

Anatomy of Nonmetro High-Poverty Areas Common in Plight, Distinctive in Nature

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The 1990s saw growing U.S. prosperity, ending with record-high average income levels and the lowest unemployment rate in 30 years. As a result, the incidence of poverty dropped from its level of a decade earlier, according to the 2000 Census. This welcome decline occurred particularly in rural and small-town nonmetropolitan (nonmetro) areas, where the poverty rate fell from 17.1 percent in 1990 to 14.6 percent in 2000. Despite this improvement, over 400 nonmetro counties (of a total of 2,308) still had high poverty rates of 20 percent or more in 2000.

High poverty frequently occurs among specific ethnic groups or in certain geographic areas, but the factors affecting poverty differ within these contexts. The diversity within high-poverty areas means that there is no single recipe for prosperity. Strategies to improve the economic well-being of rural residents in such areas will differ based on individual and community needs. Some high-poverty areas have low labor force participation rates and could benefit from job training and job development. Others have a high share of female-headed families with children, and programs that provide child care and secure child support would help defray child care costs and open up employment opportunities. Education and training programs could help

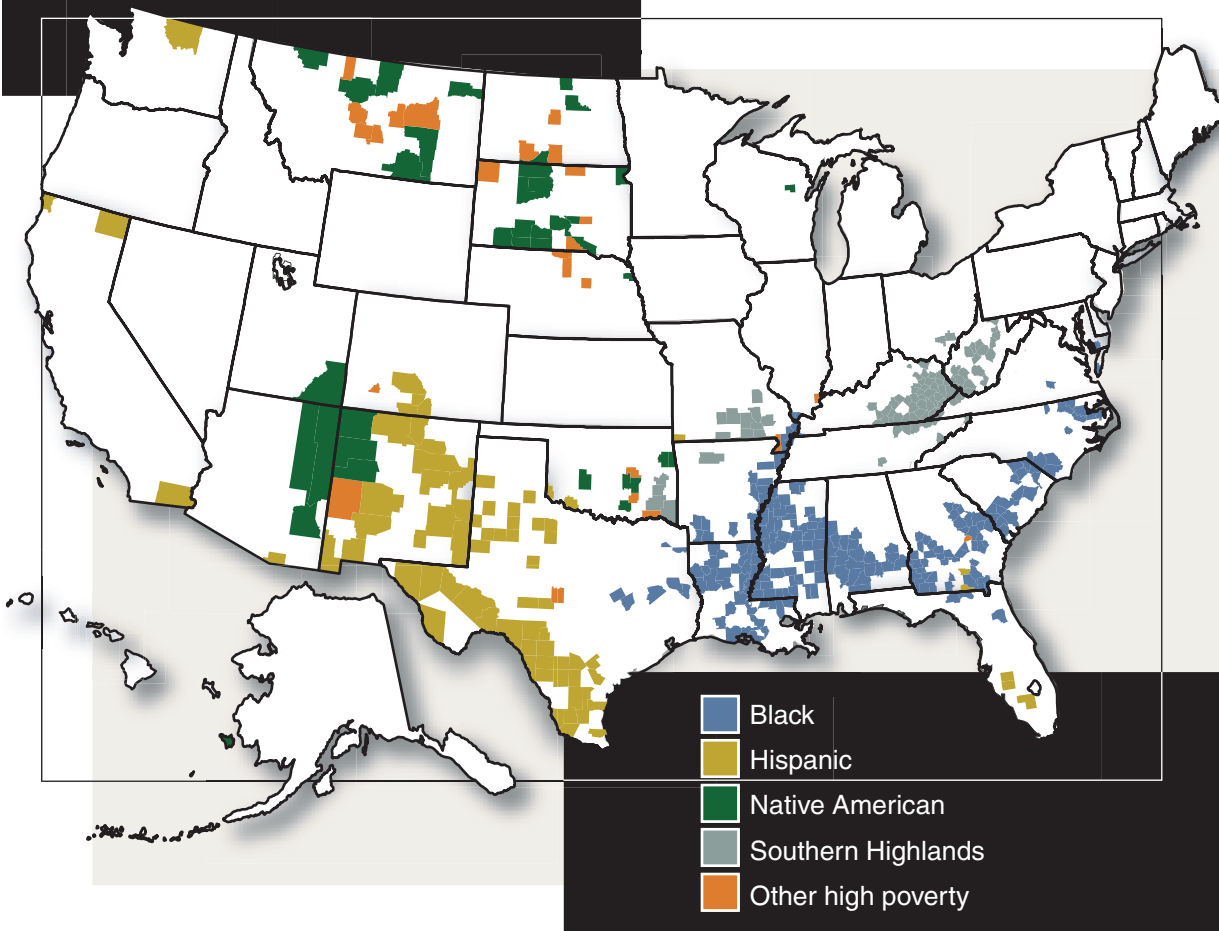
high-poverty areas with particularly low educational levels to boost the skills of their workers. The local economic context is typically more difficult and limiting for minority poor persons than for poor non-Hispanic Whites.

