

Child Poverty in Nonmetro Areas in the 1990's

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Child poverty in the 1990's remains high, especially in nonmetro areas. In 1997, 14.1 million children under 18 were poor, representing 40 percent of the poverty population. Poor children are more likely to live in mother-only families, to be Black, and to have parents who have lower education and who are not employed. This article examines the poverty and welfare reciprocity status of children to better inform policymakers about the potential effects of welfare reform efforts.

An understanding of the economic well-being of children is important for public policy and local community planning to improve the condition of children and to help them attain their potential. In 1997, 14.1 million children under 18 were poor, representing 40 percent of the poverty population. The cost of child poverty to the Nation is high, and may affect the future productivity and competitiveness of the labor market. In light of recent changes in the welfare system, it becomes critical to identify those in need of assistance who may fall through the safety net. The current state of children's well-being may serve as a benchmark to evaluate the potential effects of welfare reform efforts and suggest alternative policies for child well-being.

Poverty rates for children in rural areas have historically been higher than rates for children in urban areas; 22 percent of nonmetro children were poor in 1997 compared with 19 percent of metro

children. Trends in child poverty and welfare reciprocity in the 1990's will show how the number of children in need of assistance has fluctuated. This article examines the poverty status, welfare reciprocity status, and selected characteristics of children under age 18 by metro-nonmetro residence to identify children in need of assistance. An assessment of such children will help to target assistance programs to this population and to better inform policymakers as to whether children are better or worse off under the newly legislated programs. The economic well-being of children in nonmetro America is an important issue for local community planning and rural development policies, since families are the building blocks of the community.

Child Poverty Remains High in the 1990's, Especially in Nonmetro Areas

The size of the child poverty and welfare populations is a good measure of the economic status of children and indicates to policymakers where improvements are needed. Poverty rates for children in non-

metro areas have historically been higher than for children in metro areas. In the early 1970's, the economic status of nonmetro children improved, as poverty rates for children by metro-nonmetro residence began to converge. In the late 1970's, however, the residential gap in poverty widened, and poverty rates increased in both metro and nonmetro areas. The recessions of the early 1980's pushed poverty rates up, and the slower economic recovery in nonmetro areas delayed improvement in poverty conditions. After 1983, metro poverty rates declined somewhat, but nonmetro rates remained high. Nonmetro child poverty has been consistently higher than that among metro children since the 1970's. Many factors contribute to high child poverty rates, including the reduced earnings of mothers as they work fewer hours to accommodate the presence of children, the assumption of greater household needs when children are present, and the explicit raising of the poverty threshold as family size increases, with fewer per-child resources available in larger families.

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During the 1990's, the non-metro child poverty rate continued to exceed the metro rate. In the early 1990's, the poverty rates for children in both metro and non-metro areas rose slightly, peaking in 1993 at 22 percent in metro areas and 24 percent in nonmetro areas (fig. 1). Beginning in 1994, the metro child poverty rate dropped slightly, declining to 19 percent in 1997. During this time period, the nonmetro child poverty rate remained stable, ending up at 22 percent in 1997.

Trends in the receipt of Aid to Families with Dependent Children (AFDC) benefits highlight the child population that depends on this form of assistance and identify a substantial proportion of children who may fall through the safety net due to recent changes in the welfare system. Temporary Assistance to Needy Families (TANF) was introduced in 1997, as AFDC was phased out State by State. Despite slightly higher poverty rates, non-metro children had slightly lower participation rates in the AFDC pro-

gram than metro children during the 1990's. Some of the residential difference in participation rates reflects the greater tendency of non-metro poor children to live in two-parent families where at least one parent is employed. During the 1990's, participation rates for non-metro children declined from 10 percent to 7 percent, while participation rates for metro children declined from 12 percent to 8 percent. It appears that a robust economy and the implementation of State waivers in the mid-1990's are among the factors affecting the decline in AFDC participation (Ziliak, Figlio, Davis, and Connolly).

