IRP focus

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Rural poverty, part 2

On March 20 to 21, 2018, the Rural Policy Research Institute (RUPRI)—a national center for research on policy affecting rural America—and the Institute for Research on Poverty at the University of Wisconsin–Madison co-sponsored a research conference on "Rural Poverty: Fifty Years After *The People Left Behind*" in Washington, D.C., in collaboration with the Stanford Center on Poverty and Inequality at Stanford University and the Center for Poverty Research at the University of Kentucky. Funding support was also provided by the National Institute of Food and Agriculture, the Annie E. Casey Foundation, and the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.

This issue features three articles that draw from the conference, all on the theme of the social safety net and poverty dynamics (poverty entries and exits). The articles explore what affects transitions into and out of poverty, and how the social safety net in the United States affects those experiencing such transitions in rural versus urban areas.

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Institute for Research on Poverty
UNIVERSITY OF WISCONSIN–MADISON

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1180 Observatory Drive
3412 Social Science Building
University of Wisconsin–Madison
Madison, Wisconsin 53706
(608) 262-6358

Focus is free of charge and distills poverty research of interest for dissemination to a broader audience, with a specific focus on educators, policymakers, policy analysts, and state and federal officials.

Edited by Emma Caspar.

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One important finding that emerges from these articles is the importance of how poverty is measured when estimating poverty levels and evaluating safety net effects. The U.S. Census Bureau uses two primary poverty measures—the official poverty measure and the Supplemental Poverty Measure. The official poverty measure compares pre-tax cash income to a poverty threshold based on three times the cost of a nutritionally adequate diet in 1964, adjusted for inflation and family size. The Supplemental Poverty Measure—introduced in 2011 to provide a more complex statistic—provides an alternative view of poverty, comparing post-tax, post-transfer cash and near-cash income to a poverty threshold based on expenditures on food, clothing, shelter, and utilities, with adjustments for family size and composition and for geographic differences in housing costs. Using the official poverty measure, poverty typically is higher in rural areas compared to urban areas, while the opposite tends to be true using the Supplemental Poverty Measure. The studies described in these articles used various definitions of poverty, and different sets of data, to examine different aspects of poverty dynamics and how reliance on the social safety net compares across regional boundaries and over time.

José Pacas and Elizabeth Davis looked at poverty transitions among rural and urban families based on the Supplemental Poverty Measure, using two-year panels constructed from the 1996 to 2017 Current Population Survey Annual Social and Economic Supplement. They found that lower rural poverty rates compared to urban rates were driven by lower levels of rural residents remaining poor over time. Although they found that rates of entry into or exit out of poverty were similar across rural and urban areas, their findings also indicated that those just above the poverty line in rural areas were less likely to fall into poverty than urban residents in similar economic circumstances. They also found that changes in wages and salaries were most often the key factor in explaining poverty transitions, though this was less often true in rural than urban families.

Iryna Kyzyma explored how the length of poverty spells varied across urban and rural populations, using the official poverty measure and monthly data from the Survey of Income and Program Participation for May 2008 to November 2013. In contrast to Pacas and Davis (and using a different measure of poverty), she found that rural individuals had longer poverty spells on average than urban individuals. Kyzyma also notes that poverty rates calculated with monthly income data were much higher than those based on annual data, especially in rural areas, suggesting that rural residents were more likely than those in urban areas to experience frequent short-term spells of poverty.

David Rothwell and Brian C. Thiede examined the role of the U.S. social welfare system in reducing the poverty rates of families with children in urban and rural areas using Current Population Survey Annual Social and Economic Supplement data for 2005 to 2016. They used three poverty measures: the official poverty measure, an earnings poverty measure (sometimes called a market income measure, based solely on earnings and other private income), and an alternative poverty measure similar to the Supplemental Poverty Measure. They found that, during the Great Recession, rural families with children experienced greater declines in earnings and disposable household income than urban families with children, were more likely than their urban counterparts to fall below the official poverty line, and took longer to recover. Like Pacas and Davis, they identified changes in earnings as the most important factor in rising poverty rates, but unlike them, Rothwell and Thiede found that this effect was larger in rural than in urban areas for their sample of families with children. Using their alternative poverty measure based on post-tax, post-transfer cash and near-cash income, they found that the social safety net reduced poverty by a larger proportion for rural families than for urban ones.■