Lessons Learned: Welfare Reform and Food Assistance in Rural America

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The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 ended cash assistance as a federal entitlement and imposed time limits and work requirements as a condition of assistance. It also gave state governments more flexibility in designing welfare policy while imposing new accountability requirements on the states. This increased flexibility was intended to allow states to “respond more effectively to the needs of families within their unique environments.”

Some states responded to this devolution of authority by giving counties more leeway in designing welfare policies to meet local conditions. Most states, however, implemented uniform programs statewide. The existence of uniform, statewide programs and federally imposed universal time limits and work requirements have led some to wonder how disadvantaged areas and families headed by persons with multiple barriers will fare. There has been a particular interest in how welfare reform might affect the one-fifth of the U.S. population that lives in nonmetropolitan areas (Stangler 2000; Blum et al. 2000; Rural Policy Research Institute 1999).

The chapters in this volume provide an empirical basis for some
preliminary judgments about how welfare reform is working in rural areas during its first five years and about what kinds of changes might make the Temporary Assistance for Needy Families (TANF) and Food Stamp programs more successful in both rural and urban areas. In this concluding chapter, we attempt to summarize the lessons from the volume about the rural-urban differences in welfare reform outcomes and suggest some implications for future welfare policy. We begin by briefly reviewing some reasons why welfare reform might be expected to have different impacts in rural areas. We then review the evidence from the chapters in this volume about the impact of welfare reform on caseloads, employment, earnings, and family well-being in rural and urban areas and derive some lessons from this evidence. These lessons suggest some general implications for future antipoverty policy, and some specific ideas related to reauthorization of PRWORA. We conclude with a reflection on the spatial implications of welfare policy.

WHY MIGHT WELFARE REFORM EFFECTS DIFFER IN RURAL AND URBAN AREAS?

Rural areas are exceedingly diverse. Some are growing rapidly and have high rates of in-migration; others are economically stagnant and are losing population. Some have high concentrations of agriculture and forestry; others have no significant presence of these industries. Some have high concentrations of African American, Hispanic, and Native American populations. Some are adjacent to metropolitan areas and others are isolated from large cities.

Yet all rural areas share one common characteristic: relatively low population densities. This characteristic shapes the economic prospects of rural communities and regions, and the capacity of the local public and nonprofit sectors to provide community services. Local economic conditions and community services, in turn, affect the well-being of the residents of rural areas, and the ways rural people might respond to a given set of federal and state policies. To the extent that rural and urban areas differ in their local labor markets and support services, one might expect the impact of a policy change to differ as well. Therefore, the question is, how are rural labor markets and support services different from those in urban areas?
Local Labor Markets

When compared with urban areas, local rural labor markets generally offer fewer job options. Average wage levels are lower in rural than urban areas, although lower costs of living in rural areas may offset these disadvantages somewhat. The types of jobs available in rural areas are not as likely to provide steady employment at high wages because employment in rural areas is more concentrated in minimum-wage and part-time jobs and more likely to involve routine work. In some rural and agricultural areas, employment is more seasonal.

On the supply side of the labor market, rural residents have personal characteristics that may make it harder for them to become and to stay employed, relative to urban residents. In particular, rural residents have lower average levels of formal education than their urban counterparts. Unemployment rates are, on average, higher in rural than urban areas, and the unemployment gap between rural and urban areas is growing; unemployment rates for single female-headed families with children (those most affected by welfare reform) are also higher in rural than in urban areas. Underemployment rates (the underemployed include the unemployed, as well as discouraged workers, involuntary part-time workers, and low-income workers) are also higher in non-metropolitan areas than in metropolitan areas, and higher even than in central cities (Findeis and Jensen 1998).

Availability of and Access to Work and Family Support Services

The sheer fact of greater distances to jobs and support services introduces a greater access barrier for rural residents. Access to jobs, child care, training, and other support services requires reliable personal transportation and, often, more time and money in rural than urban areas.

