

At the Razor's Edge: Building Hope for America's Rural Poor

By Leif Jensen

Hurricane Katrina exposed the poverty that lay in our midst, and although the images served to remind the country of its enduring inequality, the picture was one of urban poverty. What the images failed to expose is the rural face of poverty, which in the South — and especially in the Delta — is the face of poverty. About one-third of the area hit by Katrina is rural, and the rate of poverty in the rural South stands at nearly 18%, the highest of any region in the country. What is too often overlooked is that poverty rates nationwide are consistently higher in rural than in urban areas (as a percentage of the population), and poverty is far more persistent in rural localities.

On one level, the rebuilding of the Delta and other parts of the mid-South region represents an opportune time to refocus our lens on what we know about rural poverty and to outline adaptable blueprints that poor rural counties may adopt in their quest to eradicate poverty. This brief offers an important step in outlining the causes of rural poverty and delineating strategies that can move rural areas on the path of social and economic stability.

✓ Reality Checks

- ✓ Approximately 7.3 million rural Americans were poor in 2005, or 15.1% of the rural population. In contrast, 12.5% of individuals in urban areas were poor.
- ✓ Poverty rates are higher and more enduring in rural America due to a number of factors: limited economic diversity, isolation and sparse population, and lower educational levels among working adults.
- ✓ Rural governments, whether at the town or county level, should collaborate to pool resources and knowledge and build regional alliances that support innovative economic development activities.
- ✓ Improving the availability of affordable and quality child care and transportation networks is important in reducing barriers to employment, especially in rural areas.
- ✓ Attention should be focused on maintaining the social safety net for elders, the disabled, those between jobs, and others who cannot fend for themselves.

What is Poverty?

Poverty is living below a set income threshold. For a family of four (mom, dad, two children), the poverty threshold in 2005 was \$19,806. Developed in the early 1960s, the official definition sets the poverty threshold at three times the cost of a minimally adequate diet. The threshold is adjusted for family size, number of children and, for small households, age of family head, and it is adjusted annually for inflation.

The official definition of poverty, however, has come under scrutiny for several reasons. First, the threshold does not account for cost of living differences between places, which can have implications for rural-urban differences. Second, the thresholds, and therefore measured poverty rates, were determined by a prominent National Academy of Sciences report, to be unrealistically low.

The Unique Characteristics of Rural Poverty

Approximately 7.3 million rural Americans were poor in 2005, or 15.1% of the rural population. In contrast, 12.5% of individuals in urban areas were poor.¹ Rural poverty rates, in fact, have always been higher than urban poverty rates (see Figure 1). Rural poverty is also more enduring. Areas that the government defines as “persistent” poverty areas, meaning they have seen consistently high poverty rates for 40 years, are all rural (see Map 1). As is also clear from the map, Hurricane Katrina’s path struck at the heart of a string of persistently poor rural counties.

As Figure 2 shows, the majority of rural poor are white (66.3 percent versus 40.4 percent in urban areas). In contrast, larger shares of the urban poor are black (25.2 percent) and Hispanic (28 percent). A second way to examine poverty is to study poverty rates across groups. In other words, which groups are at

Map 1: Nonmetropolitan counties with persistently high poverty, 1959-2004.

