

# Struggling to Make Ends Meet in Rural America

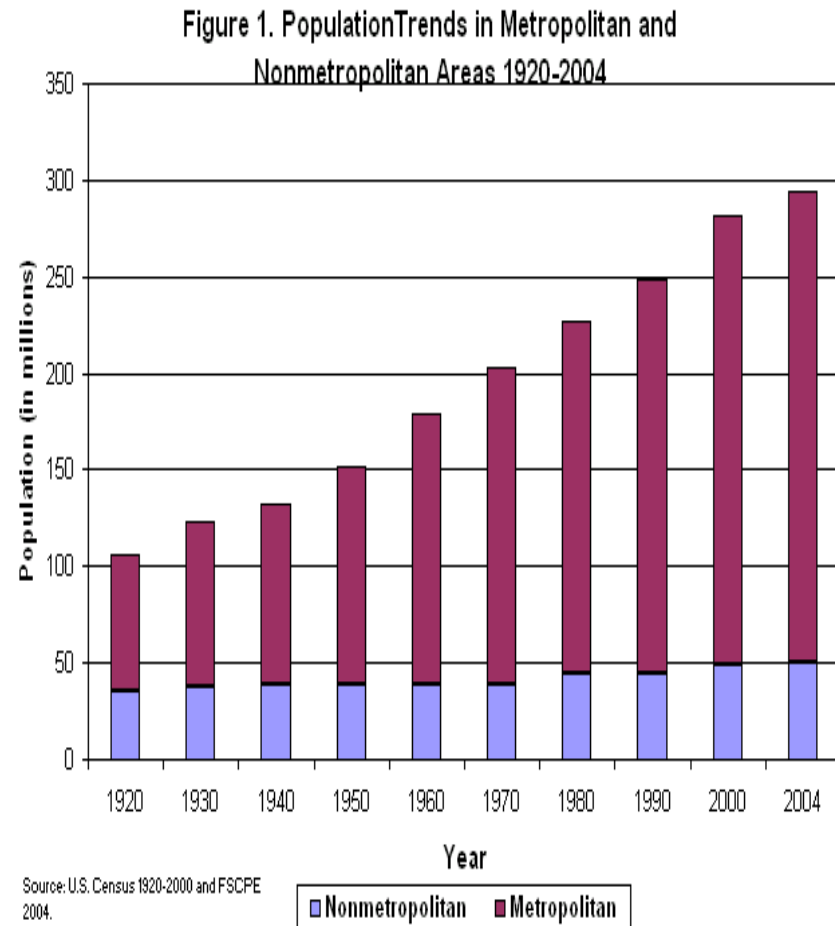
The Carsey Institute  
University of New Hampshire

# What I will do this afternoon

- Give you an overview of trends in rural America that affect the low income families who are vulnerable to payday lending
- Conclude with some thoughts about the importance of asset building and how foundations can promote policies to support it.

# Rural America Today

- 50 million people live in small town & rural communities, 17% of the US population, on 80% of the land
- Slow growth over the last century
- **46% of rural kids are in low income families**

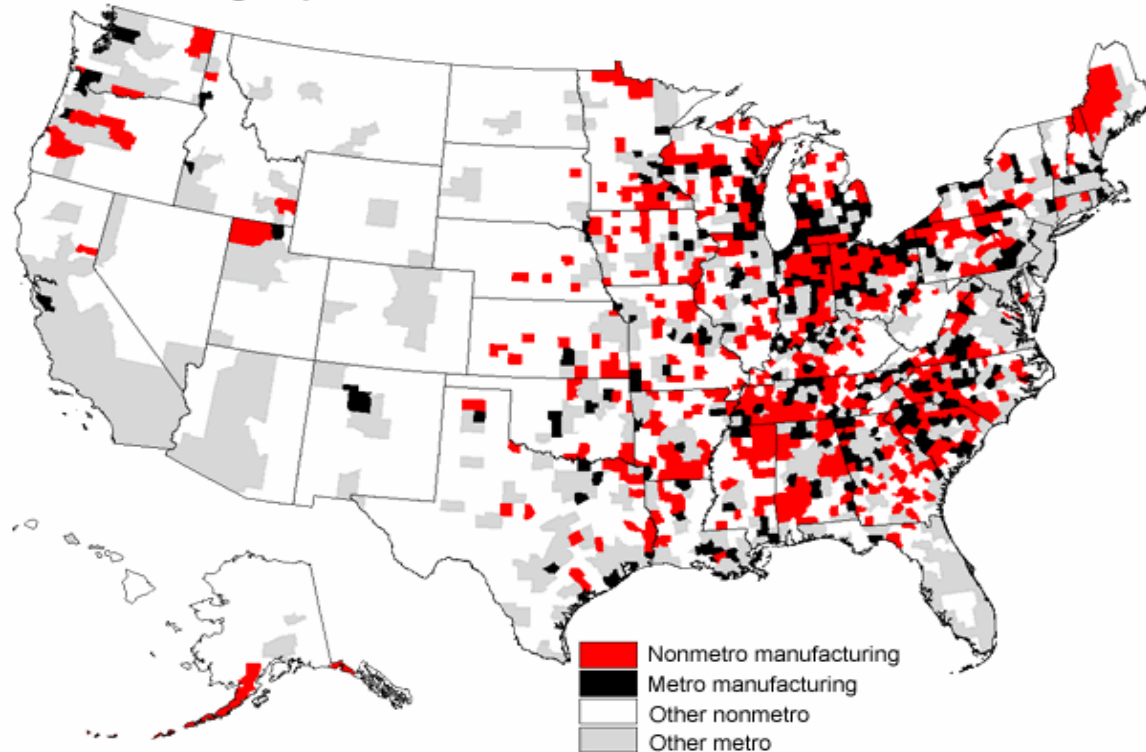


# Today rural communities face challenges that profoundly affect low income families

- Globalization means the loss of traditional jobs
- Demographic shifts – both in- and out-migration – are changing communities' age and ethnic profiles, meaning opportunities for some, greater challenges for others
- The legacy of chronic underinvestment in both human and social capital leaves those in persistently poor communities deeply disadvantaged in the 21<sup>st</sup> century economy.

Rural workers are especially vulnerable to globalization forces because 42% of all rural jobs are low skill. Between 1997 and 2003 1.5 million rural jobs were lost to fundamental industrial change, half in the South. Half of all rural jobs lost were in manufacturing. More manufacturing jobs were lost last year...

### Manufacturing-dependent counties, 1998-2000

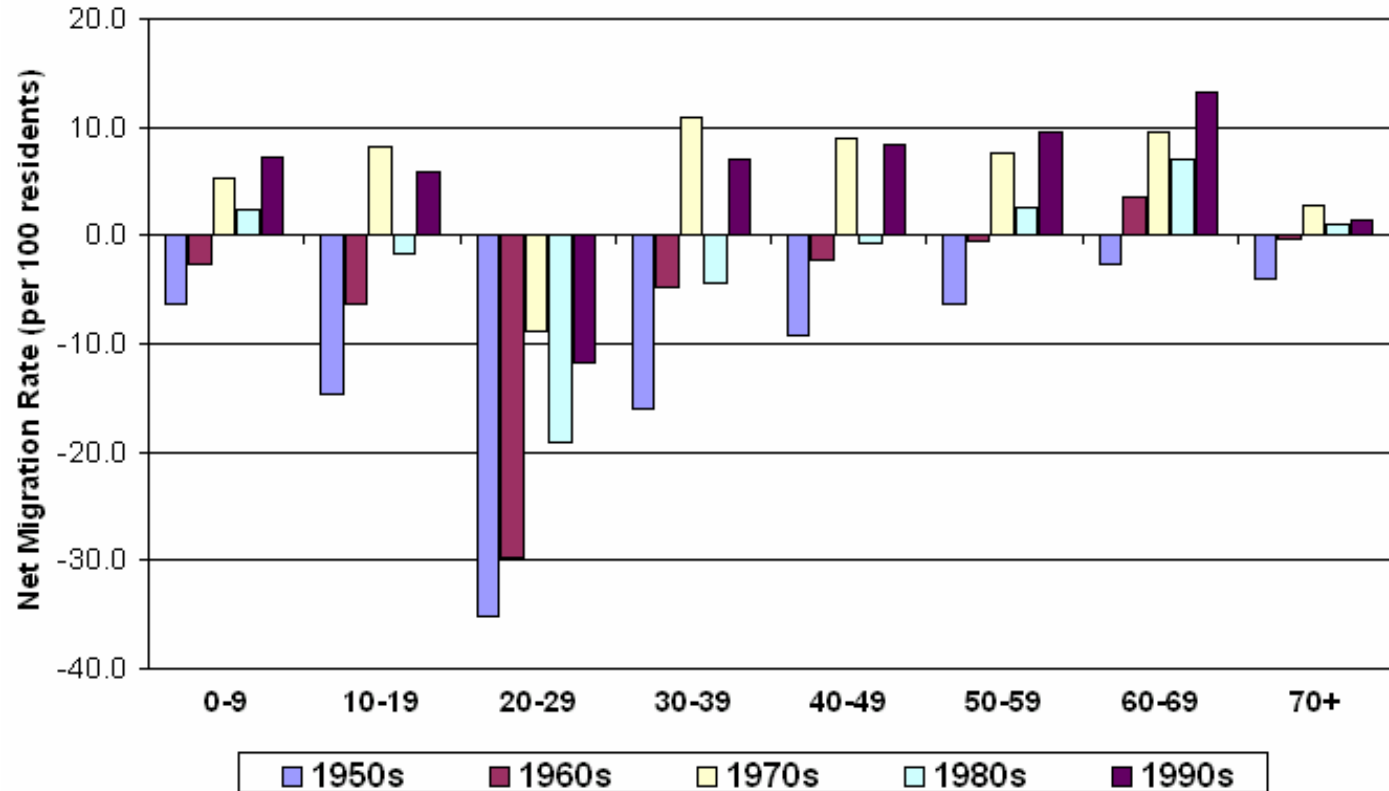


Manufacturing-dependent counties--an annual average of 25 percent or more of total county earnings derived from manufacturing during 1998-2000.