States Given Greater Role in New Welfare Programs

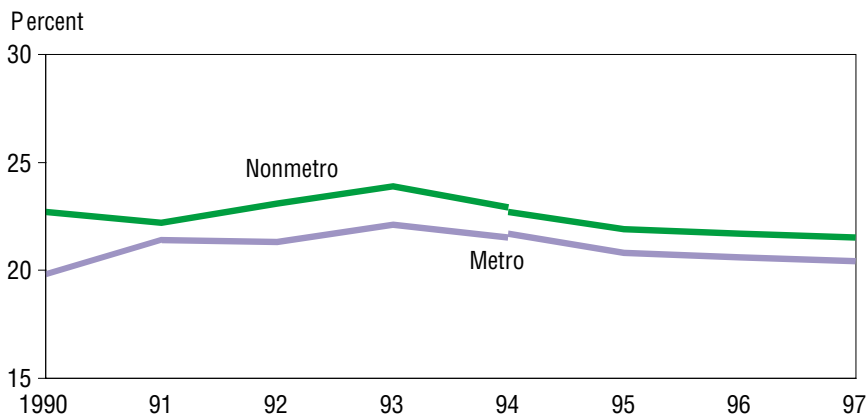
AFDC was established as part of the Social Security Act of 1935 to serve single parents with children under 18, and was the main cash assistance program for families with children before welfare reform. The Children's Bureau was given funding to provide, through the States, an array of services to children and

their families. Pressure to reform AFDC and concern over the large number of children in poverty in the late 1980's led to the Family Support Act of 1988, a major welfare reform act that was designed to help welfare families become self-sufficient. With the signing of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the welfare delivery system became primarily State-based.

PRWORA eliminates AFDC's open-ended entitlement and creates a block grant for States to provide time-limited cash assistance for needy families, with work requirements for most recipients. The law also makes far-reaching changes to child care, the Child Support Enforcement Program, benefits for legal immigrants, the Food Stamp program, and Supplemental Security Income (SSI) for children. Under Title 1 of PRWORA, individual entitlement to assistance for those who qualify was eliminated, AFDC was replaced by TANF, and block grants, time limits, work requirements, waivers, and maintenance of (State) effort were established.

Under the Omnibus Budget Reconciliation Act of 1981, States first began to request waivers (requests to implement changes) of Federal AFDC requirements. Initially, waivers were primarily focused on welfare-to-work strategies. By 1990, States began to use waivers to address such issues as labor supply, family formation and stability, fertility decisions, and parenting skills. State maintenance of effort requires that States, in order to receive their full funding allocation, must demonstrate that they are spending on TANF-related activities 80 percent of the non-Federal funds they spent in fiscal year 1994 on AFDC and related programs.

Figure 1
Poverty rates for children under 18 years old by residence, 1990-97
Both metro and nonmetro child poverty rates peaked in 1993



Source: Calculated by ERS using data from the March Supplement of the Current Population Survey 1991-98.
 Note: Change in the metro status of some counties caused a discontinuity in the 1994 data.

PRWORA listed the purpose of the TANF block grant as follows: (1) to provide assistance to needy families so their children can be cared for in their homes or in the homes of relatives; (2) to end the dependency of needy parents on government benefits by promoting job preparation, work, and marriage; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies and to establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) to encourage the formation and maintenance of two-parent families. The overall statement of purpose (of TANF) is “to increase the flexibility of states in operating a program.” Funds may also be used for goals pursued previously under AFDC for cash grants, administration, emergency assistance, child care, and the Job Opportunities and Basic Skills (JOBS) program.

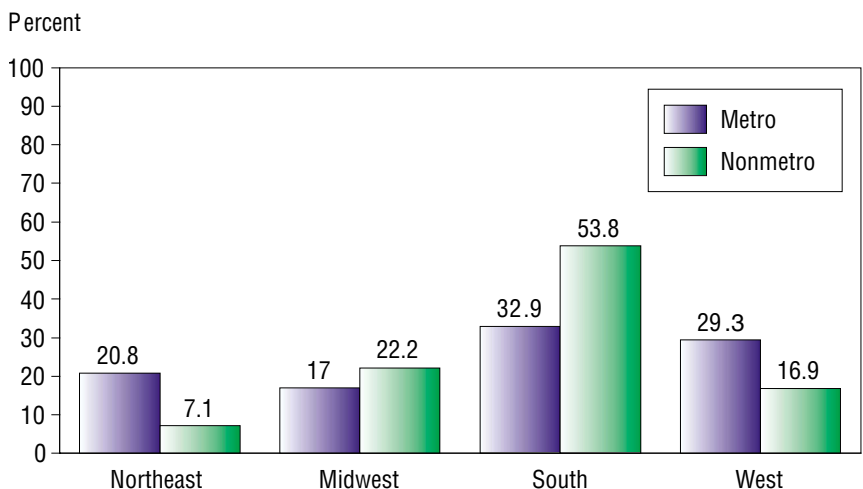
The States set eligibility requirements under TANF. Block grants offer the States a wide range of choices and great flexibility in making decisions that will, in effect, determine the adequacy of the funding. For example, States will need to determine whether to invest in child care quality. Child care assistance will be needed for several years, not just to facilitate the movement from welfare to work, but to help maintain employment. Many of the State welfare waivers included transitional child care for 2 years or longer; however, the legislation does not require even the 1-year transitional child care benefit mandated in the 1988 Family Support Act. A critical decision for States is whether they will fund transitional child care as people find work.