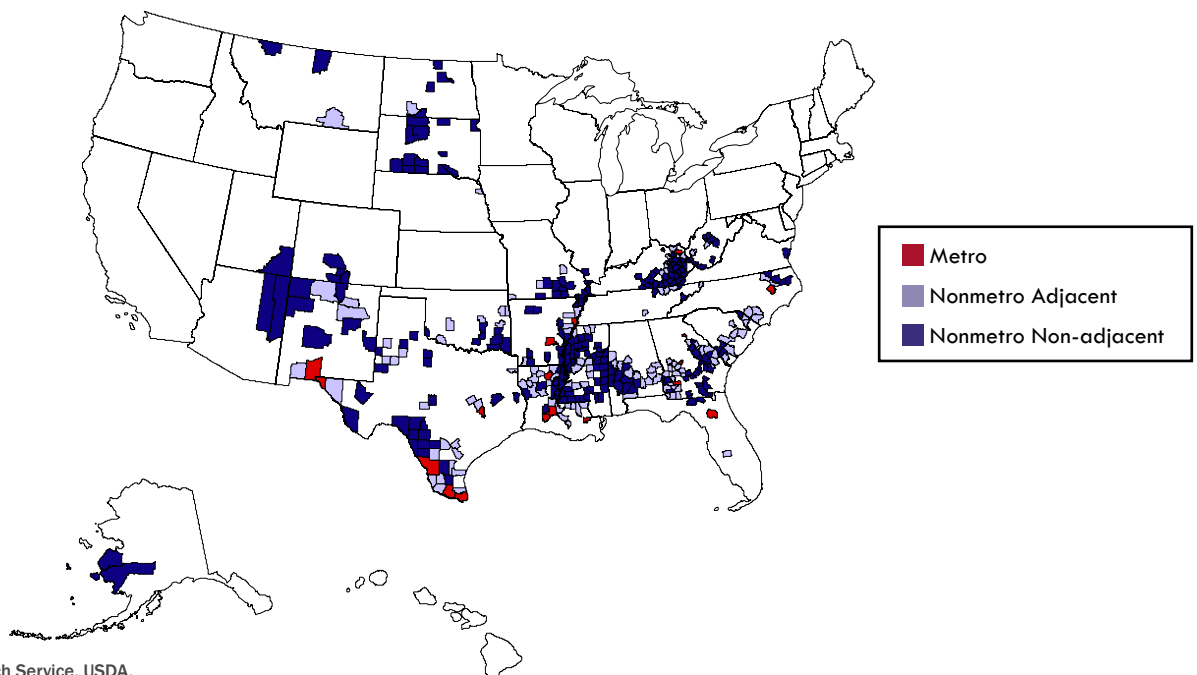
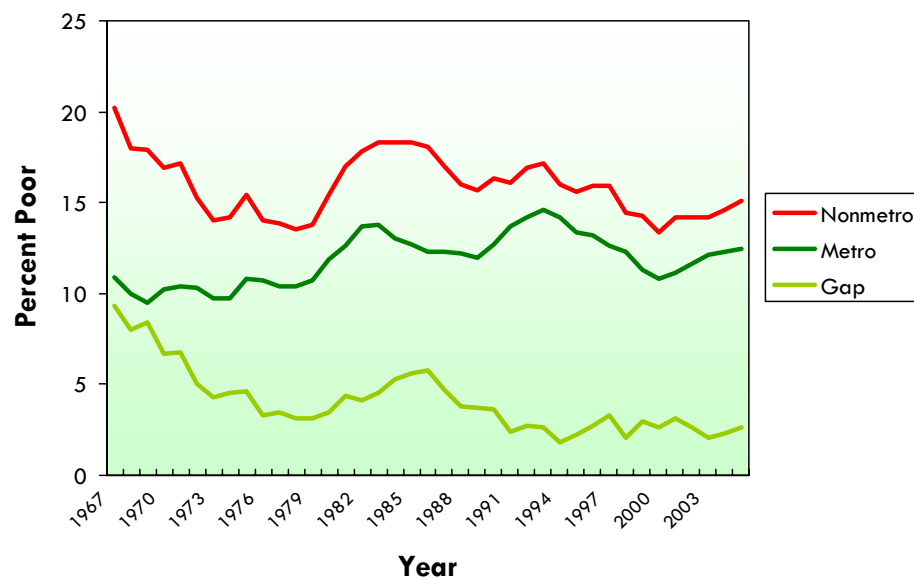


Figure 1: Poverty Rates by Residence, 1967-2005.



Note: Metro status of some counties changes in 1984 and 1994. Metro and nonmetro rates are imputed for 1960-1968.

Source: Prepared by the Economic Research Service using data from the U.S. Census Bureau's Current Population Survey, March Supplement.

greatest risk of falling below the poverty line in rural and urban America? As Figure 3 reveals, rural minorities experience much higher poverty rates than urban minorities. In fact, not only are these rates higher and more enduring, but the reasons for rural poverty are often quite different from those in urban areas. These reasons, ranging from local economies, to the isolation and sparse populations of rural areas, lower education levels, and other factors, make rural poverty unique—and require different solutions.

