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## ABSTRACT

This paper documents changing rates of poverty, sources of income, and employment among rural female-headed families with children, focusing on the effects of welfare reform. Data from the Current Population Survey show that from 1989 through 1999, especially since passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, rural poverty rates have declined among female-headed families and their children. Rates of welfare receipt also have dropped dramatically, and labor force participation has increased along with average earnings. Moreover, the income of all rural female-headed families with children increased on average over the past few years. The data also tell of persistent rural-urban inequality. More than 4 in 10 rural female-headed families were poor, and about half of these had income that was less than half of the poverty income threshold. This happened even though the share of rural female heads who were employed grew and average earnings rose. The problem today is that one-third of working rural female heads are in poverty, a rate higher than at any time during the period examined. Moreover, the rise in the proportion of rural female heads with earnings has not kept pace with the large decrease since the passage of PRWORA in the proportion with welfare income. Neither unbridled optimism nor pessimism about future trends in rural poverty is warranted, especially as the "hardest cases" and other nonworking welfare-dependent mothers run up against time limits for welfare receipt. (Contains 73 references and 12 tables.) (Author/TD)

# Rural America in Transition: Poverty and Welfare at the Turn of the 21<sup>st</sup> Century

Daniel T. Lichter  
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**Rural America in Transition: Poverty and Welfare  
at the Turn of the 21<sup>st</sup> Century**

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## Rural America in Transition: Poverty and Welfare at the Turn of the 21<sup>st</sup> Century

### Abstract

Rural mothers, especially poor single mothers, face serious barriers to employment. At the same time, new legislation requires welfare recipients to find work and mandates time limits on receipt of public assistance. In this paper, we document changing rates of poverty, sources of income, including welfare income, and employment among rural female-headed families with children. We focus on the period before and after passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Pooled files from the March annual demographic supplement (1989 through 1999) of the *Current Population Survey* are used for this purpose. During the past decade, especially since welfare reform legislation was passed, rural poverty rates (including deep poverty) have declined among female-headed families and their children. Rates of welfare receipt also have dropped dramatically and labor force participation has increased along with average earnings. Moreover, the income of all rural female-headed families with children increased on average over the past few years. Our data, nevertheless, also tell a familiar story of persistent rural-urban inequality: more than four in 10 rural female-headed families were poor, and about one-half of these had income that was less than one-half of the poverty income threshold. This happened even though the share of rural female heads who were employed grew and average earnings rose. The problem today is that one-third of working rural female heads are in poverty, a rate higher than at any time during the period examined here. Moreover, the rise in the proportion with earnings has not kept pace with the large decrease since the passage of PRWORA in the proportion with welfare income. Neither unbridled optimism nor pessimism about future trends in rural poverty is warranted, especially as the "hardest cases" and other nonworking welfare-dependent mothers run up against time limits for welfare receipt.

## **Rural America in Transition: Poverty and Welfare at the Turn of the 21<sup>st</sup> Century**

### **Introduction**

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 ended the nation's largest cash assistance program Aid to Families with Dependent Children (AFDC) and replaced it with Temporary Assistance for Needy Families (TANF). The new legislation has sought to end dependence on public assistance by "promoting job preparation, work and marriage." To early critics of the bill, the "end of welfare as we know it" was a legislative calamity, one that would bring new material hardships and social injustice to America's most vulnerable and innocent population—children living with low-income single mothers. Early fears have not materialized. Instead of rising, the poverty rate among America's children, although still high, dropped in 1998 to its lowest level (18.9 percent) in almost 20 years.

Welfare reform happened at a propitious time. The United States begins the 21<sup>st</sup> Century in the midst of its longest economic expansion in modern economic history. The average unemployment rate of 4.2 percent in 1999 reached its lowest point in 30 years, while inflation remains low at 2-3 percent per annum. Single mothers have entered the labor force in record numbers, and welfare caseloads have dropped by about 50% since 1993. Inflation-adjusted earnings also began to rise in the late 1990s, even among the least educated and skilled—after stagnating for decades—and the rise in income inequality stopped or even reversed. Optimism about the strong economy, along with the ride upward in the stock market, has fueled public confidence in America's economic future.

Unfortunately, the national euphoria has sometimes caused us to forget that all people and places have not shared in the benefits of recent economic growth and rising personal incomes. National statistics tend to hide growing spatial inequality and "pockets of poverty" in an increasingly urban, bi-coastal, and high-tech U.S. economy. Indeed, with federal devolution (including state welfare reform) and regional economic restructuring, some observers now fear a growing economic, social, and cultural balkanization of geographic space (Lobao et al., 1999; Massey, 1996). By almost any standard, for example, rural America continues to be an economic backwater and it faces new challenges in today's increasingly global and high tech economy (Andrews & Burke, 1999; Purdy, 1999; Freshwater, 1998; Swanson & Freshwater, 1999). Unlike urban America, rural America has been buffeted by a depressed farm economy, a shift away from extractive industries—like timber and mining (i.e., especially in Appalachia), severe competition from cheap labor overseas in the manufacturing sector, and the continuing economic legacy of the old slave and plantation economy (i.e., largely rural areas of the southern "Black Belt") and government policy regarding tribal affairs and governance (i.e., on Indian reservations) (Duncan, 1992; Marks et al., 1999). Rural problems are largely invisible to most Americans who are exposed only to urban culture and values, urban media and marketing, and urban problems and politics.

The limited understanding and lack of public sensitivity to rural issues are reflected in the new welfare bill. It is largely a product of an urban political and cultural legislative agenda: To reduce the dependence of poor and disproportionately minority single mothers and their children on government handouts by promoting work and reducing unmarried childbearing. But the

family circumstances, labor market conditions, and barriers to maternal employment (i.e., stigma, lack of adequate childcare) are decidedly different in rural than in urban America. How have single mothers with children fared over the past decade in rural America? Have they been largely bypassed by a strong urban economy? And have single mothers and children—as prime targets of state welfare reform—been helped or hurt economically?

### **The Current Study**

In this paper, we examine the economic trajectories and changing sources of income among female-headed families with children during the recent period of economic expansion and welfare policy changes. We use pooled March annual demographic supplements (1989 through 1999) of the *Current Population Survey* for this purpose.

The paper has three specific objectives. First, we evaluate trends in nonmetropolitan (hereafter nonmetro) and metropolitan (hereafter metro) poverty rates and in the sociodemographic characteristics of female-headed and married-couple families with children during the 1989 to 1999 period.

Second, we examine recent changes in the “income packaging” of poor female heads with children. Are they more reliant on earnings and less dependent on welfare income today than in pre-TAFN period?

Third, we evaluate the ameliorative effects of public assistance and work on poverty rates among female headed families with children. Is welfare income more or less likely than in the past to lift poor families out of poverty, and are employed female heads more or less likely to be poor (i.e., “working poor”)?

### **Rural Poverty and Welfare Reform Today**

In 1967, the U.S. National Advisory Commission on Rural Poverty reported that “[r]ural poverty is so widespread, and so acute, as to be a national disgrace.” Nearly 30 years later, this conclusion rings less true. The poverty rate in 1967 was 20.2%, roughly twice the rate of metro areas (U.S. Bureau of the Census 1999). Today, the nonmetro poverty rate is 14.4%, a figure only slightly higher than the metro rate of 12.3%, and less than the rate in metro central cities (18.5%). America’s rural population has experienced substantial reductions (roughly one-third) in the official poverty rate over the past three decades. Moreover, predominately rural states—Iowa (2.5 %), New Hampshire (2.7 %), and South Dakota (2.9 %)—enjoy some of the lowest unemployment rates in the country (Bureau of Labor Statistics, 1999). Clearly, rural people have, on balance, caught up with the rest of the nation on several key policy indicators of economic well-being.

Such optimism, however, should not distract us from evaluating other unexpected or new behavioral adaptations (e.g., doubling-up, migration, welfare dependence) to time-limited welfare among low-income single mothers. Indeed, the immediate and longer-term consequences of rural welfare reform are ambiguous, largely because they are likely to be

different for different geographic and demographic segments of the population (Marks et al., 1999). The controversy today about welfare reform often centers on the putative consequences for vulnerable populations. Children living with poor and nonworking women are clearly "at risk" in the new policy environment, especially those isolated in impoverished small towns and the rural countryside.

As background, we identify and discuss three key aspects of contemporary rural economic and family life which must be incorporated in ongoing policy evaluations of state welfare policies. First, economic indicators based on statistical averages for people, often classified on the basis of increasingly outdated or obsolete geographic concepts (like nonmetro or rural), may hide growing spatial inequality within and between metro and nonmetro areas. Second, rural labor markets (e.g., too few good jobs) and workers (i.e., poorly skilled or educated) are different in ways that, on the surface, militate against achieving the stated welfare-to-work goals included in the 1996 welfare bill. Third, PRWORA is arguably as much a bill about family policy as it is about welfare and public assistance. In inner cities, poverty and welfare dependence are often viewed as a "family problem" (i.e., illegitimacy and single-parent families). This is perhaps less true in rural America. The policy implication is clear: PRWORA may not help poor married mothers living with a working husband, a situation that disproportionately characterizes family poverty in rural areas.

### ***Rural spatial inequality***

The current period of massive federal devolution, regional economic restructuring, and economic bifurcation has coincided with growing economic and cultural diversity in America, including emerging spatial inequalities between geographic areas.<sup>1</sup> This concern is usually expressed from an urban rather than rural policy perspective. For example, the past decade or so has brought the geographic balkanization of population and employment growth (e.g., bi-coastal growth, centripetal expansion of metropolitan employment opportunities), the increasing functional specialization between first-tier and other cities (e.g., Buffalo versus Charlotte), new spatial patterns of functional specialization and spatial economic differentiation *within* metropolitan regions (e.g., "edge cities," gentrification, gated communities, African American ghettos), the emergence and persistence of ethnic enclaves resulting from the "new immigration" of Asians and Latinos, and the growing neighborhood concentration of poverty and affluence within cities (Massey, 1995; Frey, 1995; Lichter, 1992). Social and economic differentiation of geographic space arguably is at once unprecedented and multifaceted.