Another critical decision for States concerns the extent of coverage of the working poor, which is

Figure 2

Poor children by region and residence, 1997

Nonmetro poor children are concentrated in the South



Source: Calculated by ERS using the 1998 March Current Population Survey (CPS) data file.

essential if States are to avoid a crisis down the road. A 5-year time limit is placed on receipt of cash assistance under TANF, and almost all adults are required to work within 2 years of initial enrollment in TANF. Work can be unsubsidized or subsidized employment, on-the-job training, work experience, community service, 12 months of vocational training, or child care provided to individuals participating in community service. Exceptions are allowed for 6 weeks of job search time, parents with a child under age 6 who cannot find child care, and single parents with children under age 1. States can specify a shorter period (families cannot spend more than 5 cumulative years on TANF), and exempt up to 20 percent of the caseload from the time limit. After the time limit is exceeded, States can elect to provide noncash assistance and vouchers to families. With wide variance between State programs, the Federal Government still monitors and oversees State

actions in their welfare reform agendas.

Black Children Are More Likely To Be Poor

In addition to the 22 percent of nonmetro children under 18 who were poor in 1997, nearly 14 percent were classified as near-poor (in families with total incomes 100-149 percent of the official poverty level), compared with 10 percent of metro children. The financial standing of the near-poor is precarious at best, with family incomes only marginally above the poverty line. With changes in welfare, this group is extremely vulnerable to losing out on various governmental assistance programs.

Poverty rates for children under 6 are higher than the rates for all children under 18. Nonmetro children under 6 had a poverty rate of nearly 27 percent, and metro children under 6 had a rate of 21 percent. Under welfare reform, States are required to keep the poverty

rate of children under 6 at 5 percent or below, and if it goes higher and can be attributed to TANF, States must amend their TANF plan. States determine where to set eligibility requirements, benefit levels, and duration of assistance. About the same share of young children under 6 years old are poor as are living in families receiving TANF benefits. Thirty-seven percent of the poor child population in both metro and nonmetro areas is under 6 years old. The share of young children living in families receiving AFDC was similar to that of poor children.

Poverty is especially a problem for the South, which has a higher percentage of children in poverty than the rest of the country. Nonmetro poor children are concentrated in the South, while metro poor children are much more evenly spread among the four regions (fig. 2). The poverty rate for nonmetro children living in the South was 54 percent, compared with only 33 percent for metro children. The

share of AFDC children living in the South was similar to the share of poor children.

Family structure has an enormous impact on the well-being of children. Children in mother-only families are more likely than children in two-parent families to live in poverty. These families are at an economic disadvantage because there is only one parent to generate income and even that effort is often limited by difficulties in obtaining child care. Fifty-two percent of nonmetro children and 46 percent of metro children who lived in mother-only families were poor. However, nonmetro poor children were less likely than metro poor children to live in mother-only families. Fifty-seven percent of nonmetro poor children lived in mother-only families, compared with 62 percent of metro children. Children living in families receiving AFDC benefits were more likely than poor children to live in mother-only families. Over three-fourths of AFDC children lived in mother-only families.

