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# Understanding the Rise in Rural Child Poverty, 2003-2014

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## What Is the Issue?

Rural child poverty fell during the 1990s, but trended upward from 2003 to 2012, rising during the economic expansion of 2003-07, the recession of 2007-2009, and in the first few years of economic recovery. The share of rural children living in poverty peaked in 2012 at 26.7 percent, the highest rate since at least 1968. The rural child poverty rate has since declined, but it remains significantly higher than in 2003. ERS researchers analyze the causes of this decade-long net increase in rural child poverty. How does rural child poverty grow during periods of national economic expansion? Why do poverty rates remain elevated 5 years after the end of the recession? And last, how do trends in child poverty differ between rural and urban areas?

## What Did the Study Find?

Rural child poverty increased by 6.6 percentage points between 2003 and 2012, peaking at 26.7 percent. By 2014, the rural child poverty rate had declined by 3.0 percentage points from the peak. Looking first at the 2003-12 period, we find the following:

- The rise in rural child poverty is partly due to the fact that average incomes for rural families with children did not rise during the economic expansion of 2003-07, and *fell* during the recession and the early years of the recovery. Between 2003 and 2012, average real family incomes fell by 6.5 percent for rural families with children, compared with 3.8 percent for urban families. The effects of declining average income explain an estimated 35 percent of the rise in rural child poverty and 25 percent of the rise in urban child poverty between 2003 and 2012.
- Roughly two-thirds of the rise in rural child poverty and three-quarters of the rise in urban child poverty between 2003 and 2012 resulted not from declining *average* incomes but rather from changes in the distribution of income around that average. Child poverty rose more than might be expected, given average income changes, because income declines were especially large for families with children that were close to the poverty line.
- Some change in the rural distribution of income that resulted in higher child poverty rates reflects changes in the characteristics of rural families with children, including education levels of the parents, family size and composition, and age, sex, race/ethnicity, country of birth, and marital status of the head of household. For urban children during the same 2003-2012 period, changes in these household characteristics had no net effect on poverty.

ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

- The share of children living in married-couple families fell from 71.6 percent to 66.4 percent in rural areas between 2003 and 2012 and from 71.1 percent to 68.4 percent in urban areas. Together with other changes in the number of adults per family, this raised child poverty rates by an estimated 1.4 percentage points in rural areas and 0.2 percentage points in urban areas.
- Although rural education levels still lagged urban areas, the share of rural heads of households (with children) who held bachelor of arts degrees or higher increased by 2.9 percentage points between 2003 and 2012. Rising rural educational attainment held down child poverty by 0.8 percentage points.

From 2012 to 2014, average incomes for families with children grew, nearly regaining their 2003 levels in rural areas and exceeding that year’s value in urban counties. This income growth reduced child poverty considerably. However, the adverse changes in the distribution of income since 2003 have not been reversed; as a result, urban and rural child poverty rates in 2014 remained 3 to 4 percentage points above 2003 levels.

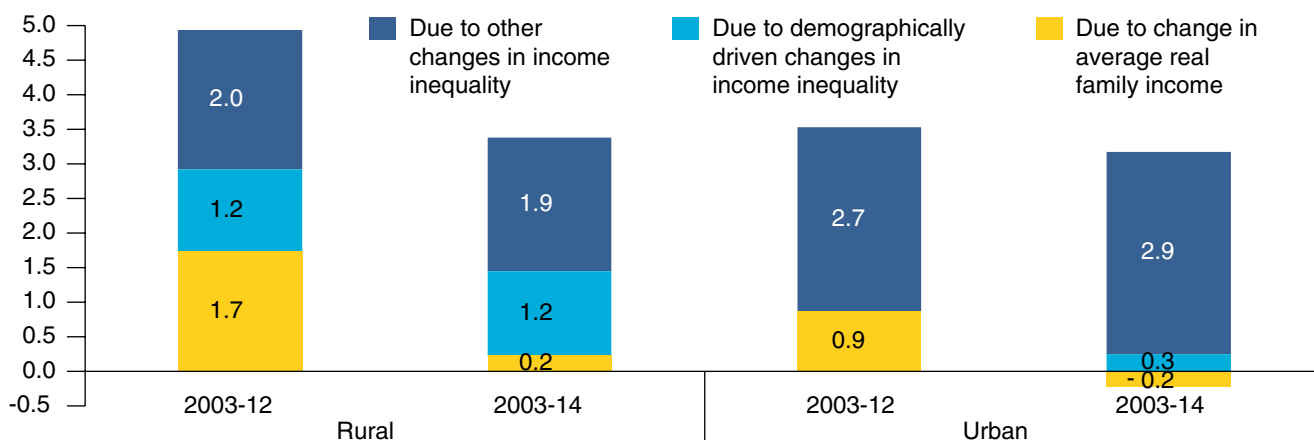
For the full study period, 2003 to 2014, the net increase in rural child poverty was 3.4 percentage points. Just 0.2 percentage point (7 percent) was due to lower *average* income for rural families with children. Had income inequality remained constant, 0.2 percentage points would have been the extent of the increase in rural child poverty. However, lower income families fared worse than average, raising rural child poverty by an additional 3.2 percentage points.

These 3.2 percentage points can be further broken down: changes in factors such as family composition, marital status, and education increased rural child poverty by 1.2 percentage points. But the remaining 1.9 percentage points of the rise resulted from sources of rising income inequality other than changes in these basic demographic factors. These findings emphasize that rising income inequality, often cited in the stagnation of middle-class incomes, also is crucial in explaining the rise in child poverty through 2010 (urban) or 2012 (rural), and its slow rate of decline since then.

Summary figure

**Changes in average real family income explain little of the rise in child poverty between 2003 and 2014**

Percentage point change in child poverty rate



Note: The components of change in the rural child poverty rate do not sum to the 3.4 percent total due to rounding.

Source: USDA, Economic Research Service calculations from U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement (CPS-ASEC), public-use microdata, various years.

**How Was the Study Conducted?**

This study analyzed individual and family-level data from the U.S. Census Bureau's Current Population Survey’s Annual Social and Economic Supplements for 2003, 2007, 2010, 2012, and 2014. The effects of income growth, changing income inequality, and changing demographics were calculated using the method of Danziger and Gottschalk (1995), supplemented by regression analysis.