Accelerated inequality also may now be occurring in nonmetro areas, but with decidedly less attention or policy concern. Income and employment differences have grown between thriving rural population growth centers (e.g., based on recreational development or other natural amenities) and other persistently poor and economically depressed backwater regions and rural ghettos (e.g., the Mississippi Delta, Appalachia, and the lower Rio Grande Valley) (Lyson & Falk, 1992; Fossett & Seibert, 1997). This is reflected in new concerns about "rural ghetto communities," "pockets of poverty," and "persistent low-income areas" (Brown & Warner, 1991; Weinberg, 1987). Some depressed rural communities have become the "dumping grounds" for urban refuse, prisons, and low-level radioactive materials (Fitchen 1991; Duncan & Lamborhini, 1994). Recreational and retirement settings have experienced unprecedented population and job growth (Beale & Johnson, 1998). Income inequality is now greater in

nonmetro than metro areas, and income inequality increased at a more rapid rate in nonmetro than metro areas during the past decade or so (Tolbert & Lyson, 1992).

As a result, low unemployment rates in many rural states have coincided with substantial economic hardship in small towns and the countryside. In Iowa, the low unemployment rate of 2.2% hides the fact that the highest unemployment rates are found in thinly populated areas and those that are dependent on agriculture (Conger & Elder, 1992). Rural Decatur County, in South Central Iowa, for example, had an unemployment rate of 5.1 in 1998 (Burke et al., 1999). In rural West Virginia, unemployment rates also are well above state and national averages, especially in many depressed coal mining regions, like McDowell, Clay, and Webster counties, where as many as one out of every five men are without jobs and looking for work (McLaughlin et al., 1999). In 1998, 26.1% of all U.S. blacks were poor, but, in the rural South, the poverty rate among blacks was exceptionally high. The ten states in 1996-98 with the lowest median incomes were all predominately rural, with median incomes ranging between \$26,950 (West Virginia) and \$32,397 (Tennessee). Median U.S. income was \$37,779 (in 1998 dollars). Not surprising, among the six states with the highest poverty rates during 1996-98, five were predominately rural states, including New Mexico (22.4%), Louisiana (18.6%), Mississippi (18.3%), West Virginia (17.6%), and Arkansas (17.2%). These figures are played out in the 1999 KIDS COUNT project, which ranked the rural states of Mississippi, Louisiana, New Mexico, and Alabama as the nation's worst on ten measures of children's well-being (Annie Casey Foundation, 2000). These are also states with heavy population concentrations of rural minorities.

Whether state TANF programs have helped or hurt rural states or specific rural "pockets of poverty" is unclear, and it is even more difficult to forecast the future. The recent optimism provided by rapidly declining welfare caseloads implies that welfare reform may have disproportionately affected specific "target groups" that were most in need. This would include rural female heads with children. Indeed, since 1993, welfare cases have declined enormously (and unexpectedly) in many rural states—75% in Mississippi, 42% in Iowa, and 73% in West Virginia, for example.

Declining welfare caseloads, however, may not be the best indicator of success. Rural states and counties have disproportionately low enrollment rates (among those eligible for welfare receipt) and usually rank among the states with lowest benefit levels (Rank and Hirschl 1988). The average monthly benefit in 1996 was \$148 in Alabama, \$118 in Mississippi, and \$160 Tennessee (Department of Health and Human Services 1999). The national income benefit was \$372. Moreover, block grants to states—even rural states—are typically administrated in cities by urban-oriented policy and legislative interests and advocacy groups. Consequently, even if jobs are plentiful, the goal of removing specific barriers to maternal employment, such as adequate child care and transportation, may be more difficult to achieve in rural areas. Rural-urban differences in the economic well-being and poverty among mothers and their children may have widened during the post-TANF period of the late 1990s.

### ***Rural workers and rural labor markets***

Any evaluation of the new welfare bill, with its emphasis on welfare-to-work and economic independence, must be sensitive to past and current labor market conditions in rural areas,



especially for poor and unskilled mothers. In part because they suggest different policy prescriptions (i.e., human resource development versus community economic development), explanations of rural poverty and welfare dependence are sometimes needlessly polarized by an emphasis on either “bad workers” or “bad jobs.” One point of view stresses the chronic problem of rural human resource development, including the historically low levels of education and job skills among rural workers. The other side locates the problem in labor market structure and processes (e.g., globalization), to the absence of good rural jobs—those that pay a decent or family wage—in the new information economy (Flynt, 1996; Horan & Tolbert, 1984).

To be sure, rural areas suffer from chronic shortages of human capital (Jensen & McLaughlin, 1995). This problem has been exacerbated by longstanding patterns of out-migration of the “best and brightest” from nonmetro to metro areas (Lichter et al., 1995; Garasky, 2000). Among the prime age working and family-building population (ages 25-44), only 16.3% of nonmetro persons in 1998 had attained a bachelor’s degree or higher (U.S. Bureau of the Census, 1999). In metro areas, the comparable rate was 29.1%. For the population age 18 and older, almost one-quarter of the nonmetro population failed to complete high school, compared with 16% in metro areas.

These educational deficits in rural areas are striking, especially in persistently poor regions. In the 399 counties of Appalachia, for example, more than 30% of the population (over age 25) had less than a high school education (McLaughlin, Lichter, & Matthews, 1999). In Kentucky—the heart of Appalachia—60% or more of the population ages 25 or older in five rural counties did not complete high school. Out-migration has fueled the problem. From 1985-90, economically distressed counties in Appalachia experienced a 5-year net out-migration rate of 3.81 per 100 among those with college educations, and a net in-migration rate of 3.09 among high school dropouts. Migration patterns have reinforced existing patterns of spatial inequality (Lichter et al., 1995; Nord & Jensen, 1995).

But the problem cannot be easily reduced to poorly skilled or unproductive workers alone. Moreover, the currently low unemployment rates suggest that rural people suffer less from having no jobs than from having jobs that pay poorly. The unfavorable sectoral mix of industries (i.e., extractive, low-wage manufacturing, etc.) puts rural workers—even the most skilled and educated—at a competitive disadvantage. Workers are less likely to be unionized in rural labor markets, which increases their dependency on single industries or companies for employment, while at the same time subjecting them to the unexpected vicissitudes or downturns in the local labor market. Not surprisingly, compared with metro areas, a larger percentage of the rural poor include a working head or householder. Yet, a greater percentage of workers in nonmetro areas than metro areas are poor (Lichter & McLaughlin, 1994; Brown & Hirschl, 1995).

At every level of education, average earnings and income are lower in nonmetro than in metro areas (Rural Sociological Society Task Force on Rural Poverty, 1993; Jensen & McLaughlin, 1995). That earnings returns to education are lower in rural areas is revealed in the large earnings disparities between highly educated rural and urban workers. Indeed, the poverty rate among college-educated persons in nonmetro areas is well above the rate in metro areas. Moreover, Findeis and Jensen (1998) reported that, in 1993, the rate of underemployment (i.e.,

unemployment, involuntary part-time employment, and low-income workers) was 22.6% in nonmetro areas, compared with 21.5% in metro central and 15.6% in the suburban ring. Nonmetro workers also are more likely—about 30% more likely—than their counterparts in metro areas to experience downward year-to-year transitions for adequate employment to underemployment, even after adjusting for differences in demographic and human capital traits. The substantive implication is clear: rural people suffer less from unemployment than from myriad forms of underemployment (Lichter & Costanzo, 1992; Findeis & Jensen, 1998). This is especially true among women and minorities (Lichter, 1989; Jensen et al., 1999).

Now more than ever it is important to monitor the labor force experiences of poor and single mothers, those most affected by time-limiting welfare reform, low job skills or experience, and depressed rural labor market conditions. The federal government's new emphasis on the poverty-ameliorating effects of maternal work has emerged while the rate of poverty among working female heads more than doubled in rural areas during the 1980s (Lichter et al., 1994). Rural mothers arguably face unique barriers or disincentives to employment. Low population density, for example, makes it difficult to find adequate and affordable daycare, to find good jobs in the local community, and to minimize transportation costs.

American women, especially mothers with young children, face many barriers to employment (Blau, 1998). In rural areas, the mix of job opportunities, which favor extractive (e.g., physical farm labor or mining) and other blue-collar sectors (e.g., seasonal work in construction), also can effectively prevent rural women from finding full-time jobs that pay a living wage (Egan, 1997; Lobao, 1990; Lichter & McLaughlin, 1995). Rural women also are more likely to face job discrimination, which arguably reflects more rigid traditional gender role ideologies about women's place in the home and marketplace. It is clearly time to evaluate whether rural women—especially poor women with children in their own homes—have been negatively affected (or not) in the new welfare policy environment (Jensen & Chitose, 1997).

### ***Rural families***

PRWORA seeks to balance the right of welfare receipt with the recipient's obligation to behave responsibly—to stay in school, to avoid premarital pregnancy and childbearing, and to work. Indeed, an explicit goal of the welfare bill is to discourage childbearing and child rearing outside of two-parent families. This objective reflects several concerns: (1) that roughly one-third of all births today occurs outside of marriage; (2) that nonmarital childbearing is associated with deleterious short- and long-term consequences, such as school dropout, labor force nonparticipation, poverty, and welfare dependence; and (3) that children born to and living with single mothers are "at risk," leading to policy concerns about the inter-generational reproduction of poverty and welfare dependence.

As one disincentive to teen childbearing, TANF requires unmarried minor mothers to stay in school or work and to live at home. States may deny additional cash benefits for children born to welfare mothers. The legislation also gets tough on "deadbeat" dads. TANF includes comprehensive child support enforcement that denies cash assistance to mothers who are uncooperative in establishing the paternity of their children. It provides additional monies to subsidize childcare for low-income families, and states may allocate significant shares of their block grant cash assistance monies for this purpose. The welfare bill also has created new

financial incentives for states to actively reduce nonmarital fertility, provided that abortion rates are not increased to achieve such goals.

Based on the conventional wisdom of strong family and kinship ties in rural America, the assumption—an inappropriate and often erroneous one—is that these welfare provisions may be less germane for rural areas. Indeed, as we describe below, rural family life is in transition (McLaughlin et al., 1993; Albrecht, 1998). Rural women and children have not been immune to the larger cultural and societal forces that arguably have undermined traditional family life. As in urban cities, the past two decades have brought more teen childbearing, more female headship, more unmarried cohabitation, and more divorce. In turn, the 1980s and 1990s brought more welfare-eligible and poor female headed families with children (Lichter & Eggebeen, 1992; Jensen & Eggebeen, 1994). In fact, Lichter and Eggebeen (1992) showed that 60% of the rise in child poverty rates between 1980 and 1990 resulted from demographic shifts of children from married-couple to female-headed (and often poor) families.