Source: Economic Research Service, USDA.

## Demographic shifts: Young leave, older people come, especially to places with natural amenities

Youth continue to leave, older residents move in, as do Hispanics and other foreign born

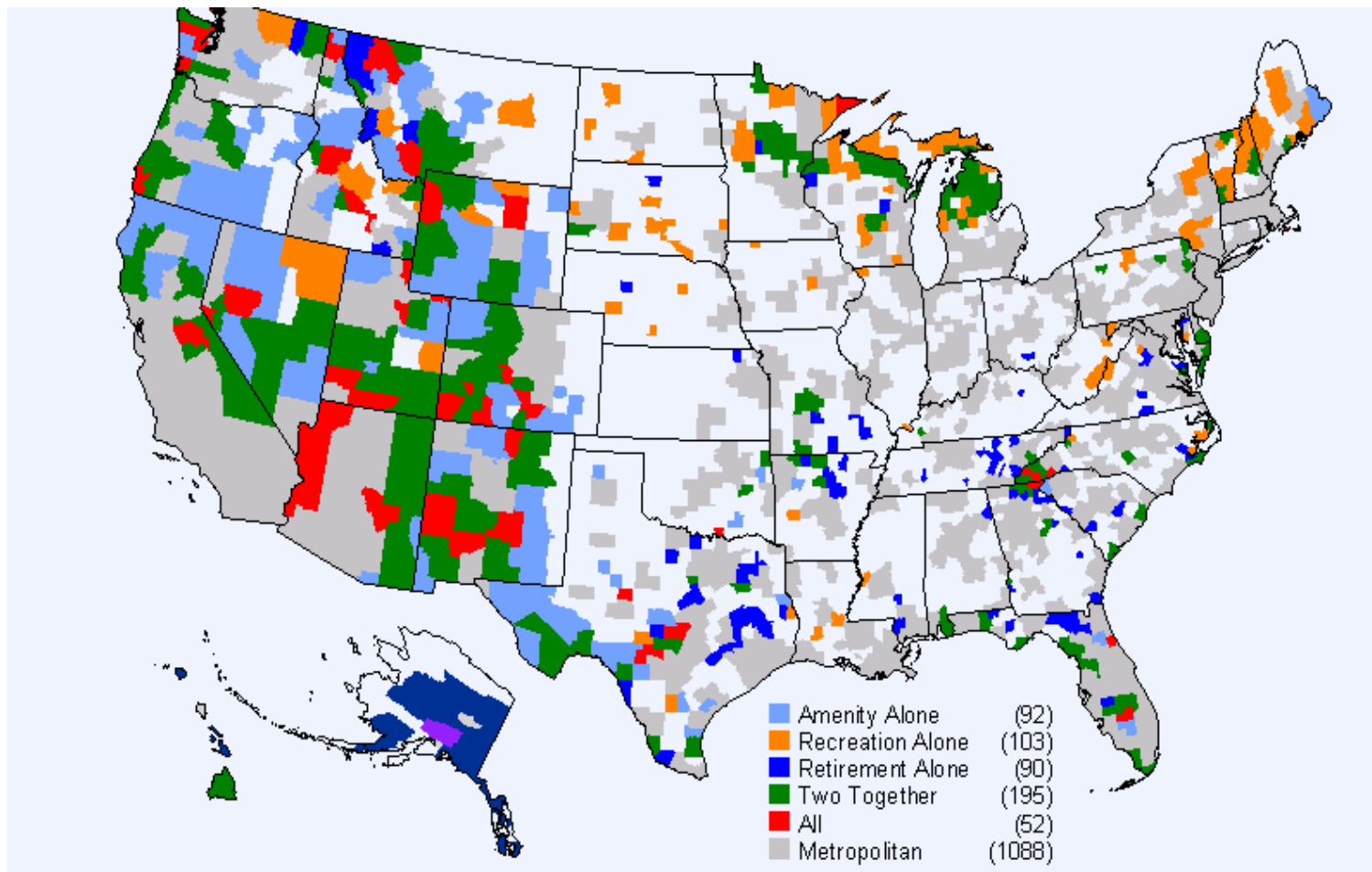


Source: Johnson et. al., 2005.

# Today there are three rural Americas, each with its own challenges

- **Amenity rich areas** that are growing as baby boomers retire, as more people buy 2<sup>nd</sup> homes, and as “footloose professionals” choose to settle in small town communities with rich natural amenities or outside large cities
- **Declining and transitioning resource dependent areas,** where once agriculture, timber, mining or related manufacturing industries supported a solid blue collar middle class
- **Chronically poor communities,** places with majority people of color, as well as Appalachia and the Ozarks, where decades of underinvestment have left a legacy of poverty, low education and broken civic institutions

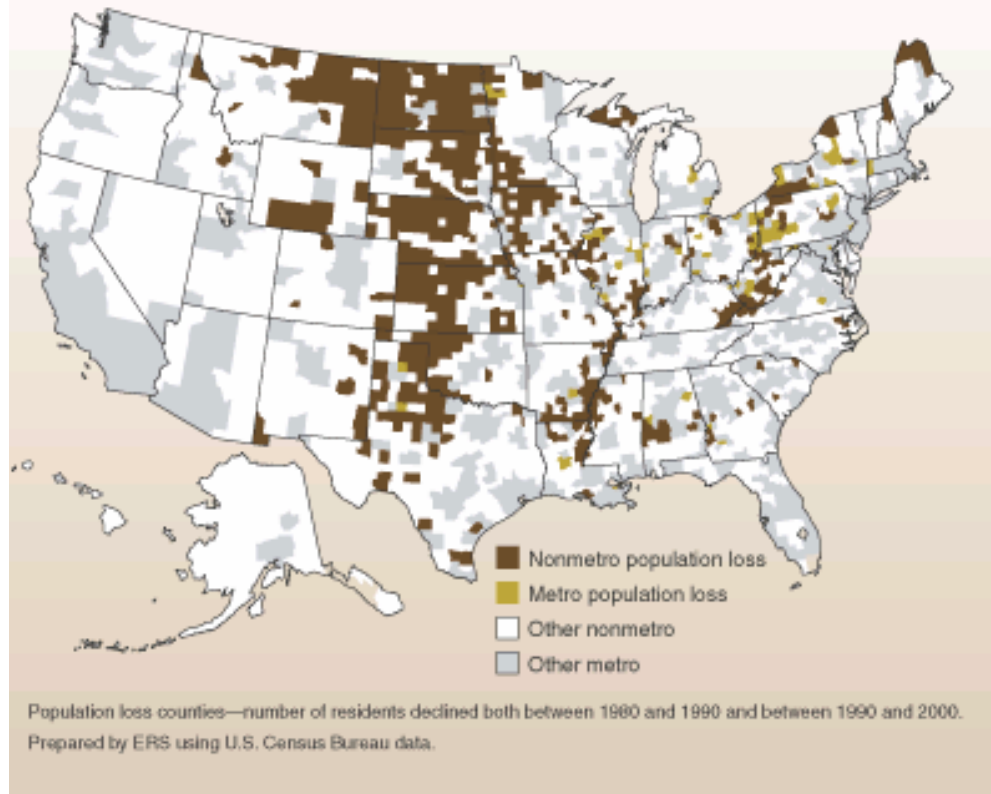
# Amenity-rich areas are growing and likely to grow more over the next decade



