Rural America and Welfare Reform: 
An Overview Assessment

Rural Policy Research Institute 
Rural Welfare Policy Panel 

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The Rural Policy Research Institute provides objective analyses and facilitates dialogue concerning public policy impacts on rural people and places.
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Preface

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act. Title I of this new law (PL104-193) radically alters the nation's welfare system, through a comprehensive reform of the intergovernmental relationships, programs, financing and evaluative procedures utilized in administering these programs. This law repeals existing welfare programs, including Aid to Families with Dependent Children (AFDC), the Job Opportunities and Basic Skills Training Program (JOBS), and Emergency Assistance. A new federal block grant program titled Temporary Assistance to Needy Families (TANF) now forms the basis for state programs.

These devolutionary public policy changes will have significant rural impacts. The Rural Policy Research Institute (RUPRI) has assembled a distinguished group of national rural welfare reform experts, to serve as an ongoing research and decision support resource for Federal, state, and local decision makers, as this omnibus legislation is implemented, evaluated, and revised over the next several years. To more effectively address the rural implications of this legislation, two national working groups have been formed, which together comprise the Rural Welfare Reform Initiative. The first working group is comprised of State Directors of Social Services and leadership within the U.S. Department of Health and Human Services, Administration for Children and Families (ACF). The second group is comprised of policy analysts, researchers, and community based practitioners. These individuals were chosen to reflect geographic, disciplinary, and organizational diversity. Members of the Initiative are listed below:

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This document was designed to provide a conceptual framework for understanding the unique rural context for welfare reform, and the implications of this context for welfare reform outcomes in rural areas. Primary authorship for this paper was provided by Julie N. Zimmerman, Sarah Dewees, Lynn Reinschmiedt, and Tom Hirschl, with assistance from Bo Beaulieu, Cindy Fletcher, Mark Henry, Mark Nord, Shirley Porterfield, Bruce Weber, Bobbie Weber and Tracy Hart.

We appreciate and gratefully acknowledge the funding support and collaboration of our research and policy partners. An ongoing Congressional Special Grant, administered through the Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture, continues to provide core support for this panel's activities, including this report. The active participation of the Policymaker Panel within this RUPRI Initiative contributed significantly to the policy relevance of our effort. The support of all our partners is critical to the work of this Panel, and is deeply appreciated. However, none of the aforementioned organizations or agencies are responsible for the specific content of this report.

Charles W. Fluharty
Director
EXECUTIVE SUMMARY

State caseloads have decreased across the nation, with declines in both rural and urban areas of the country. Welfare reform and a strong national economy are both important factors producing these changes.

There is no clear evidence about what is happening to former recipients after they leave the rolls. Recent reports provide a mixed review. Studies indicate that more recipients are finding employment, and that the overall child poverty rate is declining. Many studies also indicate that work is not available for everyone leaving the welfare rolls, and in cases where individuals do find work, it has not necessarily lifted families out of poverty. Furthermore, these outcomes seem to differ across regions and across rural and urban areas.

This report takes a deeper look at early evidence of rural outcomes over the two years since the Personal Responsibility and Work Opportunities Reconciliation Act was implemented. Analysis of the March 1998 Current Population Survey, county caseload data, and other sources reveals important differences in rural and urban outcomes under welfare reform. Key findings include:

Between 1992 and 1997, AFDC/TANF caseloads declined in rural, urban and suburban areas.
- In 1997, participation rates for public assistance programs were 11% nationally, 13% in central cities, 10% in suburbs, and 8% in rural areas.\(^1\)
- Between 1992 and 1997, the participation rate fell by 8 percentage points in central cities (38% caseload decline), 5 percentage points in suburbs (33% caseload decline), and 4 percentage points in rural areas (33% caseload decline).

While caseloads have gone down in rural areas, labor force participation among the rural poor has not increased.\(^2\)
- Between 1992 and 1997, labor force participation among the poor increased by 8% in urban areas and 4% in suburban areas, but did not change in rural areas.

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\(^1\) Participation rate is the percent of working-age adults (ages 18-64) under 125% of the poverty level who indicated they received cash assistance in 1997 (1998 March CPS).

\(^2\) The labor force participation rate of the poor is the percentage of the working-age poor (ages 18-64) under 125% of the poverty level who are in the labor force (are employed or are looking for work).
Although caseloads have declined in rural areas, the working-age poverty rate has not declined.

- Between 1992 and 1997, the working-age poverty rate declined by 7% in central cities, from 22% to 20%, and declined by 10% in suburban areas, from 10% to 9%. This rate did not change in rural areas, remaining at 17% from 1992 to 1997.

Child poverty has declined at a lower rate in rural areas than in urban or suburban areas.

- Between 1992 and 1997, the child poverty rate declined by 12% in urban areas, 7% in suburban areas, and 4% in rural areas.

Rural areas face unique barriers in responding to welfare reform.

- Licensed childcare providers are less available in rural areas than in urban areas.
- Public transportation is less available in rural areas than in urban areas: 80% of rural counties have no public bus service, compared to 2% of counties in urban areas.
- Rural workers are more likely to earn minimum wage, and rural families are more likely to be employed and still be poor.

Caseload changes across rural and urban areas differ for different parts of the country.

- Caseload declines vary considerably across states.
- Reflecting the variation across states, there is also considerable variation within states.
- Caseload declines are higher in rural areas than in urban areas in Missouri and South Carolina, but are lower in rural areas in Kentucky, Mississippi, and Oregon.

Conclusion

While welfare reform has brought about the reduction of welfare rolls across the nation, there are geographic differences in this decline. Furthermore, it appears that although the caseloads are dropping in rural areas of the country, the economic status of rural adults has not improved. Rural areas face unique barriers in responding to welfare reform, including lack of childcare and transportation options.

Research indicates that welfare reform outcomes differ for rural and urban areas. In the two years since welfare reform, there is evidence that labor force participation among the working-age poor has increased in central city and suburban communities, but not in rural areas. Furthermore, between 1992 and 1997 poverty levels for rural adults have not declined, and for rural children have declined at a slower rate than those in central city and suburban areas. These findings pose important questions about welfare reform implementation in rural America.

3 The working-age poverty rate is the poverty rate for working-age adults (ages 18-64).
I. INTRODUCTION

With the passage of the 1996 Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), Congress instituted fundamental changes in the welfare system in the United States, replacing Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF). Along with time limits and work requirements for recipients, the legislation fundamentally altered the system of welfare provision. States are now given greater flexibility in designing programs better tailored to “respond more effectively to the needs of families within their own unique environments” (DHHS, 1997: Preamble).

However, greater flexibility has also brought a new system of accountability. Meeting new Federal requirements such as work participation rates and maintenance of effort requirements are now tied to future block grant funding. Failure to demonstrate compliance with these requirements will result in decreases in the amount of future Federal funding for the state as a whole. On the other hand, States that are able to demonstrate large reductions can also reduce their Federally mandated work participation rate requirements.

While welfare reform has initiated a flurry of research, very little of this work has examined welfare reform in rural areas. For example, the research initiative at Manpower Demonstration Research Corporation, one of several major national studies, is focusing on several cities. The Urban Institute and its highly publicized national study currently contains no distinct rural analysis. The national evaluation conducted by the General Accounting Office also contained no examination of rural/urban differences (General Accounting Office, 1998).