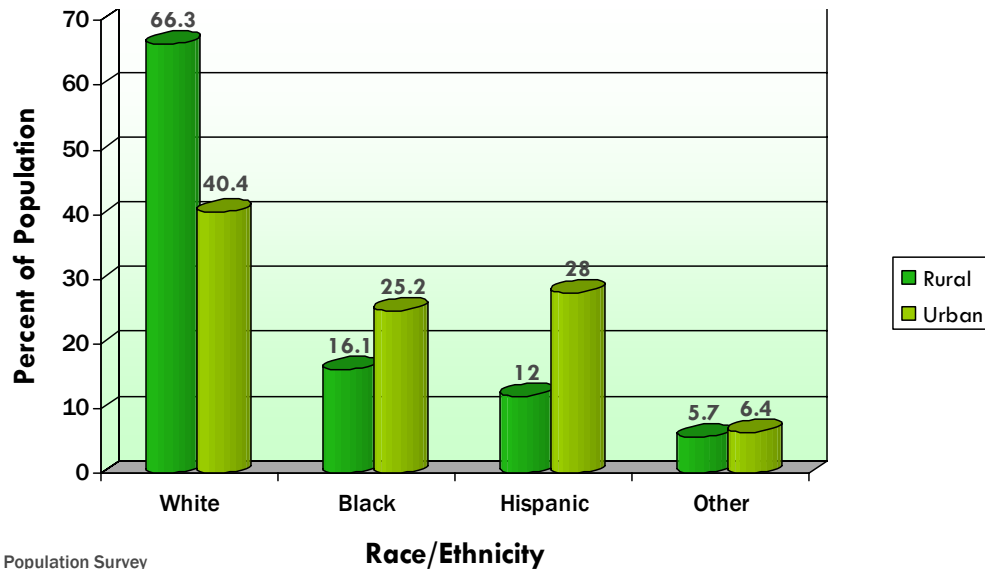
What Causes Rural Poverty?

Poverty is complex and caused by a host of factors, including the characteristics of people themselves (both innate and those they acquire), life events, the decisions people make, and the key features of the families, neighborhoods, communities and regions in which they live. At the same time, rural areas are unique and face a special set of challenges:

- Rural adults are less likely to have a college degree than urban residents, and the quality of rural educational systems is often substandard, especially in low-wealth counties. Both limit the ability of rural workers to secure good jobs, or to attract and create quality jobs in rural places.
- Rural areas often lack economic diversity; they frequently rely on a limited number of industries (e.g., extractive industries), which can limit job advancement and make rural jobs more vulnerable to market forces and industrial restructuring.
- They generally lack adequate infrastructure, from child care facilities, to public transportation, to information technology. This also poses barriers to work and to industries locating in rural areas.
- Discrimination on the basis of race, social class, or gender persists in some rural areas, blocking oppor-

Figure 2: Proportion of Poor Who are White, Black, Hispanic, or Other Race/Ethnicity, 2005.

Almost two-thirds of the rural poor are white, while only about 16 percent are black, and 12 percent are Hispanic.



Source: 2005 Current Population Survey

tunities for genuine social and economic advancement for all people in rural America.

What Are the Policy Options?

Just as the causes of poverty are diverse, realistic and effective solutions must be equally diverse. As such, antipoverty policies must be flexible enough to be tailored to the special opportunities and challenges associated with various localities and regions. The varieties of policy options that follow are offered in a spirit of recognizing the unique character of many rural places.