# Persistent population loss plagues other resource dependent areas

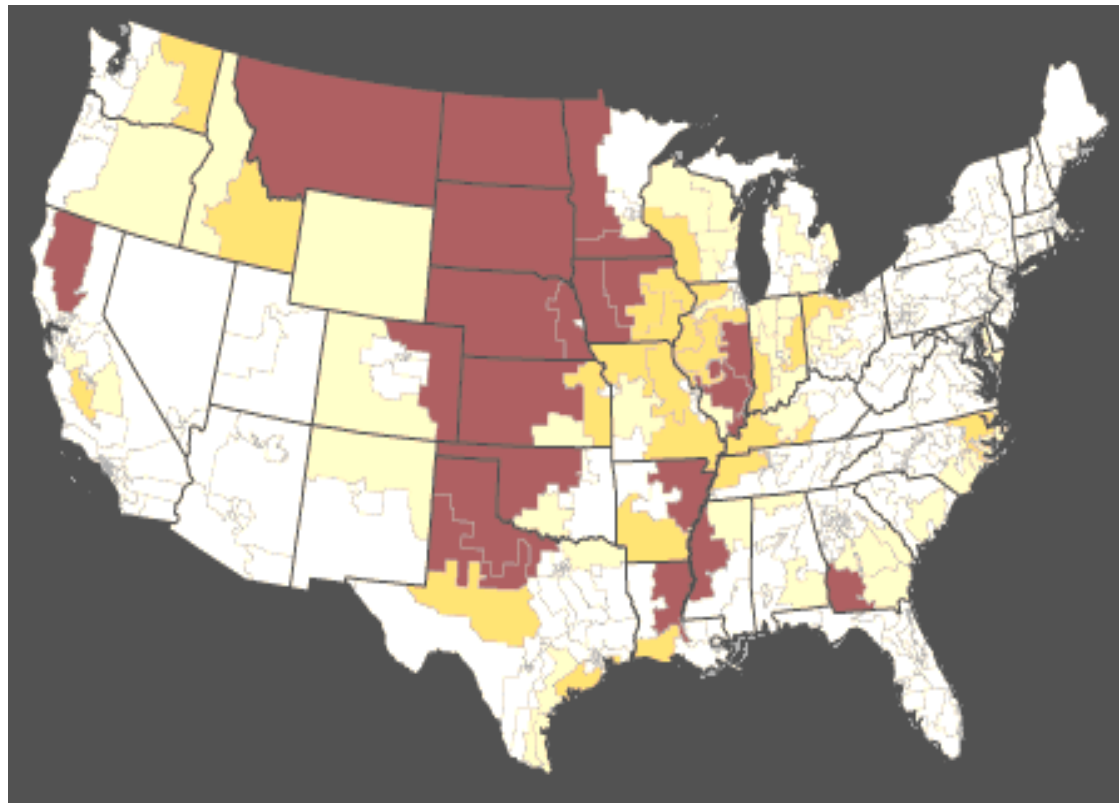
- Loss is concentrated in the Great Plains, parts of the Corn Belt, the lower Mississippi Valley, and Appalachia

Population loss counties are clustered in the Great Plains, Corn Belt, and Appalachia

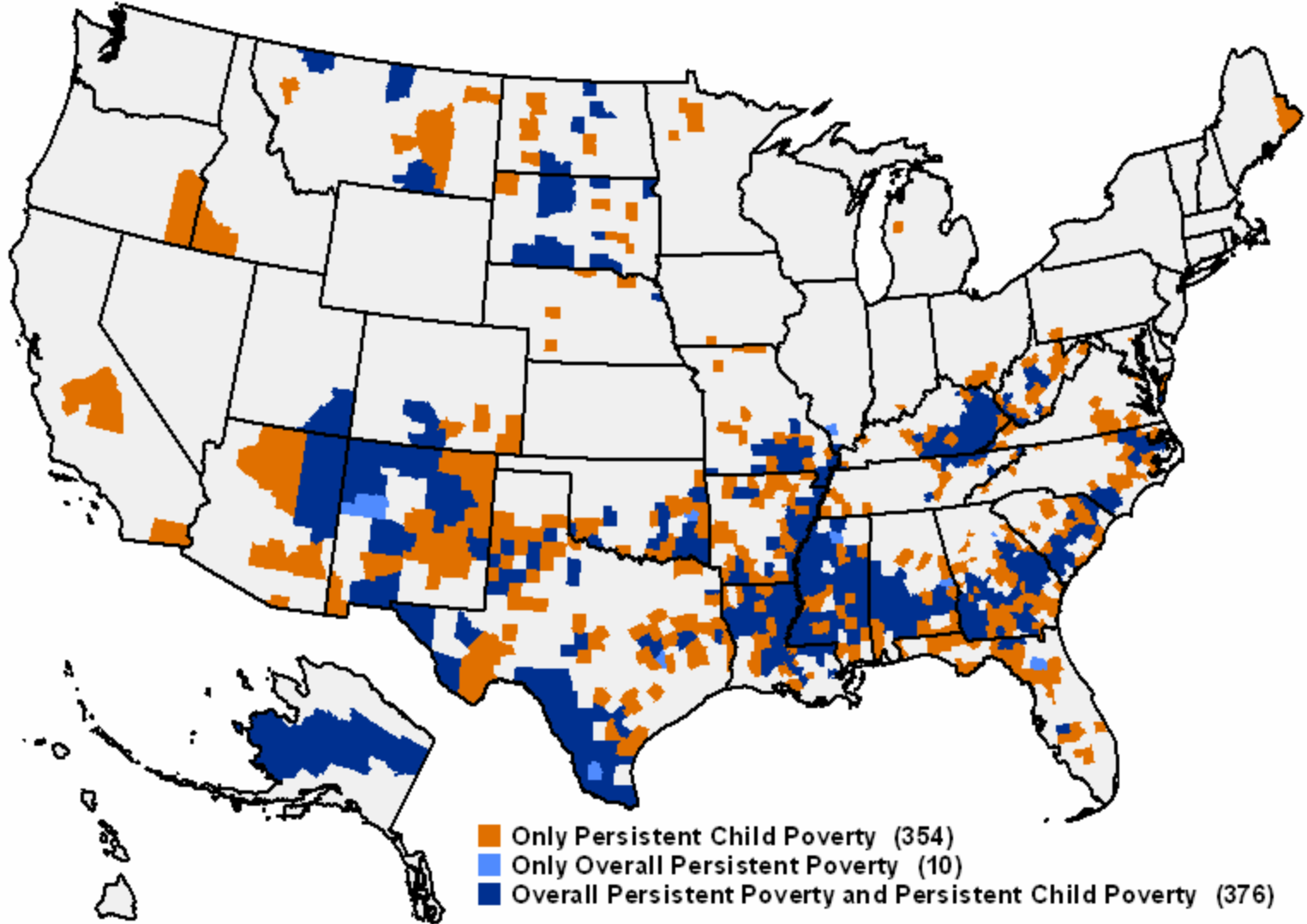


**Current rural policy largely relies on the Farm Bill: these declining areas are the same ones where farm subsidies are the highest:  
USDA Subsidies by Congressional District, 1995-2004**

Five percent of the nation's 435 congressional districts collected more than half of all subsidies over the past decade—some \$69 billion (Environmental Working Group [ewg.org](http://ewg.org)).