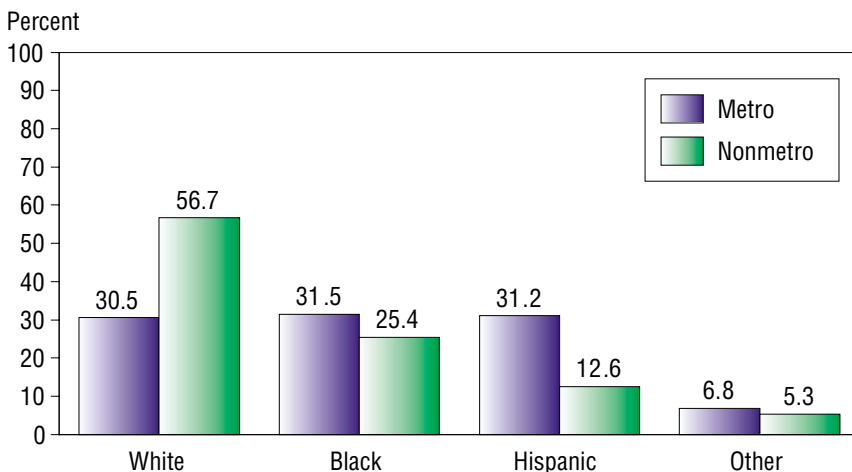
Race and ethnicity affect a child's poverty status; 43 percent of nonmetro Black children were poor, compared with 36 percent of White children. Since a higher proportion of Blacks reside in metro areas than in nonmetro areas, the gap between metro and nonmetro poverty rates would most likely be even larger without the difference in racial composition. Nonmetro Black children are more likely to face adverse economic conditions, especially those in larger families, in families with younger children, in mother-only families, and in families with no earners. Despite their higher poverty rate, nonmetro Black children do not make up the majority of nonmetro poor children (fig. 3). About 57 percent of nonmetro poor children were White. Black children comprised one-quarter of nonmetro poor children and 32 percent of metro poor children.

Hispanic children were more likely to reside in metro areas than in nonmetro areas and had higher metro poverty rates (31 percent) than nonmetro rates (13 percent).

Figure 3

Poor children by race and residence, 1997

Metro child poverty is evenly distributed across the races but nonmetro child poverty consists mostly of White children



Source: Calculated by ERS using the 1998 March Current Population Survey (CPS) data file.

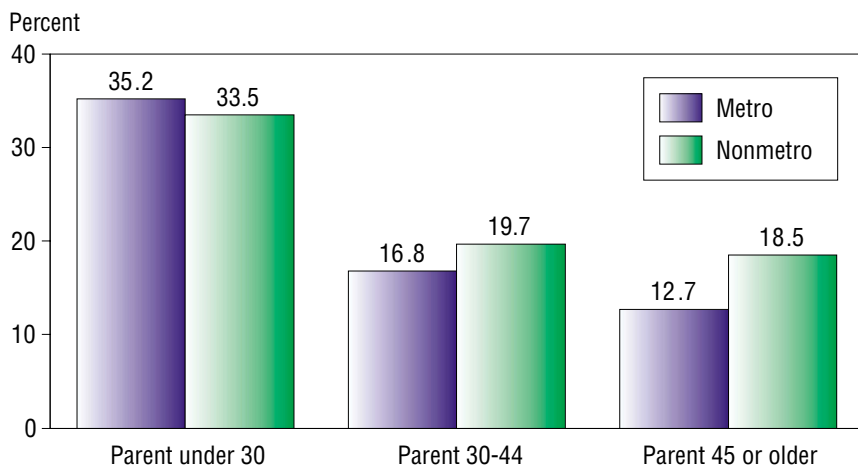
Children With Younger and Less-Educated Parents Are More Likely To Be Poor

Poverty rates are highest for children whose parents are under age 30. In 1997, the poverty rate for nonmetro children with a parent under age 30 was 34 percent, compared with 20 percent for those with a parent age 30-44 (fig. 4). Poverty rates are lowest among children with parents age 45 and older, a period when most adults are established in their careers and in their peak earning years. Metro and nonmetro areas had a similar pattern of poverty rates by parental age, with higher nonmetro rates at age 30 and older.

Figure 4

Poverty rates for children under 18 by parental age and residence, 1997

Higher poverty is found among children with the youngest parents



Source: Calculated by ERS using the 1998 March Current Population Survey (CPS) data file.

Children in families with a parent who did not complete high school were worse off economically than children with more educated parents. Poverty rates for nonmetro children whose parents had not completed high school were 46 percent in 1997, compared with 11 percent for nonmetro children whose parents had completed at least 1 year of college (fig. 5). These comparisons were similar in metro areas. Parents of metro children are better educated than their nonmetro counterparts, with 54 percent of metro parents having completed at least 1 year of college, compared with 40 percent of nonmetro parents. Parental age and educational attainment interact, as younger parents are more likely to have interrupted their high school or college educations due to early childbearing. Educational attainment influences employment prospects, with highly educated parents being more marketable in the labor force and better able than their less educated counterparts to provide an economically secure environment for their children.

