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## CHILD POVERTY IN RURAL AMERICA

BY WILLIAM P. O'HARE AND KENNETH M. JOHNSON

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# CHILD POVERTY IN RURAL AMERICA

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This report explores the well-being of the 14 million children who live in rural America. Rural families represent a significant share of our total population and they are disproportionately poor, less educated, and underemployed. Yet poor children and the unique challenges they face are often overlooked by policymakers. Poor children living in rural America face significant educational, social, and economic challenges just as their urban counterparts do, but many of these problems are exacerbated by the isolation and limited access to support services common in rural areas.

Historically rural America was linked to family farming, but today less than 5 percent of the rural labor force works on farms, whether family- or corporate-owned, and consolidation continues to diminish this percentage. The farm economy remains extremely important in some regions, but overall there are more rural workers in manufacturing jobs (19 percent), retail trade (14 percent), and professional services (24 percent) than in farming (4 percent).

Just as the rural economy has changed, so too has the rural family. Urban families are now larger than their rural counterparts. Data from the 2000 Census show the average family size inside metropolitan areas was 3.2 persons compared with 3.0 outside metropolitan areas. Two important demographic forces account for this transformation. First, fertility rates in rural areas have declined, and rural women now have about the same number of children as urban women. Second, the rural population is now considerably older on average than the urban population. The median age in 2000 was 37.2 in nonmetropolitan America, compared with 34.9 in

the nation's metropolitan areas. Rural areas also have a higher proportion of people ages 65 and older (15 percent), compared with urban areas (12 percent). Family size in rural areas has decreased because a growing share of rural households are headed by older Americans, who are less likely to have children in the household.

We hope that this *PRB Reports on America* will revise many outdated yet still popular images of rural family life. Because our understanding of the nation's children is primarily informed by national data, our assumptions are heavily influenced by the 58 million children residing in urban areas. This report provides a fresh perspective by offering a comprehensive profile of rural children. We use several widely accepted measures of child well-being to examine the similarities and differences between rural and urban children.

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# THE CHANGING DISTRIBUTION OF AMERICAN CHILDREN

The last half of the 20th century saw a major decline in the proportion of kids living in rural America. In 1950, nearly a third (32 percent) of all children in the United States lived in counties that are currently defined as nonmetropolitan. By 2000, however, only 19 percent of the nation's children resided in rural areas. In fact, while the total number of children in the United States grew from 48 million in 1950 to 72 million in 2000, the number of children residing in rural areas actually diminished from 15.3 million in 1950 to 14 million today. (In this report, we

use standardized categories of urban and rural areas so that trends are not affected by definitional changes.)

For most of the last century, many more people moved from rural areas to cities than from urban to rural. This migration was spurred, in part, by the mechanization of agriculture that reduced the need for farm labor (including the many children who used to work on farms). At the same time, people were being “pulled” to urban areas by the emergence of economic and employment opportunities in the expanding cities. As a result,

millions of young adults migrated from rural to urban areas, taking with them much of the potential to produce the next generation of rural children. In addition, few immigrants to the United States have settled in rural areas. The continuing loss of so many young adults of childbearing age, coupled with low levels of fertility among rural women, eventually reduced the number of rural births relative to births in urban areas.

Census figures show that these shifts in the child population from rural to urban areas are continuing. Between 1990 and 2000, the number of children in the United States increased by 14 percent, but almost all the gain occurred in urban areas. The number of children living inside metropolitan areas increased by 16 percent, while the number of kids in nonmetro areas increased by only 4 percent.

State figures tell the same story. Forty-five states experienced increases in the number of children between 1990 and 2000, but little of this statewide growth in the child population occurred in rural places. The rural child population increased in only 14 states. Sixteen states experienced a decline of more than 10 percent in the number of rural children. Rural children outnumbered urban children in only 12 states in 2000 (down from 15 in 1990).

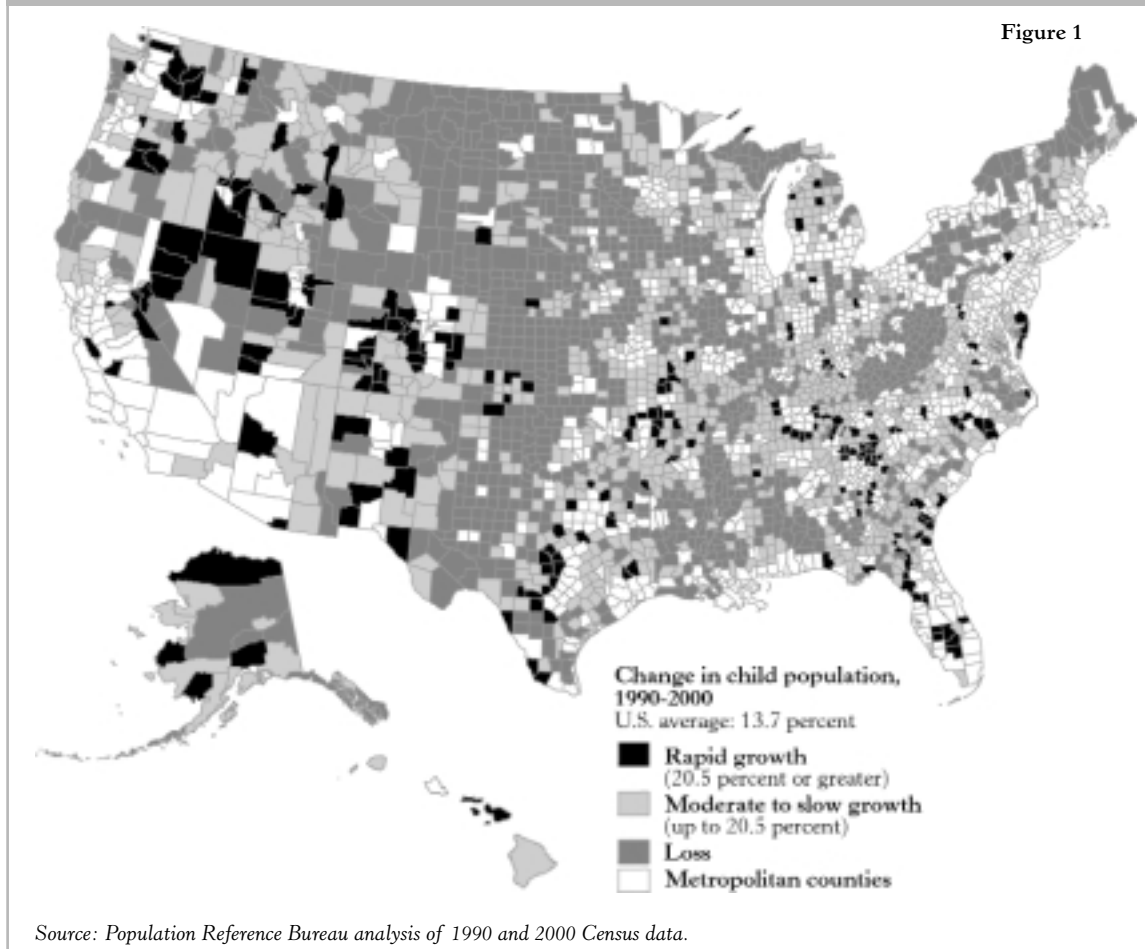
## WHAT DO WE MEAN BY RURAL?

The terms “rural” and “nonmetropolitan” and the terms “urban” and “metropolitan” are used interchangeably in this report. The population living inside metropolitan areas includes people who reside in large cities and their suburbs, while the nonmetropolitan population resides in small cities and the open countryside. Some rural areas are located just beyond the urban fringe while others are many miles from the closest city.

We used 1999 metropolitan/nonmetropolitan distinctions in this study, not the new Core Based Statistical Area classification system announced by the Office of Management and Budget in June 2003. The Current Population Survey, which was used to produce many of the estimates in this report, will continue to report data using the 1999 classification system for the next few years.