With the devolution of welfare provision to the states alongside increased Federal monitoring, there is an increased need for spatial or place-based analyses. Spatial analyses can enable state agencies to understand which areas are meeting with greater successes and challenges. This can assist in better focusing program efforts to the specific challenges within states. Spatial analyses can also generate a better understanding of the variations behind the statewide statistics on which Federal decisions regarding compliance are made.

Many questions that confront welfare reform in rural areas are very similar to those facing welfare reform in general. These include questions about meeting work requirements, gaining economic independence, and maintaining family and child well-being. There are both numerous opportunities and numerous challenges posed by welfare reform. With increased flexibility, there is a great deal of innovation in program design across the country. The strong economy is allowing for many recipients to take advantage of transition programs and gain meaningful employment. As welfare participation has been declining, many states have newfound resources to invest in creative program ideas. In many rural areas, communities are serving as “laboratories” for new program models.

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4 Regulatory information relied upon is from the TANF Notice of Proposed Rule Making released for public comment on November 17th, 1997 by the U.S. Department of Health and Human Services (USDHHS, 1997).
With new opportunities, there are also a great number of challenges to implementing welfare reform. For example, once employment is secured, ensuring the availability and affordability of childcare, transportation, health care, housing and other support services is needed. Rural areas have unique demographic, economic, and geographic characteristics that may translate into unique challenges for implementation.

This report examines the implications of welfare reform for rural areas. The first section lays out some of the distinctive characteristics of rural areas. The second section examines several key rural issues affecting the implementation of welfare reform in rural areas. The third section provides a spatial analysis of the data from the 1998 March Current Population Survey, the most recent national data set with information on program participation. The fourth section reports on state-based spatial analyses of caseload reductions in a sample of five states. This paper concludes with an examination of some implications and policy considerations concerning welfare reform in rural areas.
II. THE RURAL CONTEXT

When most people think of rural areas in America, they picture an agrarian landscape dotted with farms or forests. Historically, rural areas have been viewed as containing relatively homogeneous cultures and were assumed to depend on farming and natural resource extraction for their economic livelihood. While this bucolic image may have some historical basis, today rural America looks quite different. Less than 10% of the rural population lives on farms, and the percentage of rural population employed in farming declined from over 14% in 1969 to just under 7% by 1996.

Rural areas account for the majority of county jurisdictions and the majority of land mass in America. Seventy-six percent of all counties, 83% of the nation's land, and 22% of the nation’s population are located in rural areas. Rural America displays great economic diversity, and is the home to many different economic activities. Among the rural communities with the fastest growing economies in the 1980s, a large percentage were retirement communities (25%), rural trade centers (35%), or manufacturing-based communities (20%) (Drabenstott and Smith, 1995). Today manufacturing accounts for 16% of nonmetro employment, providing more jobs than the traditional resource sectors. Service jobs account for around 23% of all nonmetro jobs (Economic Research Service, 1998).

Rural areas are also highly interdependent with urban centers. Rural areas are part of an urban-rural system in which urban areas buy rural products and sell inputs to rural people and industry, and rural areas buy urban products and sell goods and services to urban businesses and consumers (Weber, 1995). Urban growth can draw rural people into cities, and rural stagnation can displace the rural poor into cities.

Rural communities, in spite of their diverse economic base and limited dependence on farming and interdependence with cities, face different socio-economic challenges than do cities. Because of a higher reliance on minimum wage, service sector employment, and other differences, poverty rates are higher in rural areas than in urban areas. In 1997, the poverty rate in nonmetro counties was 15.9%, compared to 12.6% in metro counties (U.S. Department of Commerce, 1998b). During the last three years, poverty levels in metro areas have been slowly decreasing. However, poverty levels in nonmetro areas have remained fairly constant (U.S. Department of Commerce, 1998b). Rural poverty is disproportionately found in the South, in the “core” of the Appalachian region, in the border counties of the lower Rio Grande Valley, and on American Indian reservations. Rural areas tend to have higher rates of persistent poverty, with 23% of all nonmetropolitan counties considered persistently poor counties (persistently poor counties have had poverty rates of 20% or more from 1960 to 1990).

Nonmetro counties also have a higher percentage of their children in poverty than metro counties, with 22.7% of children in poverty in rural areas, and 19.2% in urban areas. (U.S. Department of Commerce, 1998b). Nonmetro children are also more likely to experience persistent, long term poverty conditions. Studies indicate that children in nonmetro areas who become poor are more likely than children in metro areas to stay in poverty for more than three years (Sherman, 1992). Nonmetro children in female-headed families are at even greater risk of persistent poverty. Fifty-five percent of rural children in female-headed households were in poverty in 1997. This figure was 66.4%
for rural children under the age of 6 in female-headed households (U.S. Department of Commerce, 1998b). Among children in female-headed families who were ever poor between 1978 and 1982, 80% of those in nonmetro areas stayed poor for three years or more, compared to just 47% in metro areas (Sherman, 1992). Persistent poverty has a strong impact on the cognitive development and behavior of children. Studies indicate that the duration of poverty is a strong predictor of school attainment and early patterns of employment (Duncan et al., 1998; Duncan et al., 1994; Caspi et al., 1998).

While much of the employment focus is on adult welfare recipients, approximately two-thirds of the people served by TANF are children. Thus, one of the important questions in mandating work for single-mother families is how their children will fare as they go to work. This may be particularly important for rural mothers who may have longer commute times and, therefore, longer periods of time away from their children. In general, maternal employment has been found to have positive or neutral impacts on children (Zaslow and Emig, 1997). However, it is important to note that job quality is a factor in these research findings and that most research focuses on voluntary entry into the labor market.

Compared to the urban poor, rural poor families are more likely to be employed and still embedded in poverty. In 1995, 60% of rural poor families worked some time during the year, and 24% worked full time (Cook and Dagata, 1997: 45-46). Rural low income workers are more likely to hold multiple jobs in order to meet basic living expenses (Parker, 1997). In 1993, rural women made 75% of what urban women earned, 69% of what rural men earned, and 54% of what urban men earned (Rogers, 1997:11).

Just as the face of poverty in rural areas is not like that found in urban areas, there are also rural-urban differences in the characteristics of welfare recipients. Rural recipients are more likely to be employed than their central city counterparts (Rank and Hirschl, 1988; Porterfield and McBride, 1997). Rural recipients usually have shorter spells on public assistance (Fitzgerald, 1995; O’Neill, et al. 1987; Porterfield, 1998). Rural recipients are also more likely to be married (Nord, et al. 1998). Due to both a lack of program information and stigma related to reliance on public assistance, program participation is lower in rural areas (Rank and Hirschl, 1993). Finally, rural women leaving assistance have lower earnings than their urban counterparts (Meyer and Cancian, 1998).

Compared to urban areas, most rural communities have higher poverty levels, greater underemployment, lower education levels, lower incomes, and longer distances between home, childcare, and work sites. Because of lower population density in rural areas, there also tends to be higher costs for service provision in these areas. There may also be a lack of specialized services, or a lack of a full range of services such as may be found in an urban area (Honadle, 1983). These characteristics all present a unique context in which to implement welfare reform.
III. BARRIERS TO WELFARE REFORM IN RURAL AMERICA

Many questions that confront welfare reform in rural areas are very similar to those facing welfare reform in urban areas. These include questions about meeting work requirements, gaining economic independence, and maintaining family and child well-being. However, despite common opportunities and challenges, rural children, families, and communities face a fundamentally different context in which to respond.

