DOCUMENT RESUME

ED 260 860 RC 015 390

AUTHOR Morrissey, Elizabeth S.
TITLE Characteristics of Poverty in Nonmetro Counties. Rural Development Research Report Number 52.
INSTITUTION Economic Research Service (DOA), Washington, D.C.
PUB DATE Jul 85
NOTE 16p.
AVAILABLE FROM Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Demography; *Economic Factors; Employment Patterns; Females; Income; *Low Income Counties; Population Distribution; Population Growth; *Poverty; *Poverty Areas; Racial Composition; *Regional Characteristics; *Rural Areas; Rural Population; Socioeconomic Influences
IDENTIFIERS Farms; Feminization of Poverty; United States (South); United States (Southwest)

ABSTRACT

Economic growth and federal assistance programs lowered the overall nonmetro poverty rates during the years 1959-80, but uneven distribution of benefits resulted in high poverty rates among rural counties containing populations with distinctive demographic, socioeconomic, and employment characteristics. The 100 rural counties with the highest poverty rates were located in south and southwestern United States and shared certain characteristics when compared with the 100 rural counties having the lowest poverty rate. These characteristics were: more likely to lose population, more rural persons, small total population, lower population density, higher proportion of nonwhites, more families headed by women, larger families, greater work-disabled population, higher poverty rates for elderly, lower levels of formal education, lower per capita personal income, lower average family median income, lower employment rates, predominance of low wage jobs, larger share of self-employment, and greater share of earnings from farming and government employment. Although farms were larger in high poverty rate counties, market value of farm sales compared with poverty rates suggested skewed distribution of wealth and income. Knowing these characteristics can help public officials develop successful antipoverty programs. Supporting graphs and tabular information drawn from federal source data are included. A 14-item bibliography is appended. (LFL)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

RC

United States Department of Agriculture

Economic Research Service

Rural Development Research Report Number 52

Characteristics of Poverty in Nonmetro Counties

Elizabeth S. Morrissey

ED260860

AUG 1985
RECEIVED
ERIC/CRESS

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

✓ This document has been reproduced as received from the person or organization originating it

Minor changes have been made to improve reproduction quality

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy

RC015390

ERIC

CHARACTERISTICS OF POVERTY IN NONMETRO COUNTIES. By Elizabeth S. Morrissey, Economic Development Division, Economic Research Service, U.S. Department of Agriculture. Rural Development Research Report No. 52.

Abstract

America's nonmetro counties with the highest poverty rates—compared with nonmetro counties with the lowest poverty rates—exhibit major differences and unexpected similarities. For example, in counties with high poverty rates, families headed by women are almost three times as likely to be living at or below the poverty level as they are in counties with low poverty rates. On the other hand, property is a source of personal income at similar rates in both groups of counties. This report identifies the unique characteristics of nonmetro counties with large proportions of persons living in poverty. Knowing these characteristics can help public officials develop successful antipoverty programs.

Keywords: Nonmetro areas, poverty rates, dependent populations, employment.

Acknowledgments

The author wishes to thank Thomas A. Carlin, Robert A. Hoppe, Peggy J. Ross, and James D. Schaub of the Economic Development Division, ERS, USDA, for critical review and comments. The author also wishes to thank Sharon Black for her assistance with typing the tables.

Additional Copies of this Report...

can be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Ask for *Characteristics of Poverty in Nonmetro Counties* (RDRR-52). Write to the above address for price and ordering instructions. For faster service, call the GPO order desk at (202) 783-3238 and charge your purchase to your VISA, MasterCard, or GPO Deposit Account. A 25-percent bulk discount is available on orders of 100 or more copies shipped to a single address. Please add 25 percent extra for postage for shipments to foreign addresses.

Microfiche copies ($4.50 each) can be purchased from the Identification Section, National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161. Ask for *Characteristics of Poverty in Nonmetro Counties* (RDRR-52). Enclose check or money order, payable to NTIS. For faster service, call NTIS at (703) 487-4780 and charge your purchase to your VISA, MasterCard, American Express, or NTIS Deposit Account.

The Economic Research Service has no copies for free mailing.

Washington, DC 20005-4788 July 1985

Contents

Summary

America's nonmetro counties with the highest poverty rates—compared with nonmetro counties with the lowest poverty rates—exhibit major differences and unexpected similarities. For example, in counties with high poverty rates, families headed by women are almost three times as likely to be living at or below the poverty level as they are in counties with low poverty rates. On the other hand, property is a source of personal income at similar rates in both groups of counties. This report identifies the unique characteristics of nonmetro counties with large proportions of persons living in poverty. Knowing these characteristics can help public officials develop successful antipoverty programs.

Counties with the highest poverty rates in 1980 also had higher proportions of most poverty-prone populations, higher proportions of ethnic populations, higher proportions of participation in income-assistance programs, and a much lower level of formal education when compared with counties with the lowest poverty rates.

But, both county types were similar in several ways: the proportion of elderly persons, participation in Social Security, organization of farm business, and principal occupation of farm operators.

Nonmetro counties with the highest poverty rates have many poor elderly and disabled individuals and families headed by women, those groups most dependent on Government income-assistance programs. Economic growth without antipoverty programs may not help these groups escape poverty. Also, these groups will feel the effects of any changes in these income-assistance programs much more than any other poverty-prone groups.

The author based her study on 1980 data for all 2,443 nonmetro counties in the United States. From that number, she identified and compared the 100 nonmetro counties with the highest poverty rates with the 100 nonmetro counties with the lowest poverty rates.

Characteristics of Poverty in Nonmetro Counties

Elizabeth S. Morrissey*

Introduction

The U.S. poverty rate declined dramatically in the sixties and remained relatively low through the late seventies (*1*).[1] However, not all rural areas shared in the reduced poverty.[2] Some areas that have been impoverished for decades continue to have high poverty rates. This study examines some of the demographic, socioeconomic, and employment differences between rural areas with high poverty rates and low poverty rates.[3] Knowing the incidence, location, and composition of poverty is essential for targeting Federal assistance to the neediest.