For more information about metropolitan area definitions, visit the Census Bureau's website at: [www.census.gov/population/www/estimates/metroarea.html](http://www.census.gov/population/www/estimates/metroarea.html).

IN NEARLY HALF OF THE RURAL COUNTIES, THE NUMBER OF CHILDREN UNDER 18 ACTUALLY DECREASED BETWEEN 1990 AND 2000.



A detailed picture of changes in rural America can be gleaned by examining the nation's 3,100 counties (see Figure 1). In nearly half of the rural counties (1,123 out of 2,294), the number of children under age 18 actually decreased between 1990 and 2000. This map highlights the cumulative impact of this rural birth dearth in nearly every rural county in a band from North Dakota to western Texas.

Even among rural counties that gained adults during the 1990s, many lost children. Of the 1,692 rural counties that gained in total population between 1990 and 2000, there were 533 counties where the number of children under age 18 decreased. Many of the rural counties that did gain

children during the 1990s are adjacent to metro areas and were reclassified as metropolitan when metropolitan definitions were updated in 2003. In two-thirds of the most rural counties (those not adjacent to metropolitan areas), the number of children fell.

Despite the population losses in many rural counties, especially in the number of children, rural America as a whole enjoyed a significant demographic rebound during the 1990s. Nonmetropolitan America grew by nearly 5.3 million people between 1990 and 2000. Most of this growth (3.5 million) came from a net migration gain. This gain was fueled by an influx of people from the nation's metropolitan areas, and by fewer people leaving rural

areas for cities. A modest number of immigrants also settled in rural areas during the 1990s.

Historically such an influx to rural areas is unusual. It has happened only twice in the last 75 years. The reasons for this rural rebound are complex but include improved transportation and communications systems, urban sprawl, and the rising appeal of recreational and retirement areas. Data show that most people who reside in rural areas would like to stay there, and a significant number of urban residents would actually prefer to live in smaller places. (see Kenneth Johnson, "The Rural Rebound").

Because fertility levels are relatively low and do not vary much across the country, migra-

tion now plays a critical role in future demographic trends in rural America. As a result of the rural rebound, nonmetropolitan areas actually gained children between 1990 and 2000 through migration. Had it not been for this influx, the number of children in rural America would have diminished between 1990 and 2000.

Offsetting the flow of children and their 30-something parents into rural areas were the continued significant losses of younger adults (ages 20 to 30) between 1990 and 2000 (see Figure 2). As they have for the last five decades, many young adults left rural areas for educational, employment, and social opportunities in metropolitan areas. The loss of young adults from rural America during the 1990s was modest by historical standards, but there were still many fewer young adults in rural areas in 2000 than there would have been had no net outmigration of young adults occurred. Some young adults will eventually return to raise their families, but most will not. The continued outflow of young adults from rural areas means the number of rural births will likely diminish. In addition, the loss of so many young adults represents a significant loss of human capital. For decades, rural America has invested heavily in the care, upbringing and education of its children, only to see many depart as they make the transition to adulthood.

## IMMIGRATION, RACE, AND HISPANIC ORIGIN

While international migration was a major source of population growth for the country as a whole during the 1990s, such immigration accounted for little of the increase in rural population. The 14.2 million children who have at least one foreign-born parent accounted for 20 percent of all children in 2002 and represent a 78 percent increase in this population since 1990. Yet very little of this increase occurred in rural areas. In 2002, only about 7 percent of immigrant children (those who are foreign-born or have at least one foreign-born parent) resided in rural areas.

Since migrants from Latin America account for a large share of international immigrants to the United States, the flow of international migrants has dramatically increased the U.S. Latino population. Hispanics still represent a small proportion of the nonmetropolitan population (5.5 percent), but they accounted for nearly 25 percent of the nonmetropolitan population growth during the 1990s. Among all the major racial and ethnic groups, only Hispanics experienced a substantial influx of young adults to nonmetropolitan areas during the 1990s.

Some Hispanics move to take advantage of job openings in meat and poultry plants that have opened in rural communities; others work in agriculture; still others are employed in rural manufacturing plants, in the building trades, or in the growing service industry. A continuation

of this trend will have significant implications for the ethnic mix of rural children in the future.

Some Hispanics moved to rural America directly from foreign countries, while many others moved there from other areas of the United States. The Hispanic population is not evenly distributed across rural America. Hispanics have traditionally been clustered in the Southwest, but the 2000 Census reveals that significant Hispanic population gains occurred in rural areas of the Midwest and Southeast during the 1990s.

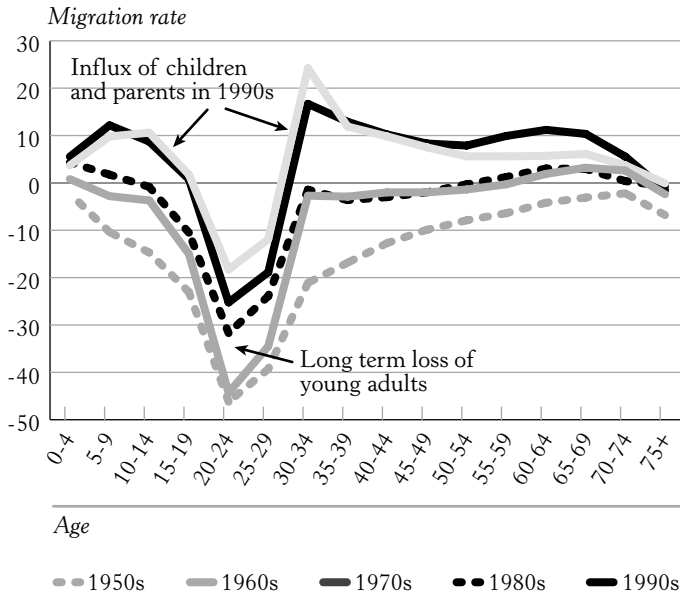
The influx of Hispanic families and children to historically all-white rural communities creates a number of challenges. Rural schools with limited budgets must implement English-as-a-Second-Language programs and hire bilingual teachers; police, fire, and medical staffs must communicate with clients with limited English in tense emergency situations; and churches, retailers, and government agencies must adjust to people with different tastes, lifestyles, and needs.

An influx of young Hispanic families offers a number of opportunities as well, particularly for communities that have seen generation after generation of young people leave. The newcomers contribute to the local economy and bring new energy and vitality to communities and local institutions that have known only population loss and outmigration for decades.

While the number of Hispanics in nonmetropolitan America increased substantially during the last decade, African Americans remain the largest racial minority group in rural America. The 4.9 million African Americans there represent 9 percent of the total rural popula-

FOR THE LAST FIVE DECADES, MANY YOUNG ADULTS HAVE LEFT RURAL AREAS FOR EDUCATION, EMPLOYMENT, AND SOCIAL OPPORTUNITIES IN URBAN AREAS.

Figure 2



Source: Kenneth M. Johnson et al., "Recent Age-Specific Net Migration Patterns in the United States" (2003).

tion. Almost 1.5 million black children account for 11 percent of all rural kids. The African American population residing in rural America is heavily concentrated in the South. Blacks make up 22 percent of the child population in the rural South and are heavily represented in the Deep South (including Alabama, Georgia, Louisiana, Mississippi, and South Carolina,) where there is a concentration of persistently poor rural counties. The growth of the rural black population was modest (12 percent) during the 1990s and depended more on

natural increase (the excess of births over deaths) than on migration. However, even a modest net inflow of blacks to rural areas reflects changing U.S. population trends. For most of the last century, a substantial number of blacks—especially young adults—left rural areas (mostly in the South) for greater economic, social, and political opportunities in metropolitan areas.

The American Indian population represents between 2 percent and 3 percent of the nonmetropolitan total depending on how the racial group is defined

(alone or in combination with one or more other racial groups). Although American Indians represent a modest share of the rural population, they are spatially concentrated in a limited number of areas. In such areas, they are often the majority or near-majority of the population. The Asian population accounts for an additional 1 percent of the rural total.