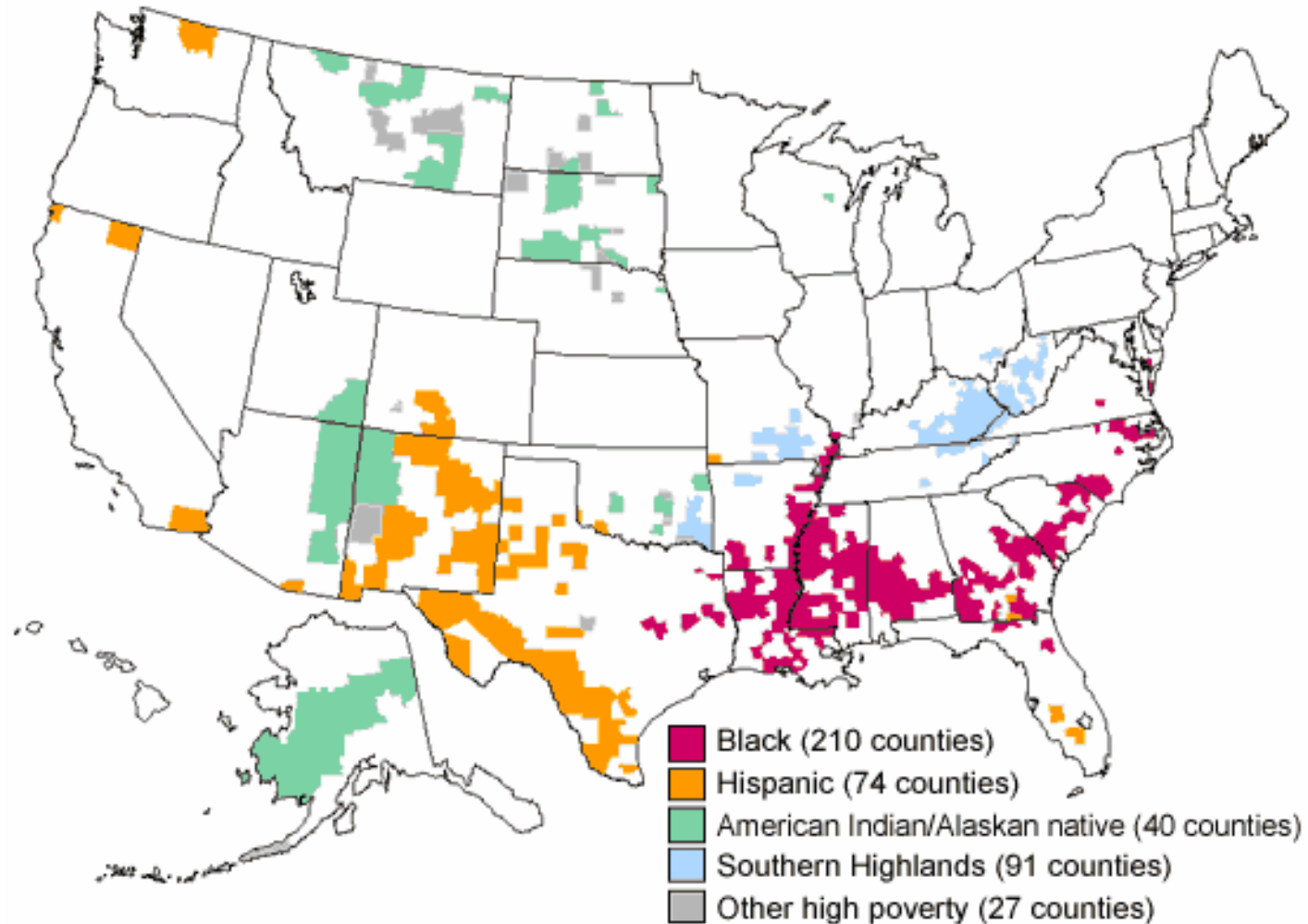


## Counties with Overall Persistent Poverty and Persistent Child Poverty



# High poverty has plagued rural America for decades – especially among communities of color

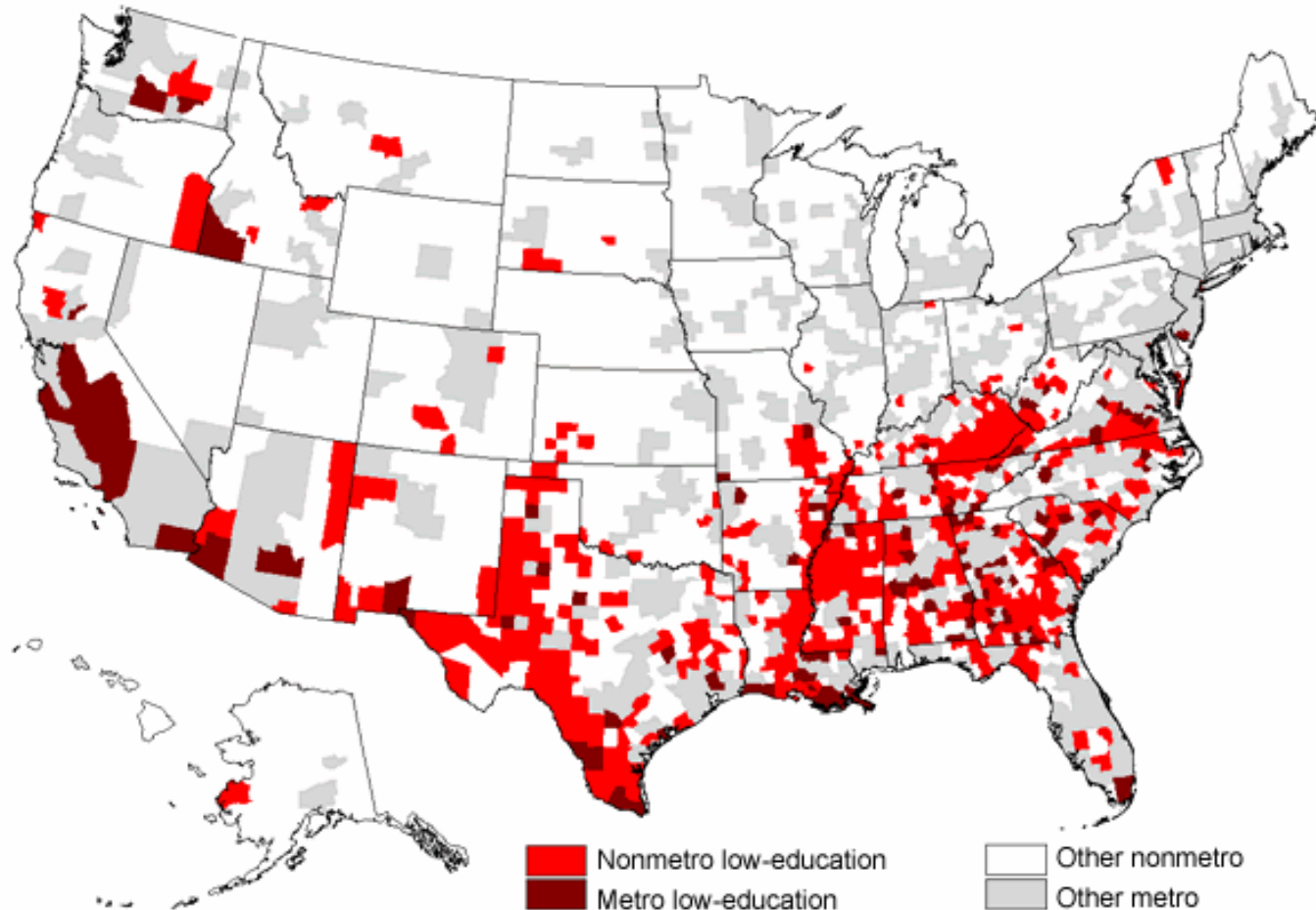
Nonmetro counties with high poverty, 2000



Source: Calculated by ERS using Census 2000 data, U.S. Census Bureau.  
Note: High poverty is defined as a poverty rate of 20 percent or more.

And these are the places where ¼ or more of working age adults have dropped out of high school

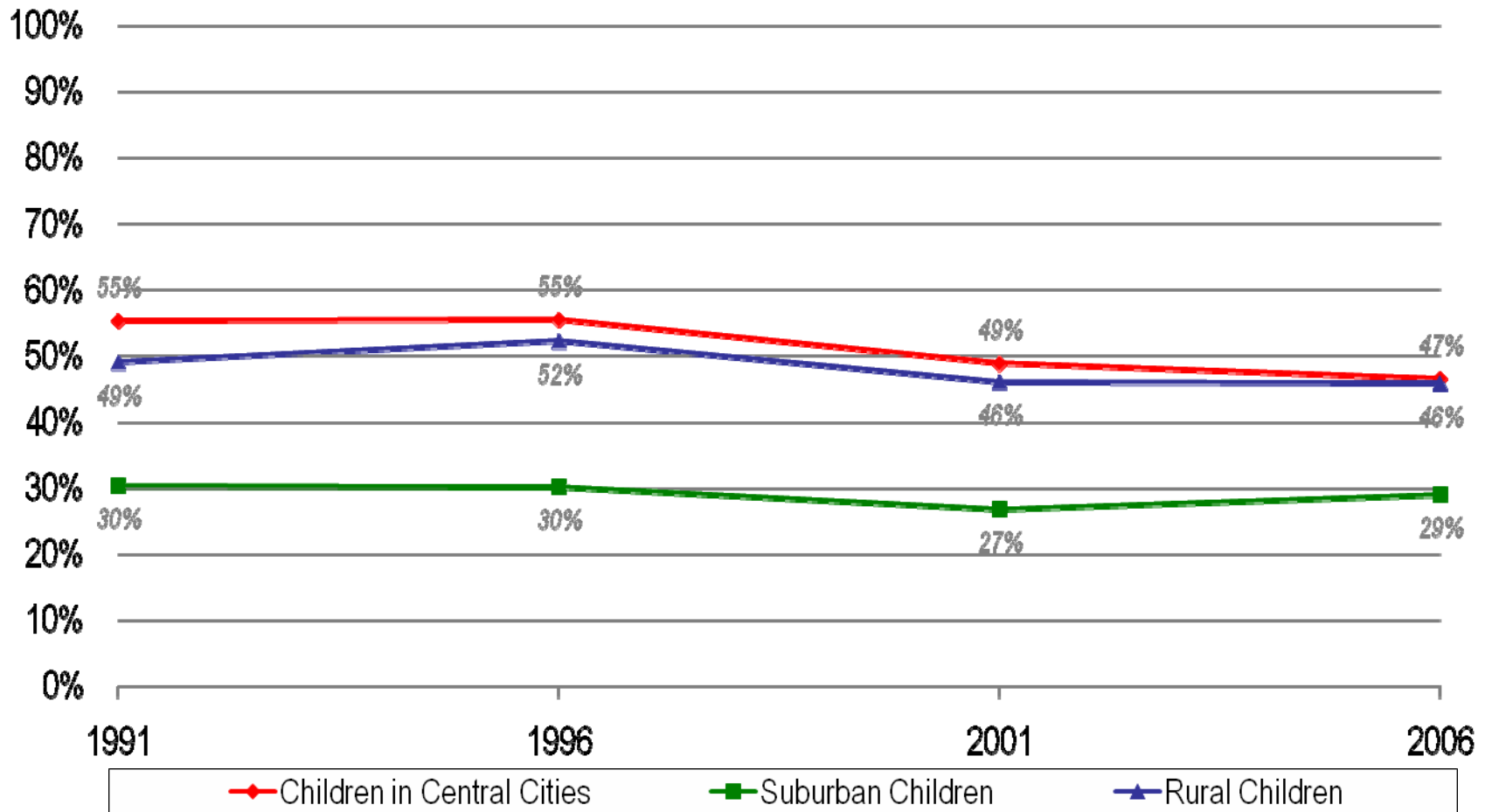
**Low-education counties, 2000**



Low-education counties--25 percent or more of residents 25-64 years old had neither a high school diploma nor GED in 2000.