For the most part, areas of high poverty are of long standing, with conditions stemming from a complex of social and economic factors rather than from personal events, such as temporary job layoffs or loss of a spouse. This article identifies a typology of high-poverty counties that reflect racial/ethnic and regional differences in major characteristics such as education, employment,



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Nonmetro counties with high poverty, 2000



Source: U.S. Census Bureau, 2000. High poverty is defined as a poverty rate of 20 percent or more. Map prepared by the Economic Research Service.

Defining Poverty and High-Poverty Counties

The statistical measure of poverty was developed by the Social Security Administration in 1964 and, with slight revisions, has been widely used since then. The measure is based on the income of families and of persons living alone or with nonrelatives. The concept is not applied to persons living in institutions (such as prisons, nursing homes, or long-term hospitals), college dormitories, and military barracks. The income threshold separating poor from nonpoor varies depending on the number and age of persons in a family and is adjusted annually to reflect changes in the value of the dollar. For example, the 1999 poverty threshold was \$8,667 for a person under age 65 living alone or not in a family; \$11,214 for a family of two under age 65; and \$16,985 for a couple with two children under age 18.

This article presents a typology of high-poverty counties that reflects racial/ethnic and regional differences in the character of these counties. High-poverty counties are defined here as nonmetro counties with a poverty rate of 20 percent or more based on 1999 income reported in the 2000 Census. This definition is consistent with the Census Bureau practice of identifying poverty areas. Of the 444 nonmetro counties (based on the 1993 Office of Management and Budget nonmetro definition) classified as high-poverty counties in 2000, three-fourths reflect the low income of racial and ethnic minorities. Black (210 counties), Hispanic (74 counties), or Native American (40 counties) high-poverty areas are identified by one of two conditions: (1) over half of the poor population in the county is from one of these minority groups or (2) over half of the poor population is non-Hispanic White, but it is the high poverty rate of a minority group that pushes the county's poverty rate over 20 percent. For example, Alabama's Crenshaw County has a poverty population that is 55 percent non-Hispanic White and 44 percent Black. The poverty rate for Whites is 17 percent, but the 39-percent poverty rate of Blacks pushes the overall county poverty rate above 20 percent. The Southern Highlands high-poverty areas (93 counties) are located in this part of the country and the poor are predominantly non-Hispanic White. The remaining 27 high-poverty counties fall outside the definition of racial/ethnic minority and Southern Highlands county types.

The typology of high-poverty counties used here is based on county-level data. Once the high-poverty counties are identified, comparisons among high-poverty types are made for persons or households within the county by poverty level, education, employment, family structure, incidence of disability, and language proficiency.

family structure, incidence of disability, and language proficiency that are relevant to programs of poverty alleviation. Of the 444 nonmetro counties classified as high-poverty counties in 2000 (based on 1999 income), three-fourths reflect the low income of racial and ethnic minorities and are classified as Black, Native American, or Hispanic high-poverty counties. The remaining quarter of high-poverty counties are mostly located in the Southern Highlands, and the poor are predominantly non-Hispanic Whites (see box "Defining Poverty and High-Poverty Counties").

Black High-Poverty Counties

Of all high-poverty counties, 210 were characterized by the low income of their Black residents. These counties, with nearly 5 million population, lie in the old plantation belt of the southern coastal

plain, especially from southern North Carolina through Louisiana. Thirty-nine percent of Blacks in these counties had poverty-level income, a proportion well above that of Blacks in nonmetro counties without high poverty (28 percent) or in metro areas (24 percent). Among conditions associated with poverty, nonmetro counties with high Black poverty stand out most prominently in the fact that a third of all poor children under age 18 were in female-headed households with no husband present. This proportion is much higher than that found in other types of high-poverty areas, and is double that in nonmetro counties without high poverty.