Minority population dynamics have particular relevance to our study of rural population change. Although the minority population represents only about 17 percent of the nonmetropolitan total, minorities accounted for 23 percent of the births but for less than 12 percent of the rural deaths in the 1990s. This is because the minority population is considerably younger than the non-Hispanic white rural majority. Thus, a much larger proportion of the minority population is in their prime childbearing ages and a much smaller proportion of the minority population is older and at high risk of dying. Rural minorities also tend to have higher birth rates than the rural, non-Hispanic white population. The net result is that a rising proportion of all rural children will come from minority families. The 2000 Census shows that racial and Hispanic minorities accounted for 24 percent of children in rural America, compared with 16 percent of adults.

# CHILD POVERTY IN RURAL AREAS

The child poverty rate—the percentage of children living in families with incomes below the official poverty line (about \$18,000 per year for a family of four)—is probably the most widely used indicator of child well-being.

At the end of the 1990s, one of the most prosperous decades in our country’s history, one of every five rural children was living in a family with income below the official poverty line. In raw

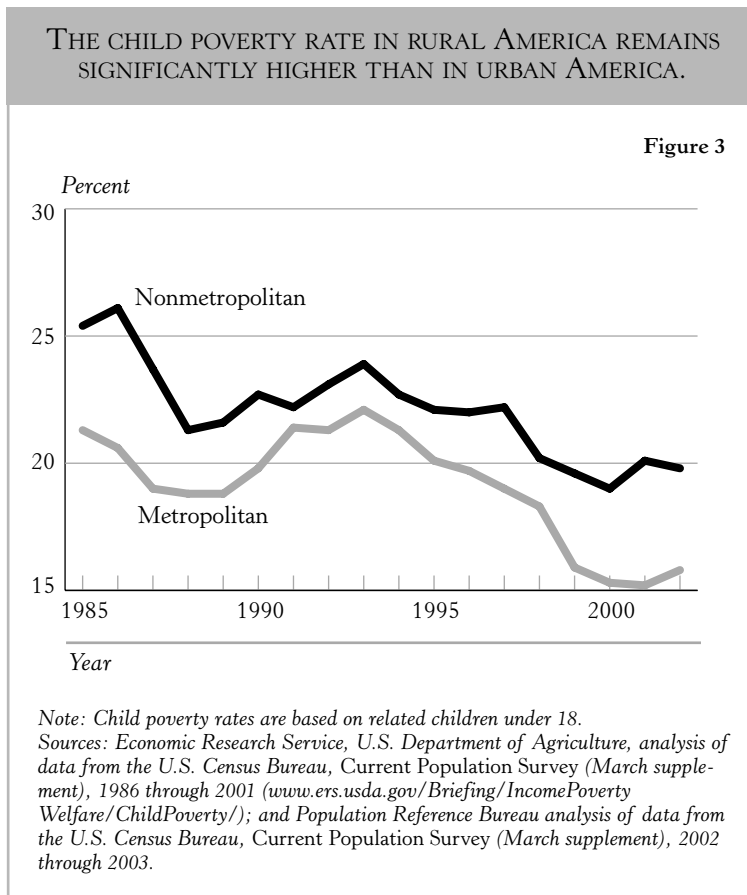
numbers, that amounts to more than 2.6 million rural children. Millions more live just above the poverty line in families struggling to make ends meet. For example, in rural America 6.1 million children are living in low-income families defined as having income below 200 percent of poverty.

In recent decades, rural poverty has been overshadowed by the plight of impoverished families living in disadvantaged urban neighborhoods. For example, there

has been little attention paid to the special circumstances of the rural poor during the recent national discussions about the reauthorization of the federal welfare reform legislation. A review of more than 1,400 newspaper articles on federal welfare reform in major papers during the early part of 2002 found that not a single story dealt with welfare issues in rural areas. This lack of attention is particularly vexing since many of the barriers to moving from welfare to work, such as lack of transportation and child care services, are bigger problems in rural areas than urban areas.

Though little public attention has focused on the plight of the rural poor, statistics indicate that rural poverty is very serious. The 2000 Census provides a stark picture of child poverty in rural America, showing that of the 50 counties with the highest child poverty rates, 48 are located in rural America.

Rural areas have historically had higher child poverty rates than metropolitan areas, but the rural-urban gap grew significantly during the late 1990s. As illustrated in Figure 3, in 1994 the gap between child poverty in urban and rural areas was only 1 percentage point (22 percent in urban areas versus 23 percent in rural areas), but by 2001 the gap had widened to 5 percentage points (15 percent in urban areas





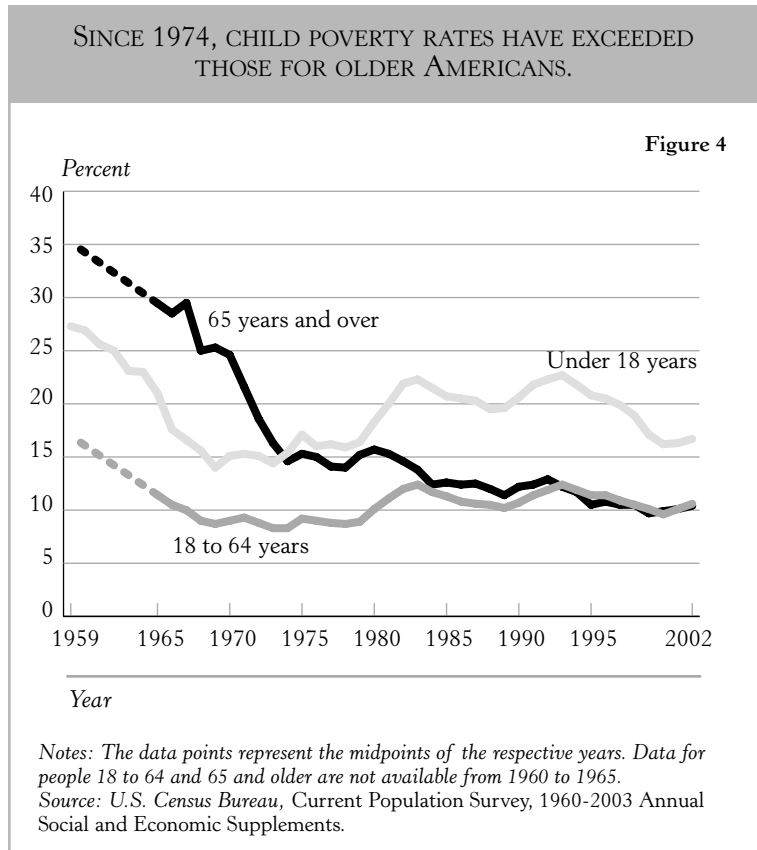
compared with 20 percent in rural areas). Figures for 2002 (the latest available) show the child poverty rate in rural America (20 percent) remains significantly higher than in urban America (16 percent). Because of their isolation, poor rural kids may actually be more disadvantaged in some ways than poor kids in urban areas. In fact, poverty rates in rural areas are highest in counties most remote from, and lowest in counties adjacent to, metropolitan areas.

Clearly, the economic boom of the late 1990s benefited urban families more than rural families because economic gains were greatest in sectors of the economy that were concentrated in metropolitan areas (finance, real estate, and high technology) and the poverty gap between rural and urban children widened during this period.

Metropolitan areas include both central cities and suburbs. In 1999, the child poverty rate in central cities (24 percent) was much higher than in suburbs (11 percent).

Child poverty rates in central cities (24 percent) are higher than in rural areas (20 percent), but this is largely a compositional effect. African Americans and Hispanics, two groups with very high poverty rates, are more highly concentrated in central cities than in rural areas. For every racial and ethnic group, child poverty rates are actually higher in nonmetro areas than in central cities. If central cities had the same racial and ethnic composition as the nonmetro population, the child poverty rate would be 16 percent rather than 24 percent.