As welfare reform has shifted the philosophy of welfare provision from hardship alleviation to employment, one of the key foci is the connecting of individuals with appropriate skills to economic opportunities. Several intervening factors such as childcare, transportation, health care, and housing present significant rural barriers to the successful matching of individuals with employment opportunities (see Figure 3.1). Documenting rural/urban differences on each of these clarifies how rural and urban areas can and often do differ on key challenges and opportunities associated with moving from welfare to work in rural communities.

Figure 3.1: Connecting Individuals to Economic Opportunities

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5 Adapted from the North Central Regional Center for Rural Development (NCRCRD) Pathways Program (NCRCRD, 1997).
Economic Opportunities

While the Family Support Act of 1988 emphasized employment for recipients, the 1996 Personal Responsibility and Work Opportunities Act brought a nearly universal application of this principle. Successful implementation of this Act requires that economic opportunities be available to recipients and to those who transition off the welfare rolls.

There are several key differences in rural and urban employment opportunities that are likely to affect labor force participation and earnings among the rural poor. First, in rural areas employment opportunities are dominated by industries paying lower wages. In 1996, 23.3% of all rural workers were employed in the service sector (Economic Research Service, 1998). Manufacturing jobs, traditionally the source of higher paying jobs in rural areas, have been decreasing. Between 1969 and 1992, rural manufacturing employment slipped from 20.4% to 16.9% of total employment (Parker, 1995). Rural workers are more likely to earn minimum wage -- 12% in rural areas compared to 7% in urban areas (Parker and Whitener, 1997: 23). As a result, incomes in rural areas tend to be lower than in urban areas. In 1997, the median household income in nonmetro areas was $30,057, compared to $39,381 in metro areas (U.S. Department of Commerce, 1998a). Results from an Iowa study indicate that low wages also depress the tax revenue of communities, affecting local public services such as education, libraries, and infrastructure (Besser, 1998). The Iowa study also suggests that low quality employment opportunities make it difficult for rural communities to attract and retain residents, especially the well-educated young population (Besser, 1998).

Second, those who are employed in rural areas are not only more likely to be underemployed, they are also less likely to be able to improve their employment circumstances over time. Nonmetro workers are almost 40% less likely to move out of low wage jobs than central city residents (Findeis and Jensen, 1998). In 1993, nonmetro working poor were 20% less likely to find adequate jobs than 25 years earlier (Findeis and Jensen, 1998). Involuntary part time workers were 80% less likely to find adequate jobs than 25 years earlier (Findeis and Jensen, 1998). Women workers in rural areas experience higher rates of both underemployment and unemployment compared to men in rural areas, and compared to both men and women workers in urban areas (Findeis, 1995).

Third, rural areas may be hardest hit in a recession. Rural labor markets respond quickly to business cycles, showing signs of recession and expansion before urban labor markets (Hamrick, 1997). From 1981 to 1986, rural workers were more likely to be displaced and experienced higher economic costs following displacement than their urban counterparts (Swaim, 1995). Some rural labor market groups, such as underemployed workers and discouraged workers, respond less to business cycle movements. Therefore, an expansion is less likely to benefit these individuals in rural areas than in urban areas (Findeis and Jensen, 1998).

As a result of the above issues, rural poor families are more likely to be employed and still poor. In 1995, 60% of poor families worked some time during the year, and 24% worked full time (Cook and Dagata, 1997: 45-46). Rural low income workers are also more likely to hold multiple jobs in order to meet basic living expenses (Parker, 1997). Of all rural residents in 1995, 26.3% lived in households with incomes between 1 and 2 times the poverty line. For metro residents, this figure was 18.2% (Nord, 1997:31). Workers in rural areas are more likely to be near poor (within 200% of
poverty the line) -- 20% of workers in rural areas versus 14% in urban areas (Dagata, 1997:35). Rural/urban earnings differentials are further exacerbated for women. In 1993, rural women made 75% of what urban women earned, 69% of what rural men earned, and 54% of what urban men earned (Rogers, 1997:11). Results from a Kentucky study indicate that a rural single mother with two young children would need a wage of $10.61/hour to meet basic living expenses without relying on assistance. This amount is almost twice the current minimum wage (Zimmerman and Garkovich, 1998).

**Individuals with Appropriate Skills**

In order to attain employment, individuals must possess appropriate skills for entering the workforce. However, levels of educational attainment and human capital endowments differ for rural and urban areas. Overall, adult residents in rural areas have lower levels of educational attainment than urban residents. For example, in 1996, over 33% of rural welfare recipients who were parents did not have a high school diploma (Cook and Dagata, 1997:45). Twenty-four percent of nonmetro residents 18 years and older do not have a high school diploma. This is compared to 17.4% of those 18 years and older living in metro areas (Census Bureau, 1998: table 10) (1997 CPS). However, this trend does seem to be improving. Recent high school graduation rates in rural areas match or exceed those in urban areas.

Despite this, fewer individuals in rural areas attain a college degree. The percent of young adults age 25-34 with only a high school diploma or some college is higher in rural areas (70.1% in rural areas versus 58.4% in urban in 1996) (Gibbs et al., 1998). However, fewer rural adults ages 25-34 have a baccalaureate degree or higher (15.6% in rural areas versus 28.7% in urban) (Gibbs et al., 1998). For those who do attain higher educational levels, employment opportunities are limited in rural areas. Consequently, rural educated youth tend to seek and secure employment in more urbanized areas. Rural out-migration tends to be highly selective of the youngest and the most highly educated (Lichter, et al. 1995).

There is also a lack of job training opportunities in rural areas. Training rates for nonmetro workers rose modestly over the last decade, but still fell behind the more rapidly rising metro rate (Swaim, 1998: 110). The gap between rural and urban areas is increasing, partially due to differences in industrial mix.
Intervening Barriers

Even in situations where economic opportunities exist and individuals already possess appropriate skills to take advantage of those opportunities, there are still many barriers that can stand between individuals and employment. These barriers include lack of childcare, transportation, health care, and housing. Rural areas and urban areas differ in respect to each of these in terms of availability, access and affordability.

Childcare

One of the most significant challenges for parents (especially single parents) working outside the home is getting access to affordable, high quality childcare. This is particularly critical for preschool children, both because they need good care to meet their physical and safety needs and because of the importance of preschool years to social and cognitive development (Caspi et al., 1998; Duncan et al., 1998). Quality care is also important for school age children.

As more and more single parents enter the workforce to meet the requirements of PRWORA, the need for quality childcare will increase. This is a challenge even in urban and suburban areas, where childcare providers will not only have to be responsive to increased demand, but may also have to provide services during second- and third shift hours. This may be an even bigger challenge in rural areas where low population density and higher cost for service provision may result in fewer available childcare providers. Daycare providers will also face more demand for providing care to sick or special needs children (U.S. General Accounting Office, 1995).

