



United States
Department of
Agriculture

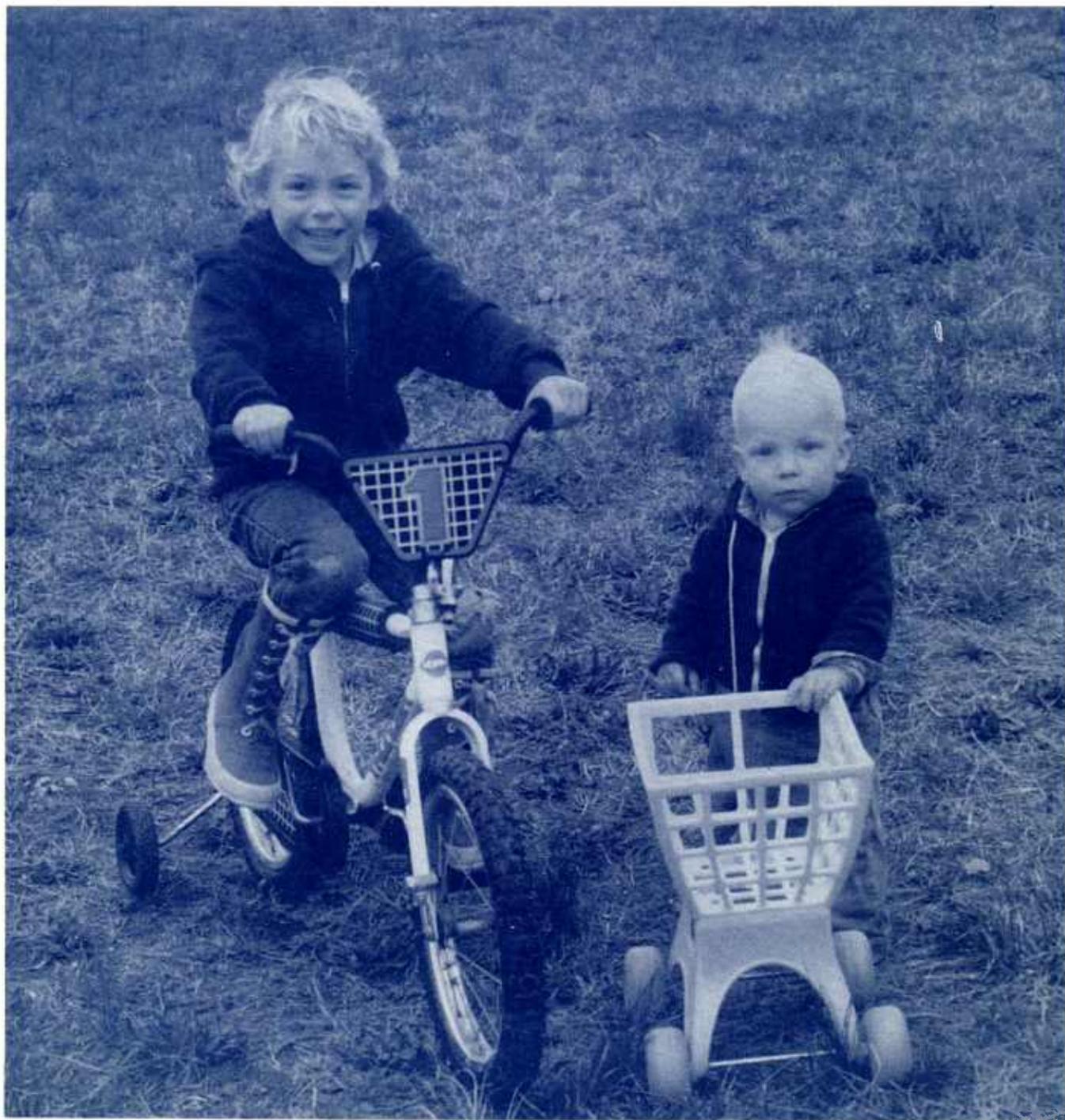
Economic
Research
Service

Rural
Development
Research
Report Number 82

The Economic Well-Being of Nonmetro Children

Carolyn C. Rogers

NAT'L LIBRARY
DEC 13
USA LIBRARY



It's Easy To Order Another Copy!

Just dial 1-800-999-6779. Toll free in the United States and Canada. Other areas, please call 1-301-725-7937.

Ask for *The Economic Well-Being of Nonmetro Children* (RDRR-82).

The cost is \$8.00 per copy. Please add 25 percent extra for postage to non-U.S. addresses (including Canada). Charge your purchase to your VISA or MasterCard, or we can bill you. Or send a check or purchase order (made payable to ERS-NASS) to:

ERS-NASS
P.O. Box 1608
Rockville, MD 20849-1608.

We'll fill your order by first-class mail.

The Economic Well-Being of Nonmetro Children. By Carolyn C. Rogers.
Agriculture and Rural Economy Division, Economic Research Service, U.S.
Department of Agriculture. Rural Development Research Report No. 82.

