Rural Poverty Rate Edges Downward

The rural poverty rate declined slightly during 1993-95 after increasing during the early 1990's. The poverty rate remains highest in the rural South, and rural minorities, women, and children are especially disadvantaged economically.

The poverty rate in rural America stood at 15.6 percent in 1995. It declined slightly in each of the previous 2 years, and although the declines were slight, they suggest that the upward trend of rural poverty since 1989 has stopped or reversed (fig. 1). The urban poverty rate also declined slightly to 13.4 percent. The poverty gap of 2.2 percentage points between rural and urban areas has remained almost constant since 1991.

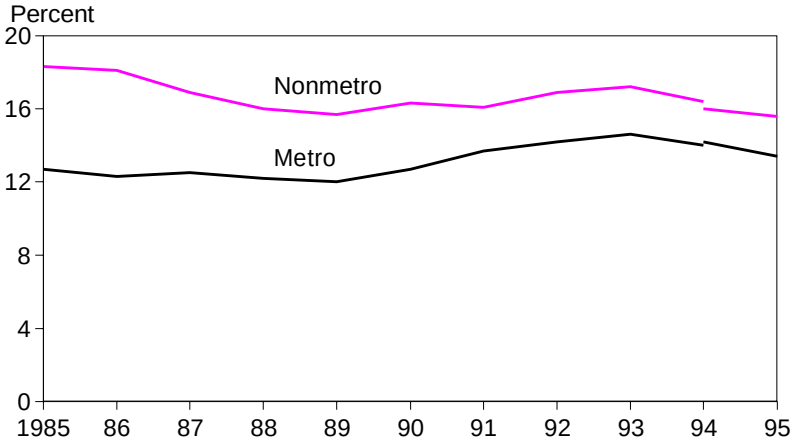
A Disproportionate Share of Rural Residents Have Incomes Just Above the Poverty Line

In rural areas, 26.3 percent of residents live in households with income between one and two times the poverty line, compared with 18.2 percent in urban areas (fig. 2). Continued favorable economic trends are especially important to these households because they are vulnerable to downturns in the national or regional economies. They are also vulnerable to personal or family economic setbacks. The large proportion of families with incomes just above the poverty line makes the rural poverty rate quite sensitive to national and regional economic changes.

Rural Minorities Are Especially Disadvantaged Economically

The poverty rates among rural Blacks (34.8 percent) and rural Native Americans (35.6 percent) were almost three times that of rural non-Hispanic Whites (12.2 percent; fig. 3). The economic disadvantage of rural Hispanics was also substantial, evidenced by a poverty rate of 30.6 percent. Rural poverty rates were substantially higher than urban poverty rates for all racial-ethnic groups except Hispanics. Despite the higher incidence of poverty among minorities, almost two-thirds of the rural poor were non-Hispanic Whites because of the large White majority in the rural population (appendix table 6). Differences in education levels account for only about one-third of the Black-White and Hispanic-White poverty differentials, and about one-fifth of the Native American-White poverty difference.

Figure 1
Poverty rate by residence, 1985-95
The poverty rate in nonmetro counties declined in 1994 and 1995 after a generally increasing trend during the early 1990's



Note: Change of metro status of some counties caused a discontinuity in the data in 1994.

Source: Prepared by ERS using data from the Bureau of the Census' Consumer Income P-60 series (1985-95).

Almost One-Quarter of the Children in Rural America Live in Poverty

In 1995, 3.2 million rural children under the age of 18 lived in families with incomes below the poverty level. The poverty rate for rural children was 22.4 percent. The majority of rural poor children (59.9 percent) lived in single-parent families, most (55.4 percent) in female-headed families. For rural Black children, who face the combined economic disadvantages of rurality, race, and childhood, the poverty rate was 47.6 percent.

The poverty rate among the rural elderly (age 65 and above) was 13.1 percent. This was substantially higher than the poverty rate of the urban elderly (9.7 percent), and essentially the same as that of rural working-age persons. Well over half of the elderly rural poor (57.3 percent) were women living alone.