Such unexpected similarity between contemporary nonmetro and metro families is easily demonstrated. In 1998, nearly one-in-five (i.e., 19.8%) of all U.S. families with children lived in nonmetro areas (U.S. Bureau of the Census 1998). Female-headed families with children are nearly proportionately represented in nonmetro areas (18.4%). Despite considerably different racial, cultural, and economic environments, rural families are more like urban families (in structure) than they are different. Moreover, the mean number of children per female-headed family (with children) was 1.87 in nonmetro areas and 1.83 in metro areas. The common view of a unique—even idyllic—rural family life is clearly inappropriate.

Racial breakdowns support much the same conclusion. Among whites, 17.3% of metro families and 17.4% of nonmetro families were headed by females. The corresponding figures for blacks were 54.1% and 46.2% in metro and nonmetro areas. For Hispanics, the figures were 25.5% and 21.3%. These data reveal familiar racial differences, but they also reinforce a clear message of substantial overall rural-urban similarity within specific racial and ethnic groups.

Lest our point of increasing spatial inequality be forgotten, we reemphasize that diversity in family structure is substantial across and within rural regions. In Appalachia, for example, the percentage of white families with children that were headed by females increased from 10.3% to 13.4% between 1980 and 1990 (McLaughlin et al., 1999). But in economically depressed counties, the percentage of all families headed by single mothers was much larger. In predominately-white, poor, and rural Wolfe County, Kentucky, nearly 40% of all families with children were (in 1990) headed by a single mother. In Davison County, a rural agricultural area in Southeastern South Dakota, one-in-five families with children were headed by females. A few counties west in South Central South Dakota is Buffalo County, where roughly three-fourths of the population was Native American, the figure was 45.5% in 1990.

The question is not whether “pro-family” welfare policies are appropriately targeted on unmarried mothers and children. Rather, it is whether state TANF proposals will naively or unwittingly embrace the conventional wisdom of traditional rural family life and therefore direct their programmatic energies and allocate their monies (i.e., provisions for daycare, transportation

services, and abstinence programs) disproportionately to big city populations at the expense of rural areas.

This would be unfortunate. Child poverty rates were higher in rural than urban areas (24.4% vs. 22.3%) in 1996, while rates of “affluence” revealed the opposite pattern, with 24.8% of nonmetro children and 39.2% of metro children living in families with incomes 300% or more over the poverty threshold (U.S. Department of Agriculture 1999). Poverty rates among rural children living with single mothers are higher than in urban areas (Lichter & Eggebeen, 1992), and a larger percent of poor children are in “deep poverty,” i.e., in families with incomes below 50% of the poverty threshold (U.S. Department of Agriculture 1999). Furthermore, the ameliorative effect of public assistance—the ability of welfare income to lift families with children above the poverty line—is lower in rural than in urban areas (Jensen & Eggebeen, 1994). The policy implication is clear: welfare policy has been less appropriately targeted and less effective in rural areas. Whether the same conclusion now applies in the new welfare policy environment is unclear. What is clear are that rural women and children have been over-represented among the poor and under-represented among those receiving government income assistance.

Finally, the new bill emphasizes work and marriage as routes to economic self-sufficiency. We have already indicated that the ameliorative effects of employment are lower for rural women than for urban women, who may face fewer potential barriers to employment. Perhaps marriage can be a panacea for poor rural mothers? A recent study by Porterfield (1998), however, indicated that the beginning or end of welfare spells were only weakly associated with marriages ending or with remarriages. The problem is that rural economic change has often undermined the traditional economic basis for marriage, which has resided in men’s ability to fulfill the “provider role.” Several recent studies have vividly illustrated the negative consequences of economic hardship on family stability in a variety of different geographic settings, including Iowa farming communities (Conger & Elder, 1994), New England paper mill towns (Duncan, 1999), small town employment centers (Nelson & Smith, 1999; Struthers & Bokemeier, 2000), Appalachia mining towns (Billings & Blee, 1999), and rural black communities in the South (Dill & Williams, 1992).

To be sure, the current focus on the social and economic problems in urban America—concentrated poverty in inner-city neighborhoods—is vitally important. But it should not make us impervious to the potential consequences of economic change and welfare reform in the nation’s often forgotten rural regions and communities.

## Methods

### *Data*

This study examines recent changes in poverty and income packaging (including welfare receipt and income) in the United States over the past decade. We use pooled data from the *March Current Population Survey* (CPS) from 1989 through 1999. Each March demographic supplement of the CPS includes nationally representative information on the civilian noninstitutionalized population residing in approximately 50,000 housing units each year.

The 1990s represent an important period in U.S. economic history. It includes an economic downturn and (comparatively) high unemployment at the end of the Bush administration, and the subsequent economic expansion and low unemployment that we see today. Welfare caseloads also rose significantly (before 1993) and then declined even more rapidly as the decade progressed. And the 1990s brought significant new legislation, including increases in the minimum wage, rapid expansions in the Earned Income Tax Credit, the end of AFDC, and the implementation of state TANF programs. The 1992-1996 period was also when many states actively experimented with public assistance programs through the HHS welfare waiver process (Schoeni & Blank, 2000).

Our analyses center on female-headed families with children, although we also include some comparative information on other family types. Female-headed families with children are the primary “targets” of the new welfare legislation; they receive the overwhelming share of public assistance income and they have historically experienced exceptionally high rates of poverty. They also represent an increasing share of all family households, and, unlike the 1960s, most poor children today in the United States now live in female-headed families (Lichter 1997).

The great advantage of the CPS is that it provides comparable social and economic data from year to year. A disadvantage is that it does not allow detailed analyses for specific geographic areas. For that we must await data products from the 2000 Decennial Census. For our purpose, we can distinguish between families residing in metro and nonmetro areas. Metro areas include one or more economically integrated counties that meet specific population size thresholds (e.g., including a large city—a central city—of 50,000 or more). Nonmetro is a residual category. In the 1998, the Census Bureau estimated a nonmetro population of 55 million or 20.3% of the U.S. population.

### ***Measuring poverty and income packaging***

How best to measure poverty has been a topic of much debate. The official poverty income threshold (for families of various sizes) can be criticized on a number of counts: it miscalculates family economies of scale (i.e., equivalence scales); it fails to take into account in-kind government transfers (e.g., food stamps); it does not account for geographic variations in cost of living or consumption; it is based on family rather than household income; and it does not adjust for taxes or other nonconsumption expenditures (e.g., child support or childcare) (Burkhauser et al., 1996; Citro & Michael, 1995; Short, 1998). How such issues distort rural-urban comparisons is difficult to tell, although the available evidence suggests that the cost-of-living is lower in rural areas, if housing costs are adjusted for (Nord, 2000). At the same time, data from the 1998 Consumer Expenditure Survey indicates that rural people spend a larger percentage of their incomes on food, utilities, transportation, and health care than their metro counterparts (Bureau of Labor Statistics, 2000; see discussion by Nord, 2000).

We cannot resolve such longstanding debates here. For our purposes, we restrict our analyses to the official poverty measure, which is the basis for eligibility for a number of government programs (e.g., food stamp eligibility) and is available annually in the March CPS files. We recognize the limitations of our approach and therefore include appropriate caveats, when appropriate, as well as relevant supplemental data (e.g., on food stamps) as we proceed with our empirical analysis.

A complete description of poverty measurement is provided elsewhere (U.S. Bureau of the Census 1999). Poverty income thresholds are based on annual money income in the calendar year the proceeded the March CPS interview. This means, for example, that the March 1999 survey asks about income from various sources in 1998. We focus here on income from earnings and government transfers (including welfare participation). Compared with administrative records, most survey data—including data from the CPS—typically underestimate the extent of welfare participation, although the substantive implications of such bias appear to be minor (Schoeni & Blank 2000).

### ***Analytic approach***

Much of our statistical analysis is descriptive, focusing on metro and nonmetro trends and differentials in the economic well-being of female-headed families with children. In addition, we evaluate, using conventional regression methods, whether recent trends in poverty rates among rural female headed families would be different if they had the same employment opportunities, family characteristics, and education and skills as their metro counterparts. Our approach is especially useful in identifying sources of metro/nonmetro disparities in poverty, and the role played by work and welfare in the new welfare policy environment.

## **Results**

### ***Trends in family poverty***

Female-headed families and married-couple families— We begin in Figure 1 by reporting poverty rates for primary families with own children less than 18 present. These data reveal several familiar patterns. Female-headed families with children are substantially more likely than married-couple families to be poor. Throughout this period of study, poverty rates in female headed families are roughly 2.5 to three times the national average. In addition, nonmetro families were slightly more likely than their metro counterparts to be poor throughout the 1989-1999 period. This metro/nonmetro difference also was observed each year for both female-headed and married-couple families with children.

(Figure 1 about here)

Family poverty rates generally rose in the late 1980s and early 1990s, peaked in 1994, and then began to decline. The family poverty rate was 14.8% in 1999. This rise and fall in poverty rates during the past decade was observed for both female-headed and couple-headed families. It is noteworthy that poverty rates declined below 40% overall among female-headed families with children during the post 1996 period, after welfare reform became fully implemented across the U.S. states. We remind the reader, however, that poverty rates among female-headed and married-couple families exhibited similar trends, a fact that works against explanations that emphasize the effects of welfare reform alone.

As shown in Table 1, the nonmetro trend for female-headed families with children is more volatile, but generally suggests lower poverty in the post-welfare reform era than in the immediately preceding years. Although year-to-year changes should be interpreted with caution, the poverty rate for female-headed families in nonmetro areas dropped nearly 13% between 1997

and 1999, from 48.5% to 42.2%. The comparable decline in metro areas was less than 7%. Whether the decline is due mostly to welfare reform, however, is arguable. For the entire 1989 to 1999 period, the poverty rate among female-headed families dropped 20% in nonmetro areas, compared with 12% in metro areas.

(Table 1 about here)

Figure 2 tracks changes in the ratio of nonmetro-to-metro poverty over the past decade. The excess relative poverty in nonmetro areas is clearly indicated by ratios exceeding 1.0, especially for married-couple families.<sup>2</sup> These data also indicate that metro/nonmetro convergence preceded welfare reform, but that the pace accelerated during 1997-1999. We find no evidence here that welfare reform has exacerbated existing metro/nonmetrospatial inequalities.

