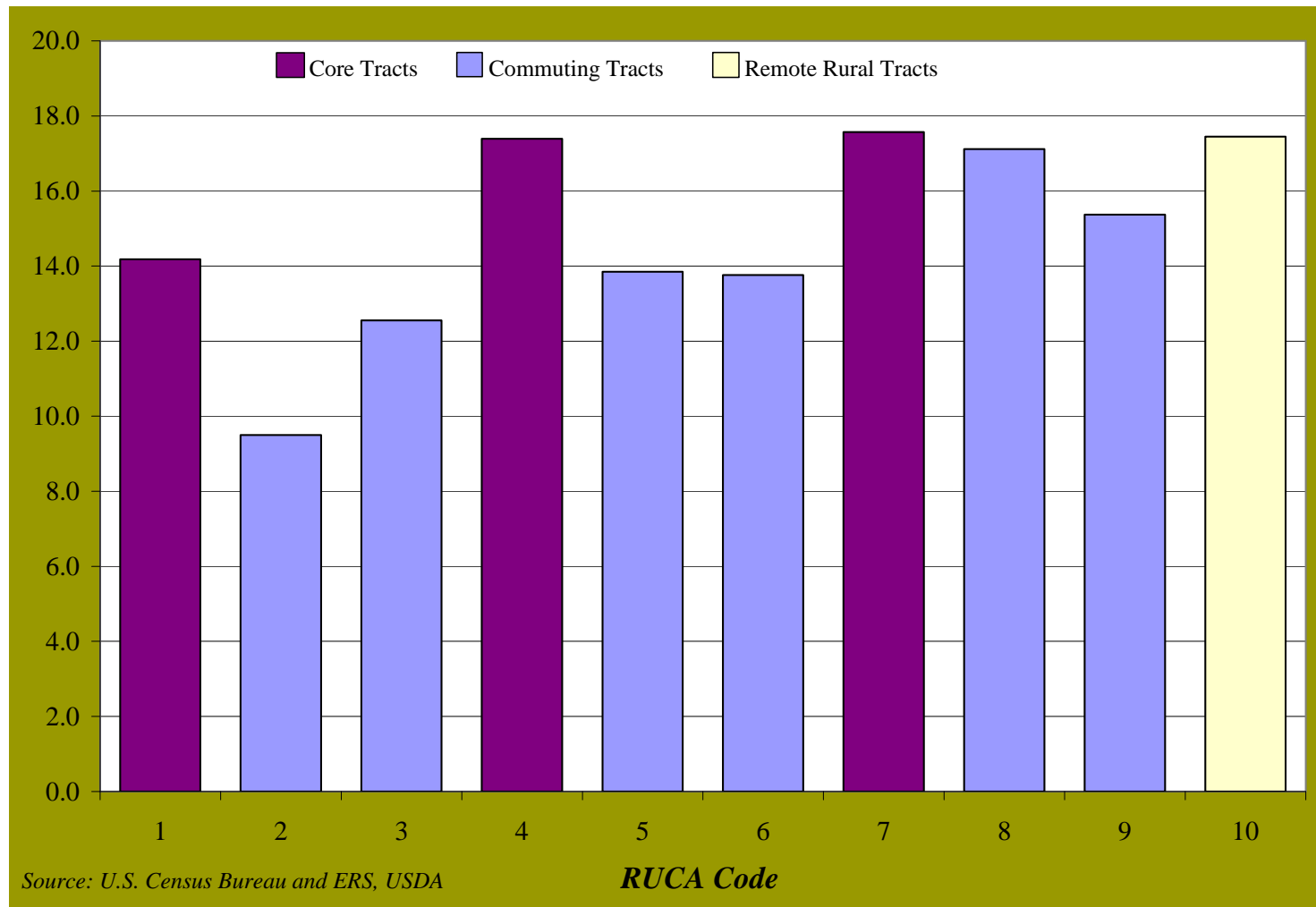
High Poverty Census Tracts

- Poverty rates of 30% or more in 1990
 - 7,030 tracts – 11.7 percent of all tracts
 - Geographically dispersed
- ERS Rural-Urban Commuting Area Codes
 - High poverty most prevalent in core area tracts and remote rural areas