Progress Against Poverty

In 1959, the nonmetro poverty rate was 33.2 percent, considerably higher than the metro poverty rate of 15.3 percent (*3*). From 1960 to 1980, the nonmetro poverty rate dropped to 15.4 percent while the metro rate fell to 11.9 percent (*1*). The incidence of poverty was still greater in nonmetro areas, but the metro-nonmetro difference narrowed to less than 4 percentage points.[4] Economic growth and Federal income security and assistance programs were largely responsible for reducing nonmetro poverty over the 20-year period. The economic growth of the sixties and seventies enabled many of the poor to escape poverty through more jobs and higher wages. However, economic growth bypassed some areas. Although the number of jobs increased in nonmetro areas during the sixties and seventies, almost 75 percent of these new jobs were service jobs, many of which were part-time and paid low wages. Often manufacturing firms with high-paying jobs did not go to nonmetro areas with large minority populations. In areas where they did go, the highly skilled, highly paid jobs frequently went to outsiders, not to local people (*10*).

The enactment of several new Federal income security programs and changes in others in the last two decades have played a major part in reducing nonmetro poverty. The Food Stamp Program, launched in selected counties in 1964 and nationalized in 1974, was designed to provide a better diet for the poor. While not considered an income-transfer program, the Food Stamp Program makes a substantial contribution to the well-being of its recipients. The Supplemental Security Income (SSI) program, authorized in 1972 to replace the Old Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled programs, assists the disabled and the elderly poor through income transfer. SSI has played an important role in reducing poverty among the elderly and disabled (*11*). Social Security benefits and coverage were also expanded, raising the incomes of many of the elderly above the poverty level. In addition, supplementary payments and allowances were permitted for mothers who received Aid to Families with Dependent Children (AFDC) and who worked part-time (*9*).[5]

---

*The author is a staff social science analyst with the Economic Development Division, Economic Research Service, U.S. Department of Agriculture.

[1]Italicized numbers in parentheses refer to literature cited in the Bibliography at the end of this report.

[2]Nonmetro refers to places outside a Standard Metropolitan Statistical Area (SMSA) as defined by the Office of Management and Budget in 1974. An SMSA is a county containing one or more cities with a population of at least 25,000 as well as 50,000 persons or more in the contiguous area as defined by the U.S. Department of Commerce's Bureau of the Census. The Office of Management and Budget recently revised the definition of metropolitan areas. The new definition, called a Metropolitan Statistical Area (MSA), eliminates the minimum size requirement for the central city and the contiguous area. The author used SMSA rather than the newer MSA definition so that a consistent definition of nonmetro could be used for comparison of change between 1969 and 1979.

[3]The poverty thresholds used in this report are those established by the Bureau of the Census, U.S. Department of Commerce. For a family of four, the 1980 poverty level was an annual income of $8,414 or less.

[4]The nonmetro poverty rate increased to 18.3 percent in 1983 because of the slow down of the national economy and other factors.

[5]The working allowance was repealed in the Omnibus Budget Reconciliation Act of 1981.

These nationwide program enactments and changes helped 44 percent of persons with pretransfer income below the poverty level to escape poverty between 1965 and 1976 (*9*). Among the elderly alone, the poverty rate dropped more than 20 percentage points (*11*). During this period, Federal expenditures for cash transfer payments and in-kind programs such as Food Stamps and Medicare increased by $147 billion and the proportion of pretransfer poor households receiving transfer payments increased from 69 percent to 81 percent (*9*).

However, these programs may not have been as effective in nonmetro as metro areas. Hoppe has shown that nonmetro areas receive a slightly higher percentage of their total personal income from transfer payments. But nonmetro residents receive lower per capita transfers than their metro counterparts (*6*). Ghelfi has shown that transfers (AFDC, SSI, and Food Stamps) are going to nonmetro counties in need, but that eligible nonmetro households do not participate to the extent that metro eligible households do (*4*). For example, AFDC participation compared with need is low in many rural areas (*8*). Benefits are lowest and coverage more limited in States containing some of the poorest nonmetro areas (*14*). A 1975 study conducted by the National Rural Center showed that 21.5 percent of poor nonmetro families received all or some part of their income from some assistance program based on need compared with 33.5 percent of poor metro families (*8*).

In addition to these program limitations, inflation, slowed economic growth, and the emigration of the younger, healthier, better educated poor during the forties, fifties, and sixties have resulted in prolonged and intensified poverty for some nonmetro areas (*4, 9, 11*).

The uneven distribution of the benefits of economic growth and social programs has contributed to the high poverty rate in populations with distinctive demographic, socioeconomic, and employment characteristics. The elderly, persons in families headed by women, blacks, other racial minorities, persons with low levels of education, and the disabled are more likely to be poor than are other population groups. Some of these groups are more likely to be in nonmetro areas than in metro areas. For instance, although the metro population contains slightly higher proportions of blacks and families headed by women, nonmetro areas contain higher proportions of the disabled and persons with less than a high school education. This comparison suggests that the mix of policies used to alleviate poverty might differ between metro and nonmetro areas because of differences in the composition of the poor.

In addition to having larger proportions of some of the groups which are especially vulnerable to poverty, the poverty rate for all of the at-risk groups is higher in nonmetro areas. For example, only 20 percent of the black population resides in nonmetro areas, yet the incidence of poverty among nonmetro blacks is 39.5 percent, 11 percentage points higher than that for metro blacks. Knowing the geographic distribution of poverty is important to public officials in order to target funds to the neediest.