Build a More Diverse Economy: Rural labor markets are typically smaller, less diverse, and dominated by a single industry. This not only limits the ability of individuals to demand higher wages but also hits especially hard when that employer downsizes. Building a more diverse economy begins with supporting smaller, community-based businesses, small industrial districts, and regional trade associations that can be

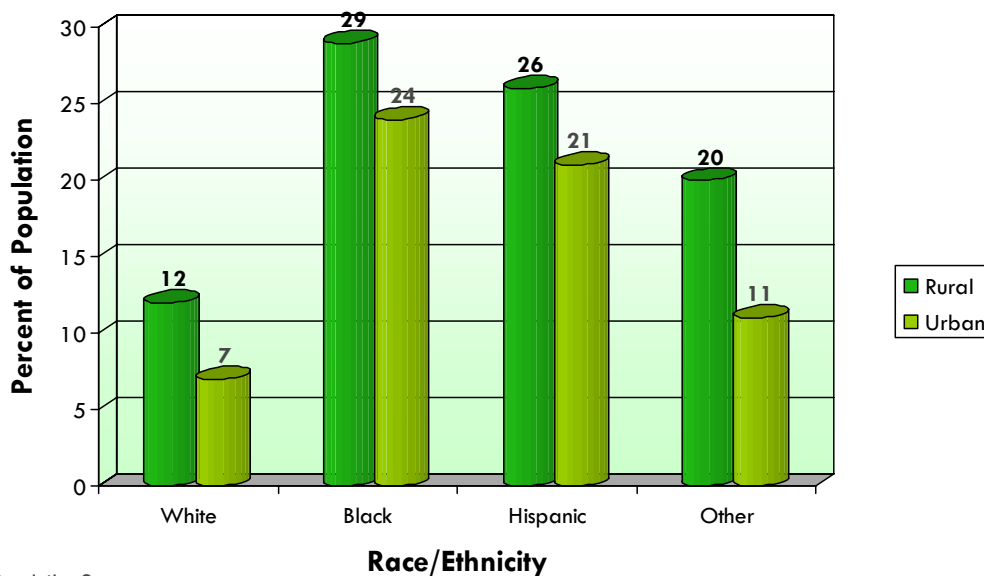
more responsive to community needs and more agile in adjusting to changing markets. By banding together, these associations can pool talents and resources to overcome limitations of size and scale. Such economic development can be fostered with small business loans, various incentives, or public-private partnerships.

Expand Regional Cooperation, Innovation, and Entrepreneurship: The recommendations of a U.S. Department of Commerce Advisory Committee on Strengthening America's Communities hold promise.² They call for a new approach that emphasizes regional cooperation, innovation, and entrepreneurship. Particularly relevant to rural poverty reduction are the following recommendations:

1. Include poverty and underemployment among explicit criteria to re-target economic development funds to places most in need. Places suffering from plant closures caused by industrial restructuring or outsourcing, natural disasters, or other shocks out-

Figure 3. Rural and Urban Poverty Rates, by Race/Ethnicity, 2005.

Rural minorities suffer significantly higher poverty rates than urban minorities.



Source: 2005 Current Population Survey

side their control should be targeted for special assistance.

2. Pursue a gradual shift away from block grants to challenge grants and other competitive mechanisms for distributing development assistance—but only if communities and regions have the opportunity (and funding) to enhance their infrastructure and local human capital to compete fairly.

3. Support new industries that are well integrated and meet the needs of both consumers and the community and whose business decisions are both economically and civically sound. Business development should support and be responsive to local and regional needs, integrate diverse voices, and foster cooperation across and within communities. These networks have the additional benefit of enhancing the social networks among residents, which create rich associations that nurture civic engagement.

4. Focus on establishing the right conditions for new industry clusters to emerge. Some of the key conditions include institutions that champion knowledge creation, a business culture that supports entrepreneurship, the removal of barriers to new firm creation, and ready access to capital. Institutions of higher education (such as rural community colleges and land-grant universities) can be key resources in helping guide these important economic development activities.

Enhance the Capacity of Rural Governments

Unfortunately, the poorest communities often have governments that are fiscally strapped, and as a result, are less able to care and provide for their citizens. Today, local governments have greater flexibility and responsibility in the management of federally supported programs. But, rural communities are also stymied by their austere fiscal conditions and by a scarcity of local leaders with in-depth experiences

in government affairs. To overcome this limitation, rural governments, whether at the town or county level, should collaborate with other local governments to pool resources and knowledge and build regional alliances. It is vital that the unique challenges and needs of low-income groups be given full consideration by these regional bodies.