(Figure 2 about here)

A profile of female-headed families with children—With welfare reform, it is possible that the characteristics of the poverty population of “welfare eligible” female-headed families may have changed. This would be the case, for example, if transitions from welfare-to-work were more easily made among whites or educated or metro women. To address this issue, Tables 2 and 3 provide a social and demographic profile of (1) female headed families with children, and (2) poor female-headed families with children. These analyses are presented for the total United States, and for metro and nonmetro areas in 1989 and 1999, as well as in 1994, at about the time that welfare caseloads began their precipitous drop.

Several characteristics of female-headed families with children changed over 1989 to 1999 period. Specifically, the population of female heads was older, more educated, and more likely to be never-married in 1999 than in 1989. Indeed, 40.7% of female heads were aged 35-44 in 1999, up from 35.6% in 1989. And, although the distributions of younger and all children of female heads were largely unchanged, the past decade nevertheless brought a significant increase in “doubling up” between 1989 and 1999, and especially after 1994. In 1989, 13.1% of female heads lived in households with another family present. This figure increased nearly 40% to 18.1% by 1999. The racial, regional, and metro/nonmetro distribution of female heads changed very little over this period.

(Table 2 about here)

These shifts in population composition were also generally observed in metro and nonmetro areas, with a few exceptions. For example, the increasing age of female heads was slightly more pronounced in nonmetro areas; about 55% were aged 35 or older in 1999, compared with 53% in metro areas. In 1989 the corresponding figures were 46% and 48%. The racial makeup of female heads is much different in rural and urban areas. Nearly three-fourths of female heads are white in nonmetro areas, compared with only 47% in metro areas in 1999. Rural female heads also were more likely than urban female heads to have graduated from high school, but less likely to have graduated from college. Rural female heads today are much less likely to be never-married (32.2%) than metro females (41.7%), although both metro and

nonmetro female heads experienced similar percentage point increases over the 1989-1999 period (about 10% points). While most of the family status variables showed few large metro/nonmetro differences, the growth in “doubling up” among female heads was most pronounced in nonmetro areas. The percentage in nonmetro areas doubled over the 1989-99 period, from 10.2% to 20.5%. This compares with a modest increase from 13.8% to 17.6% in metro areas.

Table 3 provides a comparable demographic and economic profile for *poor* female-headed families. The trends reported here largely replicate the results for all female headed families. At the same time, it is clear that some demographic segments of female heads with children are over-represented among the poor, both in metro and nonmetro areas. For example, poor female heads are over-represented among younger women (e.g., 19.9% vs. 12.7% in 1999), among blacks (38.5% vs. 30.7%) and other minorities, among the least educated (35.2% vs. 19.5%), among the never-married (53.7% vs. 40.1%), among nonmetro residents (18.4% vs. 17.0%), among those with young children (52.6% vs. 39.5%), among those with many (3+) children (32.6% vs. 19.1%), and among those who “double up” (19.8% vs. 18.1%).

(Table 3 about here)

These patterns of groups “at risk” of poverty are also observed in both metro and nonmetro areas. At the same time, nonmetro female heads are often disproportionately represented among all poor female heads. This includes whites, high school graduates, the ever-married, southerners, those without young children, those with only one child (under age 18), and those who “double up.” Clearly, the population at risk of poverty in nonmetro areas is different—it includes a higher share of women with skills (i.e., education) and without the barriers imposed by children (i.e., young children or many children).

Explaining poverty among female-headed families with children— The trends and metro/nonmetro differences in poverty among female-headed families with children may reflect differences over time and between metro and nonmetro areas in the composition of the population (rather than the effects of welfare reform policy per se). To address this issue, Table 4 includes the results of four logistic regression models of poverty among female heads, each with a different set of predictors: (I) a model with year dummies; (II) a model with year dummies and a dummy for nonmetro and area not identified; (III) a model with the covariates included in model II and other demographic variables (i.e., race, age, multiple family household, number of children, never-married status, and region); and (IV) model III plus a set of human capital and employment variables.

The results from model I confirm the trends in poverty reported earlier in Figure 1. That is, poverty rates among single female heads declined significantly during the late 1990s, after the welfare bill was passed. In 1999, the poverty rate was roughly .77 of the rate observed in 1989. The results from Model II, which adds the nonmetro dummy, reveals virtually no change in the size of the period dummy effects. The positive effect of .212 for nonmetro residence, however, means that nonmetro female heads had a rate of poverty that was roughly 24% higher than metro areas over the 1989-99 period, even when unobserved effects associated with the year dummies are controlled.



(Table 4 about here)

Moreover, when we control for standard demographic and family characteristics (Model III), the effect of nonmetro residence on poverty among female heads increases substantially, from .212 to .518. Nonmetro female heads are roughly 68% more likely to be poor than comparable female heads in metro areas. Additional analyses reveal that metro/nonmetro differences in racial composition (i.e., lower percentages black) and never-married status mask “real” metro/nonmetro differences in poverty among female heads. Moreover, the estimated negative effect of the 1999 dummy variable (-.326) implies that demographic and family changes over the past decade had an adverse effect on poverty rates among female heads; i.e., in the absence of demographic changes, the poverty rate would have been .72 (rather than .77) of the poverty rate observed in 1989. Model III explains much more of the variation in poverty rates among female-headed families than does Model II.

Finally, Model IV (Table 4) includes measures of schooling, work status, and industrial structure. Explained variation increases tremendously over Model III; the pseudo R-square increases from .154 to .736. Not surprisingly, labor supply and education levels have large and significant effects on poverty among female heads. The poverty rate of college-educated females is only one-tenth the poverty rate of those who dropped out of high school. And full-time, full-year workers have a poverty rate that is a minuscule 3% of the rate observed among non-working mothers. It also is significant that the inclusion of these variables rendered the period effects statistically insignificant in the late 1990s (except in the case of the 1998 dummy). The clear interpretation is that the recent decline in poverty can be completely accounted for by increasing labor supply and by educational upgrading among unmarried moms, both of which may be linked to welfare reform. However, human capital and work status cannot account for the persistently large (.474) effect of nonmetro residence on poverty rates among female-headed families.

### *Sources of Income and Income Packaging*

Earnings, public assistance income, and food stamps— Our next objective is to examine the changing sources of income in poor female headed families with children. Table 5 provides the percentage of all poor single-female heads with (1) earnings, (2) public assistance, and (3) food stamps. It also gives the median income received from each source.<sup>3</sup>

These data suggest several conclusions. Perhaps the most striking is that the percent of poor single female heads with earnings rose sharply after the mid-1990s, and especially after PRWORA. While about one-half had at least some earnings at mid-decade, fully two-thirds had earnings by 1999. This is a remarkable upswing in a short period of time, especially because it occurred at the same time that poverty rates among female-headed families also declined.

(Table 5 about here)

Yet, evidence that more poor women are working today than in the past has multiple interpretations—some benign, others less so. The benign view is that poor female heads are now

“playing by the rules” by seeking economic independence through employment. The welfare bill has accomplished its goal of moving a significant share of poor mothers into the labor force. The less benign view is that, despite working more, a large share of female heads and their children remain poor. And they are poor even as their average earnings increased from \$4134 to \$6000 over the 1989-1999 period.

Poor women are arguably doing their part. The government’s response, however, is reflected in the declining percentages of poor female heads who receive public assistance—from 67.8% in 1989 to 47.2% in 1999—and the declining dollar value of welfare income (from \$4993 to \$3600 over 1989-1999). Food stamp receipt among the poor also declined during the past decade by about 16%, although the median dollar value of food stamp receipt changed relatively little. Clearly, these women remain poor because any gains from work have been offset by losses from public assistance income. Of course, we recognize that some of the employment and earnings increases reflect salutary responses to other government policy initiatives, including the earned income tax credit.

Our concerns reside primarily with the changing economic circumstances of poor female-headed families in rural America. Consequently, Table 6 disaggregates the results in Table 5 into its constituent nonmetro (top panel) and metro (bottom panel) components. In general, the overall changes in income by source (reported in Table 5) are also observed in metro and nonmetro areas.

(Table 6 about here)

To be specific, the percentage of metro and nonmetro female heads with earnings increased substantially after welfare reform, while public assistance and food stamp receipt declined. Despite some year-to-year fluctuations, median earnings have trended upward in both metro and nonmetro areas. The percentages receiving public assistance income and food stamps declined substantially, along with the median dollar value of public assistance. For the most part, rural trends in “income packaging” mirror national and metro patterns.

At the same time, the results indicate clear and persistent differences between metro and nonmetro single female heads in their reliance on earnings and welfare. Poor rural female heads are more likely than their urban counterparts to have earnings (i.e., 71.5% vs. 65.4% in 1999) and the dollar value of their earnings is greater (\$6,131 vs. \$5,862).<sup>4</sup> They are less likely to receive public assistance income (i.e., 40.5% vs. 48.7%) and food stamps (i.e., 57.3% vs. 62.2%). The dollar value of public assistance also is slightly lower for rural female heads (i.e., \$3,216 vs. \$3,768). Rural female heads are more likely than their metro counterparts to “play by the rules,” yet a higher percentage were poor in 1999 (i.e., 42.4% vs. 38.6%).

Based on the evidence here, it would be imprudent and premature to make strong conclusions about different impacts of PRWORA in metro and nonmetro areas. However, the early figures are instructive and are worth monitoring, especially as the full implications of PRWORA are revealed in the years ahead. Between 1996 and 1999, the percentage of poor female heads with earnings increased by 22% in metro areas and by 14% in nonmetro areas. The receipt of public assistance dropped by 21% in metro areas and by 31% in nonmetro areas. For

metro areas, this means that declines in welfare receipt have been matched by similar increases in employment. The story is different in rural areas. The large drop in welfare receipt swamps the comparatively small increases in employment growth (i.e., 31% vs. 14%). The policy implication is clear: rural mothers are leaving welfare without corresponding increases in work.

Income packaging— The preceding analyses provided information about income from various sources. But, as shown in Figure 3 and Table 7, the sources of income can be packaged differently over time and place among female-headed families with children. If welfare reform has had an impact on poor female-headed families, we should expect that earnings represent an increasing share of family income, while welfare income will on average decline.

(Figure 3 and Table 7 about here)

The results confirm this expectation. For all poor female-headed families with children, earnings, on average, accounted for 31.5% of family income in 1989, while public assistance income represented 53.6% of money income. Ten years later, these relative shares were reversed. On average, earnings provided a larger share of family income (51.7%) than did public assistance income (30.5%). Clearly, poor female heads today are less likely to be dependent on welfare income.