Earlier Studies

This report focuses on nonmetro areas that contain a relatively large proportion of poor people. The concept of poverty areas was introduced in the sixties as a way of identifying areas where the Office of Economic Opportunity (OEO) programs could be aimed. The Census Bureau identified poverty areas within major cities using minor civil divisions.[6] However, there have been few studies identifying and characterizing nonmetro places with severe poverty problems. Two earlier studies (*1, 6*) examined the geography of nonmetro poverty. These studies focused on the demographic and socioeconomic characteristics of still-persistent low-income (SPLI) counties, that is, those nonmetro counties consistently in the lowest per capita personal income quintile of all counties over several decades beginning in the fifties. The results of the most recent study show that, when compared with all nonmetro counties, the SPLI counties have some distinguishing socioeconomic and employment characteristics (*6*). Overall, the population of the SPLI counties was smaller than in all nonmetro counties due more to the small size of the counties rather than low population density. SPLI counties also had a high percentage of rural persons.[7] Blacks and individuals dependent on Government transfer programs were a higher proportion of the SPLI population than the all-nonmetro population (*6*).

The economic structure of the SPLI counties differed from other nonmetro areas. In the SPLI group, like the rest of the nonmetro America, the largest share of earnings (32.4 percent) came from service industry jobs that tended to be Government jobs. However, farming was more important as a source of earnings in SPLI coun-

[6]Minor civil divisions are primary divisions of counties established under State law. They may be designated as towns, townships, precincts, districts, Indian reservations, boroughs, gores, purchases, or locations. They are only defined in 29 States.

[7]Urban people live in urban places or places with 2,500 population or more outside urbanized areas. The remaining population is rural.

ties than in all nonmetro areas. In 1979, 13.2 percent of earnings came from farming in SPLI counties compared with 8.7 percent for all nonmetro counties.

By definition, per capita personal income and median family income are much lower in these counties than in all nonmetro counties. The per capita income in 1979 for SPLI counties was $4,971 versus $7,220 for all nonmetro counties. Income from property (dividends, interest, and rent) was a smaller proportion of personal income in SPLI counties than in all nonmetro areas, while income from transfer payments was a larger share of personal income. In SPLI counties, 21.6 percent of personal income came from transfer payments in 1979 compared with only 15.4 percent in all nonmetro counties.

Those studies measured poverty by focusing on rural areas with persistently low per capita personal income over several decades. This study uses the incidence of poverty rather than per capita income as the measure of poverty.

Data and Methodology

Data for this study came from several sources. The income data are from the Bureau of Economic Analysis, U.S. Department of Commerce; the Social Security (Old Age Survivors Disability Income) and Supplemental Security Income (SSI) data are from the Social Security Administration; the Aid to Families with Dependent Children (AFDC) data from the Office of Family Assistance, U.S. Department of Health and Human Services; and the Food Stamp Program data from the Food and Nutrition Service, U.S. Department of Agriculture. The other data are from the 1980 U.S. Census of Population and the 1978 U.S. Census of Agriculture.

The unit of analysis of this study is the nonmetro county. A county's poverty rate is measured as the proportion of its noninstitutionalized population with income below the poverty level.[8] To contrast the high and low poverty counties, the author ranked each of the 2,443 nonmetro counties according to its 1980 poverty rate and chose 200 for analysis. High poverty incidence (HPI) counties refers to the group of 100 counties with the highest poverty rates, and low poverty incidence (LPI) counties refers to the group of 100 counties with the lowest poverty rates.

[8]The definition of persons below the poverty level excludes inmates of institutions, members of the Armed Forces living in barracks or on military ships, college students living in dormitories, and unrelated individuals under 15 years of age.

The author computed the statistics expressed as percentages in this paper at the county group (HPI, LPI, and nonmetro) level. For example, to compute the proportion of the HPI population that is poor, the sum of persons with income below the poverty level in all the HPI counties was divided by the total noninstitutionalized population of the HPI counties.

For the HPI group, the overall poverty rate was 37.6 percent, more than double the rate of all nonmetro areas, 15.2 percent. The poverty rates in this group ranged from 31.7 percent to 52.7 percent by county. In the LPI group, the poverty rates ranged from 0 to 7.7 percent, while the overall poverty rate was 6.6 percent.

Of the HPI counties, 46 percent were neither SPLI counties nor former SPLI counties. Most of these HPI counties that were neither SPLI nor former SPLI counties were located in the Mississippi Delta (7 counties), the Rio Grande River Valley (10 counties), and the Indian reservations and agricultural areas in South Dakota (9 counties). The designation of these counties as poor with the poverty measure but not with the per capita personal income measure probably reflects unevenly distributed income. Conversely, 54 percent of the HPI counties were also SPLI counties that have been poor for over two decades. Thus, the importance of this comparison is that more than half of the HPI counties have been poor over time and are poor regardless of which measure of poverty is used. During this study time period, only two HPI counties escaped the persistent poverty group.

Results

Of the 100 HPI counties, 81 were located in the Mississippi Delta, the Appalachian Mountains, and the Black Belt of Alabama. The remainder were located in the North Central region near Indian reservations and in the Rio Grande River Valley in Texas and New Mexico. Mississippi, Kentucky, Texas, and Georgia accounted for 58 of the HPI counties. More than half of the LPI counties were in the Great Lakes (adjacent to SMSA's) region and in the Great Plains region. The Rocky Mountain, New England, and Northeastern Metro Belt areas accounted for the rest of the LPI counties (fig. 1).

