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Rural Poverty At A Glance



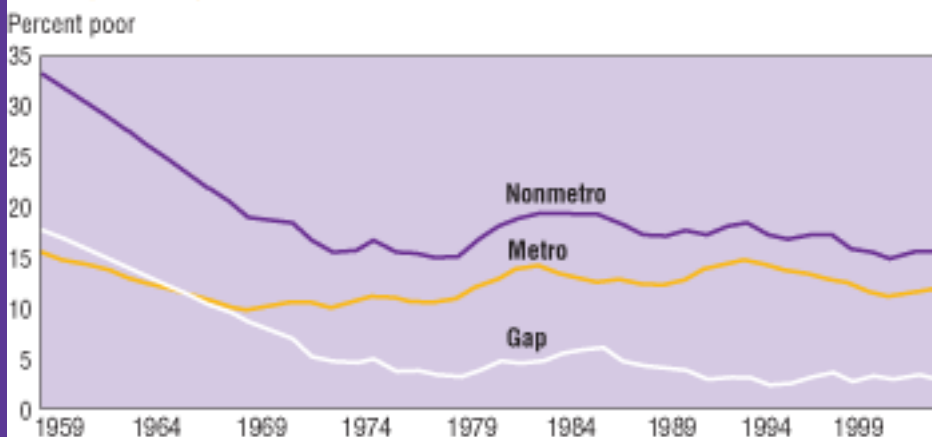
During the 1990s, America experienced unprecedented economic growth and a large decline in the national poverty rate. Between 1993 and 2000, real GDP (gross domestic product adjusted for inflation) grew by 4 percent annually, which was significantly greater than the 2.7-percent average growth rate over the previous two decades. During this same time period, the poverty rate declined from a decade high of 17.2 percent in 1993 to a low of 11.3 percent in 2000. The new century ushered in a brief recession, thereby halting the Nation's economic expansion and leading to an increase in poverty. While the recession officially ended in late 2001, the poverty rate has continued to increase, with the most recent estimates indicating that just over 12 percent of the American population was poor in 2002.

The rate of poverty is not only an important social indicator of the well-being of America's poor, but it is also a useful tool in shaping Federal policies and targeting program benefits to those most in need. Poverty rates, however, are not distributed equally across the United States. Thus, strategies to reduce poverty must consider the differences in the nature of poverty between nonmetropolitan (nonmetro) and metropolitan (metro) areas of the country.

While metro and nonmetro areas have shared similar upward and downward trends in poverty rates over time, the nonmetro rate has exceeded the metro rate every year since poverty was first officially measured in the 1960s. In the 1980s, the difference between the nonmetro and metro poverty rates was 4.4 percentage points. While this gap shrank during the 1990s, poverty rates in nonmetro areas still averaged 2.6 percentage points higher than rates in metro areas.

USDA's Economic Research Service (ERS) analyzes the ongoing changes in rural areas and assesses Federal, State, and local strategies to enhance economic opportunity and quality of life for rural Americans. This publication provides the most recent information on poverty trends and demographic characteristics of the rural poor for use in developing policies and programs to assist rural people and their communities.

Poverty rates by residence



Note: Metro status of some counties changed in 1984 and 1994. Metro and nonmetro rates are imputed for 1960-1968, 1970, and 1984.

Dimensions of poverty

In 2002, 14.2 percent of the nonmetro population, or 7.5 million people, were poor, compared with 11.6 percent of the metro population. This difference has persisted through time, and it is also evident when poverty is analyzed by race, ethnicity, age, and family structure.