In general, poverty is dramatically higher in female-headed households with children, no husband present, than it is in other household types. In nonmetro America as a whole, such households had

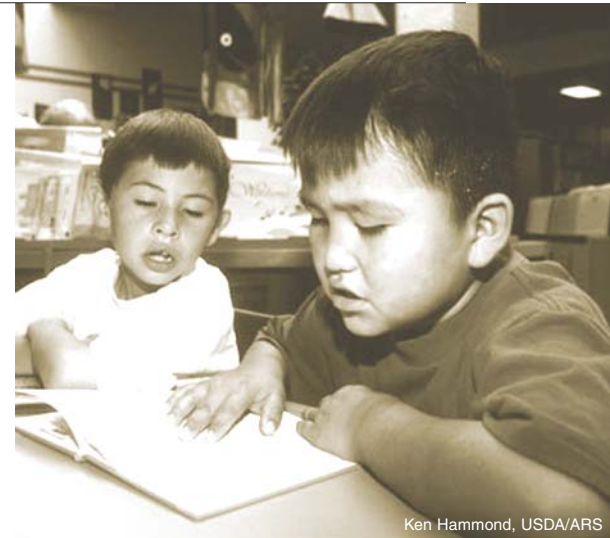
a poverty incidence of 42 percent, compared with 10 percent for all other households with minor children. It is difficult for female-headed families to exit poverty, unless they receive child support, given the lower average wages of women and the lack of other wage earners in such families.

Black high-poverty counties also have a higher proportion of households without a motor vehicle (12.5 percent) than other high-poverty county types and nonmetro counties without high poverty. In rural and small-town communities that have little or no public transportation, lack of a motor vehicle can inhibit access to employment and essential services. (See "Rural Governments Face Public Transportation Challenges and Opportunities" on p. 11.)

Hispanic High-Poverty Counties

High poverty among Hispanics accounted for the overall high poverty rates in 74 counties. These counties are still concentrated in the traditional Hispanic areas of the Southwest, especially

Texas and New Mexico, but some are now in Florida, Georgia, Missouri, and Washington, as the Hispanic population has grown rapidly from immigration and dispersed outside traditional settlement areas. Within the 74 counties, Hispanic



Ken Hammond, USDA/ARS

Distinctive characteristics of high-poverty counties

	Nonmetro counties	
	High-poverty counties	Not high-poverty counties
Black high-poverty counties	<i>Percent</i>	
Female-headed households with children, no husband	32.7	16.8
Households with no vehicle	12.5	6.9
Hispanic high-poverty counties	<i>Percent</i>	
Do not speak English "very well"	21.7	2.7
	<i>\$U.S.</i>	
Mean earnings of women with full-time, year-round work	16,900	29,000
Native American high-poverty counties	<i>Number</i>	
Employees per 100 people	35	47
	<i>Ratio</i>	
Poor under age 18: poor age 65 and older	5.9	2.6
	<i>Percent</i>	
Percent of poor in deep poverty (<75 percent)	20.5	8.4
Southern Highlands high-poverty counties	<i>Percent</i>	
Report disability, age 21-64	31.0	20.2
	<i>Ratio</i>	
High school dropouts: college graduates	3.5	1.3
	<i>Percent</i>	
Male adults working full-time, year-around	35.6	47.5

Source: U.S. Census Bureau, 2000.

poverty rates averaged 32 percent in 2000, a substantial decline from 41 percent in 1990. This drop was achieved despite the fact that Hispanics rose as a share of the entire population in the 74 counties (from 53 percent in 1990 to 58.5 percent in 2000), while the proportion of higher income non-Hispanic Whites in these counties dropped, with absolute declines in many counties.

Among all nonmetro Hispanics, a declining share now lives in high-poverty areas, despite the rising dominance of Hispanics within high-poverty areas where the poor are mostly Hispanic. Hispanic growth in nonmetro areas outside the high-poverty areas was so rapid in the 1990s that the share of all nonmetro Hispanics living in Hispanic high-poverty counties fell from 34 percent to 26 percent. In contrast, nonmetro Blacks and Native Americans showed only modest shifts away from high-poverty areas to lower poverty counties.

Hispanic high-poverty counties differ most widely from other high-poverty counties in the share of people who report that they do not speak English "very well" (22 percent). Native American high-poverty counties had the next highest proportion, with 11 percent of residents reporting difficulty with the English language, but no other group was above 3 percent. Lack of English proficiency is an obvious hindrance to obtaining

higher skilled work. It is especially prevalent in areas with large recent influxes of immigrants, such as along the Mexican border, where it exceeds 40 percent in some non-metro counties.