On one hand, lower population densities in rural areas make it more difficult to support some specialized support services. Services that support work, such as public transportation and specialized education and job training, are often not present in rural communities. Formal, paid child care is less available in rural areas. Family supports, such as health and mental health services, emergency services, and services for those with disabilities, are also often only available in larger central places. On the other hand, rural residents often have more ex-
tensive and stronger informal personal support networks, which can
compensate to some extent for the weaker formal support services in
helping single mothers make the transitions into paid employment.
In sum, rural welfare recipients have lower levels of formal edu-
cation, poorer access to high-quality employment opportunities, and
poorer access to services and infrastructure to support work and family
(job training and education, child care, transportation, health care, and
emergency services). These barriers for rural residents suggest that
welfare reform could well be less successful in moving low-income
adults into the workforce and out of poverty.

RESEARCH ON RURAL/URBAN DIFFERENCES IN
WELFARE REFORM EFFECTS

TANF and Food Stamp Participation

TANF and food stamp caseloads declined dramatically in both ru-
ral and urban areas over the past seven years. TANF caseloads declined
47 percent between 1994 and 1999, while the food stamp caseload de-
clined 30 percent over this same period. TANF caseload declines were
fueled by a mixture of booming economic conditions and welfare re-
form changes, as well as expansion of the Earned Income Tax Credit,
with most, but by no means all, former recipients securing at least a
temporary foothold in the labor market.

Food stamp declines are more troubling, given that most families
leaving TANF retain eligibility for food stamps. It is clear that state
policies have a significant impact on food stamp participation. For ex-
ample, in Ohio between 1994 and 1999, the TANF caseload fell by 53
percent, a decline not much greater than the food stamp caseload de-
cline of 45 percent. In contrast, South Carolina made special efforts to
promote food stamp use, and its TANF caseload decline over this peri-
od (64 percent) was much greater than the 13 percent fall in food stamp
caseloads.

Overall, food stamp participation rates appear to have declined
more in urban than rural areas. More generally, though, patterns of
TANF and food stamp caseload declines differ between rural and urban
areas, but with the differences varying considerably from one state to the next. It is difficult to draw general conclusions that apply to all or even most states. Thus, state policies must be developed with an eye toward the unique features of the given state.

**Employment and Earnings**

Reducing caseloads is a major goal of welfare reform, but it is not the only goal. One issue that has not been resolved in the few years since PRWORA was enacted is how recipients who have left the rolls are faring in the labor market, and whether this experience differs in rural and urban areas. Can welfare recipients find work? Is the transition more difficult in rural areas? How interested are employers in hiring recipients? What kinds of jobs are they getting? How much are they earning? Can former welfare recipients escape poverty through work? The tight labor markets and low unemployment rates nationwide throughout the late 1990s provided the best possible environment for welfare recipients entering the labor market. Reductions in caseloads, however, do not mean that all rural and urban families that leave the rolls are making ends meet.

**Can rural welfare recipients find work?**

National-level studies have suggested that welfare reform and expansion of the Earned Income Tax Credit are playing important roles in raising the employment rates of single mothers (Meyer and Rosenbaum 2000), with some research finding that more than half of mothers leaving the welfare rolls are employed at some time after ending their welfare participation (Cancian et al. 1999; Brauner and Loprest 1999). A high work response to welfare reform has occurred in both metro and nonmetro areas. McKernan and her coauthors (in this volume, p. 257) find few differences in the effect of welfare reform in metro and nonmetro areas for all single mothers, although the more disadvantaged group of low-educated, single mothers in rural areas has not shared the employment gains of their urban counterparts. A more detailed comparison of nonmetro and central-city residents shows lower employment gains between 1989 and 1998 for nonmetro single mothers with children than for central-city mothers. However, the data do not support the early, dire predictions that rural mothers and their children
would be left behind in job attainment under the new welfare policy and economic environment (see in this volume, Danziger, p. 25; Lichter and Jensen, p. 77).