Abstract

Twenty-four percent of children residing in nonmetro areas are in families below the official poverty line, 12 percent are near poor (above the official poverty line, but with family incomes less than 1-1/2 times the poverty level), and 64 percent are in families of at least modest means (at least 1-1/2 times the official poverty line). Children residing in metro areas are in a somewhat better financial position, with 20 percent poor, less than 10 percent near poor, and almost 71 percent of at least modest means. Poverty rates for children in nonmetro areas have historically been higher than rates for children in metro areas. Children in mother-only families are more likely to be poor than are children in married-couple families. For example, 61 percent of nonmetro children living with a single female householder are below the poverty level, but only 14 percent of those living in married-couple families are below the poverty line. Other things being equal, the strongest predictors of the economic status of children are parental education, the number of siblings in the family, and family type (either married-couple or mother-only family). Nonmetro residence increases the likelihood that a child will live in a family below the official poverty line.

Keywords: Children, family structure, metro-nonmetro residence, economic well-being, poverty status.

Acknowledgements

The author thanks Linda L. Swanson, Calvin L. Beale, Suzanne M. Bianchi, Robert A. Hoppe, and David A. McGranahan for their constructive comments and review. Appreciation is also extended to Tawanta L. Brinson for preparing the manuscript, Laarni Dacquel for preparing the tables for publication, and Teri Thrash for editorial assistance.

Contents

Summary	iii
Introduction	1
Data and Methodology	2
Recent Trends	5
Family Living Arrangements	5
Urban-Rural Household Differences	6
Poverty Rates	6
Poverty Status Differentials in 1987	10
Region	10
Migration	10
Tenure	11
Family Composition	11
Race	11
Family Type	12
Age of Parent	13
Educational Attainment of Parent	14
Parental Occupation	16
Employment Status of Parent	16
Multivariate Analysis of the Determinants of Economic Well-Being	17
Receipt of Cash Assistance and Noncash Benefits	22
Conclusions	26
References	27
Appendix A: Definitions and Explanations	30
Appendix B: Poverty Status Tables by Residence, Race, and Family Type	34
Appendix C: Multiple Classification Analysis Tables for Metro and Nonmetro Children	38
Appendix D: Eligibility Criteria for Selected Noncash Benefits and Cash Assistance Programs	42

Summary

Twenty-four percent of children residing in nonmetro areas are in families below the official poverty line, 12 percent are near poor (above the official poverty line, but with family incomes less than 1-1/2 times the poverty level), and 64 percent are in families of at least modest means (at least 1-1/2 times the official poverty line). Children residing in metro areas are in a somewhat better financial position, with 20 percent poor, less than 10 percent near poor, and almost 71 percent of at least modest means.

Poverty rates for children in nonmetro areas have historically been higher than rates for children in metro areas. Nonmetro poverty rates improved some in the early 1970's, but the recessionary periods of the early 1980's contributed to higher childhood poverty in that decade.

Children in mother-only families are more likely to be poor than are those in married-couple families. For example, 61 percent of nonmetro children living with a single female householder are below the official poverty level, but only 14 percent of those living in married-couple families are below the poverty line. Other things being equal, the strongest predictors of the economic status of children are parental education, the number of siblings in the family, and family type (married-couple or mother-only family). Nonmetro residence increases the likelihood that a child will live in a family below the official poverty line.

Similar proportions of metro and nonmetro children participate in the various noncash benefits programs, with the exception of the food stamp program. A higher proportion of nonmetro children received food stamps than did metro children. About 43 percent of poor children, regardless of residence, received assistance from the Aid to Families with Dependent Children (AFDC) program, compared with 11 percent of all children.

This report analyzes the economic well-being of children living in families with at least one parent present, by metro-nonmetro residence, using data from the March supplement to the 1988 Current Population Survey.

The Economic Well-Being of Nonmetro Children

Carolyn C. Rogers*

Introduction

This report analyzes the economic well-being of children living in families with at least one parent present, comparing children in nonmetropolitan (nonmetro) areas with those in metropolitan (metro) areas.¹ The primary source of data is the March 1988 income and demographic supplement to the Current Population Survey (CPS). Several indicators of economic well-being, including the poverty status of the family, the ratio of family income to need, and the receipt of both cash assistance and noncash benefits, are examined. Demographic and family characteristics of children, along with socioeconomic characteristics of their parents, are analyzed to provide a comprehensive profile of the various factors in the family environment that influence the economic realities children experience.

The economic well-being of children in nonmetro America is an important issue for local community planning and rural development policies, because families are the building blocks of the community. Conditions in the national economy, along with the local economic situation, will affect family incomes and the resources available to children growing up in nonmetro areas. The 1980's were a time of stress for rural economies (Deavers, 1989; Reid, 1988). The persistence of higher childhood poverty in nonmetro areas in the 1980's will undoubtedly affect the next generation's plans about remaining in the community. Public and private officials in local communities need

*Carolyn C. Rogers is a Demographer with the Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture.

¹The concept of metro-nonmetro used in this report is not synonymous with urban-rural. Metro is defined as a county or counties consisting of a large population nucleus of 50,000 or more inhabitants, together with adjacent communities that have a high degree of economic and social integration with that nucleus. Nonmetro refers to counties outside a metro area. Urban is defined as a central city or core, together with contiguous closely settled territory, that has a total population of at least 50,000. Rural is defined as territory outside places of 2,500 or more inhabitants or outside an urbanized area. See Appendix A for further explanation.

to consider the changing family environments of children and their effects on current and future poverty conditions. An understanding of how resources and environment influence childhood development and well-being is essential if public policy action is to improve the condition of children and to help them attain their potential.

