

Perspectives

ON POVERTY, POLICY, & PLACE

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The Newsletter of the
RUPRI Rural Poverty
Research Center

**Beyond Poverty Rates: Why Depth and Severity of Poverty
Matter When Comparing Rural and Urban Poverty**

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Dean Jolliffe

Although poverty rates are higher in nonmetro areas, Dean Jolliffe suggests that a more nuanced view of poverty that considers its depth and severity, not just a head count, might reveal a different picture.

**2003-04 RUPRI Rural Poverty Research Center
Dissertation Fellowship**

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The Rural Poverty Research Center awards its first dissertation fellowships to six students.

Addressing Person and Place to Alleviate Rural Poverty

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David A. Cotter

The author explores the roles of individual and labor market characteristics as contributors to poverty in rural America, finding a slightly stronger case for the latter. Context, he argues, more than the composition of its residents, fosters poverty in rural areas.

Welfare Reform in California's Agricultural Counties

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Richard Green, Philip Martin, and J. Edward Taylor

The authors examine how time limits and work mandates in the welfare law affect the likelihood of getting a job and welfare participation in the agricultural counties of California's San Joaquin Valley, where the labor market offers fewer jobs paying more than welfare benefits.

Perspectives:

On Poverty, Policy, and Place

The newsletter of the RUPRI Rural Poverty Research Center

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Bylines—Each article in the newsletter features the byline “based on research by....”, which signifies that the article, while written by our editorial staff, has been reviewed and approved by the original researcher. With this approach, we hope to disseminate research to a broad audience in a format that is accessible, reliable, and accurate. The views expressed are those of the authors and not of the RUPRI Rural Poverty Research Center.

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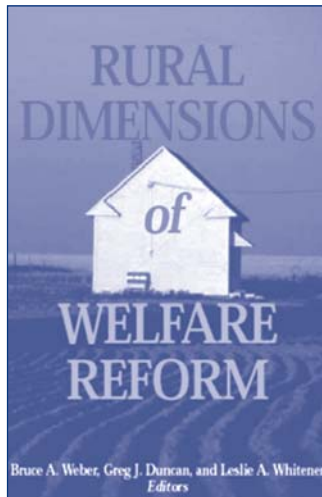
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Rural Dimensions of Welfare Reform

Bruce A. Weber, Greg Duncan, and Leslie Whitener, editors

W.E. Upjohn Institute. 2002.
<http://www.upjohninst.org/publications/titles/rdwr.html>

Rural Dimensions of Welfare Reform is the first comprehensive look at how welfare reforms enacted in 1996 are affecting caseloads, employment, earnings, and family well-being in rural areas.

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BEYOND POVERTY RATES: Why Depth and Severity of Poverty Matter When Comparing Rural and Urban Poverty

Based on research by Dean Jolliffe

Poverty rates have continuously been higher in nonmetro than metro areas for the past decade. However, looking only at the proportion of a population that lives below the federal poverty line—the headcount of poverty—may gloss over some important variation in the depth and severity of poverty in the two areas.

Looking more deeply at the nature of poverty, Dean Jolliffe, in a recent USDA Economic Research Service research report, finds that the large and statistically significant differences between metro and nonmetro poverty rates do not accurately convey *how* poor families are in the two areas.¹ As more sensitive measures reveal, there is a wider range of income and degree of poverty among metro poor than among nonmetro poor, whose income tends to hover near the poverty line, while the metro poor are more likely to experience deep poverty. This greater severity and depth of poverty in metro areas narrows the gap between the two areas when viewed with measures more sensitive to income distribution. More sensitive measures also spotlight new ways to tailor programs and policies to alleviate poverty in each region.