Income trends from other sources are modest. Despite efforts to insure child support payments from so-called “deadbeat dads,” the observed trends do not warrant strong conclusions in regard to the success of these efforts (see Hanson et al., 1996). Payment of child support (and alimony) constitutes a very small share of family income in 1999 (i.e., 5.4%), although this figure is slightly higher than shares observed in the late 1980s and early 1990s.

(Table 8 about here)

Similar trends in income packaging—more reliance on earnings and less on welfare—are observed in metro and nonmetro areas (Table 8). Both metro and nonmetro areas, for example, increased roughly 20 percentage points in the share of income from earnings over the 1989-1999 period. But there also are several interesting metro/nonmetro differences. Slightly over one-half of family income is made up of earnings in metro (51.1%) and nonmetro (54.1%) areas. Yet welfare income is much lower as a percentage of family income among rural than urban female-headed families with children (i.e., 23.8% vs. 32.0%). This presumably reflects both lower receipt rates and lower average welfare income payments in rural areas (see Table 6). Another substantial rural-urban difference is in the contribution of child support and alimony to the family income of female heads. In rural areas, this income component accounted for roughly twice the share as in metro areas (i.e., 9.4% vs. 4.5%), and this differential has grown over the past decade. One explanation is that rural female-headed families with children are more likely to be products of divorce rather than nonmarital childbearing; divorced fathers are more likely than never-married fathers to be involved with their children and to make child support payments. Divorced fathers, compared with unmarried men, are also more likely to be employed and therefore capable for contributing to the economic well-being of their non-co-residential children.

### *The ameliorative effects of public assistance and work*

Economic well-being among female-headed families— The declining welfare receipt and share of family income from public assistance income suggest that the ameliorative effects of public assistance—whether it lifts families above the poverty threshold—may have declined over the past decade (Jensen & Eggebeen, 1994; Rank & Hirschl, 1988). It also begs the question of whether an increasing share of poor female heads is poorer in absolute terms (e.g., declines in the median income-to-poverty ratio).

We first present alternative measures of economic well-being. Specifically, Figure 4 (see also Table 9) provides the median income-to-poverty ratio (IPR) for all and poor female-headed families with children. We also present the percentage of female-headed families that are below one-half the official poverty threshold. IPRs increased slightly since the mid-1990s. For example, in 1994, female heads had family incomes that were 1.48 times their poverty rates, on average. By 1999 income to needs ratios had climbed to 1.74. This means that these families on average had incomes that were 74% above the poverty threshold in 1999.

(Figure 4 and Table 9 about here)

The story among poor female heads is rather different. Unlike the IPRs for all single female heads, the average income of poor single female heads showed no improvement, remaining at roughly .50 throughout the 1989-1999 period. This also means that poor female-headed families fell farther behind average female-headed family income over the decade; i.e., inequality increased among female headed families. On the positive side, the rate of deep poverty declined over this period, from 23.9% in 1989 to 19.0% in 1999. Interpreted differently, this means that roughly one-half of poor female-headed families with children are in deep poverty.

The data in Table 10, which disaggregates these data for nonmetro and metro female headed families with children, indicates a similar upward trend in IPRs among all female-headed families, no change in IPRs among poor female heads, and declining deep poverty rates. The data also indicate that nonmetro female-headed families, on average, have a slightly lower economic standard of living than their metro counterparts. In 1999, for example, the IPR was roughly 1.80 in metro areas and 1.74 in nonmetro areas.

(Table 10 about here)

The paradox is that rates of deep poverty were nearly identical in 1999 in metro (19.2) and nonmetro (18.9) areas. The rate had been somewhat higher in nonmetro than metro areas in the late 1980s and early 1990s. Because nonmetro poverty rates—the official rates—have been higher in nonmetro than metro areas, these results mean that a slightly larger share of metro poor are deeply impoverished. At the same time, the average income of poor female-headed families was little different in metro and nonmetro areas—fluctuating around 0.5 of the poverty threshold throughout the 1990s.

Public assistance income and poverty— Is public assistance responsible for the improving IRP among female headed families, and for the drop in deep poverty? In this section, we consider the ameliorative effects of public assistance on the poverty status of single female-headed families with children. First, we provide the percentage, among those whose pre-welfare (public assistance and SSI) income is below the official (100%) poverty threshold, who have post-welfare income that is above that threshold. Second, we calculate the ameliorative effects of public assistance income on deep poverty. This is the percentage of those with pre-welfare income below one-half the official threshold whose total family income is above the deep-poverty line. Third, we estimate the percentage of the pre-welfare poverty gap (i.e., the difference between the poverty threshold and pre-welfare income) that is closed by public assistance. This measure is restricted to those whose pre-welfare income is less than the official threshold, and it is forced to equal 100% when post-welfare income exceeds the poverty threshold.

The time trends, reported in Table 10, suggest a singular conclusion: The ameliorative effects of public assistance income have not only been modest, but they deteriorated during the post-PRWORA period. Each of our measures declined by 25% or more between 1996 and 1999. For example, the ameliorative effect of public assistance on poverty grew over much of the early 1990s, peaking at 7.4% in 1996. The appropriate interpretation is that 7.4% of those whose pre-welfare income was below the official poverty income threshold were lifted from poverty by the receipt of welfare income. This ameliorative effect declined to 5.6% by 1999. This apparently reflects the declining percentage who receive assistance, and continuing declines in the amount of public assistance received by poor female-headed families.

Not surprisingly, proportionately more female-headed families in (pre-welfare) deep poverty were no longer below 50% of the poverty threshold after receiving public assistance (second column). About 36% were brought out of deep poverty in 1996, but this declined to 26% by 1999—a decline of ten percentage points or more than 25%.

Throughout much of the early 1990s, public assistance income accounted for about 30 percent of the poverty gap—the difference between pre-welfare income and the poverty income threshold. Today, the ameliorative effect of welfare income is closer to 20 percent. Specifically, the percentage of the pre-welfare poverty gap closed by public assistance income declined from 30.7% in 1996 to 21.9% in 1999.

The ameliorative effects of public assistance on poverty have generally been larger in metro than nonmetro America. The nonmetro disadvantage is most clearly observed with the first (100%) and third (poverty gap) measures of amelioration. For example, in nonmetro areas the poverty gap measure declined from 27.5% to 17.5% between 1996 and 1999 (a decline of 10 percentage points and 36%), while in metro areas the decline was from 31.5 to 22.8 percent (or 8.7 percentage points and 28%). The ameliorative effects of public assistance on deep poverty also were substantial and favored metro residents until the late 1990s. In 1999, a larger percentage of nonmetro than metro female heads were brought out of deep poverty by the receipt of public assistance income.

Work and poverty— Poor female heads with children in rural areas are less dependent on welfare income—now more than anytime in recent memory. They also have employment rates above their national and metro counterparts. But what are the ameliorative effects of maternal employment on poverty in rural areas? For many rural women, the problem is less one of finding employment, but more one of finding jobs that pay a living or nonpoverty wage. Rural women may increasingly comprise the “working poor.”

For the U.S., Table 11 provides poverty rates by work status for single female heads of families with children. As with the measure of annual income and poverty, employment status in the March CPS is based on work-related activities during the previous year. For our purposes, we distinguish between those working full-time full-year, those working part-time or part-year (other), and those not working at all.<sup>5</sup> Table 11 also includes the work status of poor female heads with children. We know that poor mothers are more likely to have earnings today than in the past, but are they more or less likely to work full-time full-year today than in the past?

(Table 11 about here)

These data yield several general observations. First, the rise in labor supply after welfare reform is clearly in evidence among the poor (right-hand four columns). This confirms previous results showing the rising prevalence and importance of earnings income to total family income. Among poor single female heads, labor force participation (either full- or part-time) hovered around 45 percent during the 1989-1994 period but then rose steadily to 63% by 1999. The rise in labor supply, however, pre-dated PRWORA (by at least a year). This may reflect (1) new work incentives or opportunities in an expanding economy, (2) the effects of state welfare experiments through the waiver process, and (3) rhetoric and media coverage of the emerging welfare reform, leading some, perhaps to anticipate it. In any event, working poverty has increased significantly over the past decade, and especially since PRWORA.

Second, this rise in employment among poor single mothers is revealed both in rates of full-time, full-year employment and part-time part-year employment.<sup>6</sup> Among poor single female heads, however, part-time/year workers and nonworkers still substantially outnumbered full-time/full-year workers in each year. But the trends in employment are unmistakable. The ratio of the percentages of full-time workers to part-time workers increased only slightly from .28 to .35 between 1989 and 1999, while the ratio of full-time workers to non-workers increased from .18 to .45.

Third, work clearly matters in the lives of female heads with children (Table 11, left-hand four columns). Differences in poverty rates by work status are nothing short of staggering. In 1999, for example, the poverty rate among all working female heads was 30.2%, compared with 81.6% among their nonworking counterparts. The poverty rates among full-time, full-year working female heads was 13.0%. This poverty rate is lower than the family poverty of all families with children (14.8%).

Finally, the economic benefits from employment have changed very little over the 1990s. The poverty rate among employed single moms fluctuated around 30% throughout the 1990s. That poverty rates remained constant among workers, amidst an overall decline in poverty,

suggests that recent declines in poverty among all female heads largely resulted from increasing labor force participation rather than from increased remuneration from work. At the same time, the poverty rate among non-workers, while always more than 80%, has trended downward slightly since welfare reform. One interpretation is that the “truly disadvantaged” are more likely to be helped today—albeit only marginally more so—in the currently tougher welfare environment.

Although a larger share of poor nonmetro than metro female heads are working (i.e., 68.6% vs. 62.2%) and working full-time (21.0% vs. 15.4%), there has been substantial convergence during the past decade. In 1989, poor female heads in nonmetro areas were 30% more likely than their counterparts in metro areas to be employed. In 1999, this differential had dropped to about 10%. The differential in full-time, full-time employment declined more modestly, from 48% to 36%.

(Table 12 about here)

To be sure, work pays in both metro and nonmetro areas. But it tends to pay more in metro areas (Table 12, columns 1-4). In each year, poverty rates are higher among rural working female heads than among their urban counterparts, although this differential has declined somewhat over the past decade. In 1999, 35.0% of poor female heads with children were employed, compared with 29.2% in metro areas. For full-time workers, the figures were 17.4% and 12.1%, respectively, in nonmetro and metro areas. Clearly, the benefits of full-time employment among female heads are lower in rural areas. At the same time, nonworking female heads in rural areas seem to have slightly lower rates of poverty after PRWORA than before.