Assessments of welfare reform at the state level suggest more variable effects. Minnesota implemented an experimental welfare waiver program with complementary components of financial incentives to encourage work and mandatory participation in employment-focused services for long-term welfare recipients. In their chapter (p. 287) on the effects of this welfare program, Gennetian and colleagues find that employment among long-term, single-parent recipients increased in both urban and rural counties during the two years after selection for study in 1994–1996. However, in contrast to the large and lasting employment increases in urban counties, average employment increases were much smaller in rural counties, and the effects on employment faded considerably by the last year of follow-up.

**Is the welfare-to-work transition more difficult in rural areas?**

Most national-level research in this volume suggests that obstacles to employment for single mothers leaving welfare are no greater in rural areas than in urban areas. Rural areas are becoming more culturally, politically, and economically integrated, and many issues related to low-wage service economies are relevant for both rural and urban areas.

State-level analyses, however, suggest that barriers to work can vary widely by labor market area. Howell’s Mississippi labor market analysis (in this volume, p. 313) quantitatively demonstrates that labor market areas differ in their capacity to create net job growth that matches the educational credentials of TANF recipients. Moreover, the labor market areas that are likely to be the most challenged by this spatial mismatch are also those with the worst access to licensed child care facilities. The nonmetropolitan labor market area in the Delta region appears to hold the bleakest outlook for TANF recipients to find jobs that will match their educational credentials. Areas of the state with the highest levels of urban influence hold the brightest prospects for job-matched employment. The availability of regulated child care facilities also follows this pattern of urban influence.

Similarly, interviews with welfare families and community infor-
mants in seven Iowa communities ranked by population density suggest that differential effects of welfare reform policies hinge on differences in the proximity of jobs and access to support services (see Fletcher, in this volume, p. 201). Urban centers offer more job opportunities and support a scale of auxiliary social services that cannot be matched in rural communities. Welfare recipients who live in or adjacent to urban areas have potential access to more jobs, and jobs that pay higher wages compared with recipients who live in remote rural communities. However, capitalizing on local jobs requires access to reliable, affordable transportation. The feasibility of establishing cost-effective mass transit systems depends, in part, on population density and, therefore, is more likely to exist in urban areas. Families making the transition from welfare to work need an array of support services that include job training, health care, child care, or a range of emergency services.

Have employment transitions improved the economic well-being of rural recipients?

National-level analyses show that welfare-to-work transitions resulted in significant gains in total per-capita earnings between 1993 and 1999 for nonmetro, single, female-headed families with children, larger than the gains seen for their metro counterparts (Mills, Alwang, and Hazarika 2000). The status of heads shifted from “not in the workforce and on welfare” to the more remunerative state of “in the workforce and not on welfare” is often used as an indicator of program success. This shift accounted for nearly all of the gains in total per capita income between 1993 and 1999. However, these welfare-to-work shifts and the resulting economic gains are largely due to increases in the education and ages of single mothers and improvements in area economies rather than to structural shifts related to welfare reform.

Assessments at the state level also point to limited effects of welfare reform on earnings in rural areas, although the effects are more positive for urban areas. Gennetian and coauthors (in this volume, p. 287) find that the waiver program in Minnesota had no statistically significant effect on the average earnings of rural welfare recipients, although it increased the average earnings of urban recipients. The program increased income (measured by welfare and earnings) for both
urban and rural recipients because it allowed recipients to maintain their welfare income as their earnings increased. Differences in recipients’ prior marital history and changes in family structure, particularly, explain the programs’ different effects on rural and urban recipients.

**Can former welfare recipients escape poverty through work?**

Although most former recipients can find some work, many cannot get or keep full-time, year-round work. As a result, many welfare recipients return to the welfare system for economic support. Jensen and coauthors, in their chapter, explore returns to welfare in Iowa and find, for example, that among welfare recipients, those in metro areas were less likely to leave welfare compared with those in nonmetro areas. Once they left, however, metro residents were less likely to return right away. After the first two quarters, there was little difference in the likelihood of returning to welfare between metro and nonmetro residents. Iowa’s experience suggests that human capital, child support, and the presence of children are major determinants of welfare dependence and cycling.