Race and ethnicity strongly correlated with rural poverty

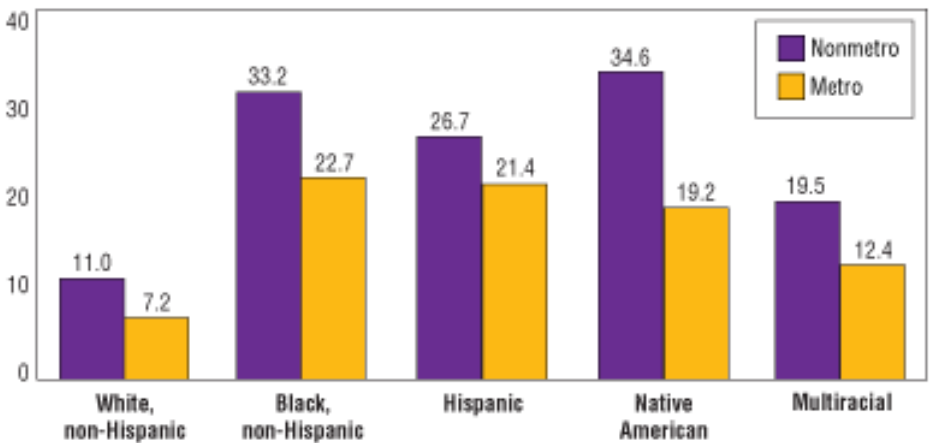
According to the 2000 Census, racial and ethnic minorities constitute 17 percent of the nonmetro population, with nonmetro minority populations growing in all 50 States. Overall U.S. poverty rates are higher for minorities than for non-Hispanic Whites. This racial disparity is even more marked when considering rural poverty rates and other dimensions of well-being, such as education and depth of poverty.

- More than one out of every four nonmetro Hispanics, Blacks, and Native Americans live in poverty.
- The nonmetro poverty rates in 2002 for non-Hispanic Blacks (33 percent) and Native Americans (35 percent) were more than three times the nonmetro poverty rate for non-Hispanic Whites (11 percent). The rate for Hispanics (27 percent) was more than twice as high.
- Sixty-eight percent of nonmetro Hispanics who are poor have less than a high school education, compared with 40 percent of nonmetro non-Hispanic Whites who are poor.
- Fifty-two percent of nonmetro Native Americans who are poor have incomes that are less than half of the poverty line.
- Poverty rates for non-Hispanic Blacks and Native Americans are more than 10 percentage points higher in nonmetro areas than in metro areas, the largest gap among minority population groups.

Poverty rates by race and ethnicity, 2002

Nonmetro Blacks, Native Americans, and Hispanics have highest poverty rates

Percent poor



Note: Hispanic is defined as anyone who is Spanish, Hispanic, or Latino. All race categories exclude Hispanics. Native American includes American Indians, Eskimos, and Aleuts. White, Black, and Native American categories exclude persons who respond with multiple races.

Source: Rural Poverty At A Glance, USDAERS, RDHR-100

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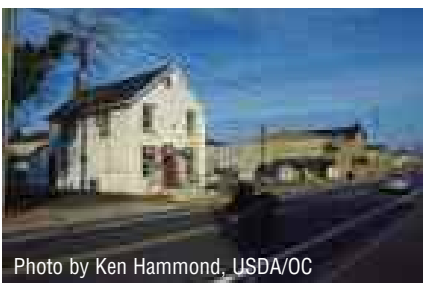


Photo by Ken Hammond, USDA/OC

Data Sources

This report draws on the research of ERS's Food and Rural Economics Division. Data used in this analysis come primarily from the 2000 Census and several years (1991 to 2003) of the Annual Social and Economic Supplement to the Current Population Survey.

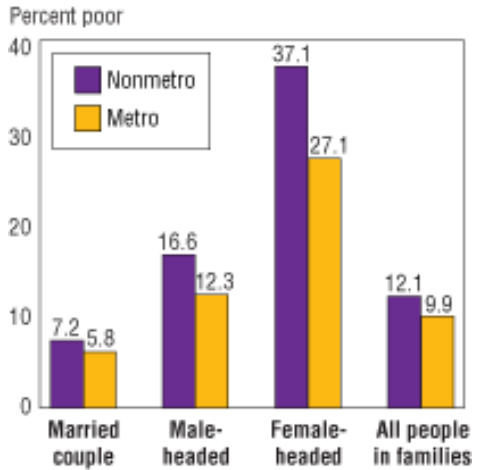
Family composition and child poverty rates in rural America

Family structure has a significant bearing on poverty. Families headed by two adults are likely to have more sources of income than single-adult families with children and are therefore less likely to be poor. Further, families with two adults are more able to share the burden of child care, whereas a single adult may have to pay for child care or limit working hours.