This report addresses the following issues:

- o How have the family living arrangements of children changed between 1960 and 1988? Are metro and nonmetro residential trends in family structure following similar courses?
- o What are the recent trends in childhood poverty by residence, race, and family type?
- o How do demographic, family, and socioeconomic characteristics influence metro and nonmetro poverty status differences?
- o What determines the economic well-being of children, as measured by the ratio of family income to need? What role does metro or nonmetro residence play in determining children's relative economic well-being?
- o Does the receipt of cash assistance and noncash benefits vary by residence and poverty status?

This report is unique in that: (1) children are the unit of analysis, (2) some married children under age 18 are included, (3) both poor children and near-poor children are studied, and (4) more than one indicator is used to measure economic well-being. The focus is on children as the unit of analysis, with household, family, and community regarded as influential factors. The characteristics of the child's family and household of residence are viewed as attributes of the child. This approach is advantageous in that children can be grouped by age, race, residence, or any other variable. This cannot be done when the family is the unit of analysis.

This study includes married children under age 18 who are living with at least one adult relative. A young couple with their child(ren) or a mother with her child(ren) may be living in the parental home. Since this group is not yet living independently, the economic welfare of the family household directly influences their own welfare. Studies that are restricted to never-married children thus miss an important subgroup of children.

This report studies both poor and near-poor children. Children defined as poor have family incomes less than 100 percent of the official poverty line, which for a four-person family with two children under age 18 in 1987 was \$11,519. The near poor are children with family incomes between 100 percent and 149 percent of the official poverty level. This group of children is important in that their families are not well off, but may be just enough above the official poverty line to be denied certain types of cash assistance and noncash benefits. Children with modest to high family incomes are at a level at least 150 percent of the official poverty line.

More than one measure of economic well-being is examined to obtain a comprehensive picture of the economic realities for children. Poverty status is studied to assess need, and the income-needs ratio is used to assess family income in relation to the poverty threshold and to examine a broader range of economic levels for children. The receipt of cash assistance and noncash benefits gauges whether or not participation in such programs helps reduce need. This study takes into consideration both family income level and the resources of the household available to children.

Data and Methodology

Subsequent sections of this report are based on data from the March 1988 income and demographic supplement to the CPS. The March 1988 CPS supplement provides a wealth of information on the demographic and socioeconomic characteristics of households and families, making it an excellent resource for the study of family characteristics and economic well-being of children under age 18.²

The study sample is composed of children under age 18 who lived in a family household with at least one related adult present. The definition of related children in the CPS includes own children and all other children in the household that are related to the householder by birth, marriage, or adoption.

The sample of children is restricted to those children who live in a family, related subfamily, or unrelated subfamily. Selected characteristics of the sample of children are presented in tables 1 and 2.

Unrelated individuals under age 18 are excluded from the sample for two reasons. First, data on their family poverty status cannot be determined from the CPS. The Census Bureau identifies children in poverty by the poverty status of the child's family and excludes unrelated children under age 15 from the definition of poverty. Second, information on children's parents and family composition are not available for unrelated children in the CPS, resulting in the loss of key variables in the analysis of the economic status of children.³

³The exclusion of unrelated individuals under age 18 deletes 293 cases from the sample, or a weighted estimate of 418,000 children. This represents less than 0.7 percent of the total sample cases, and such a loss of cases is assumed to not bias the results of this report.

Table 1--Distribution of selected characteristics of the sample of children by residence, 1988

Characteristics	Metro	Nonmetro
	<u>Percent¹</u>	
Age:		
Under 6 years	35.4	32.5
6-11 years	32.7	34.5
12-17 years	31.9	32.9
Race:		
White	79.3	85.5
Black	16.4	12.0
Family status:		
Family	93.9	95.0
Related subfamily	5.1	4.1
Unrelated subfamily	1.1	1.0
Family type:		
Married couple	73.3	77.1
Female householder	23.6	20.0
	<u>Thousands</u>	
Population ²	48,086	14,922

¹Percentage of weighted population.

²Weighted. The number of cases in this study is 42,706; the total weighted population estimate is 63,008,000 children.

Table 2--Distribution of selected characteristics of the sample of children, by residence and race, 1988

Characteristics	Metro		Nonmetro	
	White	Black	White	Black
	<u>Percent</u>			
Age of child:				
Under 6 years	35.6	34.2	32.4	32.5
6-11 years	32.6	33.2	34.5	34.6
12-17 years	31.8	32.6	33.1	32.9
Family type:				
Married couple	79.5	40.8	82.6	40.6
Female householder	17.4	55.7	14.6	56.5
Number of siblings:				
None	24.4	24.1	22.8	20.5
One	40.9	30.5	41.0	27.2
Two	21.7	24.0	23.8	21.3
Three or more	13.0	21.4	12.4	30.9
Age(s) of siblings:				
Some under 3 years	31.4	35.8	28.3	33.4
All 3-5 years	21.4	21.2	21.0	21.6
All 6-17 years	47.2	43.1	50.7	44.9
Number of earners:				
None	6.6	26.0	6.0	28.3
One	33.0	37.2	31.2	37.4
Two	46.0	29.7	48.8	28.3
Three or more	14.4	7.1	14.0	6.0
	<u>Thousands</u>			
Population ¹	38,125	7,907	12,757	1,787

¹Weighted. The population estimates by residence and race do not add up to the total weighted estimate of 63,008,000 children because children of other races are excluded in this table.