Additional analysis suggests that the impacts of welfare-to-work transitions are likely to vary systematically by type of county. Brady and coauthors, in their chapter (p. 147), argue that welfare use patterns in California’s rural and agricultural counties differ from those in urban counties, owing largely to variation in employment patterns. The average welfare recipient in either a rural or agricultural county has more, and shorter, welfare spells than the average welfare recipient in an urban county. A person in these rural or agricultural counties is, therefore, more likely to begin receiving welfare in a given year. However, once on welfare, he or she is more likely to exit welfare before an urban welfare recipient who began welfare at the same time. Significant seasonality exists in the nonurban caseload. The average California welfare recipient in an agricultural or rural county is more likely than the average welfare recipient in an urban county to exit in the summer months than in the winter months.

Over one-third of working, rural female heads are in poverty, a rate higher than at any time since 1989 (see Lichter and Jensen, in this volume). The problem for most rural, poor adults is less one of finding a job than of finding a job that pays a living wage. Harvey and coauthors,
in their chapter (p. 375), analyze the short-term impacts of welfare reform in the persistently poor rural areas of central Appalachia, the Mississippi Delta, the Lower Rio Grande Valley, and Indian reservations in South Dakota. They find that personal and policy adjustments have buffered the severity of negative impacts predicted by many reform critics. Personal adjustments include extensive participation in informal labor markets, and reliance on strong networks of family support. An institutional response in these areas has been to suspend time limits in some counties. It is likely that many of those who left the welfare rolls have found work in either the formal or informal labor market. Welfare reform may have reduced the ability of poor adults to combine welfare assistance with informal work.

Poverty

Poverty rates are higher in nonmetropolitan areas than in metropolitan areas, and they have declined more over the last decade. Public assistance has had a modest effect in moving single mothers with children out of poverty, moving them out of deep poverty, and closing the “poverty gap” (the gap between their incomes and the poverty line for their family). Welfare reform and a strong economy combined to reduce poverty among single mothers with children since 1996. For the most part, welfare reform did not differ greatly in rural and urban areas in its effect on poverty. Yet there is some indication that this “ameliorative effect” has been greater in metropolitan areas than in nonmetropolitan areas. As Lichter and Jensen report in their chapter, this ameliorative effect of public assistance for single mothers with children declined since 1996, and it decreased more in nonmetro areas.

Food Insecurity and Hunger

There was no substantial difference between metropolitan and nonmetropolitan areas in levels of hunger and food insecurity during the late 1990s. Food insecurity remained the same but hunger rates declined significantly between 1995 and 1998 in both nonmetropolitan areas and nationally.

The substantial declines in food stamp use during the late 1990s
may have been because of decreases in program access or because of less need. Nord’s chapter (in this volume, p. 433) shows that food insecurity increased substantially in the late 1990s among low-income households not participating in the Food Stamp program. He concludes that much of the decline in food stamp use by low-income households “appears to have resulted from less access to food stamps, rather than less need for food assistance.” Because there was no corresponding increase in hunger, however, it appears that the most needy households, those facing hunger without food assistance, were generally still able to access food stamps.

LESSONS LEARNED

The chapters in this volume provide some insight into the spatial variation in welfare reform outcomes and the differences in context, opportunities, and barriers that shape the different outcomes. Four lessons emerge from these studies:

• Both work-oriented welfare policy and a strong national economy have reduced the welfare caseload and resulted in increased incomes and lower poverty for both urban and rural single-parent families. When viewed from the national level, nonmetropolitan outcomes related to welfare use, poverty, and employment of single-parent families are not significantly different from metropolitan outcomes. As one looks at specific states, and regions within those states, however, enormous variation emerges within and among urban and rural areas in the structure of opportunities and in outcomes.

