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Leslie A. Whitener
U.S. Dept. of Agriculture

Bruce A. Weber
Oregon State University

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Leslie A. Whitener, Bruce A. Weber, and Greg J. Duncan

As the Dust Settles: Welfare Reform and Rural America

Understanding rural America is no easy task. It is tempting to generalize and oversimplify, to characterize rural areas as they once were or as they are now in only some places ... The economies of individual areas differ, as do the resources upon which they are built and the opportunities and challenges they face. Some have participated in the economic progress of the Nation, while others have not.

Economic Research Service 1995

The Personal Responsibility and Work Opportunity Act (PRWORA) of 1996, the most significant social welfare legislation in more than 60 years, transformed the federal safety net and the food assistance landscape for low-income households in the United States. Although considerable research has focused on understanding how this transformation is affecting the lives of low-income families, most research to date has focused on urban settings.

Yet there is reason to think that welfare reform may not be working as well for the almost 7.5 million people living in poverty in nonmetropolitan areas (Rural Policy Research Institute 2001; Cook and Dagata 1997). The economic boom of the 1990s has left a poorer menu of job options for rural than urban families, and unemployment, underemployment, and poverty levels remain higher in rural than in urban locations (Cook and Gibbs 2000).

In May 2000, a conference sponsored by the Economic Research Service of the U.S. Department of Agriculture, the Northwestern University/University of Chicago Joint Center for Poverty Research, and the Rural Policy Research Institute brought together some of the nation's leading scholars to review current research on welfare reform outcomes in rural areas.

The book *Rural Dimensions of Welfare Reform*, edited by Weber, Duncan, and Whitener and published by the W.E. Upjohn Institute, comprises much of the proceedings. The book represents the first comprehensive look at the spatial dimensions of PRWORA, examining how this landmark legislation is affecting caseloads, employment, earnings, and family well-being in rural and urban areas.

PRWORA replaced long-term entitlement to income maintenance benefits with a short-term temporary assistance program aimed at helping families get back on their feet and facilitating the employment of heads of households. It furthermore gave states more flexibility in administering programs to meet their needs. Specifically, the legislation replaced the entitlement Aid to Families with Dependent Children (AFDC) with the Temporary Assistance for Needy Families (TANF) program, which is funded through block grants. TANF imposes a five-year lifetime limit on receiving federal welfare benefits and requires recipients to participate in work activities within two years of receiving benefits.

Table 1 Counties with Persistent Poverty: Selected Characteristics

Characteristic	Counties with persistent poverty	All nonmetro counties
No. of counties	535	2,276
% of nonmetro population, 1999 ^a	18.5	100
Population change ^a (%)		
1980-90	-0.16	2.69
1990-99	6.15	7.61
Annualized employment change ^b (%)		
1979-89	0.5	0.9
1989-99	0.8	1.1
Unemployment rate ^b (%)		
1990	8.1	6.5
1999	7.1	5.2
Poverty rate, 1990 ^c (%)	29.1	18.3
Black population, 1990 ^c (%)	21.2	8.0
Hispanic population, 1990 ^c (%)	7.8	4.3
Female-headed households with children, 1990 ^c (%)	7.5	5.2
High school dropouts ^c (%)	14.3	11.0
Earnings per job, 1998 ^d (\$)	22,931	24,408
Per capita income, 1998 ^d (\$)	17,910	21,384

^a Bureau of the Census.

^b Bureau of Labor Statistics, Local Area Unemployment Statistics.

^c 1990 Census of Population.

^d Bureau of Economic Analysis

SOURCE: Calculated by USDA, Economic Research Service

In addition to the direct changes to the cash benefit programs, PRWORA also has had direct and indirect implications for food stamps. The Act tightened some of the provisions of the Food Stamp Program, but in addition, research suggests that welfare reform has reduced food stamp participation. Dion and Pavetti (2000) found that many TANF participants who have left the cash welfare program have also stopped receiving food stamp benefits, even though they are likely to still be eligible. State diversion policies, local office practices, and misinformation may explain this phenomenon.

The Rural Context

Many rural areas are characterized by conditions that are likely to impede the move from welfare to work. As a result of low population densities, distances to jobs are often great, creating needs for reliable transportation. Key social and educational services may be unavailable or available only with a long commute. Child care options are fewer and harder to arrange. At the close of the century, after almost a decade of unprecedented economic growth, nonmetropolitan poverty remained 2 percentage points higher than in metro areas, with over 14 percent of the nonmetro population living below poverty. Unemployment and underemployment was also higher in nonmetro than in metro labor markets. Job growth, per capita income, and earnings per job were lower.