Employment Status of Parents Affects Children's Poverty

Children of employed parents have a clear financial advantage. Poverty rates are highest for children whose parents are unemployed or not in the labor force. While 14 percent of nonmetro chil-

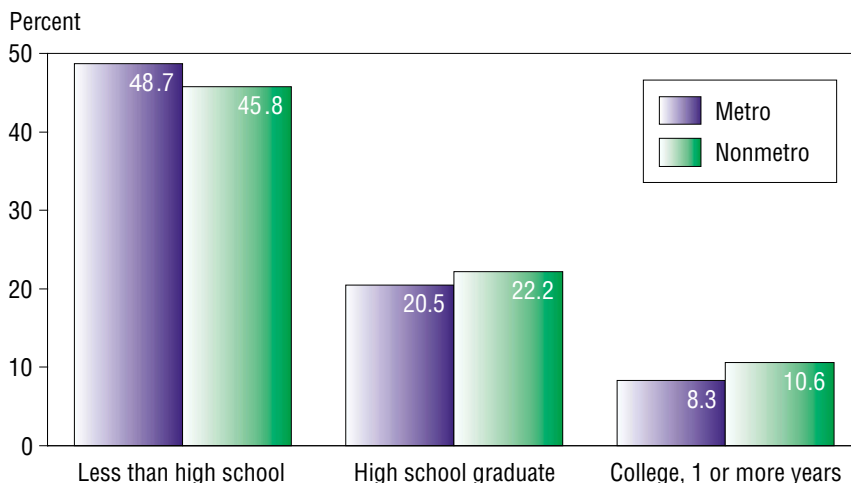
dren with employed parents were poor, over half of nonmetro children whose parents were not in the labor force were poor (fig. 6). With higher unemployment and underemployment in nonmetro areas, many workers and their families may experience periods of poverty. Being temporarily poor in nonmetro areas often results from work-related events, such as the loss of a job or lack of local employment opportunities. The poverty rate for nonmetro children whose parents were without earnings in 1997 was 57 percent, compared with 16 percent for nonmetro children whose parents had earnings (fig. 7).

Nationally, 20 percent of children were poor in 1997 and 7 percent received AFDC benefits. Children in nonmetro areas have had perennially higher poverty rates and lower AFDC reciprocity rates than their metro counterparts. Poor children and those on welfare differ in terms of demographic and socioeconomic characteristics from

Figure 5

Poverty rates for children under 18 by parental education and residence, 1997

Almost half of all children whose parents did not complete high school are poor

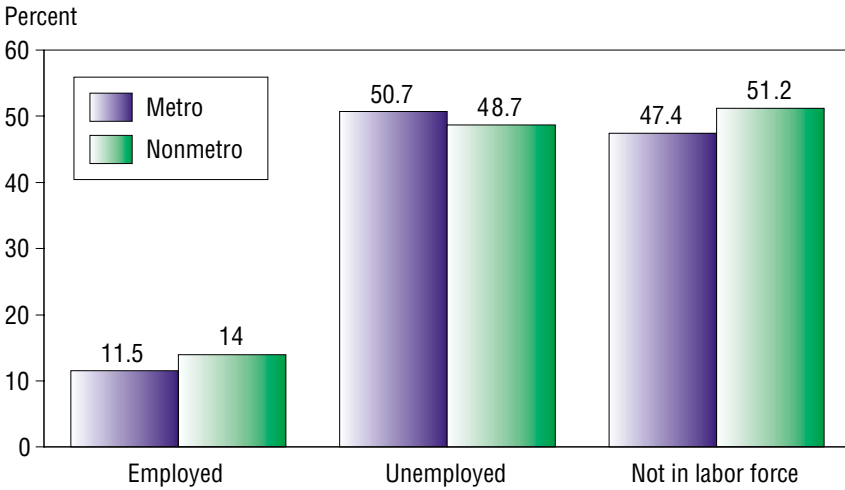


Source: Calculated by ERS using the 1998 March Current Population Survey (CPS) data file.