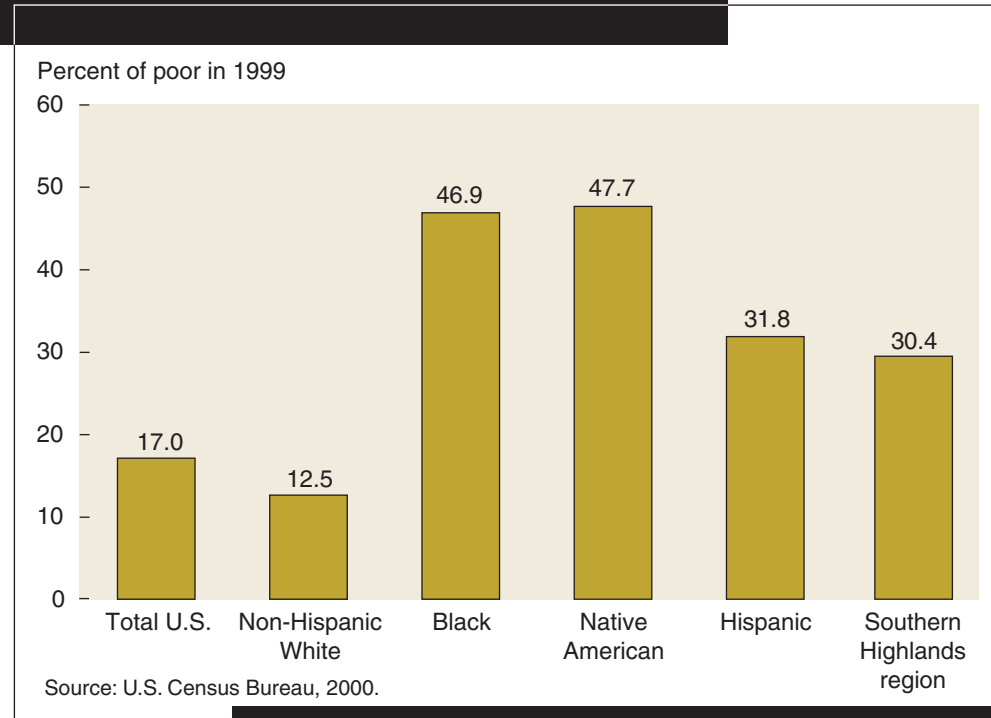
Hispanic poverty counties have a large share of adults (37 percent) who did not complete high school, a condition created partly by the high amount of recent immigration and the limited schooling that many Hispanic immigrants attained in their home countries. This level is considerably higher than the 21 percent for Hispanics in nonmetro counties without high poverty. Hispanic high-poverty counties have more than double the ratio of high school dropouts to 4-year college graduates than do nonmetro areas without high poverty.

The earning capacity of women in Hispanic high-poverty areas is particularly limited, due to their concentration in low-skill, low-wage jobs, reflecting both low education and the economic structure of these areas. In these counties, average annual earnings for women working full time and year round were \$16,900 in 1999, compared with \$19,400 for women in the next lowest county group (Native American) and \$29,000 in counties with low or moderate poverty.

Native American High-Poverty Counties

The high poverty rate in 40 nonmetro counties resulted from low income among Native Americans, including Alaskan Natives. These counties are all located in areas of either historic tribal presence or 19th-century Indian reservation resettlement, especially in the Northern Plains, the Southwest, Oklahoma, and Alaska. The poverty rate of Native Americans in these counties was 41 percent, a level greater than that of the dominant minority in

Percent of poor living in high-poverty counties



other types of high-poverty counties. The Native American counties did not simply have a greater incidence of poverty—they also had the highest proportion in deep poverty. A full fifth of the total population in these areas lived in households with incomes below 75 percent of the poverty line. Thus, substantial increases in income would be required to lift the standard of living of this poorest-of-the-poor segment of the population to a minimally sufficient level.

Native American high-poverty counties have both the lowest share of people employed and the lowest share of men employed in full-time, year-round work compared with other high-poverty counties. In 2000, Native American counties had only 35 employed persons for every 100 persons of all ages (excluding those in institutions), compared with 47 workers per 100 persons in nonmetro counties without high poverty. Only 36 percent of males age 16 and over had full-time, year-

round work in high-poverty Native American counties, versus 47.5 percent in counties without high poverty.