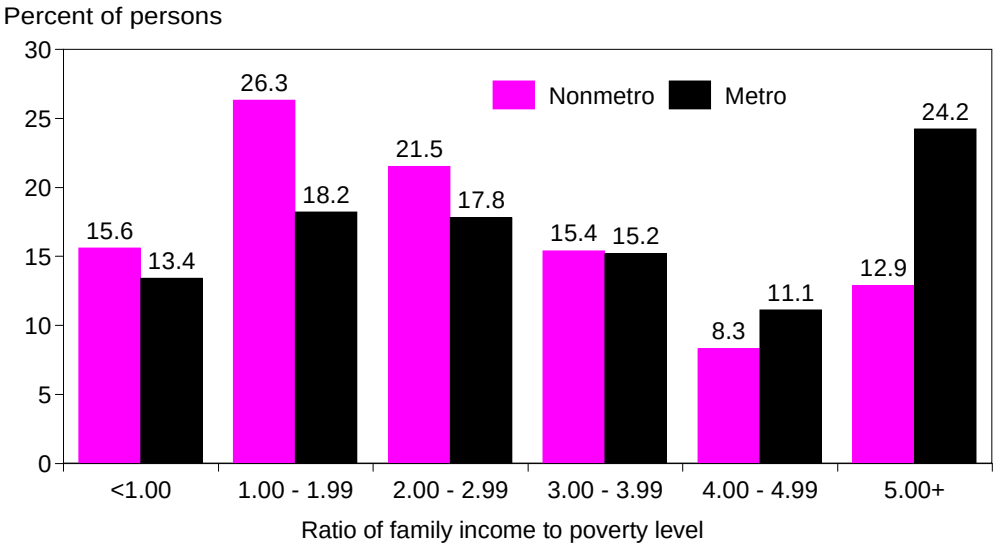
Poverty Higher in Female-Headed Families

Rural women heading families or living alone experience particularly serious economic disadvantages. Although a large majority of the total rural population (69.2 percent) lived in two-parent families, over half of the rural poor lived in families headed by women with no husband present or were women living alone. In 1995, the poverty rate for people living in rural female-headed families was 39.9 percent, and that for rural women living alone was 31.3 percent. By comparison, the poverty rate in rural two-parent families was only 8.3 percent while that for rural men living alone was 22.4 percent.

Employment Status of the Rural Poor

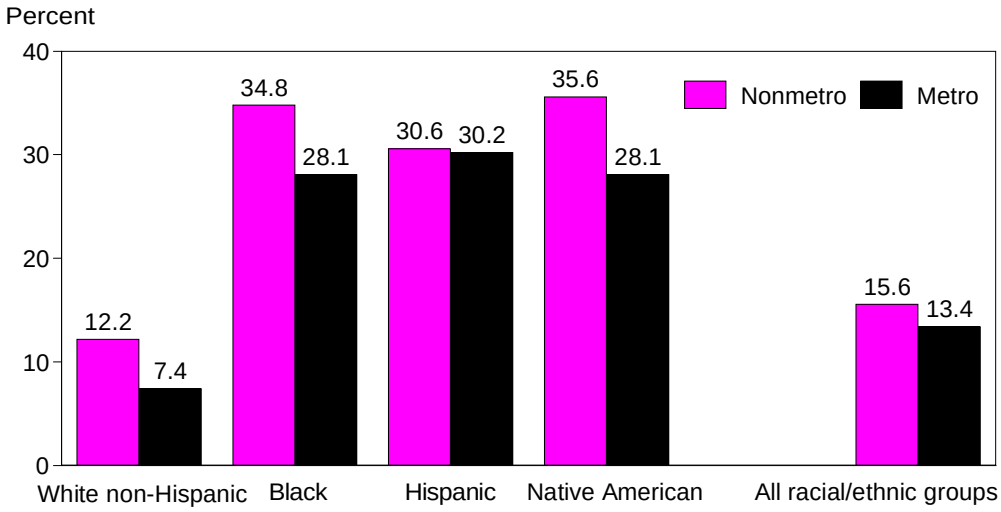
More than 60 percent of the rural poor were in families with at least one working member or, if living alone, were themselves employed at least part of the year. That proportion increased to nearly 70 percent when families with no working-age adults were excluded. Moreover, 23 percent of the rural poor were either in families with one or more full-time workers or were full-time workers living alone. Working poverty is somewhat more prevalent in rural than in urban areas, reflecting the higher proportion of low-wage jobs in rural areas. Among families with full-time workers and full-time workers living alone, the poverty rate was 5.6 percent in rural areas compared with 4.2 percent in urban areas (see appendix table 6).

Figure 2
Distribution of persons by ratio of family income to poverty level, 1995
Compared with urban areas, a disproportionate share of the rural population live in families with incomes just above the poverty line



Source: Prepared by ERS based on data from the March 1996 Current Population Survey.

Figure 3
Poverty rates by race/ethnicity and residence, 1995
Rural minorities experience the highest poverty rates--about three times those of non-Hispanic Whites



Source: Calculated by ERS using data from the March 1996 Current Population Survey.