Percent of Tracts in each RUCA Code in High Poverty

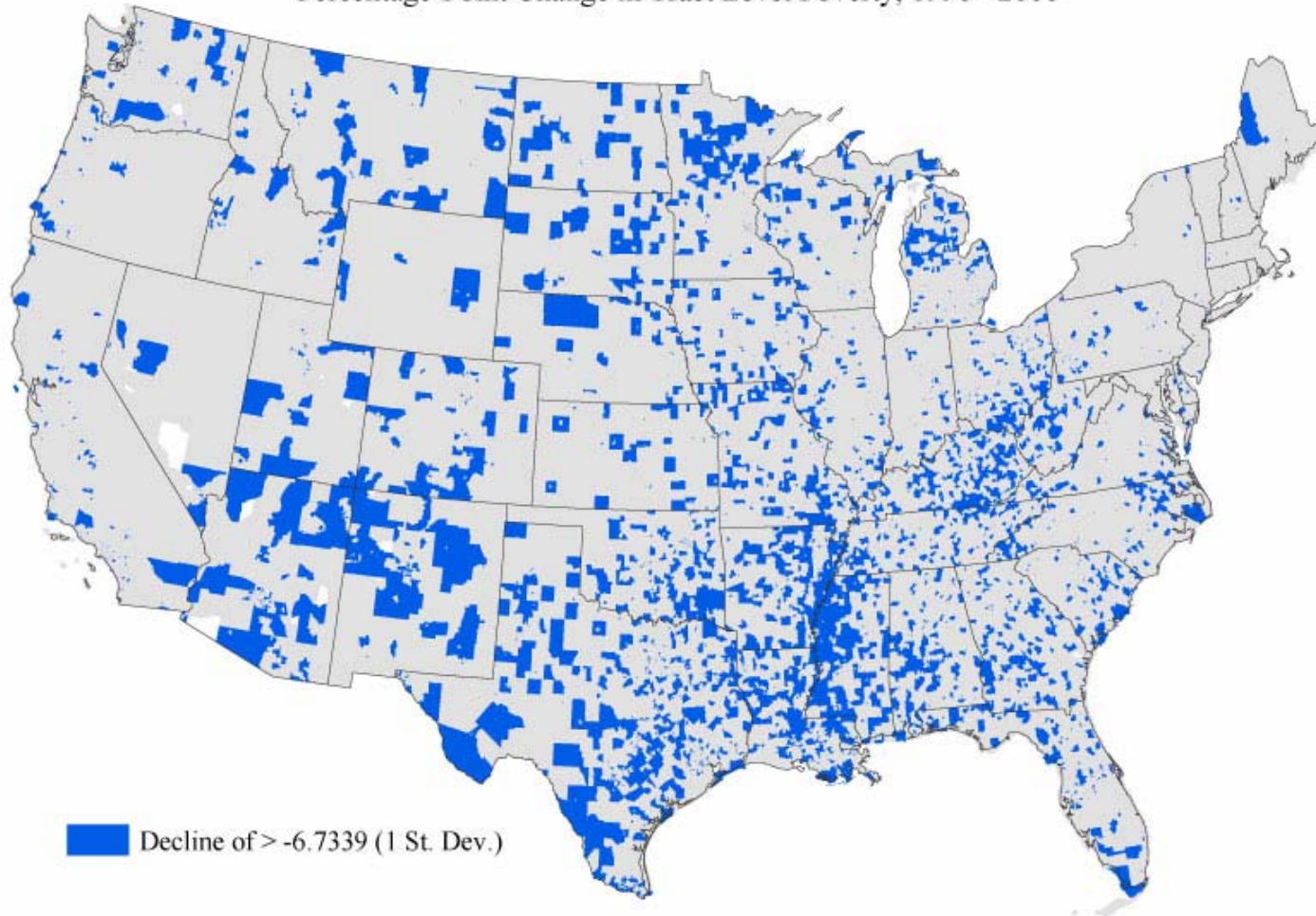


Poverty Rates by RUCA Code



Where Did Poverty Decrease in 90's?