There has been very little research that explicitly compares childcare provision and child outcomes in rural and urban areas. From Census reports (for example Casper, 1996) and the Urban Institute 1990 National Childcare Survey (Hofferth et al., 1991) we know some important things. Rural areas have fewer trained professionals, and fewer regulated childcare slots than urban areas. Rural families depend more on childcare given by relatives and friends. Employed rural mothers are more likely than urban employed mothers to use childcare provided by relatives and are less likely to use center care (Casper, 1996; Hofferth et al., 1991). Rural families with employed mothers and preschoolers spend less per week on childcare (Hofferth et al., 1991) and travel greater distances to obtain childcare than urban families. A study in Oregon found that distances traveled from home to childcare were much greater in rural than urban areas (Emlen, 1991). Individuals in the most rural areas traveled about double the distance traveled by those in the largest urban area (Emlen, 1991).

In both rural and urban areas, the supply of childcare for infants is not adequate to meet the demand at prices that low income families can afford. And childcare for children in school is almost nonexistent. These mismatches between supply and demand are exacerbated in rural areas, because of the lack of scale economies needed to make centers profitable and because of lower incomes of rural workers that dampens effective demand for childcare slots. The greater distances traveled to obtain childcare further contributes to the daycare problem in rural areas. The longer travel times to work may mean that some working parents are likely to spend a greater amount of time away from their children.
Although the specific rural impact of welfare to work on children has not been examined, existing research does provide general information on the impact of maternal employment on children in low-income, single-parent families. In general, child well-being is impacted by three aspects of maternal employment: wage levels, work hours, and occupational skill level. Looking at families with unmarried mothers in the National Longitudinal Survey of Youth (NLSY) between 1986 and 1988, Menaghan and Parcel (1995) found that home environment improved only for those families where the mother went to work at a job “high in complexity and wages” (Parcel and Menaghan, 1997:119).

**Health Care**

The relationship between health care and employment is multifaceted. Not only is health related to worker productivity, but health care for children often affects parents’ employment decisions. In response to the latter, welfare reform has increased access to Medicaid for transitioning recipients. Still, access to health care is more limited in rural areas than in urban areas. As of June 1996, nearly 22 million rural residents lived in federally designated Health Professions Shortage Areas or Medically Underserved Areas (HCFA, 1998). As a whole, rural America is underserved by primary care physicians (Physician Payment Review Commission, 1994) and many health services (including referrals, diagnostics services, and home health services) are less available in rural areas than in urban areas (Saywell et al., 1993; Vogel and Coward, 1995). Infant mortality rates are higher in rural areas than in urban areas (National Center for Health Statistics, 1988). This is due in part to lower access to health resources across rural and urban areas (Clarke and Coward, 1991).

In addition to limited access to service providers, fewer individuals and children have health insurance in rural areas than in urban areas. Nonmetro areas have a higher proportion of the uninsured and individually insured than metro areas (Hartley et al., 1994; Frenzen, 1993), and a higher proportion of rural residents are without comprehensive health insurance coverage (Agency for Health Care Policy and Research, 1995). Approximately 2.1 million rural children have no health insurance, 67% of whom fall below 200% of the poverty threshold (US Dept of Agriculture, 1996). Overall, rural children are also more likely to need but not receive dental care, and are more likely to experience a delay in receiving care due to cost (Clark et al., 1997).

Because small employers are less likely to offer health care insurance -- and rural employers are more likely to be small -- moving from welfare to work in rural areas could be more likely to involve loss of health care coverage. Results from an Iowa study indicate that small scale retail and services are the dominant rural employment sectors and that most employment opportunities in rural communities are from small businesses (Besser, 1998). Studies indicate that only 53% to 58% of households who lost cash benefits in the last two years continued to receive Medicaid (Segal, 1998). Health care accessibility is an important issue in welfare reform, both because poor health decreases productivity and participation in the labor force (Vogel and Coward, 1995) but also because child and family well-being is dependent in part upon access to quality health services.
**Housing**

The link between housing and employment is one that has received the least attention. And yet, without housing, employment becomes severely restricted. Without adequate housing, employment can be routinely interrupted by recurring housing crises.

As with health care, low income rental housing is less available in rural areas. Housing in rural areas also tends to be of a lower quality than that in urban areas. In rural areas, 1.8 million rural households live in housing classified as substandard (Whitener, 1997). According to the 1993 American Housing Survey, 27% of all rural households have a major housing problem, including inadequacy, overcrowding, or high cost burdens (Housing Assistance Council, 1996:3). While the numbers are small, housing units in rural areas are more likely to lack complete plumbing, a complete kitchen, and have exposed wiring (Whitener, 1997). The quality of housing in a community can affect the economic development prospects for that community. A study in Iowa suggests that without an adequate supply of affordable housing, attracting new residents or businesses is difficult (Besser, 1998).

According to an analysis of the 1995 American Housing Survey, housing problems were worse for rural welfare recipients compared with other rural residents. Two of every five rural welfare households paid more than 30% of income for housing, 6% percent lived in homes with physical deficiencies, 5% were overcrowded, and 13% had multiple problems (Housing Assistance Council, 1997).

**Transportation**

The provision of transportation options to low income citizens is one of the “big three” issues most frequently mentioned by service agencies when considering welfare-to-work programs. Childcare, job readiness, and transportation are seen as three major issues that will effect the success of welfare reform. In May 1995, the Government Accounting Office issued a study of employment outcomes for participants in the 1995 Job Opportunities and Basic Skills (JOBS) program. In this national survey, county welfare administrators were asked to identify the most common reasons job-ready participants do not get jobs. One of the top barriers identified, and the second most frequently cited reason for individuals not being employed, was the lack of transportation to jobs (Hughes, 1997).

Rural areas in particular face many unique challenges in meeting transportation needs. Transportation is an important issue because it knits together many other barriers to employment. Transportation is necessary not only to get to and from a job, but transportation is also critical for accessing childcare, health care, and other activities such as purchasing food. Transportation in rural areas is particularly critical as distances tend to be greater and public bus service is a rarity.

Close to 40% of all rural residents live in areas with no form of public transportation (Rucker, 1994; Kaplan, 1997). Another 28% of all rural residents live in areas with very low levels of service provision (CTAA, 1995). Compared to urban areas, rural America is underserved by public transportation. Non-metropolitan counties with large urban populations are more likely to be served.
by some form of public transportation. Sixty-four percent of all non-metropolitan counties that were adjacent to urban areas and had an urban population of more than 20,000 were served by some form of public transportation, compared to only 44% of those counties with no urban places over 2,500 people which are not adjacent to an urban area. Data from the National Personal Transportation Survey suggests that nearly 80% of rural (non-metropolitan) counties have no public bus service. This is compared to about 2% for urban areas. In 1990, nearly 90% of all nonmetro commutes were in private vehicles (Pisarski, 1996).

Because public transportation is limited, in many rural areas individuals have to rely on some form of private transportation for their commuting needs. A recent report by the Housing Assistance Council indicates that 28% of workers in rural households receiving welfare income share driving with others, compared to 17% of workers from suburban welfare households, and 22% of central city workers (Housing Assistance Council, 1997). Several recent evaluation studies have indicated that a large number of welfare recipients carpool or rely on friends for rides to work (Brister et al., 1997; Cummings and Nelson, 1998; Hattervig, 1998). While private vehicle ownership is slightly higher in rural areas than in urban areas, nearly one out of every 14 rural households does not own a vehicle (Burkhardt et al., 1997). According to one study, 96% of public assistance recipients have no personal automobile (Miller, 1997). Nearly 57% of the rural poor do not own a car (Rucker, 1994).