The Economic Research Service (1995) identified over 500 persistently poor nonmetro counties, and as Table 1 shows, they are characterized by a disproportionate number of economically at-risk persons, including racial/ethnic minorities, female-headed households, and high school dropouts.

Lagging Behind, but Not as Far Back as Might Be Expected

Despite the many reasons to suggest that welfare reform may not work as well for the one-fifth of the nation's poor living in rural areas, the systematic look at the rural dimensions of welfare reform by the authors in this book enumerated some serious warning signs for policymakers interested in rural poverty. Most of the case studies reported in the book found smaller welfare reform impacts on employment and earnings in rural than in urban areas. We believe that space makes a difference and not all places have benefitted equally from the strong economy and welfare reform. The following paragraphs summarize a sampling of the chapters.

Using county-level data from Mississippi and South Carolina, Mark Henry found that rural areas in these states have had more difficulty than urban areas in reducing welfare participation. Henry Brady and coauthors examined administrative data from California and found that the seasonality of employment in rural agricultural counties led welfare recipients to combine seasonal work with welfare in the off-season when the labor market softens. They raise a significant concern about the advent of time limits, because the families will have to find other ways to support themselves in the off-season once their benefits have ended.

In an examination of recidivism in Iowa, Helen Jensen and colleagues found that rural recipients were more likely to return to the rolls than their urban counterparts during the first two quarters after leaving the program, but after this initial period, the rates of return were quite similar. Signe-Mary McKernan and coauthors use both primary and secondary national data sets to assess whether the employment responsiveness of single mothers differs in rural and urban areas. Their qualitative fieldwork identified as potential problems in rural areas the following: inadequate transportation, limited employment services, weak labor markets, low education levels, and shortfalls in transitional benefits. But, contrary to expectations, using nationally representative quantitative data, these authors found that rising employment rates of single mothers between the ages of 19 and 45 were approximately as high in rural as in urban areas.

A concern frequently raised in welfare reform debates is, “Will there be enough jobs for those leaving the rolls?” Frank Howell assessed the capacity of labor markets in Mississippi to absorb the 1996 cohort of TANF recipients by comparing their educational credentials with the skills needed in the projected job openings in 1997–2002. He concluded that urban labor markets will be better able to provide both “skill-matched” jobs for welfare leavers and child care services than rural labor markets.

The conference also considered the demand side of the labor market. Drawing on a survey of Minnesota employers, Greg Owen and his coauthors found little difference in the attitudes of employers in rural and suburban/urban areas. In both areas, employers generally viewed the lack of “soft skills” as the primary barrier to workforce participation of welfare leavers. Interestingly, these authors also interviewed welfare recipients and found a different perspective. These individuals cited low wages, lack of child care, and lack of education as the primary barriers.

The decline in food stamp caseloads after welfare reform raised concern about why eligible families were not participating, and whether there was a regional dimension to this issue. Sheena McConnell and James Ohls examined Food Stamp Program participation data and concluded that the program is at least as successful in serving nonmetropolitan area households as it is in serving their metropolitan counterparts. Participation rates are higher in rural areas, and the recent declines occurred primarily in metro areas.

Using data from the Current Population Survey Food Security Supplements, Mark Nord found that food insecurity increased substantially among low-income households not using food stamps, suggesting that reduced access may be a problem. However, hunger among this population did not increase, suggesting that those who most needed food assistance still had access to food stamps. Nonmetropolitan patterns were not substantially different from national patterns.

Reauthorization

The Congress is now beginning the process of reauthorizing PRWORA in 2002. The research studies comprising this conference and its proceedings provide a strong empirical basis to help inform the policy debate and will serve to identify some of the challenges and opportunities facing low-income families residing in rural areas.

Suggestions for Further Reading

Cook, Peggy, and Elizabeth Dagata. 1997. “Welfare Reform Legislation Poses Opportunities and Challenges for Rural America.” *Rural Conditions and Trends: Federal Programs* 8(1): 38–47. Available at <<http://www.ers.usda.gov/publications/rcat/rcat81/rcat81g.pdf>>.

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The Authors

Leslie A. Whitener is chief of the Food Assistance and Rural Economy Branch, Economic Research Service, U.S. Department of Agriculture in Washington, D.C.

Bruce A. Weber is a professor of agricultural and resource economics at Oregon State University. He is currently serving as chair of the Rural Policy Research Institute Rural Welfare Reform Research Panel.

Greg J. Duncan is a professor of education and social policy and a faculty associate in the Institute for Policy Research at Northwestern University. He also directs the Northwestern University/University of Chicago Joint Center for Poverty Research.