Figure 6

Poverty rates for children under 18 by parental employment status and residence, 1997

Nonmetro poor children are likely to have parents who are unemployed or not in the labor force



Source: Calculated by ERS using the 1998 March Current Population Survey (CPS) data file.

the rest of the child population. Compared with all children under 18, poor children and welfare children are more likely to reside in the nonmetro South, to be Black, and to have parents under age 30 who have less than a high school education and are not in the labor force (table 1). Nevertheless, many poor children are part of the working poor population. Among nonmetro poor children, 49 percent had an employed parent, as did 28 percent of children who were poor and on welfare. This compares with 78 percent of all nonmetro children.

The most needy children (poor and on welfare) were more likely to have younger and less educated parents. Whereas 20 percent of all nonmetro children had a parent under age 30, 30 percent of poor children, 33 percent of children on welfare, and 32 percent of poor children on welfare had younger parents. About 20 percent of all nonmetro children had a parent who had not completed high school,

compared with 41 percent of poor children. Poor children and children on welfare share basic similarities in their social and demographic characteristics and in the characteristics

of their parents. Because their parents tend to be younger and less educated, they are also more likely to be earning a lower wage. Nonmetro children are at an even greater risk of being poor since their parents tend to be less educated and in lower paying jobs.

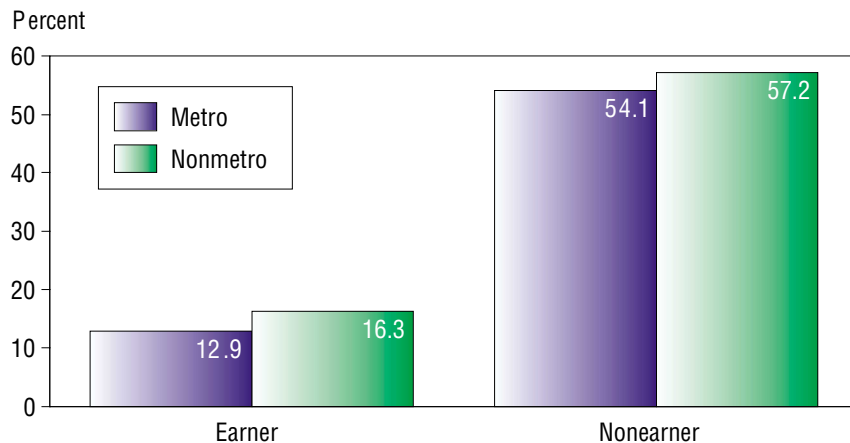
Almost Half of Poor Children Were Severely Poor

In addition to poverty rates, the depth of poverty yields insight into the economic well-being of children. Almost one-half of poor children, regardless of residence, lived in severe poverty, or with family incomes less than 50 percent of the poverty level. About 48 percent of nonmetro poor children under 6 years old lived in severe poverty, compared with 40 percent of the poor age 6 to 15. The share of metro children age 6 to 15 living in severe poverty was slightly smaller than the share of metro young children in similar circumstances. The proportion of children 15 and older

Figure 7

Poverty rates for children under 18 by parental earner status and residence, 1997

The poverty rate of nonmetro children whose parents had no earnings was three and a half times that of children whose parents had earnings



Source: Calculated by ERS using the 1998 March Current Population Survey (CPS) data file.

Table 1

Demographic/socioeconomic profile of children under 18 by poverty, welfare status, and residence, 1998*Poor children and welfare children tend to have younger, less educated parents*

Item	All children		Poor children		AFDC children		Poor and AFDC children	
	Metro	Non-metro	Metro	Non-metro	Metro	Non-metro	Metro	Non-metro
	<i>Number</i>							
Total	56,777	14,051	10,769	3,125	3,849	873	3,240	758
	<i>Percent</i>							
Region:								
South	32.1	44.0	32.9	53.8	23.5	49.6	24.0	50.5
Midwest	22.2	30.6	17.0	22.2	22.0	25.4	21.6	26.8
Household:								
Primary family	94.1	93.8	91.6	90.1	88.8	89.6	91.9	91.7
Related subfamily	4.9	4.5	5.5	7.0	8.4	7.5	5.7	5.0
Race:								
White	77.4	83.4	61.7	69.3	53.0	63.6	53.4	62.7
Black	16.7	13.2	31.5	25.4	40.3	30.9	39.6	31.6
Parental age:								
18-29	15.8	20.0	29.3	30.2	38.3	33.0	37.1	31.7
30-44	65.5	61.9	58.1	54.7	54.8	55.2	56.1	56.9
Parental education:								
Less than high school	17.2	19.8	44.1	40.9	49.0	35.0	52.2	36.9
High school graduate	30.4	40.1	32.9	40.0	29.0	43.5	28.8	42.6
College 1+ years	52.4	40.1	23.0	19.1	22.0	21.6	19.0	20.4
Parental labor force status:								
Employed	79.6	77.5	48.3	48.9	33.4	31.2	29.7	28.1
Not in labor force	16.1	17.3	40.1	39.8	50.2	56.0	53.6	58.9
Parental full-time status:								
Full time	65.0	62.6	29.6	30.1	16.6	12.6	13.7	10.7
Part time	14.6	14.9	18.7	18.9	16.8	18.6	15.9	17.4
Parental earnings:								
Earner	85.3	85.4	58.2	62.6	45.4	49.3	41.3	47.2