In both urban and rural America, the risk of poverty is greater for children than for any other age group. In 2002, the rural child poverty rate was 20 percent, compared with 13 percent for the



working-age population (18 to 64) and 12 percent for the elderly population (ages 65 and older). In urban America, the child poverty rate was 15 percent, compared with 10 percent for working-age adults and 9 percent for urban elderly.

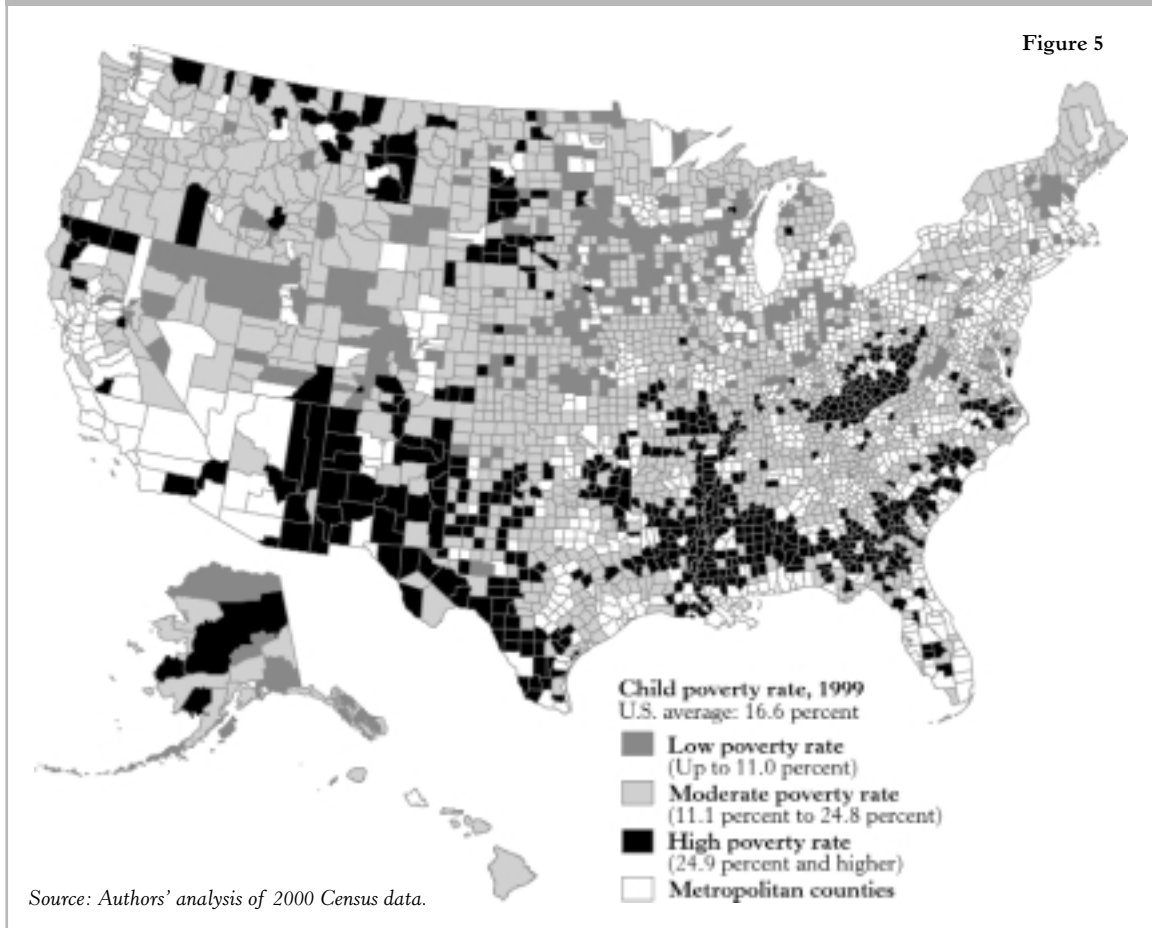
Yet historically, children were less likely to live in poverty than the elderly. As recently as 1973, elderly poverty rates exceeded those of children (see Figure 4). Since then, child poverty rates have exceeded those for older Americans. Why has the nation been so successful at diminishing the risk of poverty for its elderly and failed at doing so for children?

The sharp reduction in poverty for people 65 and older is one of the great American social policy triumphs of the 20th century. Social Security, Medicare, and federal initiatives to encourage retirement savings and regulate the pension system, together with an expansion of

private pensions, dramatically improved the financial security of older Americans. Dependence on wages makes rural children more vulnerable than the rural elderly, who get by on pensions, Social Security, and Medicare. While child poverty fell by 12 percent between 1990 and 2001, the poverty rate among older people (ages 65 and over) in rural areas fell by 24 percent. The remarkable success of these policies offers hope that Americans will find the public will to tackle the plight of America's children with the same resolve they apply to issues affecting older Americans.

In many ways the rural poor are more diverse than the poor in big cities. This fact is reflected in the imagery often associated with the urban and rural poor. For most people the term "urban poverty" conjures a mental image of minority families living in disadvantaged inner city neighborhoods. In contrast, rural

RURAL CHILD POVERTY RATES IN 1999 WERE HIGHEST IN APPALACHIA, THE GREAT PLAINS, THE RIO GRANDE VALLEY, AND THE SOUTHERN BLACK BELT



poverty has many faces, encompassing impoverished rural hamlets in the Appalachian Mountains, sharecroppers' shacks in the Mississippi Delta, desolate Indian reservations on the Great Plains, and emerging *colonias* along the Rio Grande (see "Rural Counties With High Poverty Rates," pages 12 and 13, and Figure 5).

There is a strong racial and ethnic overlay to the distribution of high-poverty communities that blurs the face of rural poverty. If you live in Appalachia, rural poverty looks white; if you live in the Mississippi Delta, rural poverty looks black; if you live in the Rio Grande Valley, rural poverty looks Hispanic; and if you live in the Dakotas, American Indians make up the bulk of the

rural poor. Child poverty rates are higher in rural areas for every racial and ethnic group except for Asian Americans (see Table 1).

Also common is the physical and social isolation of poor rural families. Houses are farther apart, and rural families must travel significant distances to work, buy groceries, or access social and medical services. Nearly one in five poor kids living in rural areas does not have a phone at home, significantly higher than in central cities or suburbs. And in 2000, two-thirds (66 percent) of children living in metro areas had a computer at home compared with 61 percent of children living in rural America. Geographic isolation makes transportation an important issue for rural families. In 2000, 8 percent of rural house-

holds had no vehicle available and more than 65 percent of people in rural areas lacked easy access to public transportation.

Obtaining good health care is more challenging for rural children. In metropolitan counties containing a large city, there are nearly four times as many physicians per 100,000 residents as there are in rural counties with only small towns. Family doctors have traditionally provided most of the health care in rural areas, but the number of family practice doctors per capita in rural areas is not much different than in metropolitan areas, and rural areas also have far fewer specialist physicians.

Of particular concern for families with children is the fact that rural areas lag far behind urban areas in the number of

obstetricians and pediatricians available to care for children in the first critical years of life. For example, there are six times as many pediatricians per 100,000 people in large cities as there are in small rural counties. Rural areas also have far fewer specialist physicians—only 32 specialists per 100,000 people compared with 189 per 100,000 in metro counties with large cities. The relative dearth of health care professionals in rural areas is exacerbated by the long distances rural residents often have to travel to get to a health facility.

Differences in the level of health care insurance coverage do not explain the uneven distribution of physicians. Nonmetro children are as likely to have health care insurance as their metropolitan counterparts. Approximately 88 percent of each group of children has some coverage. However, urban kids are more likely to be covered by private insurance (77 percent compared with 72 percent), while rural children are more likely to be covered through public programs such as Medicaid. Health insurance through employers is generally better than that in the public sector because it is accepted more widely and provides more benefits.