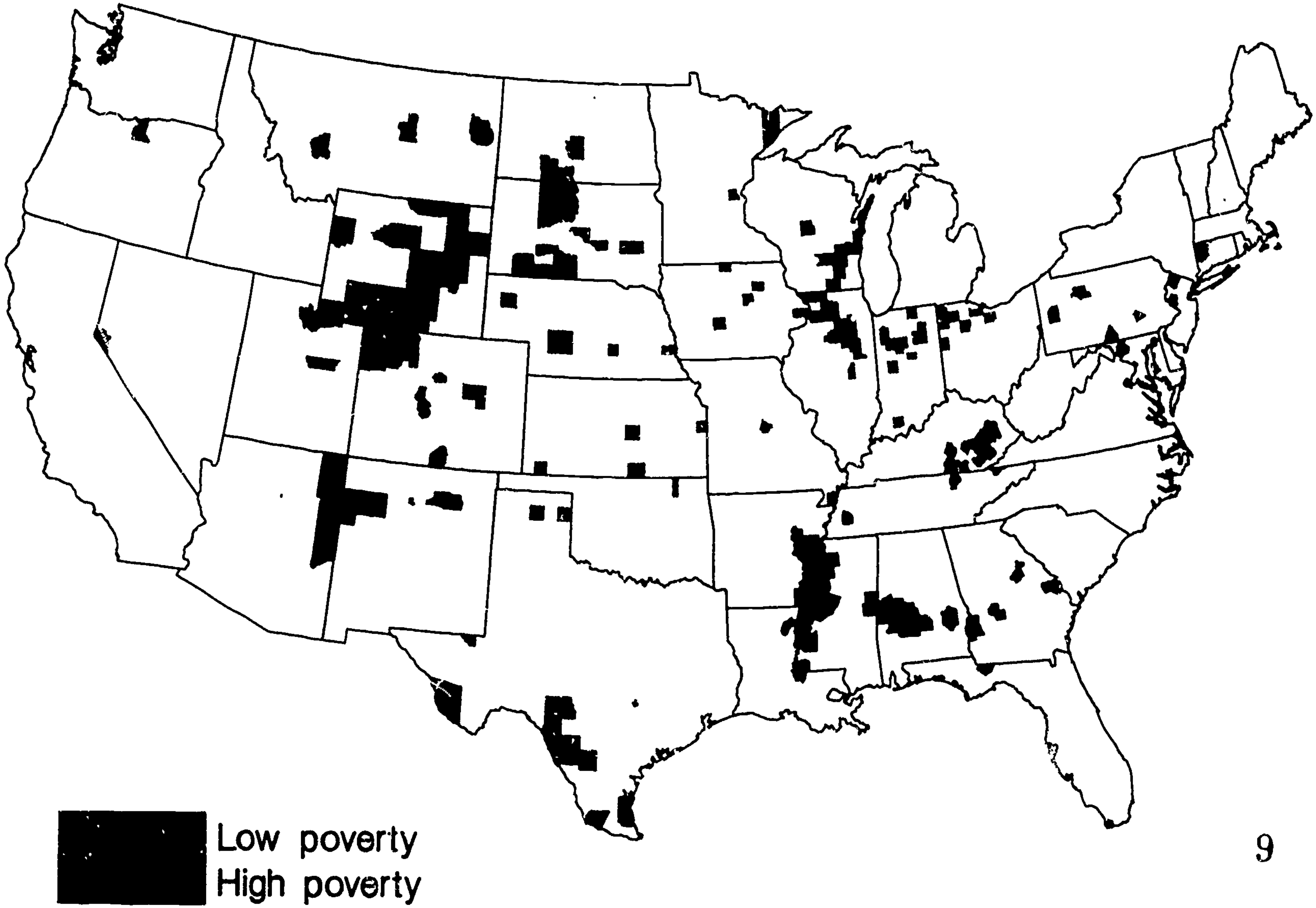
Population Growth and Distribution

During the seventies, HPI counties were more likely to lose population than LPI counties were (table 1). Most of the HPI counties which lost population were in the South—in the Rio Grande Valley in Texas, the Mississippi Delta, and the Alabama Black Belt. In all, 45 of

BEST COPY AVAILABLE

Figure 1

Counties with High Poverty Incidence and Low Poverty Incidence



ERIC 8

the HPI counties and 60 of the LPI counties grew at a moderate rate. Finally, only 12 HPI counties grew rapidly compared with 34 LPI counties. Six rapid-growth HPI counties were in Kentucky, while the remainder were in Southwestern States and South Dakota.

Growing, even rapidly growing, areas are not immune to poverty. Population in over half of the HPI counties grew during the seventies. Several HPI counties that grew because of increased industrialization have high percentages of dependent populations or working poor. Other HPI counties have population groups which historically have had high birth rates.

HPI counties also had a higher percentage of rural persons (67.7 percent) than the LPI group (51.9 percent), smaller total population, and lower population density than did the LPI counties. There were 16.2 persons per square mile in the HPI group compared with 32.1 persons per square mile in the LPI group, and population size was more than twice as large in LPI counties (38,000) as in HPI counties (15,000). Low population size and density may make service development and delivery difficult because of the accompanying small tax base and extensive service areas.

Table 1—Demographic characteristics of HPI and LPI counties, 1980

Characteristic	High poverty incidence counties (N = 100)	Low poverty incidence counties (N = 100)	Nonmetro counties (N = 2,443)
		Percent	
Proportion of counties per region:			
Northeast	0	8.0	4.7[1]
North Central	14.0	59.0	35.7
South	81.0	6.0	45.3
West	5.0	27.0	14.0
Proportion of counties by degree of population change, 1970-80:			
Decrease and no change	43.0	6.0	19.0
Moderate increase[2]	45.0	60.0	57.6
Rapid increase[3]	12.0	34.0	23.4
Proportion of the population which is in rural areas	67.7	51.9	59.6
		Number	
Average population	15,310	37,955	25,613
Persons per square mile	16.2	32.1	25.3

[1]Nonmetro counties by region do not add to 100 percent due to rounding.
[2]Moderate increase = less than or equal to 22.79 percent
[3]Rapid increase = greater than 22.79 percent. Cut-offs are based on national averages of population change.

Source. U.S. Department of Commerce, Bureau of the Census. 1980.