Native Americans in high-poverty counties are much more likely to be children in families than older people, compared with high-poverty minorities in other areas. Native American high-poverty counties have 5.9 poor children under age 18 for each poor person age 65 and over. This compares with ratios of 4.2 for every poor older person in Hispanic high-poverty counties, and just 2.6 in nonmetro counties without high poverty. Thus, alleviation of poverty has to focus more on children and their parents in Native American high-poverty areas than it does in other areas.

In many Native American high-poverty counties, especially in the Northern Plains, the White proportion of the population has dwindled as the number of White farmers and ranchers interspersed among the Indian lands has declined. The non-Hispanic White share of

the population in these areas fell from 44.5 percent in 1990 to 40 percent in 2000. Thus, it is impressive that despite the serious conditions outlined here, an overall reduction in poverty from 34 to 28 percent was achieved in the Native American areas during the 1990s even with the diminished presence of the racial group with the highest income.

High Poverty in the Southern Highlands

Of the high-poverty counties not classified as Black, Hispanic, or Native American, the great majority (93) are in the Southern Highlands. Most are in the Allegheny and Cumberland Plateau country of Kentucky and West Virginia, but others are in the Ozark Plateau and Ouachita Mountains, west of the Mississippi River. Racial and ethnic minorities in these counties are few, and the vast majority of the poor are non-Hispanic Whites.

Poverty in the Southern Highlands is chronic. Historically, the region's topography offered limited potential for commercial farming, few urban centers emerged, education lagged, and much of the area was subject to periods of boom and bust in the logging and mining industries. The modern era has brought improvements, with poverty much reduced since 1960. But the remaining high-poverty counties share several conditions that contribute to income remaining below the poverty level for more than a fifth of the population.

One feature that stands out in the Southern Highlands high-poverty counties is that 31 percent of people age 21-64 report having a disability. This is a higher incidence than that found in any of the other high-poverty county groups and more than one-half higher than that in counties without high poverty (20 percent). Some disabilities stem from mining-related injuries or diseases, but many of the counties with high rates are not mining areas. Not all of the disabilities are work limiting, but their high prevalence

Profiles of Selected High-Poverty Nonmetro Counties

Southern Highlands

Clay County, Kentucky, with 24,000 people, lies in the hill country of eastern Kentucky, with much of its land in a national forest. The county went through an early era of salt making and small-scale farming, followed by timber cutting and coal mining. Today, farming and mining account for just 7 percent of jobs. The county has some manufacturing, and a sixth of the work force commutes to jobs in and around London, in the next county. Despite acquiring a new Federal prison in the 1990s, median household income in Clay County was an exceptionally low \$16,300 in 1999, less than half the nonmetro average. Twenty-two percent of households received assistance from Supplemental Security Income (four times the nonmetro average), labor force participation was very low, as was educational attainment, and 39 percent of persons age 21 to 64 reported having a disability in 2000. Clay County's poverty rate of 40 percent is much reduced from the past, but is nearly the highest in the Highlands, and the nature of its circumstances is widely echoed in other Highlands counties.

Black

It is fair to say that no rural county saw more economic transformation in the 1990s than Tunica County, Mississippi. In 1990, Tunica had the third highest poverty rate in the country. This completely rural Delta area continues to be a land of large cotton, soybean, and rice farms, with a high proportion of Black residents (70.5 percent in 2000), only a few of whom had a stake in farming, except as hired workers.

But the biggest nonmetro complex of gambling casinos in the entire country was added to the county in the 1990s. These large, elaborate casino hotels employed over 14,000 people in 2000, a number far larger than the county's total population of 9,200. The casinos can tap nearby Memphis for many customers, but they have also become destination resorts, with golfing and other attractions. From 1990 to 2000, the poverty rate for Blacks in the county fell from an astonishing 71 percent to 41 percent (but with no drop for Whites, at 15 percent). Obviously, the decline is good news; however, the median county household income of \$23,300 was still more than \$10,000 below the national nonmetro average. Longstanding high disability rates, low educational levels, and high rates of child poverty associated with one-parent households do not disappear in a few years, even with a boom of the magnitude of Tunica County's.

Hispanic

Crosby County, Texas, is an example of a type of Hispanic high-poverty area that has evolved in the West Texas Plains. In many cotton counties there, farmers began extensive use of irrigation after World War II, tapping the Ogallala Aquifer. Historically, these areas had been highly non-Hispanic White in population. Irrigation greatly increased crop yields, but

restricts the potential for education and employment opportunities alone to reduce Southern Highlands poverty.