Percentage-Point Change in Tract Level Poverty, 1990 - 2000



Where Did Poverty Increase in 90's?

Percentage-Point Change in Tract Level Poverty, 1990 - 2000

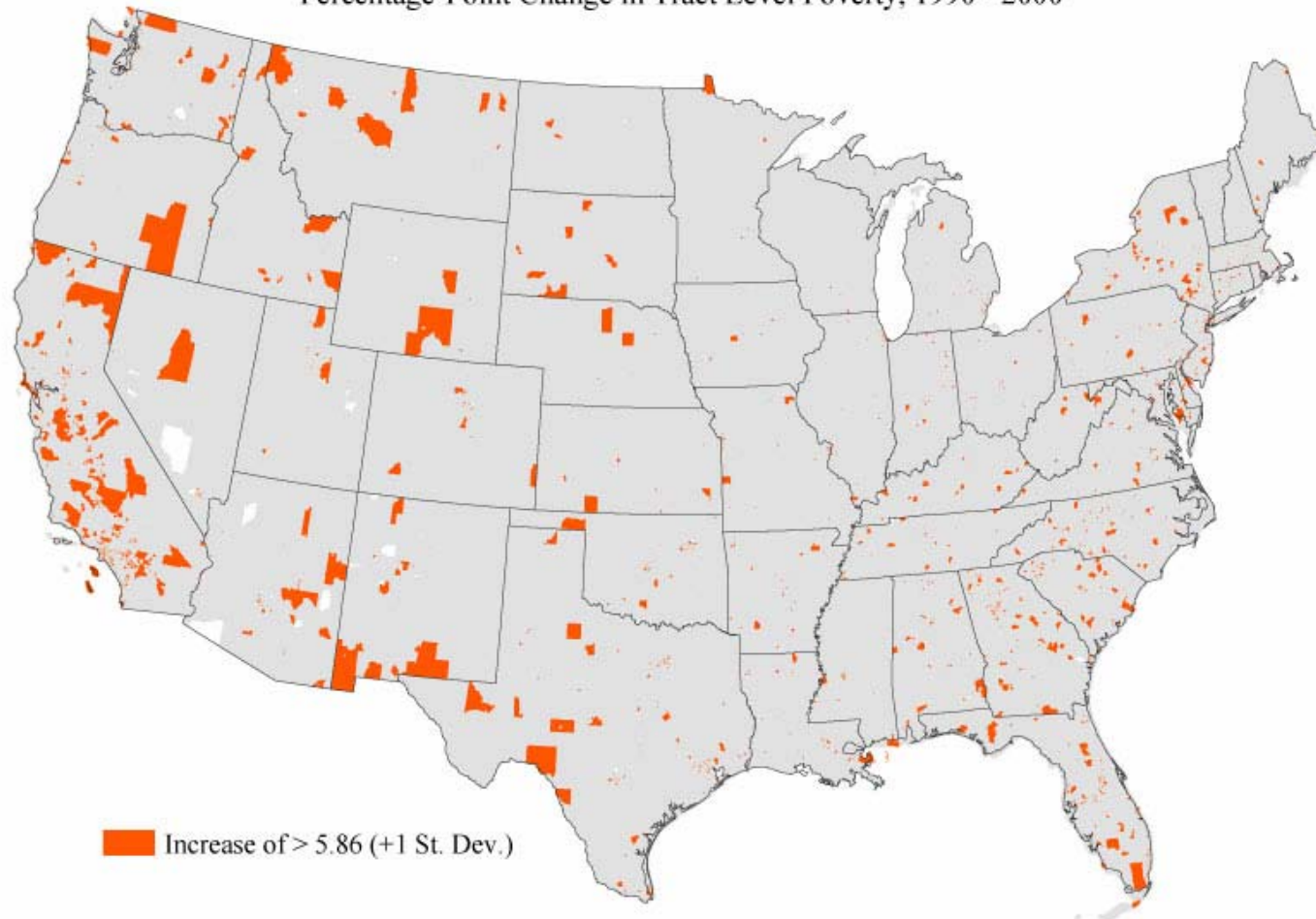


Figure 5
EITC Recipients as a Percentage of Total Returns by Zip Code, TY 2001