Source: Economic Research Service, USDA.

# High Proportion of Vulnerable Low Income Kids in both Rural Areas and Central Cities



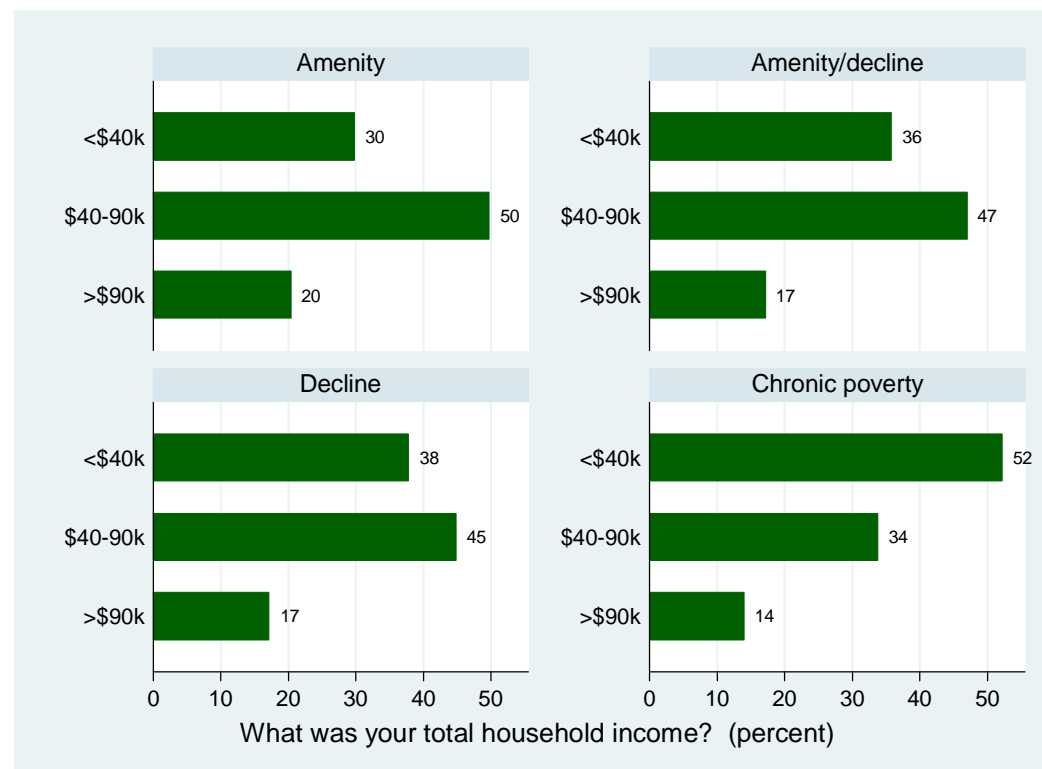
# Rural Low Income Kids

- 46% of all rural kids, ~ 5 million kids
- 50% of them are in lone parent families, 50% in married couple families
- 21% of their parents are dropouts (and 80% of dropouts are low income)
- 60% have a parent working full time
- 19% have a parent working 2 jobs

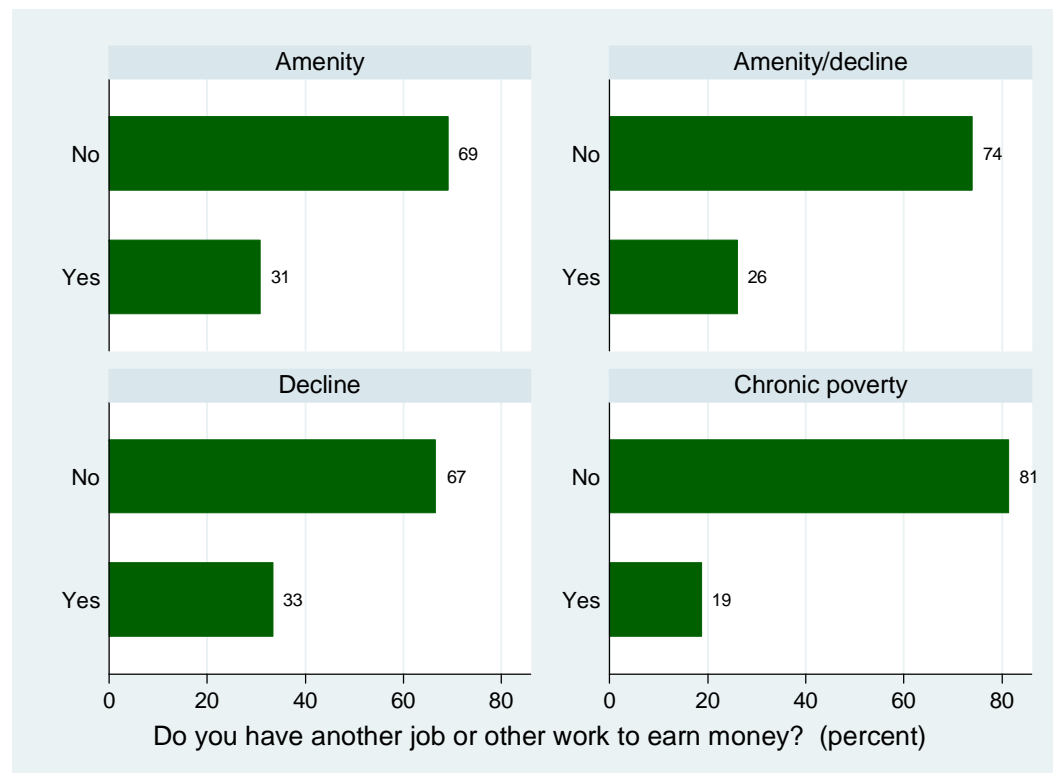
# Let's look at how these patterns play out in different parts of rural America

- Amenity rich areas
  - Declining resource dependent areas
  - Transitioning amenity/decline areas
  - Chronically poor areas
- 
- Clusters of counties where we conducted 1-1500 interviews with a random sample of adults in the area (with ~40,000 popn.)

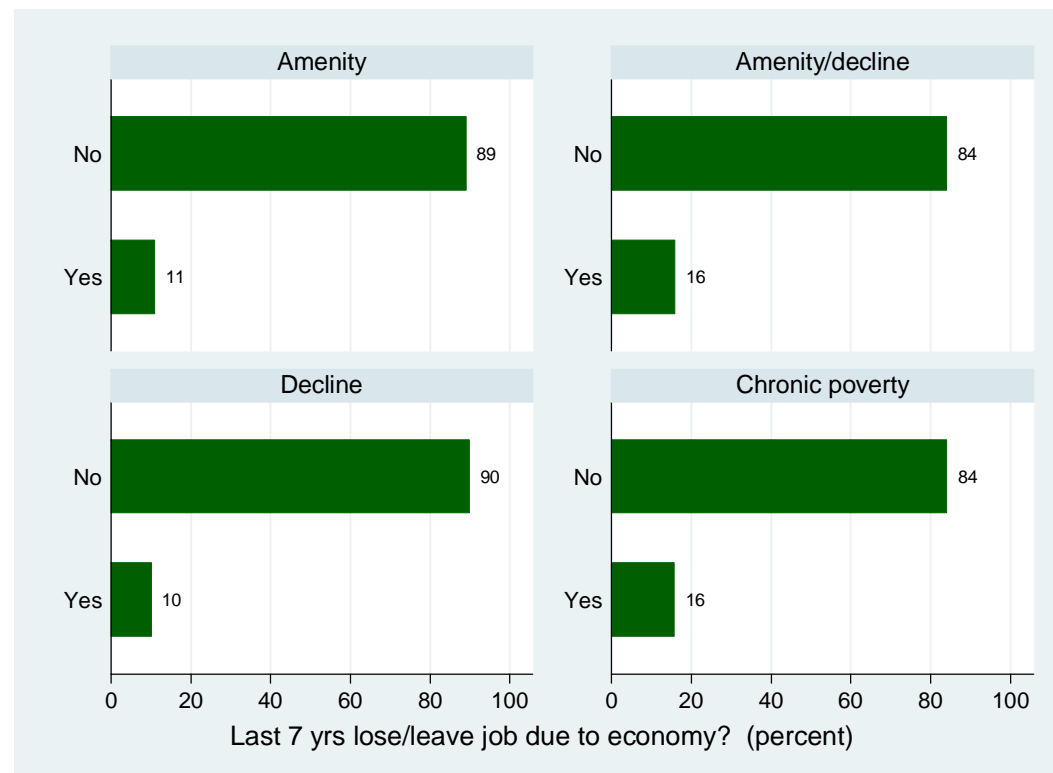
# High proportion of low income families, especially in chronically poor areas