- Over 75 percent of all nonmetro families are headed by a married couple. About 15 percent are headed by a single female.
- People living in families headed by a married couple have the lowest rate of nonmetro poverty, at 7.2 percent.
- In nonmetro areas, 16.6 percent of the people in male-headed, single-adult families are poor, while the poverty rate is 37.1 percent for members of female-headed families. The higher poverty rate for female-headed families is attributed to lower labor force participation rates, shorter average work weeks, and lower earnings.
- The poverty rate for people living in female-headed families is 10 percentage points greater in nonmetro areas than in metro areas.

Poverty rates by family type, 2002

People living in female-headed families have highest poverty rates



Note: Percent of people in families, either primary or related subfamily, who are poor.

Source: Rural Poverty At A Glance, USDA/ERS, RDNR-100

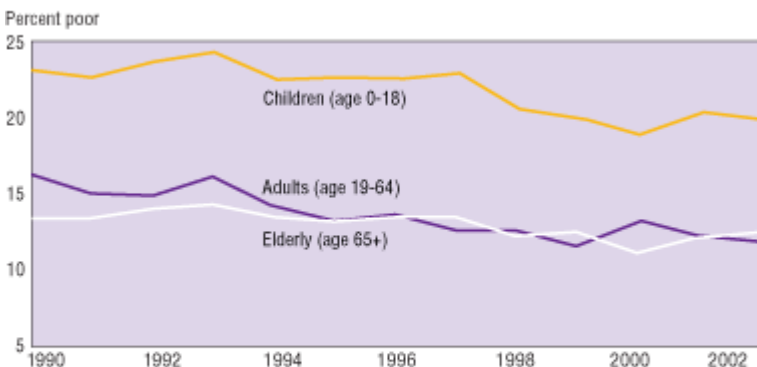
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Family structure also affects child poverty rates. Families headed by one adult, by definition, contain disproportionately more children than similar-sized families headed by two adults. Also, single-parent families typically have fewer income earners and a greater chance of being poor.

- Approximately 2.6 million children living in nonmetro areas are poor, constituting 35 percent of the nonmetro poverty population.
- In 2002, one out of every five children living in nonmetro areas was poor.
- Since 1985, the child poverty rate in nonmetro areas has never fallen below 18 percent.
- Almost half (46 percent) of all non-Hispanic Black children living in nonmetro areas are poor; 43 percent of nonmetro Native American children are poor.

Nonmetropolitan poverty rates by age

Nonmetro child poverty has declined, but remains higher than poverty of other age groups



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

Source: Rural Poverty At A Glance, USDA/ERS, RDNR-100

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ERS website and contact person

You can read more about poverty in rural America at the ERS website at www.ers.usda.gov/briefing/IncomePovertyWelfare. General information about rural America can be found at www.ers.usda.gov/Emphases/Rural. For more information, contact [Dean Jolliffe](mailto:jolliffe@ers.usda.gov) at jolliffe@ers.usda.gov or 202-694-5430.