### Discussion and Conclusion

The PRWORA of 1996 ended the nation’s largest cash assistance program (i.e., AFDC) for needy single-parent families. Many of the early forecasts about the putative effects of the new legislation on poor children have not materialized. Indeed, most indicators of “success” have painted a rather rosy picture: declining welfare caseloads, a dip in poverty rates for female headed families and children, and rising labor force participation rates (and, supposedly, rising economic independence) among unmarried mothers with children. The question today is largely one of identifying specific population groups that have been helped or hurt most by state welfare reform policies (i.e., TANF).

In this spirit, our goal has been to evaluate recent economic trends in America’s largely forgotten rural families and children. Specifically, we have focused on changes in labor force behavior and welfare participation of rural female-headed families with children, who often remain invisible in the national debate about welfare reform. But rural mothers—especially poor single mothers—face many barriers to employment that seem incongruent with current legislative mandates that emphasize time limits on receipt and that require recipients to find work or otherwise be sanctioned. Whether such an agenda is practical or realistic in isolated rural areas is an empirical question, one that we have taken up in this paper. Indeed, the longstanding problems of limited job skills and education, depressed labor markets, poor transportation, and inadequate child care pose potentially serious barriers to adequate employment among many

rural women (Rural Sociological Task Force on Persistent Rural Poverty, 1993). They also may vitiate against successful welfare reform in rural areas.

Our analysis, however, revealed some unexpected but welcome surprises during the period since PRWORA — trends that provide reasons for optimism about the state of rural America. In general, rural mothers and their children have not been “left behind” in the new welfare policy and economic environment. For the most part, recent trends in rural poverty, earnings, and welfare receipt have followed national patterns. During the past decade, but especially since welfare reform was introduced nationally with the PRWORA in 1996, rural poverty rates (including deep poverty) have declined among female-headed families and their children, rates of welfare receipt have dropped dramatically, and labor force participation has increased along with average earnings. Moreover, the income of all rural female-headed families with children increased on average over the past few years. The early gloomy forecasts, including some of our own, have not matched the empirical record—at least not to date. Instead, our data have provided a measure of hope for rural families, and, more important, have indicated that the “new” economy and the “end of welfare” have not seriously undermined the economic gains made by rural women over the past generation or more.

Our data nevertheless also tell the familiar story of persistent rural-urban inequality in the lives of female heads and their children (Friedman & Lichter, 1998; Tickamyer & Duncan, 1990). About 7.5 million poor people live in rural areas, and rural poverty rates continue to exceed those observed in urban areas (Dalaker, 1999). In 1999, for example, about 42% of rural female-headed families were poor, and about one-half of these had incomes that were less than one-half the poverty income threshold. This happened even though the share of rural female heads who were employed grew and continued to exceed their urban counterparts. And this rural-urban difference in poverty occurred despite higher average earnings among rural than urban poor female heads. More than most, rural single mothers have played by the new rules, those seeking to balance welfare receipt with personal responsibility and work. The problem today for most poor rural mothers is finding a good job that pays a living wage. Over one-third of working rural female heads are in poverty, a rate higher than at any time during the period examined here. Increases in poverty rates among working rural female heads occurred hand-in-hand with the rising proportion of poor female heads who are employed. It also occurred despite increases in the minimum wage and expansions in the Earned Income Tax Credit.

As in the past, the rural-urban difference in poverty today reflects comparatively low and declining rates of rural welfare receipt and the low dollar value of welfare transfers. And, as we have shown here, welfare reform clearly has been associated with the aggregate movement from welfare to work in rural areas. Over the past ten years, the proportions of rural poor mothers with earnings from work increased dramatically. But it is also true that the rise in the proportion with earnings has not kept pace with the large decrease since the passage of PRWORA in the proportion with welfare income. This pattern was not apparent among metro female heads; for them, the drop in welfare receipt was offset almost entirely by the growth in earnings receipt. Compared with metro female heads, welfare reform has hurt rural women—they have been removed from welfare without a proportionate increase in employment. This fact accounts for the larger share of family income among rural female heads that comes from employment. It also explains why the ameliorative effects of public assistance on rural poverty have declined.



Our results—supporting both optimistic and pessimistic interpretations of welfare success—seemingly provide something for everyone. As such, they also suggest a cautious approach to the evidence. Neither unbridled optimism nor pessimism about current trends can be projected into the short- or long-term future, for several reasons. Indeed, the next few years will be especially telling, as the “hardest cases” and other non-working welfare-dependent mothers run up against time limits for welfare receipt, or as the economy slows down and unemployment creeps up to pre-1994 levels. Moreover, static measures of welfare “success” or “failure,” such as those reported here, are incomplete. Aggregate annual statistics do not represent a fixed or unchanging population, but are the net product of transitions into and out of poverty and welfare dependence. Behavioral data (i.e., individual data on poverty transitions) will be required to measure the changing extent and etiology of individual adaptations to rural welfare reform, especially among hard to serve cases.

We should also be mindful that our baseline results apply to nonmetro areas as a whole; we have not examined recent changes for particular rural regions nor have we identified differences or similarities across historically disadvantaged racial or ethnic groups (e.g., native Americans or blacks). Rural minorities are “doubly disadvantaged” (Jensen & Tienda, 1989; Saenz & Thomas, 1991; Swanson, 1996). And, while our focus on employment and poverty has clear interpretive advantages (in terms of data availability over time) for rural policy, conventional measures may be less indicative today of the quality of rural life or of economic hardship generally. Underemployment is especially common in rural areas (Findeis & Jensen, 1998). And income-based measures of family poverty may be seriously flawed, especially if the new family realities in our increasingly multi-cultural society are ignored. “Doubling up,” adoption and fosterage, unmarried cohabitation, and multi-generational household formation are sometimes viewed with a jaundiced eye—a cause rather than a consequence of the problem. They might also be regarded as family survival strategies, as symptoms of poverty, or as “safety nets” for some poor women.<sup>7</sup> Whether rural family behavioral responses to welfare reform differ from the rest of the nation remain unclear (Struthers & Bokemeier, 2000).

Finally, our results are not meant to pit the policy and economic interests of rural and urban America against each other. The paradox today is that the forces of geographic balkanization and of globalism have occurred simultaneously. In fact, throughout this century, rural and urban areas have become increasingly integrated—culturally, politically, and economically. New information technologies (radio, television, and the Internet), transportation innovations, and mass production and mass marketing bind rural and urban people and communities together and reinforce interdependence (and dependence, in some instances). For rural America, ignored or forgotten economic and social problems tend to become America’s urban problems. The urban-ward migration of displaced rural blacks from southern agriculture to northern cities or poor whites from depressed mining areas of Appalachia are obvious historical cases in point. This spatial relationship is hardly asymmetrical. Examples include the encroachment of urban residential and commercial activity on the rural hinterland, the expansion of urban-based corporate agriculture and other business interests (i.e., WalMart) in rural communities, and the delivery of health and social services (e.g., medical services, social welfare, job services, etc.), which often tax the resources of urban-based government providers. What is good (or bad) for rural America is good (or bad) for urban America—and visa versa. Rural and urban communities and people increasingly share a common destiny.

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Table 1. Primary family poverty rates by headship status and residence, 1989-1999

CPS year	Total			Nonmetropolitan			Metropolitan		
	Total	Female head	Couple head	Total	Female head	Couple head	Total	Female head	Couple head
1989	15.2%	45.7%	7.5%	18.0%	53.1%	10.7%	14.5%	44.0%	6.5%
1990	15.0	43.0	7.7	17.3	48.6	10.5	14.4	42.1	6.8
1991	16.2	45.8	8.3	18.3	50.9	11.2	15.6	44.6	7.4
1992	17.3	48.1	8.7	17.9	50.4	10.9	17.2	47.7	8.0
1993	17.3	47.3	8.6	18.9	48.6	11.9	16.9	47.1	7.7
1994	18.3	47.8	9.5	20.0	50.2	12.5	17.8	47.3	8.7
1995	17.2	45.5	8.8	18.8	52.9	10.4	16.8	44.0	8.3
1996	16.0	42.4	7.9	17.6	44.8	9.7	15.6	41.8	7.5
1997	16.1	42.8	7.9	18.4	48.5	9.5	15.6	41.4	7.6
1998	15.3	42.4	7.3	18.0	47.5	9.8	14.7	41.2	6.7
1999	14.8	39.2	7.4	16.1	42.4	9.3	14.5	38.6	7.0

Source: Original computations from the March Current Population Surveys, 1989-1999.



	Total			Nonmetro			Metro		
	1989	1994	1999	1989	1994	1999	1989	1994	1999
<b>Age</b>									
24 or younger	11.9	12.9	12.7	11.4	13.7	13.4	12.0	12.8	12.6
25-34	40.7	38.8	34.2	42.6	39.5	31.8	40.3	38.6	34.7
35-44	35.6	37.2	40.7	33.2	37.8	42.4	36.1	37.1	39.1
45 or older	11.8	11.1	13.5	12.8	9.0	12.4	11.6	11.5	13.7
<b>Race/ethnicity</b>									
White	52.8	50.2	51.7	73.4	68.5	74.3	48.0	45.9	47.0
Black	33.0	34.1	30.7	21.6	24.1	16.1	35.7	36.5	33.7
Latino/a	11.4	12.8	14.7	3.0	3.3	6.6	13.3	15.1	16.4
Asian	2.1	1.5	1.9	0.4	1.0	0.3	2.5	1.7	2.2
Other	0.8	1.3	1.1	1.6	3.1	2.6	0.6	0.9	0.7
<b>Education</b>									
Less than HS	26.3	23.7	19.5	26.3	21.6	16.3	26.4	24.2	20.2
HS/GED	40.4	35.6	34.7	44.6	41.4	38.7	39.5	34.2	33.9
Some college	22.9	30.6	32.7	22.6	29.1	32.7	23.0	30.9	32.7
College or more	10.3	10.2	13.1	6.6	7.8	12.4	11.2	10.7	13.2
<b>Marital status</b>									
Never married	28.6	35.3	40.1	22.0	28.3	32.2	30.1	37.0	41.7
Wid., sep., div.	71.4	64.7	59.9	77.8	71.8	67.8	69.9	63.0	58.3
<b>Region</b>									
Northeast	20.5	19.0	19.0	12.1	10.0	8.7	22.4	21.1	21.1
Midwest	24.4	24.7	23.5	22.4	26.8	29.2	24.8	24.2	22.3
South	35.2	37.6	36.6	50.6	48.5	44.6	31.7	35.0	34.9
West	19.9	18.7	21.0	14.9	14.7	17.6	21.1	19.7	21.7
<b>Residence</b>									
Nonmetro	18.8	19.2	17.0						
Metro	81.2	80.8	83.0						
<b>Own children under 6 present</b>									
0	58.7	57.7	60.5	60.6	60.1	65.2	58.2	57.2	59.6
1	29.5	28.7	29.7	28.4	27.0	26.2	29.7	29.1	30.4
2	9.6	10.9	8.0	8.3	11.2	6.8	9.9	10.8	8.2
3+	2.2	2.7	1.8	2.7	1.7	1.8	2.1	3.0	1.8
<b>Own children under 18 present</b>									
1	48.4	47.1	48.7	48.6	47.7	52.4	48.4	46.9	48.0
2	32.3	32.8	32.2	33.2	34.8	32.3	32.1	32.4	32.1
3	13.1	13.8	13.2	12.4	13.5	10.7	13.2	13.9	13.8
4+	6.2	6.3	5.9	5.8	4.1	4.6	6.3	6.8	6.2
<b>Number of families in HH</b>									
1	86.9	85.1	81.9	89.8	83.3	79.5	86.2	85.5	82.4
2+	13.1	14.9	18.1	10.2	16.7	20.5	13.8	14.5	17.6

Source: Original computations from the March Current Population Surveys, 1989, 1994, 1999.