The social and economic characteristics of children's parents are important influences on the family environment and well-being of children (table 3). To gauge the effects of parental characteristics on children's poverty status and economic well-being, the data on the parent record in the CPS file was assigned to the child's record, which already contained basic demographic, family, and household data. The variable for parent line number from the March 1988 CPS public use file was unedited and not useable. A method to link parent records to child records was devised by selecting the household reference person for each type of family and subfamily. Next, the reference person was linked to his or her children by

matching household sequence and family sequence numbers, and family and subfamily numbers. After matching parents and children, the values of the parental characteristics were assigned to each child in the family. In the absence of a variable in the CPS file to link parent line numbers to their children, the above procedure appears to have satisfactorily solved the matching problem.⁴

⁴In 23,752 cases, reference persons were identified and matched with children. More than two-thirds (71 percent) of the reference persons were male. Most were in the main family (93 percent), with 6 percent in related subfamilies and 1 percent in unrelated subfamilies.

Table 3--Distribution of selected characteristics of parents, by residence and race, 1988

Characteristics	Metro		Nonmetro	
	White	Black	White	Black
	<u>Percent</u>			
Age of parent:				
18-24 years	4.7	10.5	5.1	12.3
25-29 years	13.7	18.8	14.5	19.4
30-34 years	22.6	23.8	23.3	22.8
35-39 years	24.4	20.2	25.1	15.7
40-49 years	27.6	15.9	25.4	17.9
50-59 years	5.1	6.0	5.0	6.3
60 years and older	1.4	2.8	1.3	4.4
Educational attainment:				
Elementary school	8.1	8.0	7.5	18.4
High school, 1-3 years	10.3	21.1	12.2	27.2
High school, 4 years	36.3	42.5	45.9	42.3
College				
1-3 years	19.2	17.0	18.0	8.0
4 years	13.4	5.6	8.2	1.8
5 or more years	12.3	3.7	7.8	.9
Occupation:				
Managerial and professional specialty	26.2	9.8	17.9	3.2
Technical, sales, and administrative support	20.6	16.8	15.1	8.4
Service	7.5	15.7	7.0	13.3
Farming, forestry, and fishing	1.9	.4	7.7	3.2
Precision production, craft, and repair	17.3	7.5	21.3	9.3
Operators, fabricators, and laborers	14.6	14.7	20.8	26.4
Labor force status:				
Employed	83.6	57.5	82.8	52.3
Nonagricultural	82.2	57.4	76.1	50.1
Agricultural	1.4	.1	6.7	2.2
Unemployed	3.3	8.4	6.1	14.4
Not in labor force	10.8	29.7	9.4	31.1
Employment:				
Full-time	78.5	51.4	77.1	43.3
Part-time	5.1	6.1	5.7	9.0
	<u>Thousands</u>			
Population ¹	38,125	7,907	12,757	1,787

¹Weighted. The population estimates by residence and race do not add up to the total weighted estimate of 63,008,000 children because children of other races are excluded in this table.

Poverty status is determined by the poverty index, which provides a range of money income cutoffs or thresholds adjusted to take into account family size, number of children, and age of the family householder. Total family income is tested against the appropriate poverty threshold, or level of minimum income need, to determine the poverty level of the family. If total family income is less than the corresponding threshold, the family is classified below the poverty level. The poverty rate is the percentage of persons with family incomes below the poverty line. All relatives--primary families and unrelated subfamilies--are treated as a unit in defining poverty status; unrelated children under age 15 are excluded from the definition.

Some pooling of resources is assumed to occur among two related families in the same household. Hence, it is preferable to treat related subfamilies along with the main family in determining poverty status. A lag program that attached the poverty status of the main family to that of the related subfamily was used to adjust the poverty status variable in the CPS public use file.⁵

Recent Trends

Significant changes have occurred in the structure and function of American families in society in the past 25-30 years (Bianchi and McArthur, 1989; Bumpass, 1984; Cherlin, 1981; Zill and Rogers, 1988). These new realities of family life raise concern about the effects of family circumstances on the well-being and development of today's children.

Family Living Arrangements

Today, more children can expect to live in a single-parent household at some point in their lives due to increased marital separation, divorce, and out-of-wedlock childbearing (Ross and Sawhill, 1975; Masnick and Bane, 1980; Smith, 1989). More mothers, including those with young children, are now employed outside the home. Hernandez (1989) identified three of the most important changes in family life that are influencing the lives of children today as: (1) changes in the parental family as the

primary source of adult nurturance; (2) changes in the availability of parents, grandparents, and other adult relatives as potential child-care providers in children's homes; and (3) changes in the adequacy of family economic resources. These changes in the family experience of American children will affect the future of America's next generation.

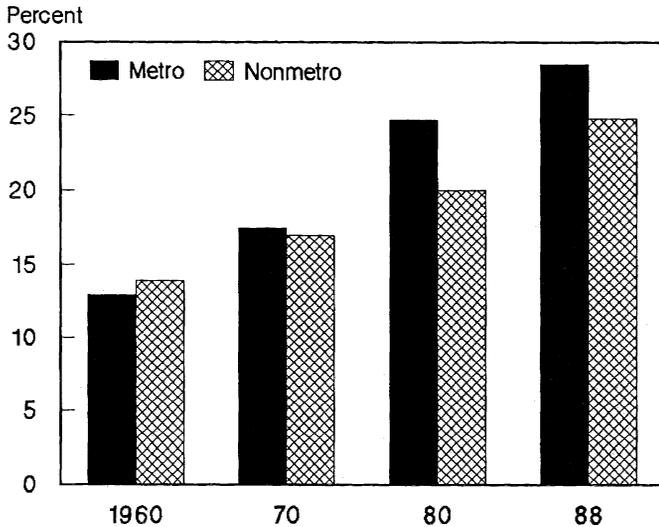
While some of the new realities of American family life are positive for children and their parents (for example, smaller families), other family changes are negative (Zill and Rogers, 1988). Some of the trends in family life have negative effects for children, such as an increasing number of single-parent families and persistently high childhood poverty (Bauer, 1986; Congressional Budget Office, 1985; Congressional Research Service, 1986; Edelman, 1987; Masnick, 1986). Samuel Preston (1984) summed up the relative economic status of dependents in American society in this way, "...conditions have deteriorated for children and improved dramatically for the elderly."