Population Composition

The two groups of counties differed markedly with respect to the proportions of poverty-prone populations, except for the elderly populations (table 2). HPI coun-

Table 2—Selected population characteristics, 1980

Characteristic	High poverty incidence counties (N = 100)	Low poverty incidence counties (N = 100)	Nonmetro counties (N = 2,443)
		Percent	
Population group:[1]			
Black	37.6	1.1	8.7
Indian	7.3	.4	1.7
Hispanic	8.4	1.8	3.3
White	53.3	97.5	88.5
Elderly	12.1	11.4	12.8
Disabled	12.6	7.0	10.0
Families headed by women	19.3	8.5	10.9
Education—persons age 25 and older:			
Completed elementary school only	42.3	16.7	23.6
Completed high school only	40.9	69.1	59.6
Population age 16 and older employed	30.6	44.8	39.6
Workers employed in:			
Extractive industries	13.6	8.2	9.7
Durable goods manufacturing	9.2	18.3	12.9
Nondurable goods manufacturing	10.2	8.7	10.7
Service	18.6	14.3	16.2
Trade	17.0	18.7	19.1
Other	31.4	31.8	31.4
		Number	
Average family siz.	3.2	2.9	2.8

[1]Population by race adds to more than 100 percent because Hispanics may belong to more than one racial group.

Source. U.S. Department of Commerce, Bureau of the Census, 1980.

BEST COPY AVAILABLE

ties contained a much larger proportion of nonwhites (almost 50 percent) than did LPI counties (2.5 percent). Blacks made up almost 38 percent of the population in the HPI group, while Indians and Hispanics accounted for more than 7 and 8 percent of the population, respectively. In contrast, only 1.1 percent of the LPI population was black, and 0.4 percent and 1.8 percent were Indian and Hispanic, respectively. Most of the HPI's with large black populations were located in the South, particularly in the Mississippi Delta and the Alabama Black Belt. Large Indian populations were in HPI counties in Colorado and North and South Dakota. Areas with large Hispanic populations were in HPI counties in Texas and New Mexico.

Families headed by women were twice as prevalent in HPI counties (table 2). Women headed over 50 percent of families in two HPI counties in South Dakota. Several HPI counties had over 40 percent of their families headed by women. However, not all HPI counties had a large proportion of families headed by women. HPI counties in Kentucky and Montana had relatively low proportions of families headed by women. Families in HPI counties also tended to be somewhat larger; the average family had 3.2 members in the HPI group and 2.9 members in the LPI group (table 3).

The work-disabled population was greater in the HPI counties (12.6 percent) than in the LPI counties (7 percent). HPI counties with the largest proportions of disabled persons were in Georgia, Kentucky, Missouri, and Mississippi.

Not only do HPI counties have a generally higher proportion of poverty-prone persons, but the poverty rates for all of the demographic groups were higher in the HPI group (table 3, fig. 2). For example, the HPI poverty rates for nonwhites were more than double the LPI rates. Although the proportion of elderly persons was about the same in the two groups (table 2), the poverty rate for the elderly in the HPI's (41.3 percent) was more than three times greater than the LPI's (11 percent). The higher elderly poverty rate in the HPI's might be explained by the presence of many elderly who are also minorities. The higher poverty rate in HPI counties may also reflect low Social Security benefits because of smaller lifetime contributions to the Social Security system, more employment in jobs not covered by Social Security in the HPI group, or more income from savings or private pensions in the LPI group. The poverty rate for families headed by women was also higher in the HPI group than in the LPI group.

Table 3—Proportion of selected populations living at or below poverty level, 1980

Type of population	High poverty incidence counties (N = 100)	Low poverty incidence counties (N = 100)	Nonmetro counties (N = 2,443)
		Percent	
Black	53.9	20.2	38.4
Indian	48.6	15.4	34.0
Hispanic	43.5	12.4	27.2
White	25.2	6.4	12.5
Elderly	41.3	11.0	20.3
Families headed by women	55.6	20.0	33.5

Source: U.S. Department of Commerce, Bureau of the Census, 1980.

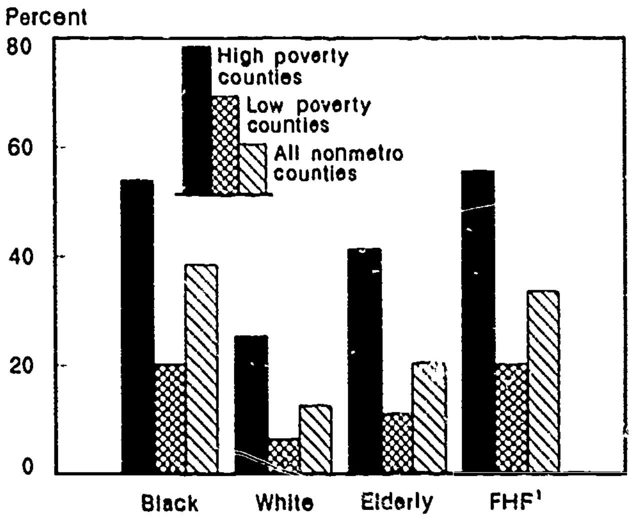
HPI counties also had the lowest levels of formal educational attainment (table 2). Only 40.9 percent of those persons over the age of 25 in HPI counties had completed high school compared with 69.1 percent in LPI counties.

Income and Employment

Both per capita personal income and the average median family income were lower in the HPI group (table 4). Per capita personal income for the HPI group, at $5,085 is substantially less than per capita personal income for the LPI group, $8,785.

Because per capita income includes extreme values, it says little about the distribution of income. The distri-

Figure 2
Selected Poverty Rates



1 Families Headed by a Female
Source: U.S. Department of Commerce, Bureau of the Census, 1980

BEST COPY AVAILABLE

bution of family income underscores the poverty of HPI counties. The 1980 Census shows that 35.7 percent of families in HPI counties had annual income below $7,500 compared with 8.2 percent of families in LPI counties. Only 14.7 percent of families in HPI counties had incomes over $25,000 compared with 43.4 percent of families in LPI counties. The average family median income for the LPI group ($21,370) was almost twice that of the HPI group ($10,707). The major source of personal income was earnings for both groups with similar proportions from property (rents, dividends, and interest). When earnings were broken down into wages and salaries and self-employment, wages and salaries made up most of the earnings in both groups. However, the HPI group had a larger share of self-employment (19.9 percent of personal income) than did the LPI group (12.1 percent of personal income).