The Nature of Poverty

Jolliffe uses two indices and Current Population Survey data from 1991–2000 to flesh out a view of poverty. The first, which captures depth of poverty, is the poverty gap index, and the second, which measures severity, is a squared poverty gap index.²

The usefulness of looking at depth and severity of poverty is illustrated by a transfer of money from a rich person to a poor person. If the money is insufficient to lift a family above the poverty line, the headcount of poverty remains the same. That money, however, has raised the income of the poor person, and this improvement in well-being is reflected in a reduction of both the poverty gap and the squared poverty gap. In another example, a transfer of income from a poor person to a poorer person will alter neither the head count nor the poverty gap, but it will improve the distribution of income among the poor, moving the family from perhaps the bottom income bracket to a higher bracket, which could reduce the squared poverty gap.

Metro-Nonmetro Differences Narrow

Looking broadly at the entire U.S. population shows that nonmetro families consistently earned less on average than their metro counterparts in every year of the 1990s. In 1999, for example, the average nonmetro family income was \$45,690, while the metro income was 25% higher, at \$60,664. Throughout the decade, metro families earned roughly 25% more than nonmetro families. Similarly, the poverty rates were consistently 16% to 28% higher in nonmetro households.

However, the size and significance of the nonmetro-metro difference in poverty declines as one examines the depth and severity of poverty. Although the nonmetro incidence of poverty was much larger than the metro rate in all 10 years of the 1990s, the depth of poverty, as measured by the poverty gap index, was statistically higher (at the 5% level) in nonmetro areas in only 6 of 10 years. Tightening the significance requirements to 1% leaves the poverty rate statistically significant in only 5 of 10 years.

The difference in the squared poverty gap index, or the severity of poverty, was statistically significant at the 1% level in 1997 only. At the 5% level, the differences reached significance in 3 of the 10 years (see Table 1).

These results suggest that the nonmetro-metro differences in poverty during the 1990s as measured by a headcount index are not robust to measures sensitive to income distribution. To gain a more nuanced, and accurate, picture of poverty in America would seem to require a more nuanced measurement.

What Drives the Differences?

To better understand these differences in poverty between metro and nonmetro counties, it helps to consider the different demographic and labor market characteristics of the two areas. One method is to examine welfare ratios, or the ratio of family income to the poverty line. Welfare ratios also control for important demographic traits that may be different across the two areas. For example, poor persons in metro areas are, on average, slightly younger than their counterparts in nonmetro areas. Also, although the average family size is the same in the two areas, the distributions differ. In 1999, for example, 16% of the

Table 1: Incidence, Depth, and Severity of Poverty: Nonmetro-Metro Comparison, 1990-99

Year	Incidence (headcount)			Poverty Gap Index (depth)			Squared Pov. Gap (severity)		
	Nonmetro	Metro	Difference	Nonmetro	Metro	Difference	Nonmetro	Metro	Difference
1990	0.163	0.127	0.036***	0.066	0.056	0.010***	0.039	0.035	0.005**
SE	(0.0042)	(0.0022)		(0.0021)	(0.0012)		(0.0015)	(0.0009)	
1991	0.160	0.137	0.023***	0.067	0.061	0.006**	0.041	0.039	0.002
SE	(0.0042)	(0.0023)		(0.0022)	(0.0013)		(0.0016)	(0.001)	
1992	0.167	0.139	0.028***	0.071	0.063	0.008***	0.044	0.040	0.004**
SE	(0.0042)	(0.0023)		(0.0022)	(0.0013)		(0.0017)	(0.001)	
1993	0.171	0.146	0.025***	0.072	0.067	0.004	0.044	0.043	0.001
SE	(0.0043)	(0.0025)		(0.0022)	(0.0014)		(0.0017)	(0.0011)	
1994	0.159	0.141	0.017***	0.068	0.065	0.003	0.043	0.042	0.001
SE	(0.0043)	(0.0025)		(0.0023)	(0.0014)		(0.0017)	(0.0011)	
1995	0.156	0.134	0.023***	0.064	0.060	0.004	0.039	0.039	0.001
SE	(0.0049)	(0.0024)		(0.0026)	(0.0013)		(0.0020)	(0.001)	
1996	0.159	0.132	0.027***	0.067	0.059	0.008***	0.041	0.038	0.003
SE	(0.0048)	(0.0023)		(0.0025)	(0.0013)		(0.0019)	(0.001)	
1997	0.158	0.126	0.032***	0.070	0.058	0.012***	0.046	0.038	0.007***
SE	(0.0048)	(0.0023)		(0.0027)	(0.0013)		(0.0021)	(0.001)	
1998	0.143	0.123	0.020***	0.061	0.057	0.004	0.039	0.039	0.000
SE	(0.0046)	(0.0023)		(0.0024)	(0.0013)		(0.0019)	(0.001)	
1999	0.142	0.112	0.030***	0.060	0.052	0.009***	0.039	0.035	0.004*
SE	(0.0046)	(0.0022)		(0.0025)	(0.0012)		(0.002)	(0.001)	