Source: 1998 March Current Population Survey (CPS) data file.

living in severe poverty was smaller still in both areas. Forty-three percent of metro children living in families receiving AFDC benefits experienced severe poverty, compared with 50 percent of similar nonmetro children.

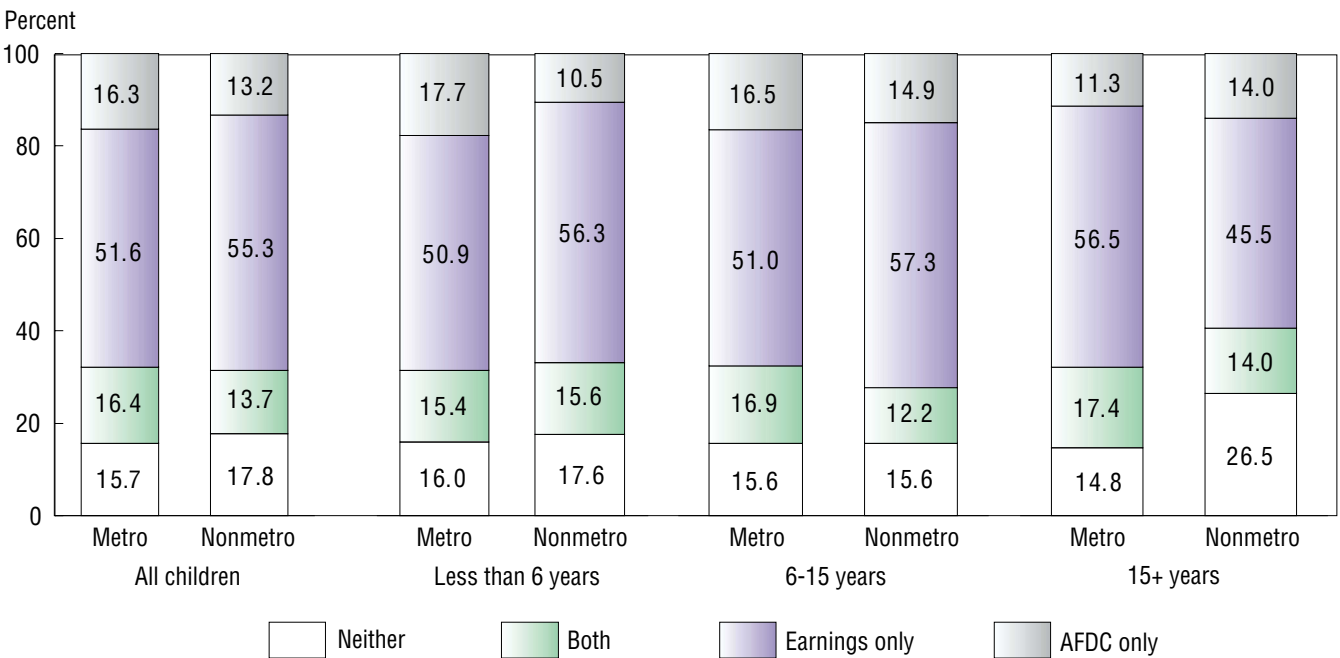
Differences in the sources of family income may help explain some of the difference in the rates of severe poverty among children. Just over two-thirds of metro young children (less than 6 years) and 72 percent of nonmetro young children

lived in families with either all or some family income from earnings (fig. 8). Eighteen and 11 percent, respectively, of children under 6 lived in families that received AFDC as their only source of income. For nonmetro children 15 and older, the

Figure 8

Sources of family income for poor children by age and residence, 1997

Over one-half of nonmetro poor children live in families whose income consists entirely of earnings



AFDC = Aid to Families with Dependent Children
 Source: Calculated by ERS using the 1998 March Current Population Survey (CPS) data file.

share in families with neither earnings nor AFDC income is almost 12 percentage points higher than for their younger counterparts. Similarly, for children living in families receiving AFDC income, the youngest children were more likely to live in families with earnings, and children age 6 to 15 were least likely to be in families with earnings.