Table 4—Income characteristics, 1980

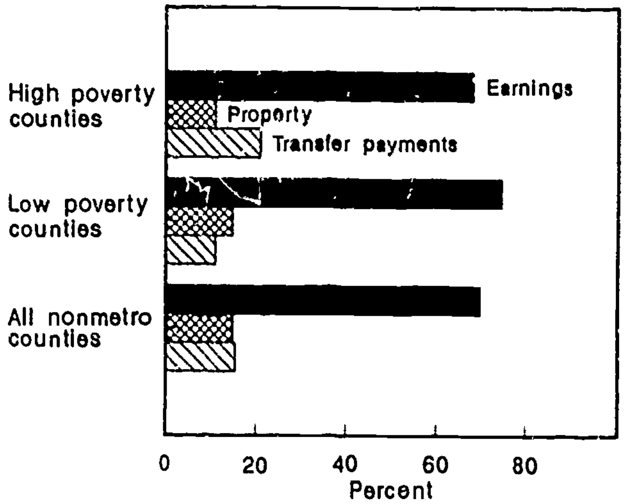
Characteristic	High poverty incidence counties (N = 100)	Low poverty incidence counties (N = 100)	Nonmetro counties (N = 2,443)
		Dollars	
Per capita personal income[1]	5,085	8,785	7,206
Average county median family income[2]	10,707	21,370	15,786
		Percent	
Personal income from:			
Earnings	68.2	74.2	69.7
Property	11.0	14.8	14.9
Transfer payments	20.8	11.0	15.4
Earnings:			
Wages and salaries	80.1	87.9	84.[illegible]
Self-employment	19.9	12.1	15.1
County labor and proprietary income by industry:[1,3]			
Farming	15.5	6.1	8.7
Mining	5.7	6.1	4.4
Manufacturing	16.6	31.9	26.4
Service	12.1	11.9	12.1
Government	18.6	13.2	16.9
Trade (wholesale)	4.8	4.6	4.4
Finance, insurance, real estate	2.7	3.1	3.3
Transportation, communication, and public utilities	6.3	6.6	6.5
Other	17.7	16.5	17.3
Proportion of population receiving income from:[4]			
Aid to Families with Dependent Chidren	10.7	1.8	3.6
Food Stamps[5]	31.4	3.9	9.7
OASDI	7.5	8.6	9.3
Supplemental Security Income	6.3	.8	2.3

[1]Source: U.S. Department of Commerce, Bureau of Economic Analysis, 1980.
[2]Source: U.S. Department of Commerce, Bureau of the Census, 1980.
[3]County labor and proprietary income by place of employment.
[4]Source: U.S. Department of Health and Human Services, unpublished transfer payment computer tapes, 1979.
[5]Source: U.S. Department of Agriculture, Food and Nutrition Service, unpublished computer tapes, 1980.

While earnings were the predominant source of personal income for both groups, the industries in which they were earned differed between the two groups (fig. 3). In the HPI group, the largest sources of earnings were Government (18.6 percent), manufacturing (16.6 percent), and farming (15.5 percent). In the LPI group, earnings from manufacturing (31.9 percent), government (13.2 percent), and services (11.9 percent) predominated.

Only 30.6 percent of workers 16 years and older in the HPI group were employed compared with 44.8 percent in the LPI group (table 2). Given the larger average family size in HPI counties, each worker in HPI counties had more dependents than did workers in LPI counties. The HPI group had more employment in service and extractive industries (largely farming) and almost the same proportion of employment in trade. There were major differences in manufacturing employment

Figure 3
Sources of Personal Income



Source U.S. Department of Commerce, Bureau of the Census, 1980

BEST COPY AVAILABLE

between the county types. HPI counties' manufacturing employment was most likely to be in nondurable goods, a sector characterized by low wages. LPI counties' manufacturing employment was more likely to be in durable goods (table 2). For instance, HPI counties had 19.4 percent of employment in manufacturing but only 16.6 percent of labor and proprietary income from manufacturing. These figures suggest low-wage jobs predominate in HPI counties. The LPI counties had 27 percent of their employment in manufacturing but 31.9 percent of their labor and proprietary income came from manufacturing.

Geographically, most of the 46 HPI counties that were dominated by agriculture (over 25 percent employed) were in Kentucky, scattered throughout the Coastal Plains, in the Mississippi Delta, Texas, and South Dakota. Only one HPI county, in Kentucky, had mining as its major employment industry. Only five LPI counties were dominated by agriculture, and six in Wyoming, Colorado, and Texas were dominated by mining. Furthermore, only 8 HPI counties, mostly in the Alabama Black Belt, were primarily manufacturing counties, compared with 30 LPI counties. These LPI counties were mostly located in the Great Lakes region.

One major distinction between HPI and LPI counties is their dependence on Government assistance programs, reflecting the higher proportion of dependent populations in HPI counties. Higher proportions of the HPI population received benefits from means-tested Government assistance programs (table 4). For example, 10.7 percent of the HPI population received AFDC benefits compared with 1.8 percent of the LPI population. Over 30 percent of the HPI population received Food Stamps compared with 3.9 percent of the LPI population. Although the proportion of elderly receiving OASDI did not differ substantially for the groups, the groups differed considerably on the percentage of Supplemental Security Income recipients (6.3 percent of the HPI population compared with 0.8 percent of the LPI population), indicating a larger proportion of poor aged, blind, and disabled people in the HPI group.