Changes in the family circumstances of children have an important bearing on children's welfare. In 1988, more than 14 million children (23 percent) were living with only their mothers. Children growing up in mother-only households face greater economic disadvantages; for example, their mothers are more likely to have less education, lower income, and higher unemployment (Bauer, 1986; Congressional Research Service, 1986; Masnick, 1986; Masnick and Bane, 1980; Zill and Rogers, 1988). Moreover, many of these children lack contact or support from their absent fathers and often depend on government assistance (Ruggles and Williams, 1987). Changing patterns of marriage and divorce, fertility, and child custody are primary factors in the decrease of married-couple families and the increase of single-parent households.

Figure 1 shows a steady increase, between 1960 and 1988, in the percentage of children not living with both parents. Although media attention has focused on the breakdown of the family in the inner cities, the percentage of nonmetro children not living with both parents nearly doubled, rising from 14 percent in 1960 to 25 percent in 1988 (fig. 1). The percentage for metro children more than doubled over the 29-year period, increasing from 13 percent in 1960 to 29 percent in 1988. In both 1960 and 1970, the percentages of children in metro and nonmetro areas not living with both parents were similar. The residential gap in family living arrangements widened in the 1970's, with a greater increase in single-parent families in metro areas. By 1988, the gap had lessened

⁵The Census Bureau estimated that 19 percent of the metro population and 23.1 percent of the nonmetro population were poor in 1987. Estimates of poverty from the public use tape with the lag program show 19.6 percent poor in metro areas (compared with an estimated 21.3 percent poor without the lag program) and 23.8 percent poor in nonmetro areas (compared with 24.7 percent poor without the lag program). Not attaching the poverty status of the main family to the subfamily artificially inflated the poverty rate.

Figure 1
U.S. children not living with both parents, 1960-88



Sources: David A. McGranahan, John C. Hession, Fred K. Hines, and Max Jordan. *Social and Economic Characteristics of the Population in Metro and Nonmetro Counties, 1970-80*. RDRR-58. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1986; March 1988 Current Population Survey, public use file.

somewhat, with 29 percent of metro children and 25 percent of nonmetro children not living with both parents. These figures suggest that some convergence had occurred in residential patterns of family living arrangements by the late 1980's. As with many social trends, changes in nonmetro family patterns appear to closely parallel, but lag somewhat, the changes experienced in metro areas.

Urban-Rural Household Differences

Urban and rural areas have traditionally differed in their patterns of household size, growth, and structure. In recent years, metro and nonmetro family structure and living arrangements have converged substantially, though the rural-urban components of metro and nonmetro areas have remained distinct (Fuguitt, Brown, and Beale, 1989; McGranahan and others, 1986).⁶ Rural areas, regardless of metro or nonmetro county location, continue to have a higher proportion of married-couple households with minor children than do urban areas, a smaller percentage of single-parent families, and a much lower percentage of persons living alone. Some factors associated with rural living include more traditional attitudes about families, higher fertility, larger households, marriage at earlier ages, outmigration of couples of childbearing age, and economic dependence on farming and extractive industries.

⁶See Appendix A for an explanation of urban and rural.

The prevailing opinion among family scholars is that changes in the lifestyle of rural families since the 1970's have paralleled changes in urban families, with increased rates of divorce, decreased fertility rates, increased numbers of women working outside the home, and growing diversity in employment (Coward, 1980; Coward and Smith, 1981; Fuguitt, Brown, and Beale, 1989). Although rural families have become more like urban families, the urban-rural distinction persists, due to more traditional rural attitudes toward marital stability, premarital sex, and the labor force participation of women. The rural component in nonmetro areas (62 percent) is larger than that in metro areas (14 percent), and has a much greater effect on nonmetro family living arrangements and household structure than on metro family circumstances. Nonmetro areas are thus more heavily influenced by rural family structure and more traditional attitudes toward the family. The economic and institutional structure, along with geographic isolation and small community size, are associated with the remaining residential differences.

Nonmetro America experienced renewed growth in the 1970's: employment opportunities expanded, the long-time trend of nonmetro outmigration reversed, and technological advances (especially in communications) transformed rural life. Despite such progress, nonmetro America continues to lag metro America in income and many other measures of social and economic well-being. The nonmetro unemployment rate, for example, rose above that of metro areas during the 1980's (Brown and Deavers, 1988). Furthermore, nonmetro poverty remains a problem of major dimensions (Deavers, 1989; Hoppe, 1989; Ross and Morrissey, 1987).