• Both personal characteristics and structural conditions hinder the success of low-income people making the transition from welfare to work. Low-income people in rural areas generally face substantial structural barriers: fewer and lower-wage jobs, long distances to services and jobs, low automobile access (a greater barrier because of the distances and no public transportation), and lack of child care options. Personal barriers, however, are more ubiquitous in both rural and urban areas: a lack of soft skills (work-related social and interpersonal skills), lack of edu-
cation (although rural single mothers are somewhat better educated than their urban counterparts), and personal stress.

- Participation in the informal economy is an important element of the economic strategies used by low-income people to make ends meet, perhaps particularly in rural areas. Because welfare reform’s work mandates do not recognize informal work, rural residents in severely depressed regions have experienced economic hardship from losing a welfare income without being able to replace it through work in the formal economy.

- Welfare participants, employers, and welfare administrators have quite different views on why people participate in welfare programs and what prevents them from getting jobs that move them to self-sufficiency. Welfare participants stress low wages, their own lack of education, and local child care availability as major barriers to self-sufficiency. Employers stress the lack of soft skills, transportation, child care problems, and the lack of a “work ethic” among the welfare recipients. Welfare administrators point to both personal issues (generational dependence on welfare, lack of education and motivation, substance abuse) and structural barriers (lack of jobs and transportation, expense of owning a car) as impediments to self-sufficiency. Where welfare policy implementation is devolved to the local level, local administrators appear to be energized by the increased responsibility to attempt innovations.

These lessons suggest that antipoverty policy will be more effective if it recognizes the diversity in context, resources and opportunities in different places.

POLICY IMPLICATIONS

The 2002 reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 will provide an opportunity to make adjustments in the federal welfare regulations and in state programs. The chapters in this volume point to five ways in which welfare policy could be redirected to make it more effective in improving the work opportunities and well-being of rural and urban families.
Making Work Pay

As TANF caseloads have fallen sharply, most but not all families that leave welfare are gaining at least a temporary foothold in the labor market. National studies suggest that the effects of welfare reform are no different in nonmetro areas than in metro areas. However, too many families leaving welfare remain poor, and not all are receiving the work-based supports they need to gain permanent economic independence.

Our findings suggest that states and the federal government would do well to increase their efforts to make work pay for low-wage workers. Macroeconomic policy aimed at maintaining a full-employment economy can provide the underpinning for specific tax and human investment policies. Some of these policy options include

- expanding the federal Earned Income Tax Credit to further support the work efforts of low-income families;
- initiating or expanding state Earned Income Tax Credit supplements;
- expanding coverage of and participation rates in health insurance and child care assistance programs for low-wage families;
- increasing the minimum wage to keep up with general wage levels; and
- taking advantage of resources in the Workforce Investment Act to help match workers and jobs.

In addressing these policy areas, it is important to preserve work incentives for families and job-creation incentives for firms.

Addressing the Unique Work Barriers in Sparsely Settled Places

Although the overall impact of welfare reform does not seem to differ greatly between metropolitan and nonmetropolitan areas at the national level, some studies of specific state welfare programs and specific policy provisions have found that welfare reform has had a less favorable impact on earnings and employment in rural areas.

People who live in sparsely settled rural areas face unique barriers to working that are associated with low-population densities: long distances to jobs and services and limited options for services such as health and child care. States can facilitate access to reliable cars for ru-
ural, low-income workers and seek creative ways of providing or subsi-
dizing services that are needed for successful transitions to work. Of special importance to rural areas are state welfare reforms that

- address the less favorable opportunities (low-wage jobs) and high unemployment of rural labor markets;
- recognize the transportation needs of rural residents by enabling them to own reliable cars while at the same time maintaining eligibility for assistance programs;
- address service delivery problems caused by the geographic dis-

dispersion of people in need of program services; and
- increase access to affordable and flexible child care that pro-

vides an adequate level of quality. Family-based financial in-
centives for child care are not effective if lack of base funding for child care facilities prevents development of formal child care facilities in rural areas. Improving child care choice in rural areas would require additional base funding.