## STATE PATTERNS

The 2000 Census provides the best state-by-state data on rural child poverty. Rural child poverty rates range from a low of 7 percent in Connecticut to a high of 31 percent in Louisiana (see Table 2, page 10). There are seven states—Alabama, Arizona, Kentucky, Louisiana, Mississippi,

### CHILD POVERTY RATES ARE HIGHER IN RURAL AREAS FOR EVERY RACIAL AND ETHNIC GROUP EXCEPT FOR ASIAN AMERICANS.

Table 1

Race/Ethnicity	U.S.	Metro	Nonmetro
All children	17	16	19
Black Alone	33	32	42
American Indian Alone	32	27	36
Asian Alone	14	14	14
Native Hawaiian and Other Pacific Islander Alone	23	22	26
Some other race Alone	30	30	33
Two or more races	20	19	24
Hispanic	28	27	32
Non-Hispanic white	9	8	14

Note: Data for specific racial groups include people who selected only one race. People of Hispanic origin can be of any race.  
Source: Population Reference Bureau analysis of data from the 2000 Census.

New Mexico, and West Virginia—where more than 25 percent of children living in rural areas are poor.

Rural poverty rates generally reflect the overall economic situation in a state, but it is worth noting that several states with similar statewide economic resources have quite different levels of rural child poverty. For example, the 1999 per capita income in Iowa and Texas are almost identical (\$19,674 in Iowa and \$19,617 in Texas), but the child poverty rate in rural Texas (25 percent) is more than twice as high as in Iowa (11 percent). The situation is similar in Alabama and Utah. They have virtually identical per capita income figures, but the rural child poverty rate in Alabama is twice that in Utah.

While a rigorous analysis of why the rural child poverty rates differ in states like Texas and Iowa is beyond the scope of this study, some factors that might help explain state differences are obvious. First, the per capita

income figure does not reflect how dispersed or different incomes are in a state. A state that has a high degree of income inequality—a lot of rich families and a lot of poor families—could have the same per capita income as a state where most families have incomes close to the state average. Research has shown that states with high levels of income inequality tend to have higher child poverty rates. Sociocultural differences across states may also play a role in determining child poverty levels. For example, the 2000 Census shows that 26 percent of kids in Alabama lived in single-parent families, compared with only 14 percent in Utah. Demographic trends such as the influx of immigrants into rural Texas and the large concentration of minority children in some states also make a difference. Some states may have policies more favorable to rural areas.

Between 1989 and 1999, 38 states saw rural child poverty rates fall, only 11 saw an increase, and one was unchanged. In five states—Colorado, Michigan, Min-

MORE THAN 25 PERCENT OF CHILDREN LIVING IN RURAL ALABAMA, ARIZONA, KENTUCKY,  
LOUISIANA, MISSISSIPPI, NEW MEXICO, AND WEST VIRGINIA ARE POOR.

Table 2

Rank by nonmetro child poverty rate, 1999

State	Metro		Nonmetro	
	Below poverty	Percent below poverty	Below poverty	Percent below poverty
U.S.	9,102,806	15.9	2,644,052	19.2
1 Connecticut	83,572	10.5	2,336	6.7
2 New Hampshire	13,509	7.2	10,126	8.8
3 Wisconsin	106,928	11.6	43,238	10.2
4 Massachusetts	171,729	12.1	5,654	10.3
5 Iowa	35,474	10.8	43,773	11.2
6 Minnesota	80,425	8.9	41,266	11.3
7 Indiana	138,166	12.4	49,635	11.6
8 Rhode Island	39,494	17.2	1,668	12.0
9 Nevada	61,676	14.2	8,101	12.3
10 Vermont	3,351	8.4	13,244	12.6
11 Ohio	335,451	14.6	73,234	13.4
11 Utah	48,874	9.1	22,891	13.4
13 Alaska	6,861	9.3	15,180	13.5
13 Michigan	295,408	13.9	57,527	13.5
13 Nebraska	26,185	11.3	28,292	13.5
16 Kansas	41,714	10.3	42,243	14.2
17 Colorado	97,508	10.7	24,106	14.4
18 Wyoming	5,342	14.4	12,873	14.5
19 Illinois	392,811	14.3	64,090	14.7
20 Maryland	128,241	10.3	13,636	14.9
21 Pennsylvania	356,642	14.6	65,103	15.0
22 Maine	11,850	11.2	28,321	15.1
23 Delaware	18,132	11.6	5,273	15.3
24 Idaho	17,174	12.1	34,694	15.7
25 North Dakota	6,935	10.2	15,228	16.8
26 Hawaii	26,155	12.9	14,387	16.9
27 Virginia	152,639	11.1	56,893	17.0
28 New York	855,023	20.2	60,687	17.3
29 Oregon	81,927	13.6	39,533	17.8
30 Tennessee	163,527	17.2	83,870	19.7
30 Washington	153,559	12.5	49,332	19.7
32 Missouri	131,708	13.7	88,848	20.3
32 South Dakota	7,633	11.2	26,332	20.3
34 Montana	12,106	16.2	30,806	20.4
35 North Carolina	183,050	13.9	128,003	20.6
36 California	1,694,579	19.4	62,521	22.1
37 Florida	572,995	17.2	55,002	22.7
38 Oklahoma	94,768	17.6	77,161	22.9
39 Georgia	215,139	14.5	150,267	23.1
40 South Carolina	114,786	16.6	72,489	23.8
41 Arkansas	64,613	19.1	81,708	24.6
42 Texas	984,169	19.8	205,766	24.9
43 Kentucky	75,764	15.8	127,783	25.6
44 Alabama	150,771	19.4	87,110	26.2
45 West Virginia	33,119	19.7	62,977	27.7
46 Arizona	208,367	17.8	49,343	29.5
47 New Mexico	56,609	20.9	68,609	29.9
48 Mississippi	56,074	20.6	150,376	30.6
49 Louisiana	227,153	25.1	92,517	31.2
NA District of Columbia	35,367	31.7	N/A	N/A
NA New Jersey	227,754	11.1	N/A	N/A

N/A = Not applicable.

Source: Population Reference Bureau analysis of data from the 2000 Census.

nesota, Ohio, and Wisconsin—the rural child poverty rate fell by more than 25 percent during the decade. The economic rebound of the Great Lakes region may have contributed to the decline of poverty among children in rural areas of Michigan, Minnesota, Ohio, and Wisconsin. Continued sprawl of midwestern metros, bringing relatively well-to-do families into previously rural areas, may also be responsible for lowering child poverty rates there.

## FAMILY STRUCTURE

The structure of rural families is another factor that has significant implications for child poverty. In both rural and urban areas, the poverty rate for children growing up in a married-couple family is one-fourth the rate of those growing up in single-parent families. However, in both types of families child poverty is higher in rural America. In 2002, 43 percent of rural kids in female-headed families were poor, compared with 34 percent of those in female-headed families in metro areas.

The structure of American families has been changing over the past several decades in both rural and urban areas, and these

family changes have important implications for the incidence of child poverty. Research by demographer Daniel Lichter and colleagues provides important new information about how the changing structure of rural families has affected the incidence of rural child poverty. In attempting to account for diminishing levels of rural child poverty in the 1990s, Lichter noted that the growth in the number of single-parent households (those at the greatest risk of having poor children) slowed during the 1990s. He also found that more rural single mothers were working, and at higher average incomes than in prior years. These trends have contributed to declining levels of child poverty rates in rural areas. However, there has also been a significant drop in the proportion of rural children residing in two-parent households (the type least likely to be poor) over the past several decades. This temporal decline in the proportion of rural children residing in two-parent households closely mirrors the national decline and, as a result, the proportion of rural kids in two-parent households is now only slightly above the national average.