**Community Context**

While the implementation of welfare reform provides challenges and opportunities in all communities, many rural communities have a unique context that shapes these challenges and opportunities.

Service provision in rural areas is different from service provision in urban areas, yet it is often treated the same by local, state, and federal government. Rural service provision is affected by many unique characteristics (see Appendix A). For example, a low population density in rural areas means that some services may cost more and they could be of lower quality. Access disadvantages further create problems for the delivery of services in rural areas. Some services may be inaccessible or have limited hours of operation. Public transportation may be limited, and there may be inadequate roads or unreliable transportation. These access problems further isolate the participants and qualified staff. This isolation can also account for little knowledge of available services and low utilization rates by participants.

Rural communities are also less likely to have access to economic development resources. As a result, issues of distance, education, and housing combine to make prospects for high wage economic development less bright for many rural communities. Furthermore, rural communities also have fewer nonprofit resource organizations. This means fewer nongovernmental organizations to assist in programs related to issues such as domestic violence and food security.
IV. PROGRAM PARTICIPATION AND OUTCOMES: NATIONAL TRENDS

Introduction

Given differences such as fewer employment opportunities, greater distances to employment and program sites, and fewer community resources, it is likely that rural areas face unique challenges in meeting the requirements of welfare reform while also supporting child and family well-being. While there is currently no comprehensive data set that provides analysis of program participation and outcomes for rural and urban areas, the Current Population Survey (CPS) provides a nationally representative, geographically specific data series from which some key spatial questions can be answered.

This section provides a spatial analysis of the data from the 1998 March Current Population Survey (CPS), the most recent national data set with information on program participation. The CPS draws on a sample of approximately 50 thousand households containing over 130 thousand individuals. These households are asked questions about welfare program participation and income on an annual basis.

The CPS asks about participation in many social welfare programs. Here we analyze responses to the question that asks about cash assistance such as AFDC/TANF and similar state level programs. This question is used as a measure of welfare participation among the working-age poor age 18 to 64. Nationally, 21% of all working-age welfare cases were located in rural (nonmetro) areas in 1997.

By comparing welfare program participation, labor force participation, and poverty rates of respondents in 1992 (the first recovery year after the 1990-91 recession) to 1997, the most current year available, we can provide an initial look at welfare reform. Welfare reform was initiated nationally in 1997. Many states began welfare to work programs under federal waivers much earlier, however, and this must be kept in mind when examining results.

National Patterns and Trends in Welfare Participation

To gain a rough gauge of the population in need of public assistance, we examine the population of individuals below 125% of the poverty level. Welfare participation is calculated as the percentage of the working-age population below 125% of the poverty level who indicated that they received public assistance. The terms “rural” and “nonmetro” will be used interchangeably in this section to refer to "nonmetropolitan areas" as defined by the Office of Management and Budget (1993).

The working-age population is defined as the population between ages 18 and 64.
Nationally, total public assistance participation rates went from 16% of the working-age poor in 1992 to 11% in 1997. Nonmetro areas (12% to 8%), central cities (21% to 13%) and suburban areas (15% to 10%) each participated in this decline (see Table 4.1). It is interesting to note that the already low levels in nonmetro areas declined at about the same rate as the national rate of decline.

Table 4.1: Participation in Public Assistance of Households Below 125% of Poverty Level

<table>
<thead>
<tr>
<th></th>
<th>1992</th>
<th>1997</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>16%</td>
<td>11%</td>
<td>-31%</td>
</tr>
<tr>
<td>Central Cities</td>
<td>21%</td>
<td>13%</td>
<td>-38%</td>
</tr>
<tr>
<td>Suburbs</td>
<td>15%</td>
<td>10%</td>
<td>-33%</td>
</tr>
<tr>
<td>Non-Metropolitan Areas</td>
<td>12%</td>
<td>8%</td>
<td>-33%</td>
</tr>
</tbody>
</table>

Researchers have found that the low level of nonmetro welfare participation is due to less awareness of welfare programs among the nonmetro poor (Osgood, 1997; Rank and Hirschl 1998). The rural poor also tend to hold more negative attitudes toward welfare. The poor living in cities have better information about eligibility criteria, and are less likely to hold adverse attitudes. A key question to now ask is “what is happening to the rural and urban poor as they rely less upon welfare?”

Labor Force Outcomes and Poverty Rates

Nationally, unemployment declined between 1992 and 1997. Unemployment rates declined for the working-age poor, from 11% nationally in 1992 to 8% in 1997. By 1997, unemployment rates were comparable across the working-age poor in central cities (9%), rural (8%) and suburban areas (8%).

Another way to look at employment is to assess the percentage of the poor who are in the labor force. This statistic takes into account both the population who is working as well as those who are looking for work. A major goal of welfare reform is to get the poor off of public dependency and into the labor force. This did appear to happen in central cities where the percentage of the poor in the labor force went from 48% in 1992 to 52% in 1997. However, this same pattern is not evident in nonmetro areas. Nonmetro areas were unchanged, with 53% of the poor in the labor force in 1992, and 53% of the poor in the labor force in 1997 (see Table 4.2). This pattern is consistent with the proposition noted by researchers that economic growth may be slower to reach rural areas of the nation. It may also be that job opportunities improved in cities, but not in the countryside.

8 In both 1992 and 1997, approximately 13% of the national sample has no geographic identifier and is not included in the spatial analysis.
Table 4.2: Labor Force Participation Among the Low Income Population

<table>
<thead>
<tr>
<th></th>
<th>1992</th>
<th>1997</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>52%</td>
<td>53%</td>
<td>2%</td>
</tr>
<tr>
<td>Central Cities</td>
<td>48%</td>
<td>52%</td>
<td>8%</td>
</tr>
<tr>
<td>Suburbs</td>
<td>53%</td>
<td>55%</td>
<td>4%</td>
</tr>
<tr>
<td>Non-Metropolitan Areas</td>
<td>53%</td>
<td>53%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Looking at labor force participation among the nation’s 13 million female heads of households, the adult population most affected by welfare reform, we observe a significant increase in labor force participation, from 70 percent to 77 percent (see table 4.3). However, this increase is not uniform across the country: it is strongest in central cities and weakest in nonmetro areas. By 1997, labor force participation among female heads of households was highest in the suburbs followed by central cities and nonmetro areas. The modest growth in nonmetro labor force participation suggests that conditions improved only slightly for nonmetro female household heads during the economic recovery.

The composition of labor force participation tends to bear this impression out (the labor force is the sum of employed plus unemployed). Between 1992 and 1997, employment among female household heads went up in the central cities and suburbs by half a million and 800 thousand, respectively. The employment gain in nonmetro areas during this period was a modest 100 thousand. While employment was generally increasing among central city and suburban female heads of households, the numbers of unemployed changed very little both in nonmetro areas and central cities, while decreasing dramatically in the suburbs.