Maintaining the Safety Net

Many low-income families that need supports from food stamps do not realize that they remain eligible for these programs even if they lose eligibility for cash assistance. Some states have been quite successful in getting the message out; others much less so. Increased state efforts to ensure that families eligible for food stamps and other in-kind programs are, in fact, enrolled in the program would strengthen the safety net for low-income families.

Helping Multiple-Barrier Families

As TANF caseloads fall, families remaining on the rolls will increasingly be characterized by multiple barriers to work, including low skill levels, drug dependence, mental health problems, and family members (children and/or adult relatives) with disabilities. This suggests that states need to experiment with intensive demonstration programs aimed at multiple-barrier families, and to be creative in assisting families that face TANF work requirement and time limits by rewarding postsecondary schooling and community-service activities, and considering selective use of state-financed, low-wage public-sector jobs.
Helping Persistent High-Poverty Areas

Not all areas have benefited equally from the strong economy and welfare reforms. Parts of the urban core of major metropolitan areas and rural areas in Appalachia, the Mississippi Delta, and the Rio Grande Valley have suffered from persistently high levels of poverty and unemployment. Recipients in these areas may be more likely to “hit the time limits” and be economically dependent on informal work. State policy could be more flexible about time limits and work requirements in persistently poor areas, and they could put more effort into creating employment opportunities. In states with high-poverty, high-unemployment areas, the work-oriented approach of welfare reform may not adequately address the needs of families in these areas.

Two underlying themes emerge from this discussion about the rural and urban dimensions of social and economic policy as it affects low-income populations. First, some policy actions appear to be helpful in both rural and urban areas: tax policy, food stamps, and certain workforce investments. Second, the diversity of circumstances among low-income people and between regions suggests the need for flexibility in regulation and differential investments in services (child care, education, and transportation, for examples), infrastructure, and job creation.

A ROLE FOR PLACE-BASED ANTIPOVERTY STRATEGIES?

Work-oriented, family-based changes in welfare under the 1996 legislation and a healthy economy have resulted in increased incomes and lower poverty rates for rural and urban single mothers with children. The choice of antipoverty strategy, however, has implications for population distribution between rural and urban areas. Urban labor markets provide higher earnings and better and more varied work supports. Policy that encourages work and enhances job-readiness but does not address rural barriers to working may induce more rural low-income people to move to the cities.

A recent study by the Brookings Institution, which analyzed welfare caseloads in the 89 urban counties containing the nation’s 100 largest cities, found that caseloads are concentrating geographically in
these cities, and are highly concentrated in the nation’s largest cities (Allen and Kirby 2000). Some observers have concluded that this is because urban welfare recipients are “still stuck on the rolls . . . trapped by concentrated urban poverty” (The Economist, July 22, 2000, p. 31). The increasing concentration of caseloads in urban areas might well be due to rural recipients leaving the caseload at a greater rate than urban recipients, and to these rural welfare leavers remaining in rural areas with or without a job. It might also be that the increasing concentration of caseloads in urban areas is, in part, a result of rural-to-urban migration of former rural welfare recipients who cannot find work in rural areas. This speculation is a fruitful area for future research.

The long-standing policy debate continues about the proper balance between human investments and place-specific investments. Current antipoverty strategies emphasize human investments and family supports. There is a continuing need to provide financial incentives that “make work pay,” to strengthen the safety net for those who cannot work, and to continue to invest in training and work support systems. However, employment, earnings, and poverty outcomes are not as favorable in areas in which job opportunities are lacking. Stimulating job investments in these areas would increase the likelihood of success of the current human-investment, work-oriented welfare policy for the residents of these areas and reduce incentives to move.

Note

1. This has always been a controversial area; see Nord (2000) and National Research Council (1995).

References


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