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# Rural Poverty Research Center

Research Brief 2004-1

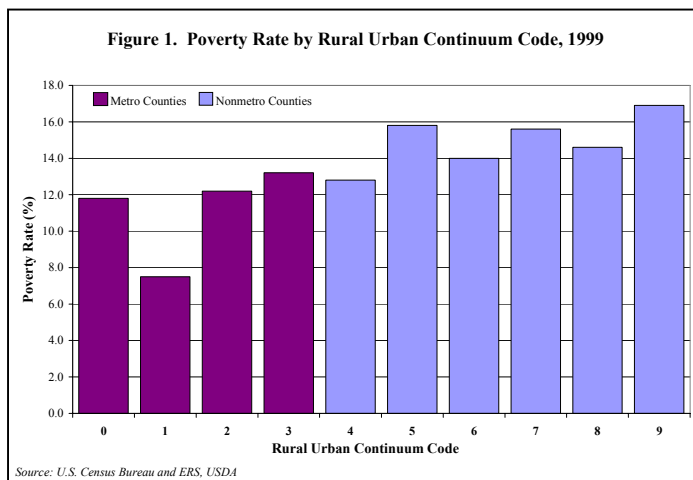
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## *What the Research says about...* **Spatial Variations in Factors Affecting Poverty**

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### Introduction and Overview

There is abundant research that focuses on the causes and consequences of poverty in rural<sup>2</sup> areas, and on the factors that ameliorate rural poverty. While a comprehensive review of this literature is not possible in this space, we summarize the research on differences in poverty between rural and urban areas, and how factors that ameliorate poverty differ between rural and urban areas. We focus primarily on studies that are national in scale, and that looked specifically



at these spatial differences and effects.

Both rural people and rural places are disadvantaged relative to their urban counterparts. Although a larger portion of the poor population resides in urban areas, poverty rates

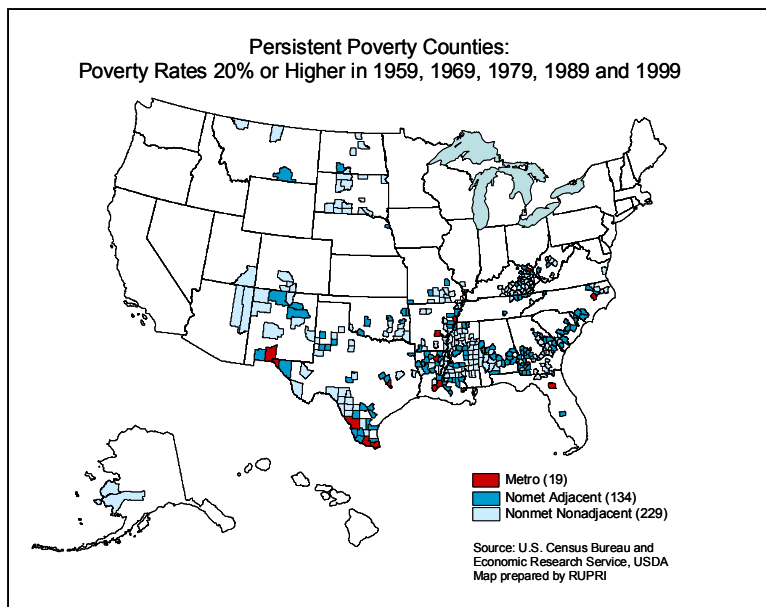
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<sup>2</sup> We use the terms “rural” and “nonmetropolitan” and “urban” and “metropolitan” interchangeably, but are aware of the difficulties of using the terms this way.

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are higher and more persistent in rural areas (Adams and Duncan 1992; Summers et al. 1993; Iceland 2003), and research suggests poverty rates increase as rural areas become increasingly remote (Miller and Weber 2003; Lobao and Schulman 1991; see figure 1). Fisher and Weber (2002) find that poverty rates are highest in remote rural counties and central cities, and that these areas are quite similar on other outcome measures.

Moreover, persistent poverty is overwhelmingly a rural problem. Of the almost four hundred counties with poverty rates of twenty percent or greater in every decade since 1959, ninety-five percent are rural (Miller and Weber 2003). Persistent poverty counties are clustered in several areas, namely Appalachia, the Black Belt, the Mississippi Delta, the Rio Grande



Valley, the Great Plains as well as the Four Corners area (Miller and Weber 2003; Lichter and Crowley 2002; see map at left). Underscoring the poverty clusters, Weinberg (1987) shows a county's proximity to a poor county makes it more prone to poverty itself.

Migration also plays a role in the spatial distribution of poverty. Poor people tend to circulate between poor places, thus reinforcing rather than relieving the spatial concentration of poverty (Nord et al. 1995; Nord 1998). Similarly, Fitchen (1994, 1995) finds that in upstate New York, many rural areas experienced large in migrations of poor people despite limited economic opportunities there, and suggests affordable housing is a motivation. Further illustrating the rural disadvantage, Wenk and Hardesty (1993) conclude that moving to an urban area reduces the risk

of poverty, at least for women. Moreover, high levels of outmigration of well educated persons reinforce the high levels of rural poverty (Fuguitt et al. 1989).