Despite strides in educational attainment, the high-poverty Southern Highlands counties retain a ratio of 3.5 high school dropouts to each 4-year college graduate. This is 2-½ times the ratio in

nonmetro counties without high poverty and is also higher than that in any of the minority high-poverty county groups. Many young people in the Southern Highlands who have attained advanced education have moved elsewhere for economic opportunity. The Southern Highlands high-poverty counties also

created a need for much more labor. Hispanic workers were brought in for such tasks and soon settled permanently. As farms in the region have become larger but fewer in recent decades, the non-Hispanic population declined, while the Hispanic population increased. The result has been a major change in ethnic makeup. In Crosby County, Hispanics comprised just 6 percent of the population in 1950. Since then, the non-Hispanic population has fallen by 60 percent, while Hispanics have grown by 500 percent and now make up nearly half (49 percent) of the total population of 7,000.

Counties such as Crosby have conflicting forces shaping the poverty rate. On the one hand, the population with the lowest incomes (Hispanics) is becoming an ever-larger share of the total, and its income level thus plays a growing role in determining the overall poverty rate. On the other hand, the poverty rate among Hispanics in the county fell during the 1990s from 50 percent to 39 percent. The rate among non-Hispanic Whites was 15 percent in 2000, a small increase. The county's overall poverty rate declined modestly in the decade from 29.5 to 28 percent. Although farming remains the dominant industry in Crosby County, Hispanics, who make up nearly half of the population, operate only 1 percent of the farms. Texas Plains Hispanics have not yet gained a significant proprietary role in the agricultural industry, either as owners or tenants. Their educational levels are much higher than in the past, but their welfare increasingly depends on local economies that lack enough growth of other work opportunities to offset the loss of farm jobs.

Native American

Todd County, South Dakota, is coextensive with the Rosebud Sioux Reservation, one of a number of Native American reservations in the northern Great Plains. The county's very high poverty rate of 48 percent in 2000 reflects the serious financial circumstances among the nearly seven-eighths of the county's 9,000 residents who are Native American. Median annual earnings of men working year-round, full-time were \$21,000, a third below the national average. The land is not suitable to sustain the population from agriculture, the location is remote from urban areas (whether viewed as markets or accessible job centers), and an "export industry" economy is largely lacking. Over half of all employed people work in education, health services, social services, and public administration, twice the national average. The high poverty level in 2000 persisted despite the opening of a casino and motel.

Poverty has proven much more intractable in the Northern Plains Native American counties than in high-poverty areas elsewhere. All of the Plains Native American high-poverty counties had poverty rates in 2000 that were either somewhat higher or nearly as high as in 1970. One bright development has been the creation of tribal colleges, such as Sinta Gleska University in Todd County. And the Rosebud Nation, like other tribes, is developing wind-derived "green" electricity, one natural resource that the area may have in abundance.

match Native American areas in the low share of men (36 percent) who are employed in full-time, year-round work.

Only 27 high-poverty counties fall outside the classification of Black, Hispanic, Native American, or Southern

Highlands. Fifteen are thinly settled farming areas in the northern Great Plains, where income levels can vary widely from year to year depending on wheat and cattle prices and output. Two others are

the only high-poverty counties where Asians are over half of the poor.

Concentration of Minority Poor

Among poor people living in non-metro America, minority populations are much more likely than non-Hispanic Whites to live in areas where the overall level of poverty is high. Nearly half of all nonmetro poor Blacks and Native Americans live in high-poverty areas, as do nearly a third of all poor Hispanics. By contrast, only an eighth of poor non-Hispanic White households live in a milieu of widespread poverty, notwithstanding the regional concentrations in the Southern Highlands. The local economic context, thus, is typically more difficult and limiting for minority poor persons than for poor non-Hispanic Whites.

Conclusion

All types of high-poverty counties have multiple characteristics on which they differ adversely from counties with less poverty. Virtually all (94 percent) of these counties reflect historic geographical concentrations of minority or Southern Highlands populations. Widespread poverty limits the tax base and, where chronic, may impose a poverty of services. But each type of high-poverty county has its own signature poverty-related characteristics. It is essential to recognize these typically deep-rooted distinctions and their significance if low-income problems are to be addressed successfully in Federal and other programs. High poverty is high poverty, but the context in which it exists varies. **W**

This article is drawn from . . .

The High-Poverty Counties chapter of the ERS Briefing Room on Rural Income, Poverty, and Welfare: www.ers.usda.gov/briefing/incomepovertywelfare/