Improve Work Supports

It is important to enhance access to, and benefits from, work. Improving the availability of affordable and quality child care and transportation networks is important in reducing barriers to employment, especially in rural areas. At the same time, the federal government should follow the lead of several states by increasing the minimum wage (which has been allowed to fall in real terms to its lowest point in several decades). Expanding the Earned Income Tax Credit, such that workers retain more of their earnings, represents another important policy that Congressional leaders should consider.

Maintain the Social Safety Net

Attention should be focused on maintaining the social safety net for elders, the disabled, those between jobs, and others who cannot fend for themselves. Food stamps, food pantries, cash assistance, and Medicaid and Medicare are essential. The latter two are especially critical in light of rural America's aging population, and the increasing Hispanic population (two groups that tend to under use health services). Using TANF flexibility to support home-based child care—more common in rural areas—would help single mothers and dual-worker families.

Strengthen the Quality of Education

Improving education among the rural poor is a critical route to increased economic security. Although the ru-

ral-urban gap has narrowed considerably in terms of the proportion of adults earning a high school degree, a large gap persists in terms of college-educated residents. This is especially true for racial-ethnic minorities. In today's economy, a college degree is essential to greater economic stability. Yet, the cost of college is increasingly burdensome for families. Among the options to be considered include:

1. Launch a student loan forgiveness program for those willing to locate in rural communities.
2. Support community colleges in recruiting and retaining youth. Supporting innovations in course delivery is one option, such as teaming with the local high school to offer e-learning opportunities or other off-site options for rural students, who typically live quite far from schools. Supporting colleges in building curricula that support local economies is another, especially in areas suffering "brain drain" of the more educated youth. Finally, supporting novel programs that help engage youth while in college so they graduate and stay in the area is imperative.³

Focus on Rural Poverty

For too long, rural poverty policy has been the victim of neglect or has been cast in the shadow of agricultural or other sectoral policies. As the media and policy attention post-Katrina have underscored, rural areas are often neglected and overshadowed by urban concerns. Rural policy should recognize poverty in its ranks and focus attention on this pernicious and enduring problem. Katrina also serves to remind that some fates are beyond individual control. Likewise with poverty, we should remember that structural conditions in rural America, from the economy to geography, play a significant role in family poverty.

In 1966, the National Advisory Commission on Rural Poverty wrote, “we are convinced that the abolition of rural poverty in the United States, perhaps for the first time in any nation, is completely feasible.” Such an audacious statement could only have been made at a time when the political will to truly combat poverty was strong. Many of the policy options we advocate in this brief will require rededication at the local, state and federal levels to address the problem of rural poverty that remains so hidden from view and too easily forgotten.

To Learn More About This Topic

The following are just a sampling of the many worthwhile publications on rural poverty.

Brown, J. B., and Daniel T. Lichter. 2004. “Poverty, Welfare and the Livelihood Strategies of Nonmetropolitan Single Mothers.” *Rural Sociology*, 69(2): 282-301.

Citro, Constance F., and Robert T. Michael. 1995. *Measuring Poverty: A New Approach*. Washington, DC: National Academy Press.

Cotter, David A. 2002. “Poor People in Poor Places: Local Opportunity Structures and Household Poverty.” *Rural Sociology*, 67(4): 534-555.

Crandall, M.S., and B.A. Weber. 2004. “Local Social and Economic Conditions, Spatial Concentrations of Poverty, and Poverty Dynamics.” *American Journal of Agricultural Economics*, 86(5): 1276-1281.

Duncan, Cynthia M. 1999. *Worlds Apart: Why Poverty Persists in Rural America*. New Haven, CT: Yale University Press.

Economic Research Service. July 2004. “Rural Poverty at a Glance.” Rural Development Research Report, no. 100. Washington, DC: ERS.

O’Hare, William P., and Kenneth M. Johnson. 2004. “Child Poverty in Rural America.” Reports on America, vol. 4, no. 1. Washington, DC: Population Reference Bureau.

Rural Sociological Society. Task Force on Persistent Rural Poverty. 1993. *Persistent Poverty in Rural America*. Boulder, CO: Westview.