A particular concern of Lichter and his colleagues is the impact of unwed childbearing on

young rural women. Although the proportion of rural and urban women who have nonmarital births is quite similar, rural women have unwed births at an earlier age than their urban counterparts. Such early births are a major concern because they have a significant impact on the future of both the mother and her children. Early premarital childbearing cuts short the education of the mother, reduces the likelihood that the mother will experience an enduring marriage, and increases the likelihood of maternal and child poverty. Early unwed births are an important factor in the intergenerational persistence of poverty common in some areas of rural America.

Fortunately, unwed teenage births declined precipitously in the 1990s, but the continuing disparity between the incidence of teenage births in rural and urban areas remains a serious concern. The importance of family formation can be illustrated by the following stark comparison.<sup>i</sup> The poverty rate for children born to a teenage mother who has never married and who did not graduate from high school is 78 percent. On the other hand, the poverty rate for children born to women over age 20 who are currently married and did graduate from high school is only 6 percent.

<sup>i</sup> These figures are computed from the 2000 Census 1-Percent Public Use Microdata Sample file and include the own children of the householder by birth, marriage (a stepchild), or adoption.

# RURAL COUNTIES WITH HIGH POVERTY RATES

The six counties profiled here, located in different regions of the United States, illustrate the diversity of rural poverty.

## OWSLEY COUNTY, KENTUCKY

**2000 Population:** 4,858

**Population Change 1990 to 2000:** -3.5 percent

Owsley is a core county of the eastern Kentucky hill country, but it was historically a small-scale farming area, not a coal-mining county. The population today is only half as large as it was in 1940. Without



adequate sources of work, it has evolved into the poorest non-Hispanic white county in the country, with a child poverty rate of 56 percent and a total poverty rate of 45 percent. The median household income of \$15,800 in 1999 was less than half of the U.S. nonmetro median of \$33,700. There is very low labor force participation—just 39 percent compared with 60 percent for all nonmetro counties nationally. More than a third (36 percent) of children in Owsley County have no working parent in the household; this is the fourth-highest rate of all the counties in the country. There is a very high incidence of disability among people ages 21 to 64—42 percent compared with 21 percent nationally), and educational attainment is low, with 34 percent of adults having completed less than one year of high school, compared with 9 percent nationally. In Owsley County, 44 percent of births occur to women without a high school education, twice the statewide rate.

## EAST CARROLL PARISH, LOUISIANA

**2000 Population:** 9,421

**Population Change 1990 to 2000:** -3.0 percent

East Carroll Parish, in the northeastern corner of Louisiana, is in the heart of Mississippi River Delta plantation country. The county is still highly dependent on the production of soybeans, cotton, and rice.

Blacks make up 70 percent of the population. Forty-four percent of households with children under age 18 are headed by women with no husbands present, compared with 20 percent nationally. The lack of two potential breadwinners in many households is one reason East Carroll Parish has the sixth-highest child poverty rate in the country. The labor force participation rate for males (42 percent) is not just very low, but lower than that for women, a very unusual circumstance. The child poverty rate was 59 percent, compared with an overall poverty rate of 40 percent, an exceptionally high disparity between the two rates. Median household income was just \$20,700. The incidence of overall poverty in the black population is nearly four times that of the white population—54 percent compared with 14 percent.

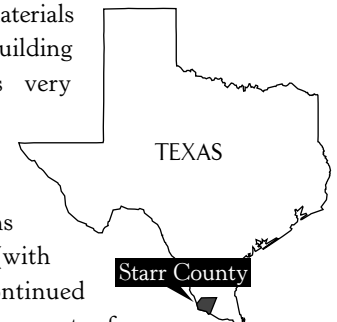


## STARR COUNTY, TEXAS

**2000 Population:** 53,597

**Population Change 1990 to 2000:** 32 percent

Starr County is in the Lower Rio Grande Valley, bordering Mexico. The county contains many *colonias* where homes are often built from used or dilapidated materials and typically do not meet building codes. The population is very young, with a median age of 26 years, compared with a U.S. nonmetro average of 37 years. This age structure stems both from large families (with many children) and continued immigration. Ninety-eight percent of the population is Hispanic, with Spanish the common household language. Half the residents report that they do not speak English very well. Formal education is low, with 46 percent of adults having finished no more than the 8th grade. The



proportion of children in two-parent families is higher than average, a condition conducive to low poverty. However, earnings are very low. Even men with full-time, year-round jobs earned an average of only \$17,500 in 1999 in the county's low-wage, agriculturally dominated economy, compared with the national average of \$30,900. Housing space is often cramped, with 26 percent of households having more than one person per room, compared with the U.S. average of just 3.5 percent. Among children, 59 percent were living in households with poverty-level income. The overall poverty rate is 51 percent. Seventeen percent of the children receive public assistance (TANF), giving the county a rate four times higher than the state's.

## LIBERTY COUNTY, MONTANA

**2000 Population:** 2,158

**Population Change 1990 to 2000:** -6.0 percent

Liberty County is similar to a number of other counties in the northern Great Plains states in that it is very sparsely settled, has no urban area, and is almost fully dependent on agriculture. The population

is non-Hispanic white, with educational levels at the U.S. average, both for high school completion and college degrees. There is a high proportion of two-parent families. But the dependence on

agriculture in an area of marginal rainfall means that incomes fluctuate from one period to another based on harvest yields and on grain and cattle prices. After several years of drought, income received in the year preceding the 2000 Census was low enough to characterize 20 percent of the population as poor, with the rate for children at 29 percent. Here and in some other counties of the northern Plains, the poverty rate is somewhat elevated in times of stress by high levels in Hutterite communities. The Hutterites, a religious group practicing communal farming, have very large families with a much higher percentage of children than the general population, resulting in lower per capita incomes.



## SHANNON COUNTY, SOUTH DAKOTA

**2000 Population:** 12,466

**Population Change 1990 to 2000:** 26 percent

Shannon County is the largest area of the Pine Ridge Sioux Indian Reservation, and 95 percent of the people in the county are American Indian. Conditions are not suitable for productive agricul-

ture, and the location is too remote for a highly profitable casino business similar to what some tribal governments have developed. In

2000, fully 60 percent of employed people worked in providing public services—education, health, social services, or government—whereas only 25 percent do so in the nonmetro United States. Nearly 18 percent of the labor force is unemployed. The median age of the population (20.8 years) is extraordinarily young, similar to that of the United States in 1880, because of high birth rates and below-average life expectancy. With an unusually high proportion of children and few earning opportunities for adults, 61 percent of all children are in families with poverty-level income. Often the poverty conditions are severe. Shannon County has the fourth-highest child poverty rate in the country. Children account for fully half of all people in poverty, a rare situation; the overall poverty rate is 52 percent. The infant mortality rate in Shannon County (20 deaths per 1,000 births) is more than twice the rate for all of South Dakota.



## WASHINGTON COUNTY, MAINE

**2000 Population:** 43,926

**Population Change 1990 to 2000:** 2 percent

Bordering Canada and the Atlantic Ocean and known as the "Sunrise Coast," Washington County contains the easternmost point of land in the United States. The county is 94 percent white.

Washington County has the highest poverty rate of all nonmetro counties in the Northeast. The child poverty rate was 22 percent, and the total poverty rate was 19 percent in 1999. Median household income is \$25,869. Over many years, jobs in the county's fishing, farming, and wood industries have declined considerably. The population level is smaller now than it was 100 years ago. Tourism brings revenue to the area in the summer—25 percent of housing stock is second homes—but many families have to piece together income from different seasonal jobs, and few retirees or vacationers come so far up the Maine coast. More than half (54 percent) of the children in Washington County receive subsidized school lunches, compared with only 31 percent statewide.