Unique Challenges Ahead for Rural Welfare Reform

Large proportions of children are poor and disadvantaged, as seen in the high child poverty rates in the 1990's. Poverty and disadvantage often lead to lost educational and career opportunities for adults. Child poverty rates are expected to climb higher with the abolition of AFDC, the cuts in food stamps, the work requirements and time limits under

welfare reform, and the elimination of some participants from any aid (Courtney, 1997). Also, families who receive assistance will generally get less than they would have under pre-reform programs (Courtney). Arranging adequate child care for some parents involved in work programs may be difficult. Furthermore, some families may lose necessary income because of work performance sanctions or time limits on assistance. States must address these potential problems under the new block grant flexibility, adapting their overall systems to their unique needs, preferences, and social philosophies (Kammerman and Kahn, 1996).

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Medicaid is sustained as an

independent program outside of the block grant. Medicaid eligibility is delinked from receipt of cash assistance, and some constraints are placed on who qualifies. Medicaid coverage for poor children remains the same, except for changes with regard to children who are legal immigrants. The PRWORA significantly narrows Supplemental Security Income (SSI) eligibility for children, and as a result of the SSI-Medicaid link, many children who lose SSI eligibility will also lose Medicaid coverage. Poor and near-poor children are less likely to receive physician services, more likely to be uninsured, and more likely to live in medically underserved inner-city and rural communities. Access to health care is important in the overall quality of life for children.

Data and Definitions

Data in this article are from the March 1998 Current Population Survey (CPS). The March CPS provides a wealth of information on the demographic and socioeconomic characteristics of persons and families, making it an excellent source for studying the well-being of children under age 18. Children were matched to their parents by family and subfamily numbers. Children are the unit of analysis, with characteristics of the child's family viewed as attributes of the child. This approach is advantageous in that children can be grouped by race, residence, or another variable; this cannot be done when the family is the unit of analysis. Selected characteristics of children's parents are used to determine their effects on child poverty, and these characteristics are important influences on the family environment and well-being of children.

The poor are defined as those whose total economic resources are inadequate to meet a minimal living standard. Poverty status is determined by the poverty index, which is set by the Office of Management and Budget (OMB) and provides a range of money income cutoffs or thresholds adjusted to take into account family size, number of children, and age of family householder. If total family income is less than the corresponding poverty threshold, the family is classified below the poverty level. For example, the 1997 poverty line was drawn at \$16,400 for a family of four. Children's economic well-being depends on both their parents' incomes and family structure, with mother-only families at an economic disadvantage. Since some pooling of resources is assumed to occur among families in the same household, subfamilies and the primary family are treated as a unit in determining poverty status.

Rural areas have been identified as having hard-to-serve populations, and represent one of the most challenging issues for States in helping TANF recipients achieve self-sufficiency. Rural populations face unique challenges as they attempt to make the transition from welfare

to work. TANF recipients living in rural and remote areas frequently have limited employment opportunities in the area. Rural recipients must often travel long distances to access any available job. In addition, TANF work-readiness programs may not be available in all rural

areas in many States. Given the flexibility in program design provided to States under PRWORA, States may be able to develop innovative programs to meet the unique needs of rural AFDC/TANF recipients.

For Further Reading . . .

Mark E. Courtney, "Welfare Reform and Child Welfare Services," in Sheila B. Kamerman and Alfred J. Kahn (eds.) *Child Welfare in the Context of Welfare Reform*, Cross-National Studies Research Program, Columbia University School of Social Work, New York, NY, 1997.

Sheila B. Kamerman and Alfred J. Kahn, "Coping with the Changes in Child and Family Policy: Exploring the Choices," in Sheila B. Kamerman and Alfred J. Kahn (eds.) *Child Welfare in the Context of Welfare Reform*, Cross-National Studies Research Program, Columbia University School of Social Work, New York, NY, 1996.

James P. Ziliak, David N. Figlio, Elizabeth E. Davis, and Laura Connolly, *Accounting for the Decline in AFDC Caseloads: Welfare Reform or Economic Growth?* July 1997.

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