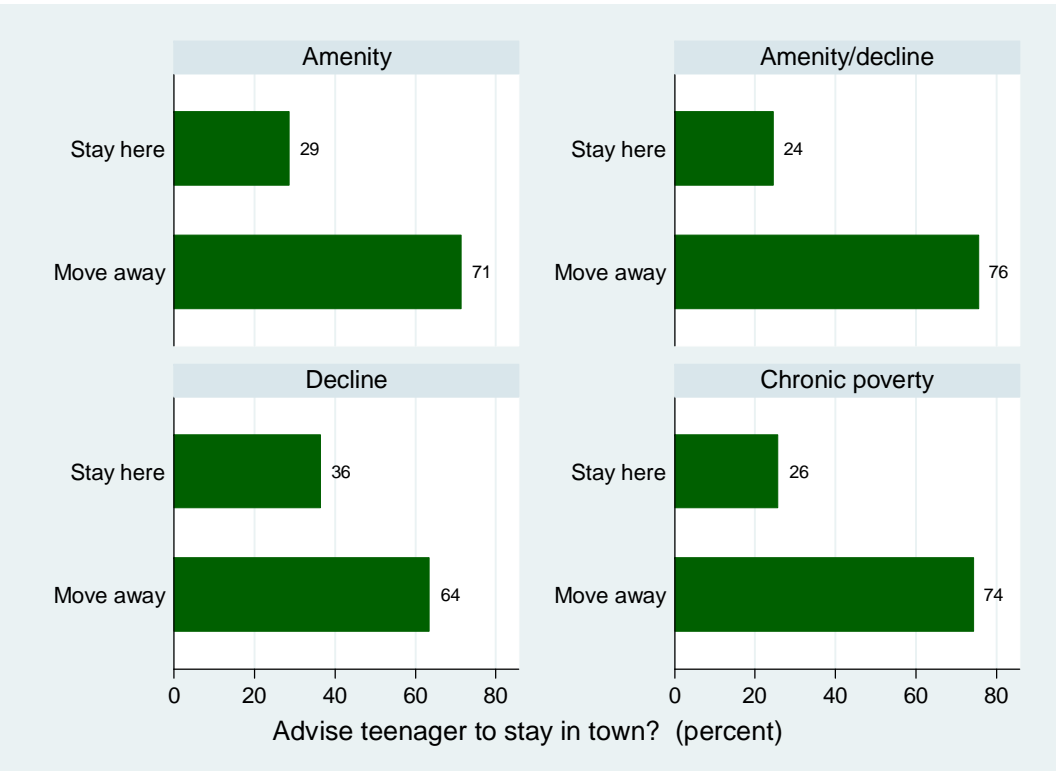
# Many rural Americans work 2 jobs, especially where there is decline



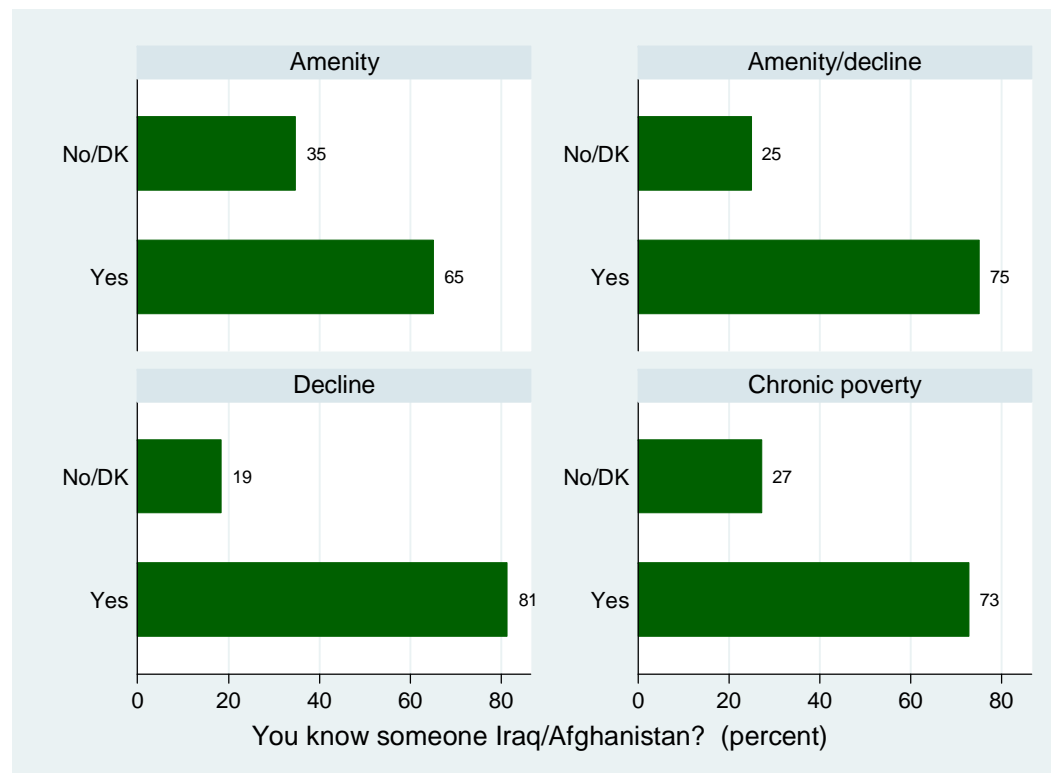
# Severe economic dislocation since 2000 affects the poor & transitioning places most



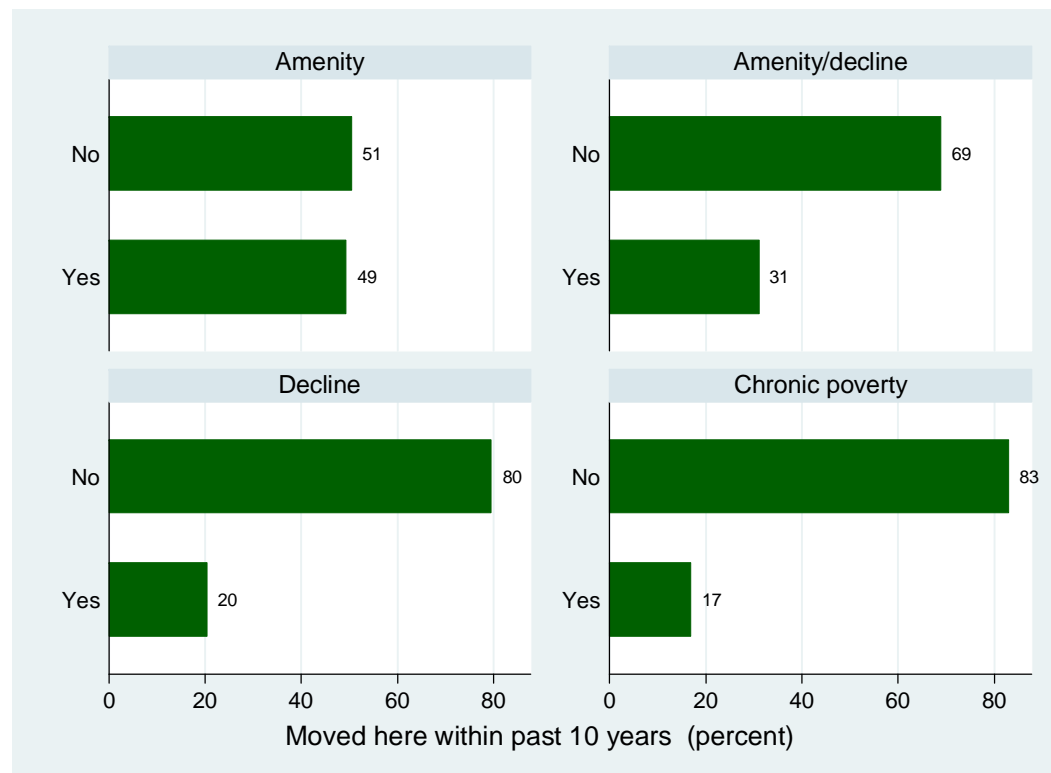
# Everywhere 75% of adults think young people need to leave for opportunity