Table 3. Selected characteristics of poor single female primary family heads with children present by residence, 1989, 1994, 1999

	Total			Nonmetro			Metro		
	1989	1994	1999	1989	1994	1999	1989	1994	1999
<b>Age</b>									
24 or younger	19.7	20.7	19.9	17.1	22.2	19.8	20.4	20.3	20.0
25-34	46.6	44.3	39.8	45.9	41.1	37.6	46.8	45.1	40.3
35-44	25.4	27.5	32.2	27.1	30.1	35.3	25.0	26.9	31.5
45 or older	8.3	7.5	8.1	10.0	6.6	7.3	7.8	7.8	8.3
<b>Race/ethnicity</b>									
White	39.8	38.1	38.1	63.5	62.2	64.2	33.2	32.0	32.3
Black	42.3	42.4	38.5	30.6	29.8	24.7	45.6	45.5	41.6
Latino/a	15.3	17.2	19.8	4.1	3.6	6.6	18.5	20.6	22.8
Asian	1.6	1.1	1.9	0.2	1.2	0.6	2.0	1.1	2.2
Other	1.0	1.3	1.6	1.7	3.3	4.0	0.8	0.8	1.0
<b>Education</b>									
Less than HS	43.0	38.7	35.2	38.0	34.8	25.8	44.4	39.7	37.3
HS/GED	40.4	37.1	40.1	42.9	38.7	47.5	39.7	36.7	38.5
Some college	13.9	22.1	22.0	17.2	25.2	24.0	13.0	21.4	21.6
College or more	2.7	2.1	2.7	1.9	1.2	2.7	2.9	2.3	2.7
<b>Marital status</b>									
Never married	40.2	48.0	53.7	29.7	37.4	43.3	43.0	50.7	56.0
Wid., sep., div.	59.8	52.0	46.3	70.3	62.6	56.7	56.9	49.3	44.0
<b>Region</b>									
Northeast	20.7	20.1	20.8	10.7	10.3	8.8	23.5	22.5	23.5
Midwest	25.0	24.9	21.5	16.9	27.1	27.3	27.3	24.4	20.2
South	36.9	38.5	35.9	56.5	48.8	47.4	31.5	35.9	33.3
West	17.3	16.6	21.9	16.0	13.8	16.6	17.7	17.3	23.0
<b>Residence</b>									
Nonmetro	21.9	20.1	18.4						
Metro	78.1	79.9	81.6						
<b>Own children under 6 present</b>									
0	43.3	43.5	47.4	50.5	48.4	55.2	41.2	42.3	45.7
1	35.6	33.7	34.0	32.3	30.8	29.5	36.6	34.4	35.0
2	16.5	17.9	14.6	12.3	17.9	11.6	17.6	17.9	15.3
3+	4.7	4.9	4.0	5.0	2.9	3.7	4.6	5.4	4.1
<b>Own children under 18 present</b>									
1	34.7	35.5	36.8	40.4	36.6	44.7	33.1	35.3	35.1
2	34.6	33.7	30.6	33.3	37.1	31.4	34.6	32.8	30.4
3	18.7	19.7	20.3	15.9	19.4	16.3	19.4	19.8	21.2
4+	12.1	11.1	12.3	10.4	6.9	7.6	12.6	12.2	13.4
<b>Number of families in HH</b>									
1	87.2	84.1	80.2	88.0	84.0	74.9	86.9	84.1	81.4
2+	12.8	15.9	19.8	12.0	16.0	25.1	13.1	15.9	18.6

Source: Original computations from the March Current Population Surveys, 1989, 1994, 1999.

Table 4. Logistic regression models of poverty on period, residence and sociodemographic characteristics, single female-headed families, 1989-1999

	Model I	Model II	Model III	Model IV
Period (reference: 1989)				
1990	-.096	-.097	-.111	-.173
1991	.006*	.005*	-.012*	-.055*
1992	.100	.102	.104	.093*
1993	.067*	.067*	.044*	.047*
1994	.087*	.087*	.029*	-.039*
1995	-.006*	-.005*	-.032*	.054*
1996	-.134	-.134	-.160	.007*
1997	-.118	-.118	-.149	.013*
1998	-.134	-.133	-.170	.139
1999	-.264	-.262	-.326	.021*
Residence (reference: metro)				
Nonmetro		.212	.518	.474
Not identified		-.237*	.034*	.072*
Race/ethnicity (reference: white)				
Black			.755	.682
Latina			1.118	.589
Asian			.364	.071*
Other			.666	.317
Age (reference: 24 or younger)				
Age 25-34			-.452	.121
Age 35-44			-.828	-.481
Age 45 or older			-.936	-1.258
More than one family in HH			-.045*	-.051*
Number own children <6 present			.625	.422
Never married			.388	.220
Region (reference: Northeast)				
Midwest			-.082	.180
South			-.106	.300
West			-.204	.027*
Education (reference: < high school)				
High school				-.725
Some college				-1.303
College or more				-2.215
Work status (reference: Did not work)				
Full-time, full-year				-3.575
Part-time or part-year				-1.365
Industry (reference: Service)				
Extractive				.179*
Manufacturing/construction				-.398
Transportation				-.573
Trade				.081
Constant	-.174	-.213	-.428	2.037
-2LL	60992	60914	52946	35210
Model $O^2$	126.2	203.4	8172.3	25908.9
Pseudo $R^2$	.002	.003	.154	.736
Somers $D_{yx}$	.053	.063	.471	.794

\* Coefficient *not* significant at  $p < .05$ .

Source: Original computations from the March Current Population Surveys, 1989-1999.

Table 5. Percent receiving and median receipt of earnings, public assistance and food stamps, poor single female-headed families with children, 1989-1999

	Earnings		Public assistance		Food stamps	
	Percent	Median	Percent	Median	Percent	Median
1989	51.1%	\$4134	67.8%	\$4993	73.1%	\$2273
1990	48.5	5048	63.7	5040	70.9	2386
1991	49.9	4864	68.7	4944	77.1	2494
1992	49.3	5111	65.8	4787	73.5	2657
1993	50.3	4647	66.4	4489	76.0	2556
1994	48.4	4371	67.6	4638	78.5	2538
1995	52.7	4949	63.9	4894	76.6	2613
1996	55.5	5348	61.2	4672	72.6	2638
1997	58.9	5194	57.8	4538	70.7	2493
1998	64.0	5586	50.3	4168	65.5	2437
1999	66.6	6000	47.2	3600	61.3	2400

Source: Original computations from the March Current Population Surveys, 1989-1999.

Table 6. Percent receiving and median receipt of earnings, public assistance and food stamps, poor single female-headed families with children, by residence, 1989-1999

	Earnings		Public assistance		Food stamps	
	Percent	Median	Percent	Median	Percent	Median
— Nonmetropolitan —						
1989	62.9%	\$3835	65.0%	\$4092	73.3%	\$1922
1990	59.1	4995	53.6	3786	65.9	2366
1991	58.1	5126	60.1	3892	78.0	2357
1992	59.8	5026	61.4	3673	74.8	2394
1993	57.3	3485	62.3	3728	75.6	2606
1994	55.3	4258	64.7	3920	79.4	2301
1995	59.0	4399	60.5	3960	76.1	2448
1996	62.5	4599	59.1	3979	70.4	2541
1997	68.4	5194	50.2	3740	71.2	2406
1998	66.2	5562	49.5	3583	65.7	2437
1999	71.5	6131	40.5	3216	57.3	2400
— Metropolitan —						
1989	47.7	4134	68.6	5374	73.0	2342
1990	45.5	5258	66.4	5269	72.1	2449
1991	47.7	4490	70.9	5193	77.0	2544
1992	46.8	5134	66.9	5220	73.3	2729
1993	48.5	4833	67.5	4753	76.3	2556
1994	46.5	4306	68.5	4981	78.3	2558
1995	50.8	5168	65.1	5319	76.8	2640
1996	53.7	5348	61.9	4894	73.1	2695
1997	56.2	5194	59.6	4737	70.6	2493
1998	63.5	5586	50.6	4291	65.4	2437
1999	65.4	5862	48.7	3768	62.2	2376

Source: Original computations from the March Current Population Surveys, 1989-1999.

Table 7. Income packaging among poor single female-headed families with children, 1989-1999						
Mean percentage contribution to total family income from five income sources						
CPS year	Earnings	Public Assistance	Social Security	Child support and alimony	Other	Total <sup>a</sup>
1989	31.5%	53.6%	4.7%	4.7%	5.5%	100.0%
1990	32.5	51.4	4.7	4.9	6.5	100.0
1991	31.3	53.3	4.0	4.9	6.5	100.0
1992	33.0	52.1	3.4	5.1	6.4	100.0
1993	32.2	50.8	3.9	5.8	7.2	100.0
1994	29.9	52.4	4.3	5.8	7.5	100.0
1995	34.9	48.6	4.4	5.9	6.2	100.0
1996	37.4	44.1	5.4	6.2	7.0	100.0
1997	39.6	41.2	5.3	7.4	6.6	100.0
1998	45.5	35.0	4.4	7.2	7.9	100.0
1999	51.7	30.5	4.9	5.4	7.5	100.0

<sup>a</sup> Total mean percentages based on calculations from computer printout. Percentages in this table may not sum to 100.0 due to rounding error.