Snyder, Anastasia R., and Diane K. McLaughlin. 2004. “Female-Headed Families and Poverty in Rural America.” *Rural Sociology*, 69(1): 127-149.

Swaminathan, H., and J. Findeis. 2004. “Policy Intervention and Poverty in Rural America.” *American Journal of Agricultural Economics*, 86 (5): 1289-1296.

Weber, Bruce et al. 2005. “A Critical Review of the Rural Poverty Literature: Is There Truly a Rural Effect?” *International Regional Science Review*, 28(4): 381-414.

Acknowledgments

This policy brief was drafted by Leif Jensen (Penn State University) and is based on the following publication:

Leif Jensen, Diane K. McLaughlin, and Tim Slack, “Rural Poverty: The Persisting Challenge.” In David L. Brown and Louis Swanson, editors, *Challenges for Rural America in the 21st Century*. University Park, PA: The Pennsylvania State University Press, 2003.

Endnotes

¹ Based on 2005 U.S. Census Bureau data. In this brief the term “rural” refers to people and places in nonmetropolitan (nonmetro) counties, while “urban” refers to metropolitan (metro) counties. In general terms, metro areas consist of a county with one or more urbanized areas with a total population of 50,000 or more, plus surrounding counties with socioeconomic ties to the central county as indicated by commuting patterns. Metro areas include both central cities and suburbs. Nonmetro counties are those located outside of metro areas.

² See the Rural Governance Initiative for further information and supports http://www.rupri.org/ruralPolicy/publications/RGI_in_pdf.pdf

³ One promising example is the Opening Doors to Learning Opportunities program, whose results from rigorous evaluation by MDRC is showing positive results. See www.mdrc.org.

About the Author

Leif Jensen is a Professor of Rural Sociology and Demography in the Department of Agricultural Economics and Rural Sociology at Pennsylvania State University. His research interests are found within three broad areas. The first is social stratification with emphasis on issues of poverty, employment, and household economic strategies in rural and urban areas. The second is demography with special attention to migration and immigration. The third is the sociology of economic development with a focus on Latin America. His recent and ongoing research projects include studies of underemployment in the United States, the movement of immigrant groups to new destination communities in the U.S., the circumstances of youth in migrant farm worker families in Pennsylvania, and patterns of spatial inequality in Latin America.

Leif can be contacted via e-mail at ljensen@psu.edu or by telephone at 814-863-8642. For more biographical information, visit <http://www.aers.psu.edu/faculty/LJensen>.

About *Rural Realities*

Rural Realities is a quarterly publication of the **Rural Sociological Society (RSS)**. Its purpose is to: (1) Provide valuable insights on the current and emerging issues impacting people and places in rural America and beyond; and (2) Offer policy and program options that might prove effective in addressing these important rural challenges and opportunities. Articles showcased in the series draw upon high quality social sciences-based studies conducted by researchers and practitioners located within universities/colleges, government, philanthropic, and nonprofit organizations. For more information about *Rural Realities*, please contact the series editor.

The **Rural Sociological Society** is a professional social science association that promotes the generation, application and dissemination of sociological knowledge. The Society seeks to enhance the quality of rural life, communities and the environment through research, teaching, and outreach/extension education.

The *Rural Realities* Editorial Board

Series Editor:

- **Lionel J. "Bo" Beaulieu**
Southern Rural Development Center,
Mississippi State University
E-mail: ljb@srdc.msstate.edu

Editorial Board:

- **Walt Armbruster**
Farm Foundation
- **Frank Boteler**
Economic and Community Systems,
CSREES/USDA
- **Alisha Coleman**
Penn State University
- **Tadlock Cowan**
Congressional Research Service
- **Al Cross**
Institute for Rural Journalism and Community Issues,
University of Kentucky
- **Brian Dabson**
Rural Policy Research Institute,
University of Missouri
- **Robert Gibbs**
Economic Research Service, USDA
- **Steve Murdock**
University of Texas – San Antonio
- **Jim Richardson**
National Rural Funders Collaborative
- **Louis Swanson**
Colorado State University
- **Rachel Tompkins**
Rural School and Community Trust
- **Michelle Worosz**
Michigan State University