Poverty Rates

Family economic well-being consists of both money income and assets. The official poverty definition in the CPS, however, does not include family assets. An alternative poverty measure, which includes both income and personal wealth (consisting of the value of property plus financial assets minus debts), identified as poor nearly 90 percent of those considered poor under the official poverty definition used in this report (Lerman and Mikesell, 1989).⁷

The poor are defined as those whose total economic resources are inadequate to meet a minimal living

⁷The alternative poverty measure yielded no net change in rural or urban poverty rates, although the makeup of the rural poor changed, with more persons under age 45, more renters, more unemployed persons, and more members of large families.

standard. Poverty status is determined by comparing total family income to a poverty threshold, adjusted according to family size, number of children, and age of the family householder. The determination of money income level does not consider family size; thus, poverty status provides a more complete measure of the economic standing of a household.

The official poverty measure used in this report does not adjust for differences in the cost of living. Factoring out any systematic metro and nonmetro differences in the cost of living is difficult. Lack of an accurate method of adjusting for cost-of-living differences by geographic area could introduce more error into the measure.⁸ In any event, current poverty measures adequately illuminate the problem of childhood poverty, especially in nonmetro areas.

Children's economic well-being is dependent on both their parents' incomes and family structure, with mother-only families at an economic disadvantage. In 1980, 13 percent of all families with children were poor and 40 percent of mother-only families were poor (McGranahan and others, 1986). The incidence of poverty among children in mother-only families is more than double that for all families. In 1987, 52 percent of metro children in mother-only families were poor, compared with 61 percent of their nonmetro counterparts. Childhood poverty can be expected to remain high in the long run, due to the trend of increasing proportions of children living in mother-only families (McGranahan, 1985).

In 1987, the proportion of children below the official poverty line (21 percent) was higher than the proportion of the general population in poverty (14 percent). A larger share of nonmetro children are poor than are metro children; in 1987, 24 percent of nonmetro children were in families below the poverty line, compared with 20 percent of their metro counterparts. Today, childhood poverty remains relatively high and efforts are still needed to reduce poverty.

Poverty rates for children in nonmetro areas have historically been higher than poverty rates for children in metro areas (Hoppe, 1989; McGranahan, 1985). The economic well-being of children in nonmetro areas improved in the early 1970's, when the metro

⁸In a 1981 survey of Wisconsin households, Ghelfi (1988) found that: (1) spending for essential purchases, such as food, clothing, housing, utilities, transportation, and medical care, was about the same for metro and nonmetro residents, implying that prices do not differ much between the two residential areas; and (2) average housing costs for monthly mortgage payments showed little rural or urban difference.

and nonmetro poverty rates for children began to converge. This was due, in part, to improved opportunities in nonmetro areas (a period of peak nonmetro growth), and, in part, to the greater increase in mother-only families with children in metro areas (McGranahan and others, 1986). In the late 1970's, however, the residential gap in poverty widened, and higher poverty rates were experienced in both metro and nonmetro areas.

The economic well-being of children improved during the 1960's, coinciding with the introduction of several noncash benefit programs, such as food stamps, Aid to Families with Dependent Children (AFDC), and other welfare programs that provided additional assistance to needy children.⁹ During the late 1970's, the economic well-being of children began to deteriorate, only partially recovering in the late 1980's (Zill and Rogers, 1988). Poverty rates increased sharply in both metro and nonmetro areas in the mid-1970's; after 1983, metro poverty rates declined somewhat, but nonmetro rates have remained high (Hoppe, 1989).

Many factors are involved in the high poverty rates among children. Childhood poverty can result from the reduced earnings of mothers as they adjust their labor force participation to accommodate the presence of children; the assumption of greater household needs when children are present; and the explicit raising of the poverty threshold as family size increases, with fewer per-child resources available in larger families (Smith, 1989). Also, the persistence of high childhood poverty rates is due, in part, to AFDC benefits not being indexed for inflation. Deavers and Hoppe (1991) found a median decline in real AFDC benefits of 37 percent for a family of three from 1970 to 1989.

The percentage of poverty among nonmetro children in all families between 1970 and 1987 was consistently higher than that among metro children (fig. 2).¹⁰ The poverty rate for all children in metro areas increased from 12 percent in 1970 to a high of 21 percent in 1983, and has remained about 19 percent. In contrast,

⁹Noncash or in-kind benefits, however, are not included as income, and thus do not reduce the official poverty rates.

¹⁰The latest year for which data are available is 1987; data on employment and income from the 1988 Current Population Survey (CPS) refer to 1987. For historical trends by residence, note that no residential poverty data were released for 1984 due to the mixed 1970 and 1980 sampling frame used in the 1985 CPS. The 1984 estimates of poverty in this report for metro and nonmetro areas are averages of 1983 and 1985 data. Figures from the CPS in the early 1980's and throughout most of the 1970's refer to metro areas as defined in the 1970 Census. There are important differences in the population classified as metro using the 1970 and 1984 definitions, and these differences must be acknowledged when presenting time-series data.

the poverty rate for children in nonmetro areas declined from 20 percent in 1970 to a low of 17 percent in the mid-1970's, before rising to between 20 percent and 25 percent in 1982-87. The residential gap in poverty diminished somewhat during the 1970's; however, poverty rates have increased for both residential areas since 1978. By 1987, the nonmetro poverty rate for children was 24 percent and the metro poverty rate was 20 percent.