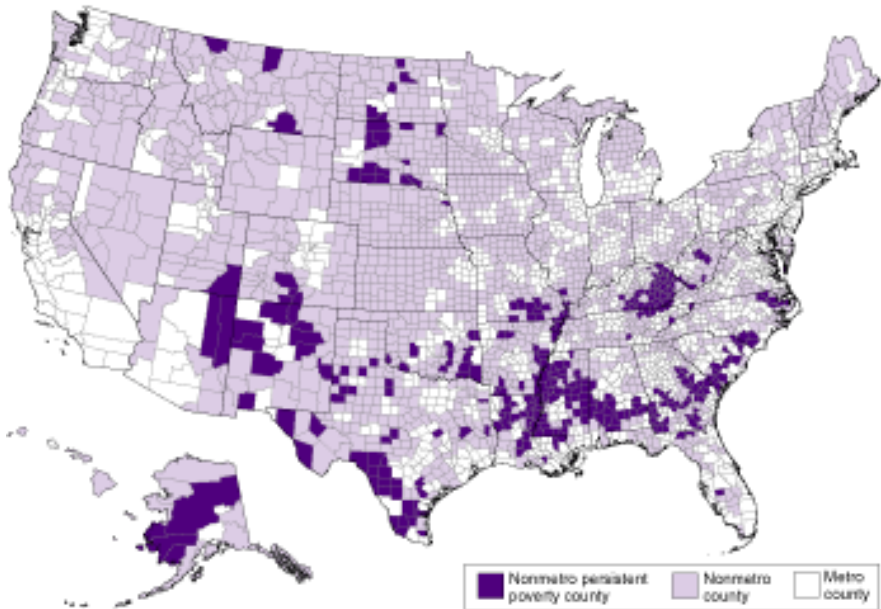
Regional characteristics of poverty

The rural South has the highest and most persistent poverty rates

A particularly revealing dimension of poverty is time spent living in poverty. ERS has defined counties as being persistently poor if 20 percent or more of their populations were poor over the last 30 years (measured by the 1970, 1980, 1990, and 2000 decennial censuses). For more information on persistent poverty and other county typologies, see www.ers.usda.gov/briefing/Rurality/Typology.

- The United States has 386 persistent poverty counties, home to 4 percent of the U.S. population.
- Nonmetro counties make up the large majority (340 of 386) of persistent poverty counties. Fourteen percent of the Nation's nonmetro population live in persistent poverty counties.
- Among nonmetro persistent poverty counties, 280 are in the South, and 60 are in the West and Midwest. None are in the Northeast.
- The nonmetro South, with over 40 percent of the U.S. nonmetro population, has the greatest prevalence of both poverty and persistent poverty. More than one in six persons in the region are poor and more than one in four live in persistent poverty counties.

Nonmetro persistent poverty counties, 1999



Source: Rural Poverty At A Glance, USDA/ERS, RDPR-106

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Poverty is highest in the most rural areas

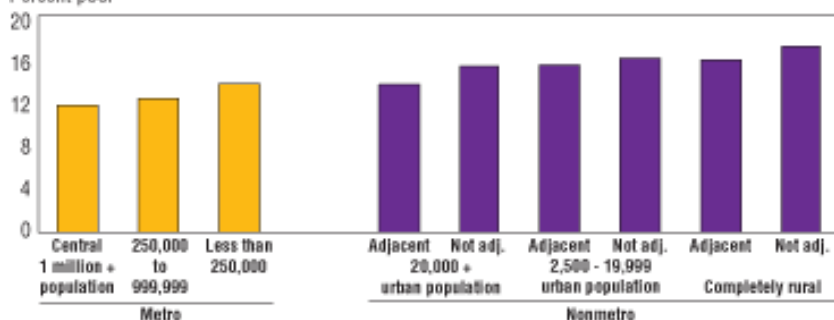
Nonmetro areas are commonly mischaracterized as being sparsely populated small towns with open countryside. Indeed, many nonmetro counties fit this description, but others contain relatively large urban areas. ERS rural-urban continuum codes account for the differences among nonmetro areas and categorize nonmetro counties by degree of urbanization and adjacency to metro areas.

- The poverty rate is the highest in the completely rural counties (not adjacent to metro counties), with 16.8 percent of the population poor.
- The poverty rate in the largest metro areas is the lowest, with 11.5 percent of the population poor.
- Counties with low employment rates are disproportionately located in the most rural areas. ERS defines a county as having a low employment level if less than 65 percent of the adult (age 21-64) population is employed. In the most urban of areas, 6 percent of the population reside in low-employment counties. In the most rural areas, 32 percent of the population reside in low-employment counties.
- Persistent poverty and degree of rurality are also linked. Nearly 28 percent of the people living in completely rural counties live in persistent poverty counties. In contrast, 7.5 percent of the people living in the most urban nonmetro areas live in persistent poverty counties.

Poverty rates by rural-urban continuum code, 1999

Poverty rates increase as counties become more rural

Percent poor



Source: Calculated by ERS from Census Bureau data, 2000 SF3 file.

Source: Rural Poverty At A Glance, USDA/ERS, RDRR-100

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Selected poverty rates and economic indicators, 2002

Characteristic	Nonmetro	Metro
Median household income (dollars)	34,654	45,257
Poverty population (millions)	7.5	27.1
Prevalence of poverty (percent)	14.2	11.6
Poverty by region of U.S. (percent)		
Northeast	10.7	10.9
Midwest	10.7	10.1
South	17.5	12.7
West	14.3	12.1
Poverty rates for selected groups (percent)		
Non-Hispanic Blacks	33.2	22.7
Non-Hispanic Whites	11.0	7.2
Hispanics	26.7	21.4
Children (younger than age 18)	19.8	16.0
Elderly (age 65 and older)	11.9	10.0
Nonelderly adults (age 18-65)	12.4	10.2
Educational attainment of poor adults (percent)		
Less than high school education	44.5	40.0
No more than high school education	32.8	30.7
More than high school education	22.8	29.3
Income levels of poor adults (percent)		
Less than half the poverty line	36.4	41.9
Between half and 75 percent of the poverty line	28.2	25.5
Greater than 75 percent of the poverty line	35.4	32.6

Source: Rural Poverty At A Glance, USDA/ERS, RDRR-100

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Who Is Poor?