In summary, the results show that the HPI counties have a sparser population than the LPI counties. HPI counties also have larger proportions of minorities, poor elderly, disabled, and families which are headed by women and which are poor. Lower educational levels and employment in low wage jobs also differentiate the HPI counties from the LPI counties. Although personal income is derived primarily from wages and salaries in both groups, the HPI population relies significantly more on Government assistance programs than the LPI population does. Furthermore, in HPI counties a considerably greater share of earnings came from farming and Government employment than in LPI counties, while in LPI counties a much greater share of earnings came from manufacturing employment, and manufacturing in LPI counties was of a higher wage variety. Poverty rates within the vulnerable population groups were higher in HPI counties than either LPI counties or all nonmetro counties.

Farm Characteristics

Because income from farming is one of the significant income differences between the two groups of counties, contrasting the farm characteristics of both groups may provide insight into the economic structure of HPI counties. For example, the average farm size in HPI counties was 1,072 acres—almost twice the average size in LPI counties (568 acres) and more than twice the nonmetro average (507 acres). This figure reflects the predominance of large farms and ranches in the Mississippi Delta, Texas, New Mexico, and South Dakota. When farm size is examined more closely, HPI counties had a slightly higher percentage of farms under 50 acres (22.7 percent) than did the LPI group (18.1 percent). This figure probably includes the small farm structure in Kentucky. HPI counties had a smaller percentage of 50- to 499-acre farms (table 5)

Although overall farm sales were higher in LPI counties, the percentage of farms with sales of $100,000 or more varied within HPI counties. For example, six HPI counties in the Mississippi Delta had more than 40 percent of their farms in the $100,000 and over sales class. By contrast, no LPI county had more than 32 percent of farms in the over $100,000 sales category.

Furthermore, the average market value of sales per farm exceeded $100,000 in 17 HPI counties compared with 5 counties in the LPI group. Two HPI counties with poverty rates exceeding 40 percent had average market value of per farm sales of over $200,000. A closer look at the HPI counties with the highest market value of sales per farm shows that all of them had relatively high poverty rates, over 35 percent, and a fairly large proportion of minorities. Most of these counties were in Mississippi or Texas. The existence of these large farms with high average sales in several HPI counties suggests that the distribution of income and wealth among the population is highly skewed. In other words, some HPI counties with extremely high poverty rates contain persons with considerable income and assets derived from ownership of large farms even though a fairly large proportion of persons have income below the poverty level.

Table 5—Farm structure characteristics, 1978

Characteristic	High poverty incidence counties (N=100)	Low poverty incidence counties (N=100)	Nonmetro counties (N=2,443)
		Number	
Total farms	42,744	83,258	1,717,485
		Acres	
Average farm size	1,072	568	507
		Dollars	
Average market value of annual sales per farm	4,832	5,393	4,702
		Percent	
Farms by number of acres:			
Under 50[1]	22.7	18.1	20.3
50-179	30.1	34.4	33.2
180-499	20.0	31.4	27.6
500-999	11.0	9.3	10.6
1,000 and over	16.2	6.8	8.3
Farms by annual sales:[2]			
Less than $40,000	65.5	49.2	63.1
$40,000-$99,999	22.9	37.5	26.9
$100,000 and over	11.6	13.3	10.0
Type of farm ownership:[1]			
Full ownership	53.6	49.6	56.3
Part ownership	31.7	34.2	31.2
Tenants	14.7	16 2	12.5
Type of farm organization:[1]			
Individual or family	85.9	85.7	87.3
Partnership	10.6	11.4	10.3
Corporation	2.9	2.5	2.0
Other	.6	.4	.4
Principal occupation of farm operator:[1]			
Farming	58.2	64.0	58.7
Other	41.9	36.0	41.3
Major farm crops:[1]			
Cash grains	68.7	42.9	58.6
Tobacco, cotton, potatoes, hay, and field seed	29.2	29.1	26.3
Vegetables, fruits, and nuts	.8	14.0	7.3
Greenhouse and nursery products	.1	0	.1
Other crops	1.0	13.9	7.7

[1]Data unavailable for three LPI counties.
[2]Data unavailable for two LPI counties.
Source: Department of Commerce, Bureau of the Census. *1978 Census of Agriculture.*

There was little difference between the groups on farm ownership, legal organization, principal occupation of operator, or land value. However, farms in HPI counties grew more cash grain crops and fewer vegetables, nuts, and other crops than the farms in LPI counties.

Implications

Impoverished areas where many people depend on Government assistance programs may have difficulty improving their economic status. Aside from transfer payments, there are few ways to reduce this type of poverty because it is less responsive to improvements in employment and the general economy. Many of the poor in such areas are elderly, disabled, or not in the work force. Hence, changes in Government assistance programs will have a disproportionate effect on these areas.

However, economic development can benefit high poverty areas. Job opportunities and wage levels in high poverty areas may improve as the general economy does, and more higher wage jobs may develop in some of the poorer areas. The increased tax base that accompanies this economic improvement might go to improving schools and encouraging young people to remain in school longer. Given the low skill levels in HPI counties, job programs that teach skills needed in local industries could be made available to the rural working poor in order to increase their income. But, because high wage jobs are not evenly distributed, some supplement to income will probably continue to be necessary to help raise the working poor out of poverty in high poverty areas.

In conclusion, poverty in certain areas of nonmetro America is acute and in some cases persistent. Knowing if there is something unique about these areas beyond who lives and works there, such as a geographical situation or economic structure, that explains their high poverty rates is important. Areas with high poverty rates have small, sparsely settled populations, a concentration of low-wage industries, and in some agriculture-dominated areas there is evidence of a dual economy. These same areas also have a concentration of minority, dependent, and other poverty-prone populations. Because of their unique economic and demographic attributes, these areas have poverty rates which are higher for all of the groups which are especially vulnerable to poverty. Hence, programs to assist high-poverty counties should consider economic and demographic structures in addition to individual attributes of the counties' population.

ERIC Full Text Provided by ERIC

Bibliography

(1) Davis, Thomas F. *Persistent Low-Income Counties in Nonmetro America*. RDRR-12. U.S. Dept. of Agr., Econ. Stat. Coop. Serv., May 1979.