*Calvin Beale, senior demographer at the Economic Research Service of the U.S. Department of Agriculture, selected these counties and provided basic data on them. The authors gratefully acknowledge his assistance and expertise.*

# LINKING WORK, EDUCATION, AND WELFARE

Reasons for the higher child poverty rates among rural children are not difficult to find. Education and work are two prominent paths out of poverty, but neither of these mechanisms works as well in rural America as in urban America. Poor families in rural America are more likely to be working, but the rural poor are also more likely to be poorly educated and underemployed.

Parental-age adults in rural areas are more likely to be high school dropouts, while young adults in urban areas are much more likely to be college graduates. Almost one-third (32 percent) of 25-to-44-year-olds in metro areas have at least a college degree, compared with only 18 percent of those outside metro areas.

This gap is created partly because children growing up in urban areas are more likely to finish high school and more likely to go on to college. However, the selective outmigration of better-educated adults from rural to urban areas is also a contributing factor.

Recent research by the Economic Research Service suggests that even if the parents of rural children do graduate from high school or attend college, the chances that their children will be poor are higher. Some 20 percent of nonmetropolitan children whose parents are high school graduates are poor, compared with

18 percent of their metropolitan counterparts. Among those children whose parents have one or more years of college, 10 percent of the rural children are poor, compared with 6 percent of the urban children. Only among children whose parents did not graduate from high school is the nonmetropolitan poverty rate (38 percent) lower than the metropolitan poverty rate (41 percent).

Looking at the link between work and poverty also provides evidence of the similarities between rural and central-city families. Families living in the most remote and isolated rural areas experience many of the same barriers to work—including unfavorable labor market conditions, lack of child care, and transportation barriers—as families

living in socially isolated distressed urban neighborhoods, according to research by Monica Fisher and Bruce Weber.

The relatively high poverty rate for kids in rural America is closely related to the fact that parents in rural America make less money than those working in urban areas. In urban areas, the mean income during 2002 for families with children was \$66,900, compared with \$48,200 for families with children living outside of urban areas.

Lower earnings for rural workers are not due to a lack of a strong work ethic; rather, many full-time jobs in rural areas do not translate into a family-sustaining income. Many rural children live in families where parents work hard—often holding more than

## THE RURAL ROOTS OF ANTIPOVERTY EFFORTS

Given the heavy focus on urban poverty today, some people are not aware of the important role that rural poverty played in stimulating social programs to aid the needy. Starting in the 1930s with the establishment of the Tennessee Valley Authority and the Rural Electrification Administration, the needs of rural America spurred government action. The presidential campaign of John F. Kennedy in 1960 illuminated the dismal prospects of people living in the rural South and played a role in the initiation of the Great Society and antipoverty programs of the 1960s. The plight of the rural poor was further highlighted by President Lyndon Johnson's National Advisory Commission on Rural Poverty in 1967 and books like Michael Harrington's *The Other America*.



IN RURAL AMERICA, 27 PERCENT OF CHILDREN LIVE IN LOW-INCOME WORKING FAMILIES, COMPARED WITH ONLY 21 PERCENT IN METROPOLITAN AREAS.

Table 3

	Population under age 18	Number of kids under 200% of poverty	Number of kids in low-income working families*	Percent of all kids in low-income working families*
U.S.	72.7 million	27.8 million	16.1 million	22.1
Metro	59.5 million	21.7 million	12.6 million	21.2
Nonmetro	12.9 million	6.1 million	3.5 million	27.1

\*Under 200 percent of poverty and at least one parent worked 50+ weeks.

Note: For CPS, not identifiable not included in metro, nonmetro.

Source: Population Reference Bureau analysis of data from the 2003 Current Population Survey (March Supplement).

one job at the same time—but do not earn enough to sustain their families.

About 3.5 million children in rural America live in low-income working families where at least one parent works all year, yet family income is less than 200 percent of the federal poverty level (about \$36,000 for a family of four in 2002). A larger share of rural kids than urban kids are living in low-income working families (see Table 3). In rural America, 27 percent of children live in low-income working families, compared with only 21 percent in metropolitan areas.

Another reflection of the lower quality of jobs in rural areas is the lack of benefits for rural workers. Among children who have health insurance, rural children are more heavily dependent on health insurance from public sources. More than one-quarter (28 percent) of children in rural America have insurance coverage from public sources such as Medicaid, Medicare, or the State Children's Health Insurance Program (see "Programs for Low-Income Families With Children," page 17), compared with 23 percent of urban kids. Among rural children in low-income

(below 200 percent of poverty) working families, more than two-fifths (41 percent) rely on public health insurance.

The kind of health insurance coverage that rural kids receive is related to the types of firms that employ rural workers. A recent Census Bureau report found that only 32 percent of employees in small firms (under 25 employees) were covered by employer-based health insurance, compared with 70 percent of employees in large firms (1,000 or more employees). Because rural workers are more likely to work at small companies, they are less likely to obtain health insurance through their employers.

## UNDER-EMPLOYMENT

In 2002, the unemployment rate for workers living in rural areas was 5.4 percent, compared with 5.6 percent for those living in urban areas. However, the more favorable position of rural workers is a new phenomenon. The unemployment rate in rural areas was slightly higher than in urban

areas every year during the last half of the 1990s.

But the unemployment rate does not tell the whole story. Evidence suggests that "underemployment" among rural workers is an even bigger problem. Underemployment takes into account the unemployed, the number of discouraged workers (those who have given up looking for work), involuntary part-time workers, and low-income workers. Rural workers are more likely than urban workers to be underemployed. A study by Tim Slack and Leif Jensen found that 19 percent of rural workers were underemployed, compared with only 15 percent of urban workers.

This same analysis found that, over the past 30 years, rural workers have consistently been underemployed at higher rates than workers living in urban areas, and that blacks and Hispanics living in rural America are particularly vulnerable to underemployment. Even in the robust economy of the late 1990s, more than a quarter of black and Hispanic workers in rural America were underemployed. The high rate of underemployment for rural workers reflects the difficulty many workers have

finding a steady full-time job that pays a family-supporting wage.

## WELFARE BENEFITS

Poor families in rural areas are less likely than their urban counterparts to receive cash public assistance (primarily from TANF or SSI). During calendar year 2001, 20 percent of poor kids in urban areas resided in households receiving cash public assistance, compared with 16 percent of similar kids in rural areas.

In 2002, poor rural families receiving public assistance received an annual average of \$2,377, compared with \$3,432 among poor families in metropolitan areas.

Part of the reason poor rural families receive fewer cash benefits is linked to the states where they live. There are systematic differences among states in the availability and generosity of welfare benefits, and the differences are associated with whether the state is largely urban or largely rural. Among states where the percent of the population living in rural areas is above the national average (over 20 percent), the

average welfare payment during 2002 was only \$123 per recipient, compared with \$150 per recipient in more urban states.

Some evidence suggests that the recent economic slump may be increasing the need for assistance among rural people. Examination of TANF caseload changes between June 2002 and June 2003 indicates that, in the 10 most rural states, caseloads increased by an average of 4.5 percent, but in the 10 most urban states, caseloads fell by an average of 1.2 percent.

## PROGRAMS FOR LOW-INCOME FAMILIES WITH CHILDREN

Many federal and state programs to aid children in low-income families have been transformed during the past decade. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act ended the entitlement program enacted in the 1930s to help poor children (Aid to Families with Dependent Children), and replaced it with a system of block grants to states for family assistance, called Temporary Assistance to Needy Families (TANF). TANF provisions include:

- Federal block grants to states were capped at \$16.4 billion.
- States are required to impose work requirements for most beneficiaries.
- Lifetime limits of no more than 60 months were imposed, but 22 states have opted to impose shorter time limits (states can choose to support beneficiaries for longer periods if no federal funds are used).
- States have more choice about passing earnings or child support payments along to welfare recipients.

Nationwide, welfare reform has been accompanied by dramatically declining caseloads (until the 2001 recession) and increased labor force participation by single mothers. In rural areas, especially those where potential employers are few and far between, child care and transportation costs are serious impediments to single mothers entering or re-entering the labor force. States have the option of using some portion of their family assistance block grants for child care. In addition, there is a separate child care grant from the federal government. Despite the increase in funds for child care, there is still not enough money for all the families who qualify.