Any individual with income less than that deemed sufficient to purchase basic needs of food, shelter, clothing, and other essential goods and services is classified as poor. The income necessary to purchase these basic needs varies by the size and composition of the household. Official poverty lines or thresholds are set by the Office of Management and Budget (OMB). The 2002 poverty line for an individual under age 65 is \$9,359. For a three-person family with one adult and two children, it is \$14,494. For a five-person family with two adults and three children, the poverty line is \$21,469. Income includes cash income (pretax income and cash welfare assistance), but excludes in-kind welfare assistance, such as food stamps and Medicaid. Poverty lines are adjusted annually to correct for inflation. Comparisons of metro–nonmetro poverty rates pose some measurement difficulties. For example, U.S. poverty rates do not adjust for differences in cost of living across areas. If, as assumed, basic needs cost less in nonmetro areas, then the nonmetro poverty rate would be lower. However, some costs—such as transportation to work—are likely to be higher in nonmetro areas. For more on the definition of poverty and a full listing of poverty thresholds, see <http://www.census.gov/hhes/www/poverty.html>.

What Is Rural?

In this publication, the terms “rural” and “urban” are used synonymously with nonmetropolitan and metropolitan. Estimates from the Current Population Survey (CPS) identify metro and nonmetro areas according to OMB’s 1993 designation. Other estimates, from the 2000 Census, are based on OMB’s 2003 classification, which reflects not only a decade of urban growth and restructuring but also modification of the rules governing metro and nonmetro status.

Metro areas were previously defined to include central counties with one or more cities of at least 50,000 residents or with an urbanized area of 50,000 or more and total area population of at least 100,000. Under the new system, metro areas are defined for all urbanized areas regardless of total area population. Outlying counties are also classified as metro if they are economically tied to the central counties, as measured by share of workers commuting on a daily basis to the central counties. For more information on measuring rurality, see www.ers.usda.gov/briefing/Rurality.

More About Poverty Research at ERS . . .

For more information on poverty in rural America, go to the ERS website’s briefing room on rural income, poverty and welfare: www.ers.usda.gov/briefing/IncomePovertyWelfare. ERS also provides more in-depth analysis of rural poverty, including research on the effect of changing policy and demographic patterns on rural poverty. In particular, see:

- **Comparisons of Metropolitan-Nonmetropolitan Poverty During the 1990s.** While the greater prevalence of poverty in nonmetro areas relative to metro areas is well documented, comparisons of the depth and severity of poverty in the two areas have been lacking. This report examines metro-nonmetro differences in U.S. poverty rates, using data from CPS (1991-2000) and poverty measures that are sensitive to income distribution. See www.ers.usda.gov/publications/frdrr96.
- **Rural Welfare Reform: Lessons Learned.** The transition from welfare to work is proving more difficult in rural than in urban areas, especially in remote, sparsely populated areas where job opportunities are few. This article addresses two broad questions: What have we learned from empirical studies about rural-urban differences in welfare reform effects on program participation, employment, and poverty? Do rural and urban low-income families have different needs that might be reflected in the design of policies meant to provide assistance? See www.ers.usda.gov/AmberWaves/June03/Features/RuralWelfareReforme.htm.
- **Anatomy of Nonmetro High-Poverty Areas.** This article identifies a typology of high-poverty counties that reflects racial/ethnic and regional differences in major characteristics, such as education, employment, family structure, incidence of disability. Of the more than 400 nonmetro counties classified as high-poverty counties in 2000, three-fourths reflect the low income of racial and ethnic minorities and are classified as Black, Native American, or Hispanic high-poverty counties. See www.ers.usda.gov/amberwaves/February04/Features/Anatomy.htm.