One result of these geographic and compositional shifts in labor force participation is that the unemployment rate among female household heads is highest in central cities and nonmetro areas, and lowest in the suburbs (see table 4.4). This suggests that women household heads face greater barriers to finding work in these two areas.

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9 This statistic has been calculated for the population aged 18 to 64 who have a household income at 125% of the poverty rate and below.
Table 4.3: Labor Force Participation Among Female Heads of Household

<table>
<thead>
<tr>
<th></th>
<th>1992</th>
<th>1997</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>70%</td>
<td>77%</td>
<td>10%</td>
</tr>
<tr>
<td>Central Cities</td>
<td>64%</td>
<td>74%</td>
<td>16%</td>
</tr>
<tr>
<td>Suburbs</td>
<td>76%</td>
<td>83%</td>
<td>9%</td>
</tr>
<tr>
<td>Non-Metropolitan Areas</td>
<td>69%</td>
<td>73%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Table 4.4: Unemployment Rate Among Female Heads of Household

<table>
<thead>
<tr>
<th></th>
<th>1992</th>
<th>1997</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>8.8%</td>
<td>7.4%</td>
<td>-16%</td>
</tr>
<tr>
<td>Central Cities</td>
<td>9.8%</td>
<td>9.1%</td>
<td>-7%</td>
</tr>
<tr>
<td>Suburbs</td>
<td>8.1%</td>
<td>4.8%</td>
<td>-41%</td>
</tr>
<tr>
<td>Non-Metropolitan Areas</td>
<td>10.0%</td>
<td>7.7%</td>
<td>-23%</td>
</tr>
</tbody>
</table>

Another way to assess outcomes to welfare reform is to examine poverty rates. Poverty rates across geographic areas of the United States vary considerably, and are highest in central city and nonmetro areas (20% and 17% respectively in 1997), and lowest in suburban areas (9%). Adult poverty rates in central city and nonmetro areas are twice the suburban rate; child poverty rates are also higher in nonmetro and central city communities (see Tables 4.5 and 4.6).

Table 4.5: Child Poverty Rate

<table>
<thead>
<tr>
<th></th>
<th>1992</th>
<th>1997</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>22%</td>
<td>21%</td>
<td>-5%</td>
</tr>
<tr>
<td>Central Cities</td>
<td>34%</td>
<td>30%</td>
<td>-12%</td>
</tr>
<tr>
<td>Suburbs</td>
<td>15%</td>
<td>14%</td>
<td>-7%</td>
</tr>
<tr>
<td>Non-Metropolitan Areas</td>
<td>24%</td>
<td>23%</td>
<td>-4%</td>
</tr>
</tbody>
</table>

Table 4.6: Working-age Poverty Rate

<table>
<thead>
<tr>
<th></th>
<th>1992</th>
<th>1997</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>15%</td>
<td>14%</td>
<td>-7%</td>
</tr>
<tr>
<td>Central Cities</td>
<td>22%</td>
<td>20%</td>
<td>-9%</td>
</tr>
<tr>
<td>Suburbs</td>
<td>10%</td>
<td>9%</td>
<td>-1%</td>
</tr>
<tr>
<td>Non-Metropolitan Areas</td>
<td>17%</td>
<td>17%</td>
<td>-0%</td>
</tr>
</tbody>
</table>
Poverty declined very little during the mid-1990s. The national working-age poverty rate was 15% in 1992, and was nearly unchanged at 14% in 1997. Nationally, the child poverty went from 22% in 1992 to 21% in 1997. In rural areas, the adult poverty rate was unchanged (17%), while the child poverty rate declined slightly (24% to 23%).

**Key Issues**

It appears that although caseloads are dropping in rural areas of the country, the economic status of rural adults has not improved. While there is evidence that labor force participation among the working-age poor increased in central city communities, this does not appear to have happened in nonmetro communities. The labor force participation rate for rural female heads of household did increase between 1992 and 1997, but at a slower rate than in urban or suburban areas. Furthermore, poverty levels for rural adults have remained unchanged from 1992 to 1997, and the poverty rates for rural children have dropped at a slower rate than urban children during this same period. While there is some evidence that the situation among the poor in central cities improved during this period of economic expansion, there is little such evidence for rural communities.
V. CASELOAD DECLINES: RURAL AND URBAN DIFFERENCES

Introduction

Nationally, we know that TANF/AFDC caseloads declined approximately 31% between 1992 and 1997 (1998 CPS). Utilizing county-level administrative data on ACDF/TANF caseload numbers, this section examines the spatial aspects of caseload number reductions for a sample of states. A number of factors are assumed to have contributed to these national caseload declines. Some have pointed to the sweeping changes in welfare legislation as the driving force. The robust national economy has also had a significant effect. In a report published by the Council of Economic Advisors (CEA, 1997), it was reported that over 40% of the decline in national welfare caseload levels from 1993-1996 could be attributed to economic growth and about a third to waivers which sanction recipients who do not comply with work requirements. Research on caseload changes over time suggests that the underlying determinants of caseload change differ across states (Blank, 1997). While it is well documented that individual states have responded differently to welfare reform measures, this section examines whether substate differences exist based upon a measure of urban/rural influence in a sample of five states. These findings point to considerable variation in total caseload changes across the states and differences within and among states regarding rural/urban outcomes.

County-level administrative data on AFDC and TANF caseload numbers for five states, Kentucky, Mississippi, Missouri, Oregon, and South Carolina, provide the basic data for the analysis in this section. To sort counties by degree of rurality, a typology created by the Economic Research Service, USDA (Ghelfi and Parker, 1997) was used to classify counties into categories reflecting the degree of Urban Influence. This typology, referred to as “Urban Influence codes,” classifies all counties in the United States based on the 1993 OMB definition of Metropolitan Statistical Areas (MSAs). The Urban Influence codes classifies counties into nine categories based on the size of the MSA in the case of metro counties, and adjacency to MSAs and size of the largest city in the case of nonmetro counties. For purposes of this analysis the nine Urban Influence codes were consolidated to form three county designations: 1) metro counties (Metro); 2) nonmetropolitan counties adjacent to counties with an urban area (NMetAdj); and 3) nonmetropolitan counties not adjacent to a county with an urban area (NMetNAdj). It is proposed that this grouping captures some of the unique demographic, economic, and geographic characteristics that differentiate rural and urban areas. This spatial analysis is important because there is a great deal of diversity among rural communities. For example, residents in a rural community that is near a metro area may be able to take advantage of job opportunities there. By contrast, remote rural communities may be faced with the fewest opportunities and resources.

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10 See Appendix B.
11 Metro (Metro) consists of “Urban Influence codes” 1 and 2; Nonmetro adjacent to a metro area (NMetAdj) consists of “Urban Influence codes” 3, 4, 5, and 6; and Nonmetro not adjacent to a metro area (NMetNAdj) consists of “Urban Influence codes” 7, 8, and 9. This analysis builds on preliminary spatial analysis using Beale codes to assess trends across rural and urban areas (Zimmerman 1998).
The Data

While aggregate national and state-level caseload numbers are readily available, data at the county-level typically are not. Researchers in five states, Kentucky, Mississippi, Missouri, Oregon, and South Carolina, working through the respective state departments of human services, gained access to these data for purposes of this analysis. For comparability across states, this analysis examines average annual county caseload numbers from 1992 through 1997.