POVERTY INDEXES ARE THE FOSTER-GREER-THORBECKE PA INDEXES.
 SE = STANDARD ERRORS * P = 0.1; ** P = 0.05; *** P = 0.01
 WHITE = LOWEST RATE; BLUE = HIGHEST RATE

metro poor lived in two-person families compared with 20% of the nonmetro poor.

The welfare ratios show that nonmetro poor were consistently better off than the metro poor during the 1990s. A larger proportion of metro families live in extreme poverty while more nonmetro poor families live on incomes that are closer to the poverty line.

It could be that nonmetro poor are better off, relatively, because more families are working, albeit in low-wage jobs. However, there is little evidence for this. The percentage of metro poor not working (58%) is similar to nonmetro figures. Similarly, 22% of both groups work full-time, and 20% in each group work part-time or are unemployed. For those who worked in the week prior to the CPS survey, the average hours worked was 34 for

Table 2: Nonmetro-Metro Differences in Workforce Attachment, 1999

	Nonworking Nonmetro Poor (%)	Nonworking Metro Poor (%)
Disabled or ill	31	26
Retired	28	23
<i>Total</i>	<i>59</i>	<i>49</i>
Receiving Soc Security	22	16
Receiving SSI	12	9

ALTHOUGH THE INCIDENCE OF POVERTY AMONG NONMETRO FAMILIES WAS CONSISTENTLY HIGHER IN 1990S, THE DEPTH OF POVERTY WAS GREATER IN ONLY 5 OF 10 YEARS AND THE SEVERITY WAS ONLY GREATER IN ONE YEAR.

both metro and nonmetro individuals. Both reported the same number of weeks worked (34 on average) during 1999.

What is different, however, is the characteristics of the poor not in the labor force. In nonmetro areas, more nonworking individuals are retired or disabled or ill (see Table 2). More also, consequently, rely on Social Security or Supplemental Security Income (SSI). Metro poor residents, in contrast, are younger and more likely to be in school or in job training.

Policy Implications

Measures of poverty that incorporate the distribution of poverty can reveal a more nuanced picture of poverty in America, and this more nuanced view can better guide policies to alleviate poverty. If policy aims only to lower the headcount of persons in poverty, its target would likely be limited to only those nearest the poverty line at the expense of those most in need of help. Addressing the depth and severity of poverty, on the other hand, would improve the welfare of the poor.

The findings also point to the importance of tailoring programs and policies to regional characteristics. Although increasing job opportunities in both areas will likely be beneficial, enhancing educational and job-training opportunities in metro areas, given the younger and less educated population, will likely be more beneficial, while enhancing income assistance to elderly or disabled living on fixed incomes will be of greater benefit to nonmetro residents.

Footnotes

1. For the full paper, see Dean Jolliffe, "Comparisons of Metropolitan-Nonmetropolitan Poverty during the 1990s." Rural Development Research Report no. RDRR96. Washington, DC: USDA, Economic Research Service, June 2003. Available online at: <http://www.ers.usda.gov/publications/rdr96/>
2. The poverty gap index is defined as the mean distance below the poverty line (expressed as a proportion of the poverty line), where the mean is formed over the entire population and the nonpoor are counted as having zero poverty gap. The squared poverty gap index is defined as the mean of the squared proportionate poverty gaps. A metro area is any county that contains a city with a population of at least 50,000, a county with an urbanized area as defined by the Census Bureau (an area with a population of at least 100,000 persons), or a fringe county that is economically tied to a metro area. Nonmetro areas are all area outside the boundaries of metro areas and contain no cities with populations of more than 50,000.