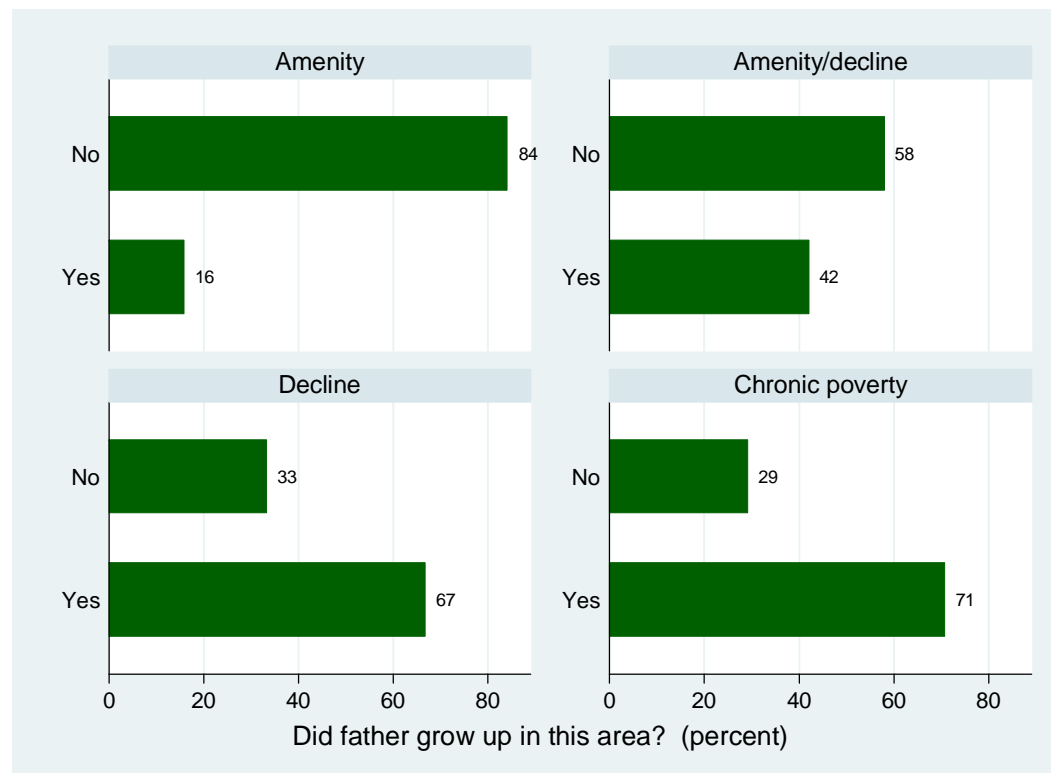
# As a consequence, the wars in Iraq and Afghanistan touch rural Americans, when young people seek opportunity



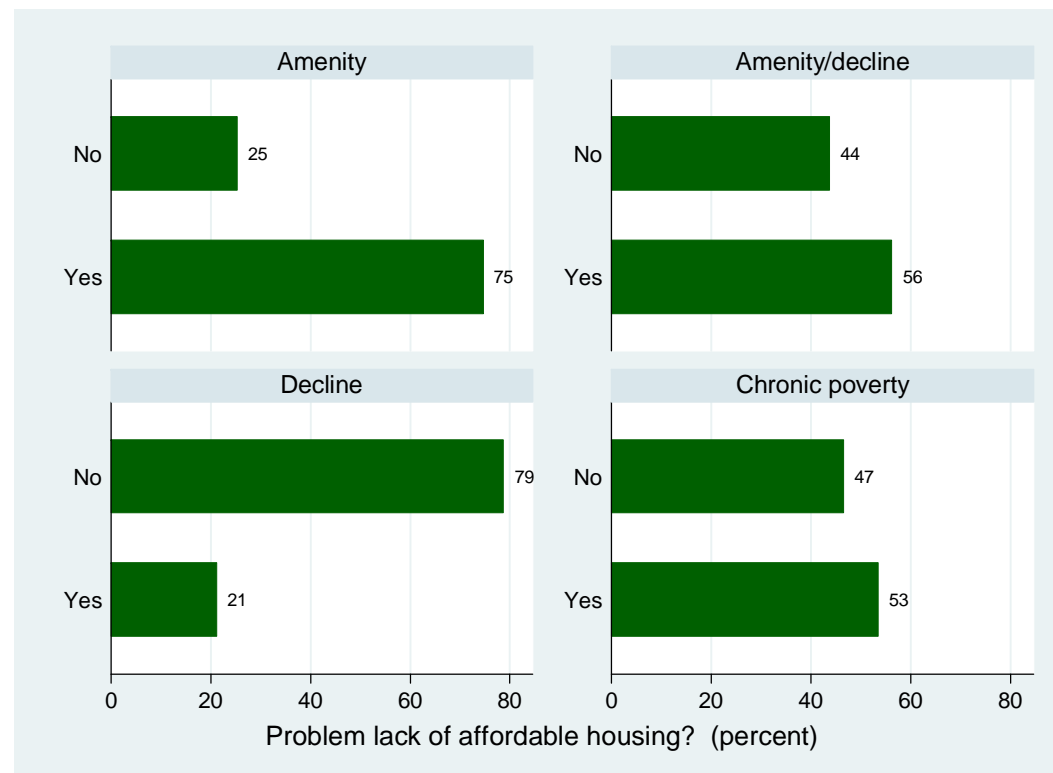
# Poorer areas have fewer newcomers



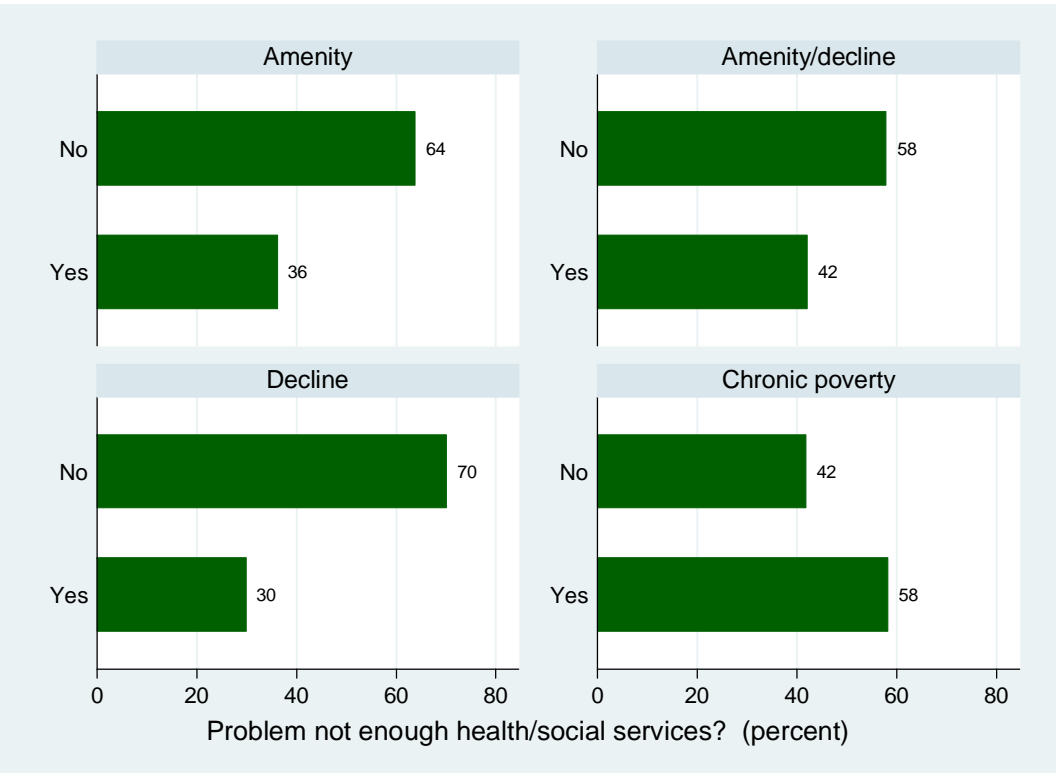
More have deep roots – with parents who grew up in the same area, parents with low education