State Trends in Caseload Numbers

To gain perspective on whether welfare reform is impacting rural versus metro areas differently, we examine AFDC/TANF caseload number changes from 1992 through 1997 in the three county designations: 1) metro counties; 2) nonmetropolitan counties adjacent to counties with an urban area; and 3) nonmetropolitan counties not adjacent to a county with an urban area. Data for this sample of states reveals mixed outcomes over the three spatial groupings. For the states in this sample the 1992 caseload numbers ranged from 83,893 in Missouri to 41,530 in Oregon (see Table 5.1). Metro county caseloads exceeded 50% of the total for three states in 1992: Oregon (66%), Missouri (69%), and South Carolina (57%). Not surprisingly, these states have higher metro populations overall, with 69% of the population in Oregon located in a metro area in 1990, 68% in Missouri, and 69% in South Carolina (see Table 5.2).

Table 5.1: State TANF Average Caseload Numbers by State and Urban/Rural Classification

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky</td>
<td>-18.4</td>
<td>82,529</td>
<td>67,384</td>
<td>31,501</td>
<td>25,737</td>
<td>11,779</td>
<td>9,224</td>
<td>39,249</td>
<td>32,423</td>
</tr>
<tr>
<td>Mississippi</td>
<td>-36.2</td>
<td>60,395</td>
<td>38,506</td>
<td>14,542</td>
<td>8,450</td>
<td>10,391</td>
<td>6,567</td>
<td>35,462</td>
<td>23,489</td>
</tr>
<tr>
<td>Missouri</td>
<td>-10.5</td>
<td>83,893</td>
<td>75,094</td>
<td>58,124</td>
<td>54,391</td>
<td>10,391</td>
<td>7,273</td>
<td>17,104</td>
<td>13,430</td>
</tr>
<tr>
<td>Oregon</td>
<td>-45.7</td>
<td>41,530</td>
<td>22,546</td>
<td>27,521</td>
<td>14,570</td>
<td>7,770</td>
<td>4,309</td>
<td>6,239</td>
<td>3,667</td>
</tr>
<tr>
<td>South Carolina</td>
<td>-43.4</td>
<td>50,812</td>
<td>28,737</td>
<td>28,855</td>
<td>18,192</td>
<td>17,797</td>
<td>8,890</td>
<td>4,160</td>
<td>1,655</td>
</tr>
</tbody>
</table>

The metro caseload totals for Kentucky and Mississippi were considerably lower at 38% and 24%, respectively. For the 1992 to 1997 period, the proportion of metro cases declined or remained essentially unchanged for Oregon, Kentucky and Mississippi while the metro share of TANF cases for Missouri and South Carolina increased over the same time period (see Figure 5.1).
Table 5.2: Metro Population of States

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky</td>
<td>48%</td>
<td>38%</td>
<td>0.1%</td>
<td>0%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>30%</td>
<td>24%</td>
<td>4.7%</td>
<td>-9%</td>
</tr>
<tr>
<td>Missouri</td>
<td>68%</td>
<td>69%</td>
<td>-0.4%</td>
<td>5%</td>
</tr>
<tr>
<td>Oregon</td>
<td>70%</td>
<td>66%</td>
<td>0.6%</td>
<td>-2%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>69%</td>
<td>57%</td>
<td>0.4%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Interestingly, changes in the proportion of metropolitan population for each state between 1990 and 1997 did not correspond with these trends.

Figure 5.1: Metro TANF percentage by State, 1992 and 1997

Decreases in caseload numbers for the states and their spatial configurations (see Figure 5.2) depict a diverse scenario as differences in overall caseload declines were exhibited within the sampled states.
Oregon led the 5-state group with a 1992-1997 TANF caseload decline of 45.7%, followed by South Carolina (43.4%), Mississippi (36.2%), Kentucky (18.4%), and Missouri (10.5%).

**Figure 5.2: TANF/AFDC Caseload Changes 1992-1997**

In looking at rural/urban spatial categorizations, the caseload declines for two states, Kentucky and Oregon, showed relatively small differences across the three spatial delineations (see Figure 4.2). In other words, caseload declines in these two states behaved pretty much the same in the rural and more metropolitan areas. In a third state, Mississippi, we see that the percentage decline in caseload numbers decreased as we moved from the most metro to the most rural categorization, indicating that the rural areas have seen the smallest decline in caseloads. Oregon, whose differences as just noted were much smaller, showed this same pattern although not as pronounced as in Mississippi. The two remaining states, South Carolina and Missouri, revealed a notably different outcome. In these states the nonmetro county categories experienced the largest declines. Looking at the extremes, Missouri’s metro 1992-1997 decline was 6.4% compared to 21.5% in the most rural grouping, and South Carolina registered 37% and 60.2%, respectively, for the same categories.
Key Issues

It should be pointed out that the state-level results presented here represent a small sample of states. Further, the states depicted are not geographically representative of the U.S., nor were they selected to reflect any particular economic or demographic orientation. Additionally, we have concentrated on one particular measure, the “Urban Influence code” delineation, as a means of differentiating rural from urban. However, it seems apparent that even from this limited sample, there are dramatically different scenarios being played out across and within states as welfare reform moves forward.

For example, if you consider the three southern states of Kentucky, Mississippi and South Carolina, these data reflect differences in several outcome measurements. Within these three states we see notable differences in overall caseload number changes, ranging from a low of 18.4% in Kentucky to 43.4% in South Carolina. We see metro and nonmetro response differences ranging from almost no differentiation in the case of Kentucky to a notably higher metro decline relative to nonmetro areas in Mississippi. In the case of South Carolina, we see a significantly greater decline in the most rural areas. So even within a group of southern states that on the surface one would expect to have geographic, demographic and economic similarities, we see significant differences in the behavior of caseload declines.

The message here appears to be that differences exist between states, and further differences exist within states. Differences within states, whether they are attributed to the degree of ruralness or other factors, are apparent. Further analysis of the causes contributing to differences across and within states is merited. Research focusing on the forces driving these outcomes is needed for state and local policymakers as welfare reform moves forward.
VI. CONCLUSION

Given differences such as higher levels of underemployment, lower wages, greater distances to employment and program sites, and fewer community resources, it is likely that rural areas face unique challenges in meeting the requirements of welfare reform while also supporting child and family well-being. This is especially true in those states with large rural populations and remote rural communities. In response, communities across the nation have been working to build innovative solutions. This includes increased community collaboration so that, for instance, training matches the job opportunities available locally. Faced with greater distances and fewer transportation options, some communities look to a co-location of services. Others look to less compartmentalization and greater flexibility in meeting program requirements and service delivery. Still, while welfare reform offers the opportunity for creative solutions, there remains a need for documenting and assessing these strategies.

While necessity may be the source of invention, given the myriad ways in which rural communities differ from urban areas, rural areas may be more vulnerable to negative consequences of reform. For instance, a disproportionate number of those employed in rural areas are already among the working poor, due to the prevalence of low wage jobs. Rural labor markets are more sensitive to economic downturns, and rural communities tend to have fewer nonprofit resources to help in times of need. Individuals with lower education levels may have a harder time finding and keeping high wage employment. Restricted access to supportive services due to lack of transportation or lack of availability of childcare and job training may limit transitions out of dependence. All of these issues intertwine to make welfare reform challenging in rural areas.