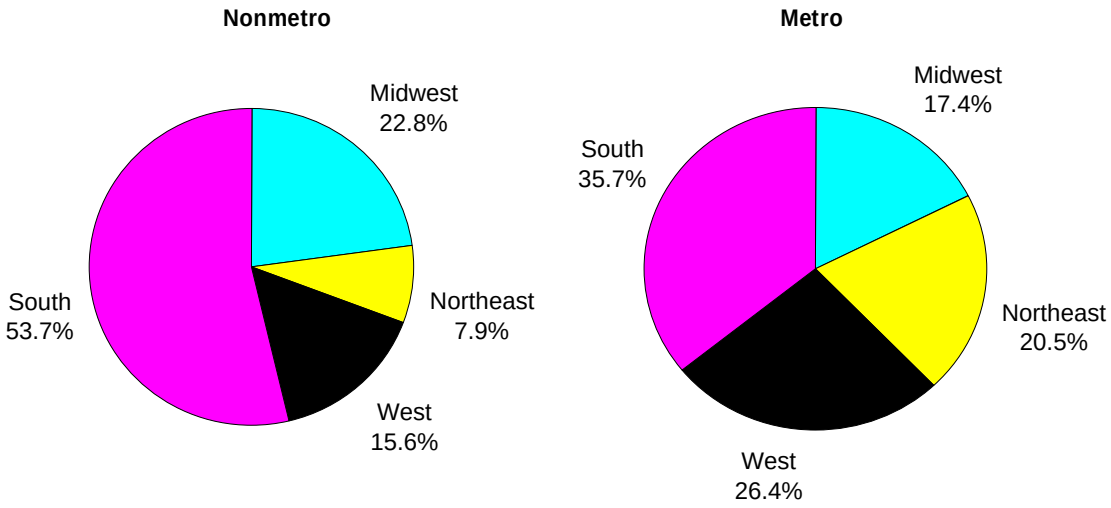
Changes in Metropolitan Classification Affect Poverty Trends

Trends over time in nonmetropolitan poverty statistics are complicated by periodic changes in the metropolitan classification of counties. The largest reclassification occurs once each decade based on population information from the decennial census. Changes based on the 1990 census were first reflected in the poverty statistics for 1994 (see appendix for description of the Current Population Survey data on which these statistics are based). For 1994, the Census Bureau published poverty rates based on both the old and new classifications in order to provide continuity in the data series, and this is reflected in figure 1. The poverty statistics in last year's *Rural Conditions and Trends* were based on the 1980's classification, so they cannot be compared directly with the 1995 statistics reported here.

Most Rural Poor Live in the South

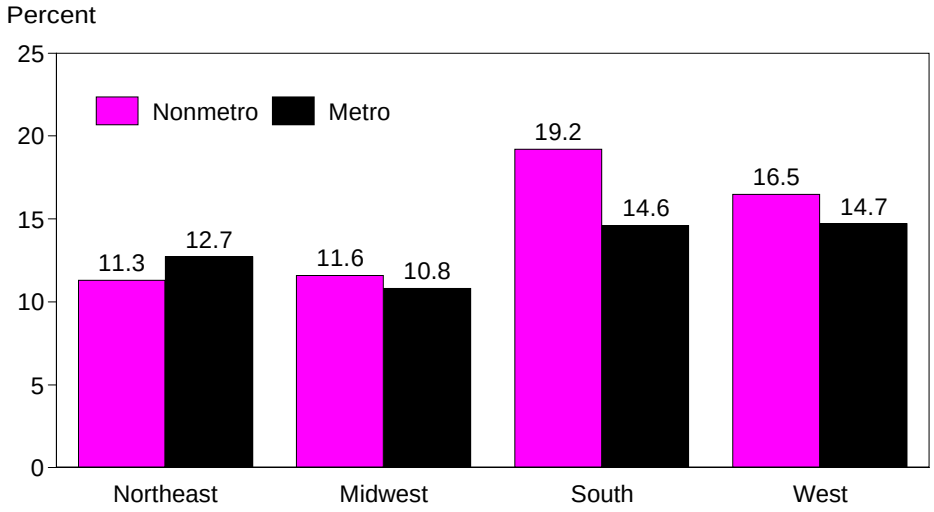
Over half of the rural poor (53.6 percent) live in the South (fig. 4; see appendix for definition of regions). The poverty rate in the rural South, at 19.2 percent (fig. 5), was substantially higher than that in the rest of rural America, and only in the South was the rural poverty rate dramatically higher than the corresponding urban poverty rate. Rural poverty rates were 16.5 percent in the West, 11.6 percent in the Midwest, and 11.3 percent in the Northeast. *[Mark Nord, 202-219-0554 (after October 24, 202-694-5433), marknord@econ.ag.gov]*

Figure 4
Regional shares of nonmetro and metro poor, 1995
More than half of the nonmetro poor live in the South Census Region



Source: Prepared by ERS based on data from the March 1996 Current Population Survey.

Figure 5
Poverty rates by region and residence, 1995
The South has the highest rate of rural poverty and the largest nonmetro-metro poverty gap



Source: Calculated by ERS using data from the March 1996 Current Population Survey.