Author

Dean Jolliffe is an economist with the Economic Research Service of the USDA, a research fellow of the William Davidson Institute at the University of Michigan, and an adjunct faculty member of the Georgetown Public Policy Institute. His research focus is on topics related to poverty, inequality, discrimination, education, household labor supply, and the economics of obesity.

Dissertation Fellowship Awardees

The RUPRI Rural Poverty Research Center offers fellowships to support PhD dissertation research addressing the causes and impacts of poverty in rural areas of the United States or the policy options that might reduce poverty or its negative effects. The program, which provides \$20,000 for a 12-month period, enables PhD candidates to complete dissertations on issues related to rural poverty, and especially poverty reduction efforts and increased self-reliance in rural areas. Funding for the fellowships comes from the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, and from the Annie E. Casey Foundation. The 2003 Rural Poverty dissertation fellowship was awarded to six recipients profiled below. They are Angela Donelson, Mark Harvey, Alina Oxendine, Michelle Eley, Elizabeth “Brooke” Kelly, and Timothy Slack. **For more information, contact Deanna Watkins, at Deanna.Watkins@oregonstate.edu**



Angela Donelson

UNIVERSITY OF ARIZONA,
DEPARTMENT OF GEOGRAPHY
AND REGIONAL DEVELOPMENT

Angela Donelson, a doctoral candidate at the University of Arizona, Department of Geography and Regional Development, is targeting her dissertation on capacity-building and community development, with a particular focus on funding and revenue streams to underdeveloped and rural communities.

The RPRC dissertation award will support her exploration of government’s role in promoting social capital to improve life in *colonias*, U.S.–Mexico border communities lacking basic community services and infrastructure. She emphasizes social capital, given the poor track record of such strategies as infrastructure development to lift persistently poor rural regions from decline. Her focus on the U.S. border region leads her to also explore the effect of location on the success of social capital development strategies as well as which elements of successful strategies can be transferred to less successful locations.

Donelson earned an MA in regional and community planning from Kansas State University and a BA in political science and journalism from University of Arizona, Tucson. She is currently a community-builder fellow and an Arizona *colonias* specialist with the U.S. Department of Housing and Urban Development. Prior to her HUD job, she worked on community development and planning issues in city government and a private consulting firm, and interned as a press aide for Senator Dennis DeConcini.



Michelle Eley

UNIVERSITY OF ILLINOIS,
URBANA-CHAMPAIGN, DEPARTMENT OF
HUMAN AND COMMUNITY DEVELOPMENT

Michelle Eley, a doctoral candidate in community and rural studies at the University of Illinois, Urbana-Champaign, is studying a unique community form in her dissertation “Going Mobile in the Rural South,” an exploration of the social and community ties among African-American families in a North Carolina mobile home park. Eley will use ethnographic data to explore how living in a mobile home park shapes the life chances of residents and how such families use social networks to help mobilize resources to meet their daily needs. Preliminary data suggest that rural African-American families draw more on churches than other community institutions for social support and other resources. Social ties within the community are also integral in securing informal work activities that aid daily survival.

Eley is a research associate in the Rural Families and Mobile Home Parks Study at University of Illinois, Department of Human and Community Development. Her BS, from North Carolina Agricultural and Technical State University, is in agricultural economics, as is her MS, from University of Illinois. She was an economist assistant for the U.S. Department of Agriculture at the Foreign Agricultural Service in the International Trade Policy, Food Safety and Technical Services division, and in the Economic Research Service, market and trade economics division.



Mark Harvey

UNIVERSITY OF WISCONSIN-MADISON,
DEPARTMENT OF RURAL SOCIOLOGY

Mark Harvey, a doctoral candidate in the Department of Rural Sociology, University of Wisconsin-Madison, is assessing in his dissertation the impact of the North American Free Trade Agreement (NAFTA), the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), and local institutional conditions on low-income residents in two persistently poor, rural Texas border counties.