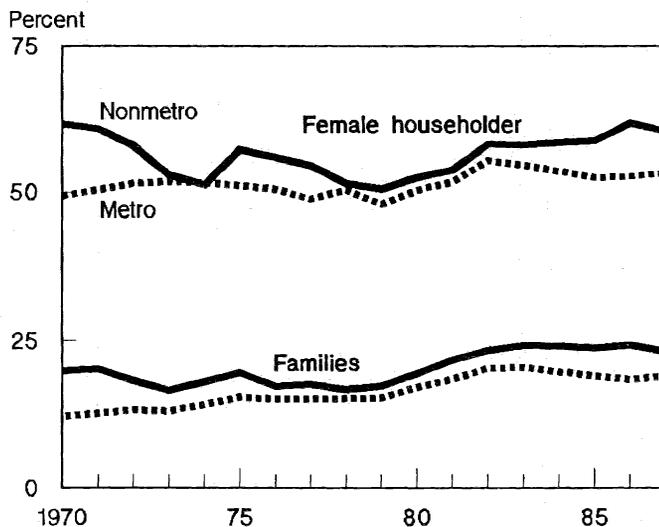
Figure 2 illustrates the much greater incidence of poverty for children in mother-only families, which is more than double the childhood poverty rate for all families. The poverty level for nonmetro children in mother-only families was higher than that for metro children in mother-only families throughout the period, except in the early 1970's, when residential poverty rates converged. Childhood poverty in mother-only families in metro areas ranged from 49 percent to 52 percent in the 1970's, climbing slightly higher to about 52-55 percent in the 1980's. The nonmetro poverty rate declined from 62 percent in 1970 to a low of 51 percent in the mid-1970's, but increased since 1978 to again reach its previous high of 62 percent in the late 1980's. The poverty rates in figure 2 illustrate the economic disadvantages that children in mother-only families face. Despite economic recovery in the 1980's, childhood poverty is expected to remain high in the long run, due to the trend of increasing proportions of children living in mother-only families (McGranahan, 1985). The number of mother-only families in poverty increased from 2.45 million in 1979 to 3.54 million in 1987, accounting for almost 1.1 million of the 1.37-million increase in the number of U.S. mother-only families (U.S. House of Representatives, 1989).

Race had a greater influence on childhood poverty between 1970 and 1987 than did residence, with a larger proportion of black children than white children in all families below the poverty level, regardless of residence (fig. 3). The poverty rate for metro black children increased during the 1970's, from 33 percent in 1970 to 40 percent by 1980. Throughout the 1980's, the poverty rate for black children in metro areas remained above 40 percent. Poverty rates for nonmetro black children were consistently higher than those for their metro counterparts during 1970-87. The poverty rate declined for nonmetro black children from 61 percent in 1970 to a low of 45 percent in 1978. However, in the 1980's, the poverty rate for nonmetro black children once again climbed above 50 percent, reaching 57 percent in 1987.

Of all children in single-parent families headed by a female, black children in nonmetro areas are the most

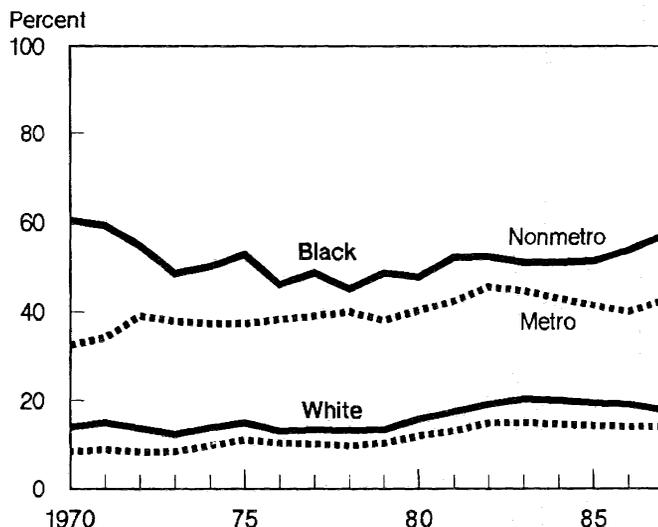
economically disadvantaged group over time, with poverty rates hovering around 75 percent since 1973 (fig. 4). Metro black children follow, with poverty rates around 65 percent since the early 1970's. Although the proportion of children in mother-only families is much higher for blacks than for whites, this is only one factor in the higher poverty rates for black

Figure 2
U.S. children below poverty level, by family type and residence, 1970-87¹



^{1/} Related children under age 18. Data for 1984 were interpolated. Sources: Bureau of the Census, "Money Income and Poverty Status in the United States," *Current Population Reports*, Series P-60, various issues. U.S. Dept. of Commerce, March 1988 Current Population Survey, public use file.

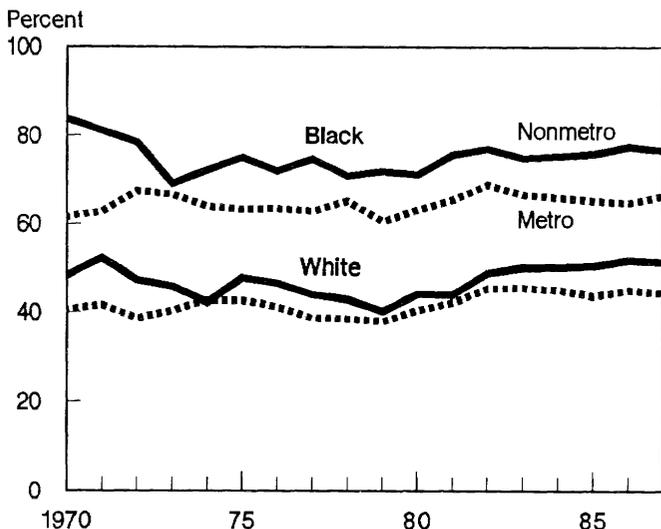
Figure 3
U.S. children below poverty level, by race and residence, 1970-87¹



^{1/} Related children under age 18. Data for 1984 were interpolated. Sources: Bureau of the Census, "Money Income and Poverty Status in the United States," *Current Population Reports*, Series P-60, various issues. U.S. Dept. of Commerce, March 1988 Current Population Survey, public use file.