Geography, economic conditions, and state policies all work together to produce diverse outcomes across rural and urban areas. An analysis of the March 1998 CPS reveals some important patterns. Nationally, while welfare reform appears to be successful at reducing the welfare rolls, this trend does not seem to be associated with improvements in the economic status of adults and children. While welfare program participation has gone down in rural areas, labor force participation among the rural poor has not increased. There is evidence that labor force participation among the working-age poor has increased in central city communities, but there is little such evidence in nonmetro communities. Although welfare program participation has declined in rural areas, working-age poverty has not declined. Child poverty in rural areas has declined at a lower rate than in urban or suburban areas.

While the relationships are less clear, analysis of county level caseload changes reveal some important spatial patterns. Rural declines differ across different states, and also differ within different states. Differential policies and regional economic conditions will result in differential outcomes across and rural and urban areas. This analysis indicates that it will be important for states to track outcomes across rural and urban areas.

In an age of changing and decentralizing programs, research is more important than ever. However, comparatively little is known about welfare reform implementation in rural areas. Given the state of knowledge concerning rural poverty and rural/urban differences, coupled with the myriad of changes associated with welfare reform, more questions are raised than have been answered. A concerted effort is needed to determine the impacts of policy changes and economic forces on child and family
well-being in rural and urban areas. Such an effort would help states in their ongoing efforts to design successful implementation strategies within the existing federal policy framework. This could also identify changes in the federal policy framework that might improve child and family outcomes in both urban and rural places.
Works Cited


Appendix A

Unique Challenges to Social Service Delivery in Rural Communities: The Rural Prism

The *Rural Prism* is a tool to help decisionmakers improve the effectiveness of their rural development efforts. Just as a prism refracts light into the spectrum of its color components, the Rural Prism separates out characteristics that are inherent to rural areas. In addition, the Rural Prism describes how those rural characteristics affect service delivery and provides options to improve rural services.


<table>
<thead>
<tr>
<th>Inherent Rural Characteristics</th>
<th>Implications for Service Delivery</th>
<th>Service Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isolation</td>
<td>• Incomplete knowledge of available services&lt;br&gt;• Low utilization rates&lt;br&gt;• Inadequate response time in emergencies&lt;br&gt;• Isolation of professionals&lt;br&gt;• Attracting and retaining qualified professional staff</td>
<td>• Home based services&lt;br&gt;• Satellite clinics&lt;br&gt;• Telecommunications&lt;br&gt;• Traveling service providers&lt;br&gt;• Prevention measures&lt;br&gt;• Rotate professionals&lt;br&gt;• Offer incentives for years of service or to new providers who move to rural communities</td>
</tr>
<tr>
<td>Inherent Rural Characteristics</td>
<td>Implications for Service Delivery</td>
<td>Service Options</td>
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<tr>
<td><strong>Low Population Density</strong></td>
<td>• High per unit cost of service</td>
<td>• Regionalism (mutual aid agreements, cooperative purchase of service)</td>
</tr>
<tr>
<td></td>
<td>• Lack of specialized services</td>
<td>• Intergovernmental cooperation</td>
</tr>
<tr>
<td></td>
<td>• Lack of full range of services</td>
<td>• Tailor solutions to problems of rural areas</td>
</tr>
<tr>
<td></td>
<td>• Low quality of available</td>
<td>• Incentives to encourage rural investment</td>
</tr>
<tr>
<td></td>
<td>services</td>
<td>• Don’t set program outcomes/goals on the total number of anything (e.g. number of people served, new jobs or businesses created, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Lack of market forces/competition</td>
<td>• Eliminate duplication of services where possible</td>
</tr>
<tr>
<td></td>
<td>• Lack of economies of scale</td>
<td>• Encourage providing services to groups of clients rather than individuals</td>
</tr>
<tr>
<td><strong>Mobility Disadvantages</strong></td>
<td>• Inaccessibility of services</td>
<td>• Mobile units of home-based services</td>
</tr>
<tr>
<td></td>
<td>• Limited public transportation</td>
<td>• Investigate low capacity</td>
</tr>
<tr>
<td></td>
<td>• Inadequate roads limits</td>
<td>• Less capital intensive systems</td>
</tr>
<tr>
<td></td>
<td>coordination</td>
<td>• Maximize use of existing systems</td>
</tr>
<tr>
<td></td>
<td>• Limited hours of service</td>
<td>• Informal taxis/shared rides systems</td>
</tr>
<tr>
<td></td>
<td>• Undependable transportation</td>
<td>• Meet higher transportation costs i.e. gas, maintenance</td>
</tr>
<tr>
<td></td>
<td>• Reliance on care increases</td>
<td></td>
</tr>
<tr>
<td></td>
<td>miles driven</td>
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<tr>
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</table>
| **Scarcity of Financial Resources** | • Services not provided at all  
• Services not adequately funded to meet need  
• Outreach services in rural areas cut during budget crunches  
• Block grants historically not distributed equitably to rural areas  
• Obsolete technology and office support systems | • Change eligibility requirements - different outcome measures - monitoring of grants  
• Alternative revenue sources  
• Use set-asides for rural areas  
• Develop Community Foundations, CDCs, etc.  
• Set up revolving loan funds  
• Stimulate local bankers to invest in the community  
• Stimulate employers to invest in the community  
• Maximize use of existing community facilities  
• Provide a mechanism for venture capital |
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</table>
| Lack of Expertise and Human Resources | • Understaffing of functions  
• Incompetence/outdated knowledge and skills  
• Overworked services providers - burn out  
• Lower quality  
• Low provider morale  
• Administrative requirements can be a burden  
• Smaller pool of talent to draw from | • Use trained volunteers  
• Circuit riders  
• Combine departments and/or integrate services  
• Hire consultants  
• Provide on-going technical assistance and leadership training (capacity building)  
• Flexible program requirements and incentives to foster innovation and effectiveness  
• Develop local entrepreneurship programs  
• Foster business retention and expansion  
• Common definitions, simplified forms and administration among programs  
• Facilitate peer counseling  
• Professional urban-rural exchanges |
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| **Personal Familiarity**      | • Subjectivity on part of decision makers  
                                      • Reluctance to seek certain services  
                                      • Undermining of professional image | • Special attention to confidentiality  
                                      • Ethics training for professionals  
                                      • Professional support system  
                                      • Planned professional networking opportunities |
| **Resistance to Change/Innovation** | • Lag behind in adoption of new services and processes  
                                      • Difficulty in breaking intergenerational cycle of poverty  
                                      • Denial of problems | • Show immediate results/benefits to community  
                                      • User friendly technology and training  
                                      • Provide new services through traditional service providers  
                                      • Set up one-stop shops  
                                      • Develop educational programs for policymakers, community leaders, and residents  
                                      • Structure assistance to provide incentives |
| **Lack of Ancillary Services** | • Inappropriate transfer of urban models to rural areas | • Public-private partnerships  
                                      • Involve families, service and religious groups, etc. in provision of services  
                                      • Stimulate private sector provision of services |