Preliminary evidence finds that although NAFTA has contributed to the growth in the retail sector in both counties, one county, Maverick County, is rapidly becoming integrated into the emerging regional economy as a port of international trade between the United States and Mexico while the other county, Starr County, has seen most of its agricultural sector depart to Mexico. The different economic outcomes are evident in local welfare policy. Whereas Maverick County officials implemented intensive welfare-to-work strategies in 1998, Starr County exempted many residents from mandatory work requirements until 2002. Harvey's analysis examines how families in the two counties are patching together survival strategies from multiple sources of income, including government, informal work, wage labor, and other informal exchanges with kin and friends. His findings point to the importance of considering the indirect effects that stem from the interaction of social welfare policies and policies that affect labor markets and trade.

Harvey is currently a research assistant to Professor Kathleen Pickering in the Department of Anthropology, Colorado State University. He received a double BS in finance and sociology from Boston College, and an MS in Justice Studies from Arizona State University and an MS in sociology from University of Wisconsin-Madison. He is coauthor of a chapter in *Rural Dimensions of Welfare Reform* (W. E. Upjohn Institute, 2002).



Elizabeth Brooke Kelly

MICHIGAN STATE UNIVERSITY,
DEPARTMENT OF SOCIOLOGY

Elizabeth “Brooke” Kelly, a doctoral candidate in the Department of Sociology, Michigan State University, will use the dissertation support to study what it takes for low-income mothers in rural areas to get and keep a job in the context of welfare reform. Specifically, she focuses on “negotiating work,” or the invisible labor necessary to attain and sustain paid employment. Kelly uses in-depth interviews to follow two sets of low-income mothers in different counties—one group, Latino migrants and the other, white, settled families—chronicling the experiences and obstacles the women face in managing employment. Her findings point to the varied experiences of the women based on the particular rural economies and life situations. The insights gathered will be particularly helpful to policymakers in designing better welfare-to-work strategies for rural areas.

Kelly holds an MA in sociology from Michigan State and a BA in sociology from the University of Florida. Her research interests focus on race, class, and gender and their effects on inequality, the sociology of work, and welfare reform and economic structuring. She is currently a research team member on a longitudinal, multistate study tracking the well-being and functioning of rural families in the context of welfare reform.



Alina Oxendine

UNIVERSITY OF MINNESOTA,
DEPARTMENT OF POLITICAL SCIENCE

Alina Oxendine, a doctoral candidate in political science at the University of Minnesota, will apply the dissertation fellowship to her work examining the link between social capital and income inequality by comparing the attitudes and behavior of individuals in stratified communities with those living in more cohesive communities. She uses cross-sectional, individual-level survey data from a variety of national data sets, including the Social Capital Community Benchmark Survey, the National Election Survey, and the General Social Survey, and is supplementing the data with an original quasi-experimental survey that examines two rural communities that are demographically similar and that have similar mean income levels but that differ in how equally the income is distributed. She hypothesizes that economic inequality depresses social capital among both poor and wealthy groups by discouraging cross-class interaction and by creating frustration and alienation among the poor. She also posits that income inequality discourages the affluent from sympathizing with and helping the needy.

Oxendine has an MA in political science and a BA in international studies, both from Emory University. Her interests include political psychology, social capital and poor communities, income inequality and social stratification, rural technological development and the digital divide, and American regional political cultures. She is currently a research assistant on the GrandNet Project on Rural Technology at the Center for the Study of Political Psychology, University of Minnesota, with a coauthored chapter in the forthcoming *Prospects for Electronic Democracy*.



Timothy Slack

PENNSYLVANIA STATE UNIVERSITY,
DEPARTMENT OF AGRICULTURAL
ECONOMICS AND RURAL SOCIOLOGY

Timothy Slack, a doctoral candidate in rural sociology at Pennsylvania State University, will use the dissertation fellowship to examine the alternative strategies used by poor rural families to make ends meet. These strategies include combining formal and informal work, barter, and self-provisioning. In addition, he will seek to uncover the barriers to and links between such strategies and formal employment and identify the motivations for and importance of these strategies to rural families. He is using a combination of cross-sectional, nationally representative data, in-depth interviews, and a telephone survey of 500 rural households in his study.