The rural disadvantage persists within most demographic sub-groups. Garrett , Ng'andu and Ferron (1994) find that rural residence increases the risk of poverty and its duration for children. Elders, who are more likely to live in nonmetropolitan areas (Glasgow 2003), are also more likely to be or become poor and less likely to exit poverty than elders in metropolitan areas (Jensen and McLaughlin 1997; McLaughlin and Jensen 1993; McLaughlin and Jensen 1995).

Although the majority of the rural poor are white, rural minorities are particularly disadvantaged (Snipp 1993; Lichter and Crowley 2002; Harris and Worthen 2003). In 2001, more than 31 percent of non-Hispanic blacks, and 25 percent of Hispanics in nonmetropolitan areas lived in poverty, compared to 11 percent of non-Hispanic whites (ERS 2003). American Indians, about half of whom live in nonmetropolitan areas, face unique economic hardships due to geographic isolation and historical forces (Snipp 1996; Gonzales 2003).

What explains such differences? On the one hand, key factors that affect poverty, both individual, such as education, and structural, such as labor markets, vary by place. However, even after controlling for individual and contextual differences, the geographic discrepancy remains in many studies (Cotter 2002; Levernier et al. 2000, Brown and Hirschl 1995; Lichter and McLaughlin 1995). Even more importantly, the ameliorative or buffering effects of certain behaviors, notably work and education, are weaker in rural areas

### ***Factors Affecting poverty***

Just as the rates of poverty differ across the urban rural continuum, so do the factors that affect poverty, and research has illustrated the unique circumstances in rural areas that influence poverty.

## Family Structure

Poor rural residents are much more likely to reside in married couple household than their urban counterparts (Hoppe 1993, Tickamyer et al. 1993). However, poverty rates vary greatly by family structure, with female headed families at a much greater risk of being poor, regardless of place of residence. (Lichter and McLaughlin 1995; McLaughlin and Sachs 1988). Lichter and Jensen (2001) find that rural female heads lag behind their urban counterparts in income levels, although the gap has narrowed somewhat over the past decade, in part due to increasing rates of employment. Porterfield (2001) concludes that the two routes out of economic vulnerability for single mothers are marriage and employment and since rural female heads tend to be clustered in lower paying jobs, employment is less of an effective exit strategy for these women.

## Employment

Rural poverty is more of a problem of the working poor. Poverty rates are substantially higher among working families in rural, as opposed to urban areas (Cotter 2002; Lichter, Johnston and McLaughlin 1994; Tickaymer 1992;Lichter and Costanzo 1987).

Rural workers earn lower wages than urban workers (Lichter and Crowley 2002; Gibbs 2001). Additionally, rural areas tend to have less diverse employment opportunities; in particular, there is greater reliance on the low-wage extractive and manufacturing sectors (Haynie and Gorman 1999). Many of these jobs are less stable and lower paying than those in other sectors (Haynie and Gorman 1999; Tickamyer and Duncan 1990). However, as in metro areas, the service sector is playing an increasingly larger role in nonmetropolitan areas (McGranahan 2003;Gibbs 2002). Albrecht (1998), looking only at nonmetro areas, finds that counties dependent on the service sector have higher poverty rates than those dependent on agriculture.

Underemployment and informal work are also widespread in nonmetropolitan areas (Jensen et al. 1999; Jensen, Cornwell, and Findeis 1995). Not only is underemployment more

common, but individuals in rural areas are less likely to transition from that state into adequate employment (Jensen et al. 1999).

Finally, while employment is generally associated with a reduced risk of poverty, the effects of employment are not the same across the rural-urban continuum. The majority of researchers find that work is less of a buffer against poverty in rural areas. Lichter et al. (1994) find that additional hours worked has a lesser effect on poverty in nonmetro areas, and Brown and Hirschl (1995) conclude that employment of household heads offers less protection from poverty in rural areas. Similarly, McLaughlin and Sachs (1988) find that female labor force participation has a greater impact on poverty alleviation in central cities and suburban areas, and that earnings have less of an impact on poverty in rural areas. These findings are challenged by Cotter (2002), who after controlling for contextual level characteristics, concludes the buffering effect of employment is actually greater in nonmetropolitan areas.

### Education

Educational levels are lower in rural areas. A slightly smaller percent of residents have a high school diploma; however, the greatest gap is seen at higher levels of education (Lichter 1993). As of 2001, more than 26 percent of metropolitan residents possessed at least a college degree, compared to only 15 percent of those in nonmetropolitan areas (ERS 2003). As in the research on rural employment, there are mixed findings on the effect of education on poverty for rural residents. While higher education levels are generally associated with reduced risks of poverty, most studies have found that the buffering effects of education are lower in nonmetropolitan areas (Mills and Hazarika 2002; Porterfield 2001; Lichter et al. 1994; McLaughlin and Perman 1991). On the other hand, Levernier et al. (2000) reach the opposite conclusion, finding education to be more of a buffer against poverty in nonmetropolitan areas.

## ***Summary***

Although poverty exists in both urban and rural places, nonmetropolitan residents are slightly more disadvantaged. This is particularly true when assessing persistent poverty, or rates greater than twenty percent over time. Some, but not all, of this discrepancy can be attributed to differences in both personal and structural characteristics by place. However, the ameliorative or buffering effects of key variables, such as work, education and family structure, also vary by place, with most research suggesting that work and education are not as effective in moving people out of poverty in nonmetro areas.

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