Many proponents of welfare reform also support increased efforts to “make work pay.” The key program in this effort has been the Earned Income Tax Credit (EITC—sometimes called EIC). EITC is largely targeted to families with children and is available to low-income families with earnings from wages or self-employment but little other income. For the 2002 tax year, a single head of a family with two or more children who had a family income between \$10,350 and \$14,450 could receive the maximum credit of \$4,140. Below \$10,350 the credit was smaller, and above \$14,450 the benefit tapered off gradually before ending at \$34,178. Since EITC is a credit rather than a deduction, the tax filer

receives the full amount as a refund, even if the taxpayer owes nothing in taxes. In 2001, 15 states also had state EITC programs. Maryland’s is typical, providing a credit of 16 percent of the federal EITC for tax year 2002.

The EITC was enacted in 1975 to offset the regressive nature of the payroll tax for Social Security and Medicare for low-income workers, and it has been expanded several times since. EITC has enjoyed strong bipartisan support because it rewards work (only those with earned income are eligible), because it does not discourage marriage, and because the payments are widely perceived as a refund, not as stigmatizing “welfare.” About twice as much federal money (\$31 billion) is transferred to low-income families through EITC than through TANF (\$16.4 billion).

One problem with EITC is that many people do not realize they are eligible, and there is some evidence that poor families in rural areas are less likely to participate than similar families in urban areas. Also, many families receiving EITC end up paying excessive fees to have their tax returns prepared, and this greatly diminishes the value of this benefit.

Under the old welfare system, health insurance was closely linked to cash assistance, since AFDC recipients were all eligible for Medicaid, which is the joint federal-state program that provides health insurance for low-income and disabled Americans. Congress, concerned that families leaving welfare for low-wage jobs would lose Medicaid eligibility but not get health insurance as a benefit of employment, created the State Children’s Health Insurance Program (SCHIP) as part of the balanced Budget Act of 1997. SCHIP provides federal money for states depending on the number of uninsured low-income children in a state and the state’s recent success in improving coverage. States have some flexibility in setting the income levels for SCHIP eligibility; a common income level for eligibility is 150 percent of the federal poverty line. States can either expand existing Medicaid programs to cover children or create new programs, or both. Limits are set on the premiums and copayments that state programs can charge, and on the maximum percentage of family income to be spent on medical care in a year. As with EITC, many families do not enroll children in the SCHIP program because they do not think they are eligible.

# POLICY CONSIDERATIONS

Many of the biggest social policy changes over the past decade have had special implications for rural children. Because of the unique aspects of social and economic life in rural America, welfare reform, expansion of government health insurance, and education reform affect rural and urban children differently.

The changing face of federalism also has important implications for rural America. Devolution of policymaking responsibility from the federal to the state and county level, which characterized much of the 1990s, may further jeopardize the benefits available to poor rural families. Giving more responsibility to states is troubling given the evidence presented here showing that predominantly rural states provided significantly lower welfare payments.

Moreover, average income in predominantly rural states is lower than in other states. The average per capita income in the 10 most-rural states is \$18,461, compared with \$24,562 for the 10 most-urban states. Giving states more of the responsibility for taking care of the poor is likely to squeeze the rural poor (who are more likely to live in low-income states) more than the urban poor.

The fact that there was a decrease in the number of children in nearly half the rural

counties between 1990 and 2000 has fueled a crisis in many rural schools. As the student population declines, pressures mount for rural county school systems to consolidate with neighboring districts. For many rural communities the local school is part of the bedrock of their social identity, so state-enacted policies to encourage or require school consolidation usually meet with stiff local resistance. The debate about the wisdom of consolidation has become more heated as new research underscores the effectiveness of small schools and questions the savings achieved by consolidation. This issue is all the more complex because rural education is also caught up in efforts to achieve more equitable education funding within states. Many states are in litigation over state funding formulas, which often penalize smaller and poorer rural districts.

The overwhelming urban focus of welfare programs means policymakers often overlook needy families in rural areas. In addition to the scarcity of jobs, the physical and social isolation associated with rural poverty creates problems different from those in densely settled urban areas. Moreover, in many rural areas there is a stronger social stigma attached to participating in social and welfare programs because the culture places a high

value on self-reliance. The socioeconomic environment faced by poor rural families needs to be considered before implementing policies and programs designed primarily with the urban poor in mind.

Because a large share of the rural poor are employed, low-income rural families will benefit from policies that increase the rewards for low-income workers. For example, increasing both access to and provision of health care or child care services to low-income working families is likely to help struggling rural families.

One of the most important programs designed to help low-income working families is the Earned Income Tax Credit (EITC). The EITC is a federal program that works through the tax code to allow low-income workers to enhance their income. Enacted in 1975, it targets low-income families with children where one or both parents work. Nationally, the federal EITC program lifted 2.5 million children out of poverty, and yearly transfers an estimated \$31 billion to low-income families.

Since the EITC was expanded in 1993, the number of families receiving the benefit increased by 25 percent while the average amount received per recipient family grew by over 50 percent. Research shows that, among low-income families, even small incre-

ments of income can lead to better child outcomes.

As of 2002, 15 states have implemented a state EITC program to provide additional help to low-income workers. But there is a heavy urban flavor to states with such programs. In the 10 most-urban states, five have started EITC programs, but among the 10 most-rural states, only two (Vermont and Maine) have a state EITC program.

While the minimum wage is not as targeted as the EITC in helping families with children, several states have passed legislation increasing the minimum wage above the national standard (\$5.15 an hour). But once again, states with higher minimum wages tend to be highly urban. Of the 12 states that have raised the minimum wage above the national standard, only two have higher-than-average rural populations.

Because employment in many rural settings is cyclical and jobs are widely dispersed, problems of access to unemployment insurance benefits take on special significance for low-wage workers in rural America. In addition to facing dismal job markets in many rural areas, workers living in rural areas often lack access to the government services that would help them navigate the unemployment system or get the help they need to become re-employed. Most states now allow workers to

apply for unemployment benefits by phone, but workers who want or need additional help to access unemployment benefits or employment services often find that local unemployment offices have been closed as part of cost-cutting efforts.

## THE FUTURE OF RURAL AMERICA

With many rural counties experiencing declines in the number of children, and with 80 percent of the U.S. population now residing in metropolitan areas, it is easy to see why rural children are often left out of policy considerations. However, the high poverty rates and the growing number of low-income working families in rural communities put a significant number of American children at risk.

A number of policy changes can benefit low-income families in rural areas. Assisting families in building credit to secure loans for vehicle ownership, enacting “lifeline” programs to provide telephone service to low-income families at discounted rates, and reducing the “digital divide” in computer and Internet access could help reduce levels of social,

economic, and physical isolation. Programs to increase intellectual capital by reducing the urban-rural education gap and by providing job training to rural workers will help attract more businesses and entrepreneurs to rural communities. Providing affordable, high-quality child care services and affordable rental housing in rural areas can help reduce the “costs” of going to work. More broadly, low-income families need better resources to help them make the transition from welfare to work. With the transfer of many federal programs to states and localities, program flexibility is needed in order to allow decisionmakers to implement and adapt policies for rural communities.

Policymakers need to make sure that eligible families in rural areas are participating in the programs available to them. Many families who could receive support through the Earned Income Tax Credit, Temporary Assistance to Needy Families, and the State Children’s Health Insurance Program do not receive benefits because they do not know they are eligible.

Improving the opportunities and outlook for children in rural areas is critical for creating a sustainable future for rural America.

### ACKNOWLEDGMENTS

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The Population Reference Bureau's Rural Families Data Center is a source of data on families and communities in rural America, designed to serve community leaders, policy-makers, educators, journalists, grant makers, and the general public. Our goal is to raise awareness

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