Slack holds an MS in rural sociology and demography from Penn State and a BS in rural sociology from the University of Wisconsin, Madison. He currently holds a joint research assistantship with Penn State's Center for Work and Family Research and the Department of Agricultural Economics and Rural Sociology. He has coauthored, with Leif Jensen, a number of publications on underemployment, with a focus on rural employment hardship.

Addressing Person and Place to Alleviate Rural Poverty

Based on research by David A. Cotter

When discussing poverty, the urban “underclass” is often the first image that springs to mind. Yet the majority of poor persons live outside central cities and most are white. The picture of poverty in rural America is very different from that of inner-city poverty. More of the poor persons in rural America are from two-parent families, more are white, and they are more often elderly. They are also more likely to be counted among the working poor; rural workers are more likely to be earning poverty-level wages than urban workers.

Of course, as in metro areas, poverty touches some but not others. The 1990 poverty rates in nonmetro counties, for example, ranged from 4% to 63%. This begs the question, why do some areas fare better than others? Is it the makeup of the individuals in the area, what researchers have labeled an individualist view of poverty, or is it the local labor market and other macro influences—a structuralist view?

Or could it be a combination of both? David Cotter, in a recent study, finds that neither view alone captures the full story of poverty in rural America.¹ Using a multilevel model incorporating both individual and labor market traits, he analyzes the odds that a household will live in poverty and how effective employment is in protecting a family from poverty. He finds that labor market characteristics wield more influence on poverty in nonmetro areas than individual traits, but that both still matter. He also finds that employment in rural areas is a more effective shield from poverty than in metro areas.

Person and Place

Cotter incorporates individualist approaches in his study by including characteristics of households (including a householder and a spouse if present), and a structuralist approach by adding characteristics of the local labor markets in a multilevel regression model. He uses data drawn from 421,324 households in the 1990 Census Public Use Microdata Labor Market Area Files (PUMS-L) and 132 nonmetro labor market areas, which are derived by grouping counties according to commuter patterns.

He finds that a number of labor market characteristics, above and beyond individual characteristics, prove to be powerful predictors of poverty, including many

of those found in past research: living in the South, living in nonmetro areas, living in labor markets with a high percentage of youth under age 18, labor markets with more single-mother households, and a less educated populace. The poverty rate is reduced by more women in the labor force, more spending on education, more people in professional and technical jobs, and more manufacturing jobs.

On the other hand, many individual characteristics also continue to affect poverty after labor market characteristics are introduced into the model. What this suggests is that structuralist and individualists theories are more complementary than competitive.

A FOCUS ON IMPROVING LABOR MARKET CHARACTERISTICS MAY BE MORE EFFECTIVE IN ALLEVIATING POVERTY IN RURAL AREAS THAN FOCUSING ON INDIVIDUAL CHARACTERISTICS

What is especially pertinent to rural planners and policymakers is the finding that rural Americans are still significantly more likely to be poor than persons in the rest of the nation, even after accounting for a considerable array of household and labor market variables. Although both person and place should be addressed in efforts to alleviate poverty, a focus on labor market characteristics may be more beneficial in rural areas. When the characteristics of labor markets are not included in the analysis, households with similar characteristics are approximately 40% more likely to be poor in nonmetro than metro areas. After accounting for labor market effects, nonmetro households are only 19% more likely to live in poverty. This suggests that the difference in poverty is attributable more to the context of rural America than the composition of its residents—although both still contribute to the higher nonmetro poverty rates.

A second important finding related to labor markets is that working itself is better protection against poverty in nonmetro than metro areas. When one person in the household works, the odds of living in poverty decline more in rural areas than in metro areas. Although encouraging, the finding is tempered by the fact that overall poverty rates are higher among nonmetro working households than even among nonworking metro households.