Source: Original computations from the March Current Population Surveys, 1989-1999.

Table 8. Income packaging among poor single female-headed families with children, by residence, 1989-1999						
Mean percentage contribution to total family income from five income sources						
CPS year	Earnings	Public Assistance	Social Security	Child support and alimony	Other	Total <sup>a</sup>
— Nonmetropolitan —						
1989	34.9%	45.0%	7.0%	5.7%	7.4%	100.0%
1990	39.9	38.5	6.4	7.4	7.9	100.0
1991	37.0	44.6	4.9	6.7	6.8	100.0
1992	40.8	42.7	3.3	7.1	6.1	100.0
1993	34.1	43.5	4.6	8.9	8.9	100.0
1994	33.1	45.4	5.8	8.1	7.6	100.0
1995	38.6	38.6	5.8	9.5	7.4	100.0
1996	38.3	38.7	6.2	8.7	8.1	100.0
1997	45.3	32.1	5.4	11.1	6.2	100.0
1998	45.5	31.1	6.4	9.7	7.3	100.0
1999	54.1	23.8	4.6	9.4	7.9	100.0
— Metropolitan —						
1989	30.5	56.1	4.1	4.4	5.0	100.0
1990	30.6	54.9	4.3	4.1	6.1	100.0
1991	29.7	55.7	3.8	4.3	6.4	100.0
1992	31.1	54.4	3.5	4.5	6.5	100.0
1993	31.7	52.7	3.8	5.0	6.8	100.0
1994	29.0	54.3	3.9	5.2	7.5	100.0
1995	33.8	51.6	4.0	4.8	5.8	100.0
1996	37.0	45.6	5.2	5.5	6.7	100.0
1997	38.0	43.7	5.3	6.3	6.7	100.0
1998	45.6	36.0	3.9	6.4	8.1	100.0
1999	51.1	32.0	5.0	4.5	7.4	100.0

<sup>a</sup> Total mean percentages based on calculations from computer printout. Percentages in this table may not sum to 100.0 due to rounding error.

Source: Original computations from the March Current Population Surveys, 1989-1999.

**Table 9. Income to poverty ratios and deep poverty rates for female-headed families with children, 1989-1999**

CPS year	Total				Nonmetropolitan				Metropolitan			
	Income to poverty ratios		Deep poverty rate		Income to poverty ratios		Deep poverty rate		Income to poverty ratios		Deep poverty rate	
	All families	Poor families	poverty rate		All families	Poor families	poverty rate		All families	Poor families	poverty rate	
1989	1.56	.50	23.9%		1.20	.52	26.9%		1.64	.49	23.3%	
1990	1.63	.50	21.4		1.32	.50	24.2		1.71	.50	20.7	
1991	1.56	.51	23.1		1.31	.50	26.4		1.61	.52	22.3	
1992	1.51	.51	23.5		1.30	.50	23.9		1.56	.51	23.5	
1993	1.49	.49	25.4		1.26	.48	27.0		1.54	.49	25.0	
1994	1.48	.49	24.7		1.29	.50	24.9		1.52	.49	24.7	
1995	1.58	.51	22.6		1.29	.51	26.0		1.64	.51	21.9	
1996	1.69	.52	19.8		1.37	.53	20.3		1.77	.52	19.7	
1997	1.66	.51	21.2		1.34	.51	24.2		1.73	.51	20.6	
1998	1.70	.50	20.9		1.38	.52	21.2		1.77	.50	20.8	
1999	1.74	.51	19.0		1.45	.53	19.2		1.80	.51	18.9	

Source: Original computations from the March Current Population Surveys, 1989-1999.



CPS year	Total						Nonmetropolitan			Metropolitan		
	Pct. of pre-welfare poor lifted above poverty	Pct. pre-welfare deeply poor lifted above deep poverty	Pct. of pre-welfare poverty gap closed	Pct. of pre-welfare poor lifted above poverty	Pct. pre-welfare deeply poor lifted above deep poverty	Pct. of pre-welfare poverty gap closed	Pct. of pre-welfare poor lifted above poverty	Pct. pre-welfare deeply poor lifted above deep poverty	Pct. of pre-welfare poverty gap closed	Pct. of pre-welfare poor lifted above poverty	Pct. pre-welfare deeply poor lifted above deep poverty	Pct. of pre-welfare poverty gap closed
1989	4.8%	33.9%	31.8%	4.3%	29.2%	28.6%	4.9%	35.0%	32.6%			
1990	5.0	34.7	30.6	3.6	27.4	23.3	5.4	36.6	32.6			
1991	5.1	34.2	31.7	2.4	27.3	24.2	5.9	36.0	33.7			
1992	3.7	33.1	29.0	4.7	30.4	24.1	3.5	33.7	30.1			
1993	5.3	30.0	29.4	4.2	24.0	24.4	5.5	31.5	30.6			
1994	6.0	33.7	31.1	4.4	33.4	28.9	6.4	33.9	31.8			
1995	6.2	33.1	30.1	5.4	31.7	26.1	6.3	33.5	31.3			
1996	7.4	35.7	30.7	6.6	35.3	27.5	7.7	35.8	31.5			
1997	6.0	31.8	27.2	4.6	28.8	22.2	6.4	32.6	28.6			
1998	5.3	26.6	23.4	3.9	26.3	21.0	5.7	26.2	24.0			
1999	5.6	26.4	21.9	4.0	28.0	17.5	6.0	26.5	22.8			

Source: Original computations from the March Current Population Surveys, 1989-1999.



Table 11. Poverty and work among single female-headed families with children, 1989-1999

CPS year	Poverty rate by work status				Work status among the poor			
	All workers			Nonworkers	All workers			Nonworkers
	Total	FT/FY	Other		Total	FT/FY	Other	
1989	29.2%	10.5%	57.6%	87.5%	45.8%	9.9%	35.9%	54.2%
1990	26.6	9.3	51.2	86.1	44.2	9.1	35.1	55.8
1991	29.8	9.0	57.8	86.7	46.9	8.1	38.8	53.2
1992	31.1	11.6	57.0	88.9	45.6	9.7	35.9	54.5
1993	30.6	10.3	58.1	87.9	45.7	8.9	36.8	54.3
1994	30.6	11.2	55.5	86.4	44.2	9.1	35.1	55.8
1995	30.5	11.7	56.6	86.2	49.0	11.0	38.0	51.1
1996	28.7	13.0	52.4	84.2	51.0	14.0	37.0	49.0
1997	30.1	10.2	59.0	84.6	54.2	10.8	43.4	45.8
1998	31.9	11.8	62.4	82.7	59.9	13.4	46.5	40.2
1999	30.2	13.0	56.1	81.6	63.3	16.4	46.9	36.7

Source: Original computations from the March Current Population Surveys, 1989-1999.

Table 12. Poverty and work among single female-headed families with children, by residence, 1989-1999								
CPS year	Poverty rate by work status				Work status among the poor			
	All workers			Non-workers	All workers			Non-workers
	Total	FT/FY	Other		Total	FT/FY	Other	
--- Nonmetropolitan ---								
1989	40.2	17.7	66.5	89.1	55.7	13.2	42.4	44.3
1990	36.0	13.9	63.4	87.6	55.8	11.9	43.9	44.2
1991	37.8	15.0	63.0	89.0	55.2	11.5	43.7	44.8
1992	37.0	16.9	58.0	88.1	54.2	12.6	41.6	45.8
1993	34.7	11.3	61.2	88.3	52.9	9.2	43.7	47.1
1994	35.4	13.0	61.0	89.5	51.3	10.0	41.3	48.7
1995	40.2	15.6	64.5	85.3	54.6	10.5	44.1	45.4
1996	33.7	13.7	55.7	85.6	59.2	12.6	46.6	40.8
1997	39.0	16.3	62.9	85.5	64.2	13.7	50.5	35.8
1998	38.1	16.9	67.6	80.1	62.3	16.1	46.2	37.7
1999	35.0	17.4	62.9	78.8	68.6	21.0	47.6	31.4
--- Metropolitan ---								
1989	26.6	8.9	55.2	87.2	42.9	8.9	34.0	57.1
1990	24.3	8.3	47.8	85.8	41.0	8.3	33.7	59.0
1991	27.9	7.6	56.3	86.1	44.5	7.1	37.3	55.5
1992	29.7	10.5	56.8	89.1	43.4	9.0	34.4	56.6
1993	29.5	10.0	57.4	87.9	43.8	8.8	35.1	56.2
1994	29.3	10.7	54.0	85.9	42.3	8.8	33.5	57.7
1995	28.4	11.0	54.5	86.5	47.2	11.0	36.3	52.8
1996	27.4	12.9	51.3	83.9	48.9	14.3	34.6	51.1
1997	28.0	9.0	57.7	84.4	51.5	10.1	41.4	48.6
1998	30.6	10.8	61.2	83.3	59.3	12.7	46.6	40.7
1999	29.2	12.1	54.8	82.1	62.2	15.4	46.7	37.9

Source: Original computations from the March Current Population Surveys, 1989-1999.

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<sup>1</sup> The average within-county income inequality has increased in the United States, as well as the economic inequality between counties (Nielson & Alderson, 1997; Lobao et al. 1999).

<sup>2</sup> We should note that poverty rates in 1998 were lower in nonmetro than metro areas, even after various adjustments for taxes, mean-tested government cash programs, and in-kind transfers (e.g., food stamps) (U.S. Bureau of the Census 1999).

<sup>3</sup> Median income for a given source is calculated on the basis the population of female householders with positive income from that source. For each year, median income is calibrated in 1998 dollars, using the CPI-U.

<sup>4</sup> The higher average earnings among nonmetro poor female heads is more likely to reflect greater labor supply than higher wage rates. In fact, the 1999 CPS indicates that nonmetro poor women worked, on average, 25.0 weeks during the previous year, compared with 21.3 weeks among metro poor women.

<sup>5</sup> Keep in mind that these data are presented for each CPS year, which means that work and poverty refer to the previous year. For example, the poverty changes reported here between 1996 and 1997 actually took place 1995 and 1996.

<sup>6</sup> The percentage point dip in 1997 is difficult to account for, but it may simply reflect the sharp increase in part-time or part-year work at the on-set of PRWORA.

<sup>7</sup> Our analysis has been restricted to primary female heads with children; it does not include children and their unmarried mothers who move in with grandparents or other relatives.



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