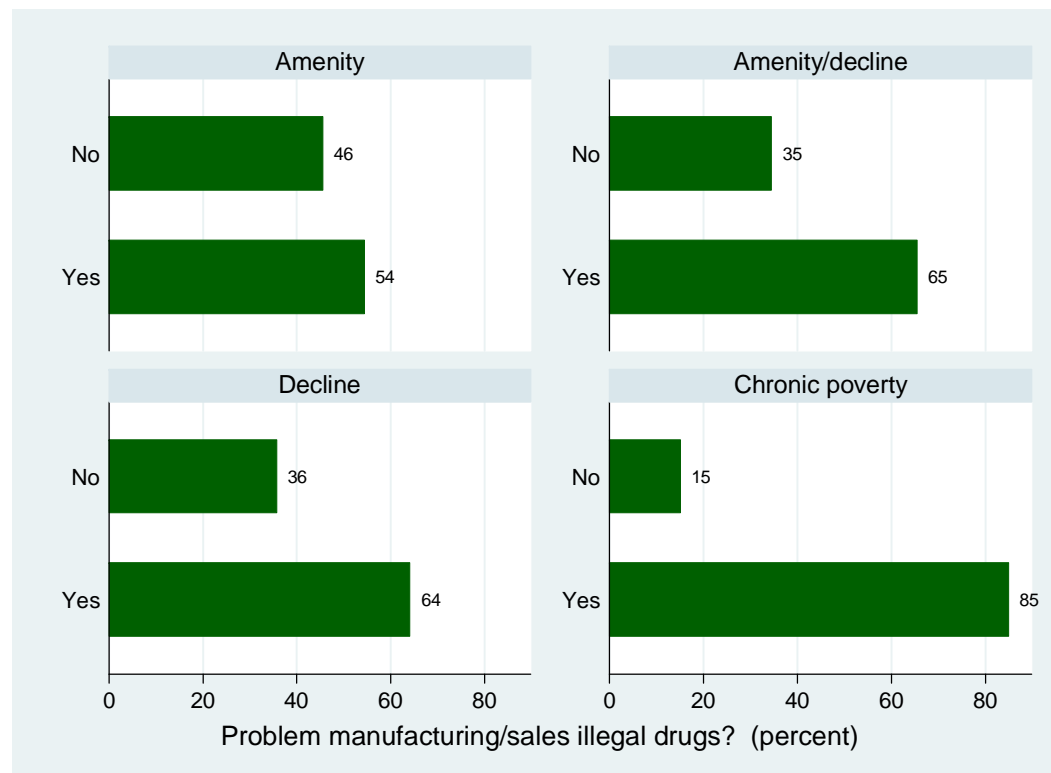
# Concern about housing affordability goes with growth and with poverty



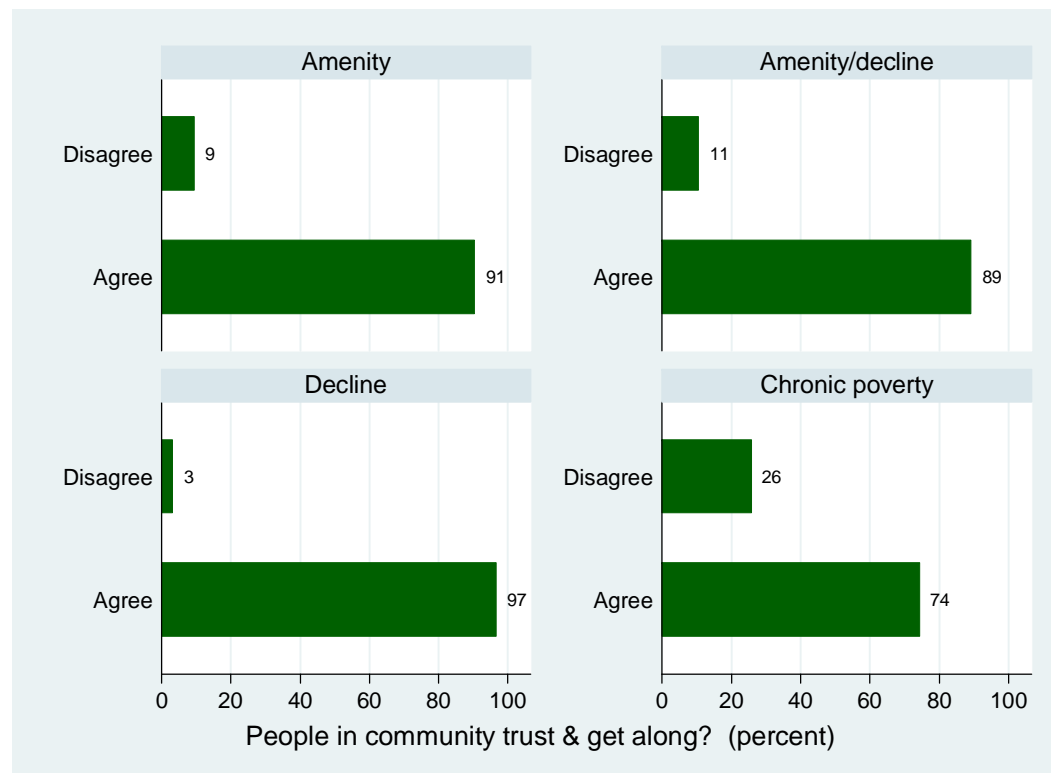
# Lack of health and social services is a serious problem in poor areas



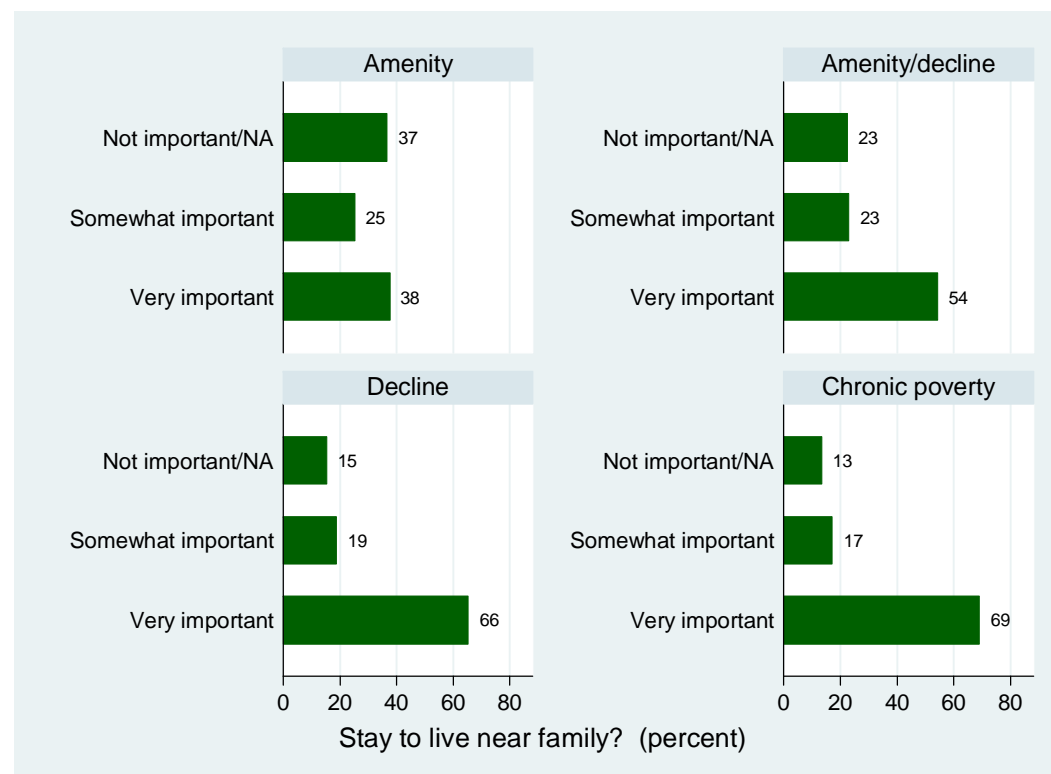
# Drugs concern everyone, but especially those in poor areas



# Some good things: trust is high everywhere, though lowest in poor places



# And for many family is an important reason to stay



# Rural America is diverse, with different implications for low income families

- Everyone values the good community spirit of trust and cooperation, and many participate in local organizations.
- Many value the natural beauty and ability to do things out doors.
- Family is important.
- But jobs are a worry, and young people are advised to leave, even as those we talked with planned to stay...

# What policy strategies will provide opportunity in rural America?

- Amenity rich places: policies for living wages and affordable housing to assure inclusion, protect environment that attracts people, but not at expense of low income families.
- Declining places: capitalize on historical human and social capital – New Homestead Act-like policies to build assets
- Poor places with low education, high dependency, limited future prospects: Invest in human capital: early childhood education, charter schools, technical colleges; restore natural environment – and community development efforts

# Low income rural families are much like urban low income families

- They face similar risks, including low wages, bad neighborhoods and schools, and predatory lending -
- Especially in chronically poor areas, especially in places where people of color are the majority
- **But isolation and weak community institutions pose real challenges – wages are low, job development is a priority.**

# Poverty as Exclusion

“Poverty is the lack of adequate resources to participate in the accepted ways in society.”

– British sociologist Peter Townsend

Poverty means being cut off from, left out of, the mainstream and participation in the wider society – economically and socially.

Building assets is the way to inclusion, to participation, to having a stake. And to being able to speak out for change, be engaged, without vulnerability.

Development Economist Albert Hirschman talked about the politics of change:

- Exit
- Loyalty and
- Voice

Foundations can support both asset building and the roots of “voice,” which in turn leads to policy change that helps low income families grow and keep assets, as Annie Casey says, and as the other speakers will show.

Thank you

Carsey Institute  
University of New Hampshire  
Durham, NH 03824

*Building Knowledge for Families and  
Communities*

<http://www.carseyinstitute.unh.edu>