Policy Implications

For rural poverty planners, the research shows that it is necessary to consider both individual and labor market effects simultaneously or poverty is likely to remain intractable. Increases in minimum wages and expansions to the Earned Income Tax Credit (EITC) can help, as can increasing investments in human capital through spending on schools and improving job training. Improving schools would not only increase workforce skills, but would also likely attract more middle-income families to the areas, creating some of the effects on civic engagement and local capitalism suggested to be beneficial by recent work in rural sociology. However, if the educational investments are concentrated in individuals, there is also the possibility that the result will be out-migration of the trained and talented. Therefore, creating sustainable employment in jobs that pay steady, above-poverty wages is essential to poverty reduction efforts. It is important, the author argues, to coordinate this attempt at the federal and state, as well as the local level, to avoid the “smokestack-chasing” competition between local officials that cause good jobs to move from one locale to another.

Footnotes

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

Author

David A. Cotter is an associate professor of sociology at Union College in Schenectady, New York, where he studies poverty and gender inequality.

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Welfare Reform in California's Agricultural Counties

Based on research by Richard Green, Philip Martin, and J. Edward Taylor

A linchpin of the 1996 reforms to the welfare system was work mandates and time limits on receipt of cash assistance. Individuals are sanctioned for not complying, as are states and counties if caseloads fail to reach goals. The emphasis on work as a route to self-sufficiency has seldom been clearer in welfare policy.

However, as Richard Green and coauthors argue in their recent journal article, a national policy mandating work and time limits may not be effective in agricultural regions with highly cyclical economies.¹ Although states are allowed to exempt a portion of hardship cases from work requirements, the policy does not make provisions for states or regions of the country that face unique economic circumstances.

A successful welfare-to-work strategy requires either local jobs that offer wages high enough to make earners ineligible or unwilling to apply for welfare benefits, or that a population be willing and able to migrate to better jobs. These conditions are often not found in rural and agricultural-dependent areas that typically offer lower-wage jobs and a population with fewer job skills and education.

California's agricultural counties, especially in the San Joaquin Valley, are a good example. The San Joaquin Valley includes a highly seasonal economy with unemployment rates that ranged from 12% to 20% in the 1990s, and includes counties with some of the highest welfare rates in the United States. With unemployment high, competition for nonfarm jobs is fierce. Fleming Foods, for example, advertised 100 jobs, and 850 applied.

Using county-level longitudinal data on welfare caseloads, unemployment, and other indicators affecting individuals' decision to apply for welfare from January 1990 through June 1999, the authors examine whether a welfare-to-work gap exists—that is, whether the probability of getting a job is lower and welfare participation is higher in the agricultural counties of the San Joaquin Valley than in other California counties.

The results suggest that there is indeed such a gap. Controlling for other factors, employment rates are lower and demand for welfare is higher in the agricultural counties. Controlling for the employment rate and other variables, the expected number of adult cash welfare recipients is 421 more in the average San Joaquin Valley county than in the average nonagricultural California county, indicating significantly greater dependence on cash assistance regardless of employment. Welfare reform did reduce the number of adults receiving cash assistance. However, after controlling for employment and other variables, the effect is not large. They find that the welfare reform changes lowered welfare receipt by only 21 persons per county per month.

What these findings suggest is that welfare reform is less likely to be effective in moving people into the workforce in agricultural and rural counties. Low earnings, seasonal work, high unemployment, and few entry-level jobs that offer wages comparable to welfare benefits promote welfare use and limit the potential of these local labor markets to absorb welfare recipients.

The authors argue that welfare-to-work programs in similar agricultural areas should be linked more closely to economic development strategies aimed at creating better paying jobs. There is also precedent for policies that consider the needs of low-income persons in particular places, such as those initiated in the forestry or fishery-dependent areas that offer workers transitional transfers, unemployment insurance payments, or economic development assistance. An alternative is to provide economic assistance that encourages relocation.

Footnotes

1. For the full article, see Richard Green, Philip Martin, and J. Edward Taylor, "Welfare Reform in Agricultural California," *Journal of Agricultural and Resource Economics* 28 (1): 169-183.

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