(2) Etuk, Efiong. "Structural Correlates of Poverty: Implications for Public Policy." Ph.D. thesis. Penn. State Univ., 1976.

(3) Getz, Virginia, and Robert A. Hoppe. "The Changing Characteristics of the Nonmetro Poor," *Social Development Issues*, Vol. 17, No. 1 (Spring 1983), p. 5.

(4) Ghelfi, Linda M. "Major Public Assistance Programs: Dependency of Nonmetropolitan Counties, 1980." Paper presented at Rural Sociological Society annual meeting, San Francisco, CA, Sept. 2, 1982.

(5) Holden, Karen C. "Attaining More Complete Coverage Under Social Security: The 1983 Amendments," *IRP Focus*, Vol. 6, No. 3 (Summer and Fall 1983), pp. 22-25.

(6) Hoppe, Robert A. *Economic Structure and Change in Persistently Low-Income Nonmetro Counties in the Seventies*. U.S. Dept. of Agr., Econ. Res. Serv., forthcoming 1985.

(7) ________, and William E. Saupe. *Transfer Payments in Nonmetropolitan Areas*. ERS Staff Report No. AGES820827. U.S. Dept. of Agr., Econ. Res. Serv., Sept. 1982.

(8) National Rural Center. *The Rural Stake in Public Assistance*. Publication Series Vol. 10, 1978.

(9) Plotnik, Robert, and Timothy Smeeding. "Poverty and Income Transfers: Past Trends and Future Prospects," *Public Policy*, Vol. 27, No. 3 (Summer 1979), pp. 255-72.

(10) Sechler, Susan. *Rural Poverty: Progress and Prospects*. Unpublished working paper, U.S. Dept. of Agr., Econ. Res. Serv., Sept. 1981.

(11) Shipp, P. Royal. "Poverty: Trends, Causes and Cures," *Congressional Research Service Review*, Committee Print WMCP: 98-15. (1983).

(12) Tweeten, Luther. "Employment," *Rural Society in the U.S.: Issues for the 1980's*. Ed. Don Dillman and Daryl Hobbs. Boulder, CO: Westview Press, 1982.

(13) U.S. Department of Commerce, Bureau of the Census. "Money Income and Poverty Status of Families and Persons in the United States: 1981 (Advance Data From the March 1982 Current Population Survey)," *Current Population Reports*. Series p-60, No. 134. July 1982.

(14) U.S. Department of Health, Education, and Welfare, Office of Family Assistance. *Characteristics of State Plans for the Aid to Families with Dependent Children Program*. Sept. 1976.

Other Reports of Interest on Rural Issues

Physicians in Nonmetro Areas During the Seventies shows that the gap between the number of physicians in nonmetro and metro areas widened during the seventies, with nonmetro areas lagging by almost 100 physicians per 100,000 population. This report describes availability of physicians in nonmetro areas in light of population changes and demand for medical care. RDRR-46. March 1985. 28 pp. $1.50. Order SN: 001-019-00380-4.

Housing of the Rural Elderly finds that the number of rural elderly households rose 16 percent between 1974 and 1979 compared with a 10-percent increase for all U.S. households, based on the 1979 Annual Housing Survey. Most of the U.S. elderly live in adequate housing, but 27 percent of the elderly renters and 18 percent of all elderly living in the South have inadequate housing. In 1979, 15 percent of the rural elderly lived in adequate housing compared with 8 percent of the urban elderly. RDRR-42. July 1984. 20 pp. $1.50. Order SN: 001-019-00335-9.

A Profile of Female Farmers in America discusses social and economic characteristics of female farmers, including age, race, size of household, farm and off-farm income, types of farms female farmers most frequently run, and value of agricultural products sold. Although the number of U.S. farms is dropping, the number of female farmers is rising. They tend to run smaller farms and earn less than their male counterparts. RDRR-45. January 1985. 32 pp. $1.50. Order SN: 001-019-00378-2.

Chartbook of Nonmetro-Metro Trends is a quick check on metro and nonmetro socioeconomic trends. It presents colorful charts, tables, maps, and text tracing differences in population, employment, income, poverty, housing, and government between nonmetro and metro America. RDRR-43. September 1984. 48 pp. $2.50. Order SN: 001-019-00351-1.

Patterns of Change in the Metro and Nonmetro Labor Force, 1976-82 reveals that nonmetro areas, particularly farm areas, lagged behind metro areas in employment growth during the 1976-82 period. This reversed a pattern of faster nonmetro growth occurring in the late sixties and early seventies. RDRR-44. December 1984. 28 pp. $2.00. Order SN: 001-019-00358-8.

Distribution of Employment Growth in Nine Kentucky Counties: A Case Study shows that people moving to a nonmetro area held a disproportionate share of jobs in growing business establishments and of better paying executive jobs. Manufacturing was the study area's major economic driving force, but the private service sector (which provided services to the manufacturing sector and to the area's growing population) was an important contributor to job growth between 1974 and 1979. RDRR-41. August 1984. 44 pp. $2.25. Order SN: 001-019-00337-5.

A New Periodical of Rural Ideas

For a new perspective on issues facing rural America, subscribe to ***Rural Development Perspectives.*** An eclectic mix of rural information and ideas, with each article written in a crisp, nontechnical manner, generously illustrated with photos, maps, and charts. ***RDP*** also includes book reviews, a digest of recent research of note, and a section of charts and maps measuring various rural conditions. It costs only $10, and you receive three issues per year, February, June, and October. To subscribe, send your check or money order to GPO's address below.

Order these report from:

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402

Specify title and stock number. Make your check or money order payable to Superintendent of Documents. You can charge your purchase to your VISA, MasterCard, or GPO Deposit Account; call GPO's order desk at (202) 783-3238. No additional charges for postage to domestic addresses; but foreign addresses, please add 25 percent extra. Bulk discounts available.

ERNMENT PRINTING OFFICE: 1985-460-941:20120-ERS