Figure 4

U.S. children in mother-only families below poverty level, by race and residence, 1970-87¹



^{1/} Related children under age 18. Data for 1984 were interpolated. Sources: Bureau of the Census, "Money Income and Poverty Status in the United States," Current Population Reports, Series P-60, various issues. U.S. Dept. of Commerce; March 1988 Current Population Survey, public use file.

children. White children in mother-only families, regardless of residence, fared better financially than their black counterparts, even though poverty conditions for white children did not improve significantly over the time period. In fact, white children in both areas living in mother-only families were slightly worse off in 1987 than they were in 1970.

The recessions of the early 1980's pushed poverty rates up, and the slower economic recovery and lower employment performance in nonmetro areas delayed improvement in poverty conditions (Hoppe, 1989; Reid, 1988). The increase in poverty rates from 1979 to 1983 has been attributed to three main factors: (1) prices increased more rapidly than income in the late 1970's and early 1980's, and poverty thresholds (adjusted for inflation) increased just as rapidly as prices, causing persons with incomes marginally above the poverty threshold to fall into poverty if their income grew slower than the poverty threshold; (2) the economic downturns from 1980 to 1982 reduced the earnings of some persons to below the poverty threshold; and (3) stricter eligibility requirements disqualified some persons from receiving welfare benefits and reduced the amounts others received (Hoppe, 1989).

Changes in the metro and nonmetro designations used by the Census Bureau since 1984 have also contributed to the high nonmetro poverty rates of 1983-87. Metro and nonmetro designations are revised periodically to

reflect the increasing urbanization of the Nation. The recent change decreased the nonmetro population by about 28 percent. Because nonmetro areas reclassified as metro were more likely to be in a better financial position than other nonmetro areas, this reclassification tended to raise the poverty rates of the areas that remained nonmetro (Hoppe, 1989). Despite the changes in the metro and nonmetro designations, economic conditions in nonmetro areas have generally fallen behind economic conditions in metro areas.

Figures 2-4 underscore the persistence of childhood poverty and the importance of family structure, race, and residential differences over time. A consistently higher level of childhood poverty has been found among those who live in nonmetro areas. The modest improvement in poverty rates in nonmetro areas in the 1970's was a brief respite in the overall trend of deteriorating economic conditions for children. The type of family in which a child resides exerts an even stronger influence on poverty than does residence. In the 1970's, changes in family circumstances--most notably shifts toward mother-only families and greater labor force participation by mothers--had a stronger effect on the economic well-being of children than did changes in the economy (Hill, 1983). The joint effects of race and family type result in an especially disadvantageous economic situation for black children in families headed by women.

Based on current trends, an estimated 70 percent of white children and 94 percent of black children born in 1980 will spend part of their childhood in a single-parent family before reaching age 18 (Garfinkel and McLanahan, 1986). With the increasing probability of children living in single-parent families headed by women, poverty rates are expected to remain high (Edelman, 1987; Masnick, 1986; McGranahan, 1985; and Preston, 1984).

Some children experience poverty for temporary periods in their lives due to job loss of their parent(s) or some other employment-related condition. However, 38 percent of metro and 43 percent of nonmetro poor children are persistently poor or trapped in poverty (Ross and Morrissey, 1989). The persistently poor consist of those with family incomes below the poverty level for 3 or more years. Among poor children in mother-only families, 80 percent of nonmetro children were persistently poor, compared with 47 percent of their metro counterparts (Ross and Morrissey, 1989). The characteristics of children that increase their probability of being poor or near poor are similar to those of the persistently poor. These

characteristics include living in a mother-only family, being black, having less than a high school education, relying heavily on public assistance for income, and having low levels of labor force participation. Ross and Morrissey (1989) also found that only a small proportion of nonmetro mother-only families had five or more persons, and half of nonmetro persistently poor children lived in families of five or more persons. This suggests that nonmetro persistently poor children may be concentrated in relatively few but large families. Trends in childhood poverty since 1970 raise concern about whether or not the high levels of childhood poverty will continue through the end of the century.

Poverty Status Differentials in 1987

The proportion of nonmetro children who were poor was higher than that for metro children in 1987 (fig. 5). Nearly 24 percent of all nonmetro children were in families below the poverty level, compared with almost 20 percent of their metro counterparts. In addition, 12.4 percent of nonmetro children were classified as near poor, or in families with total incomes 100-149 percent of the official poverty level, compared with 9.5 percent of metro children defined as near poor. The financial standing of the near poor is precarious at best, with family incomes only marginally above the official poverty line. However, their family incomes may be enough above the poverty level to disqualify them from receiving certain types of

public assistance or means-tested noncash benefits, such as food stamps, free or reduced-price lunches, public or subsidized housing, and Medicaid health insurance. Thirty-six percent of nonmetro children were poor or near poor, compared with 29 percent of metro children.

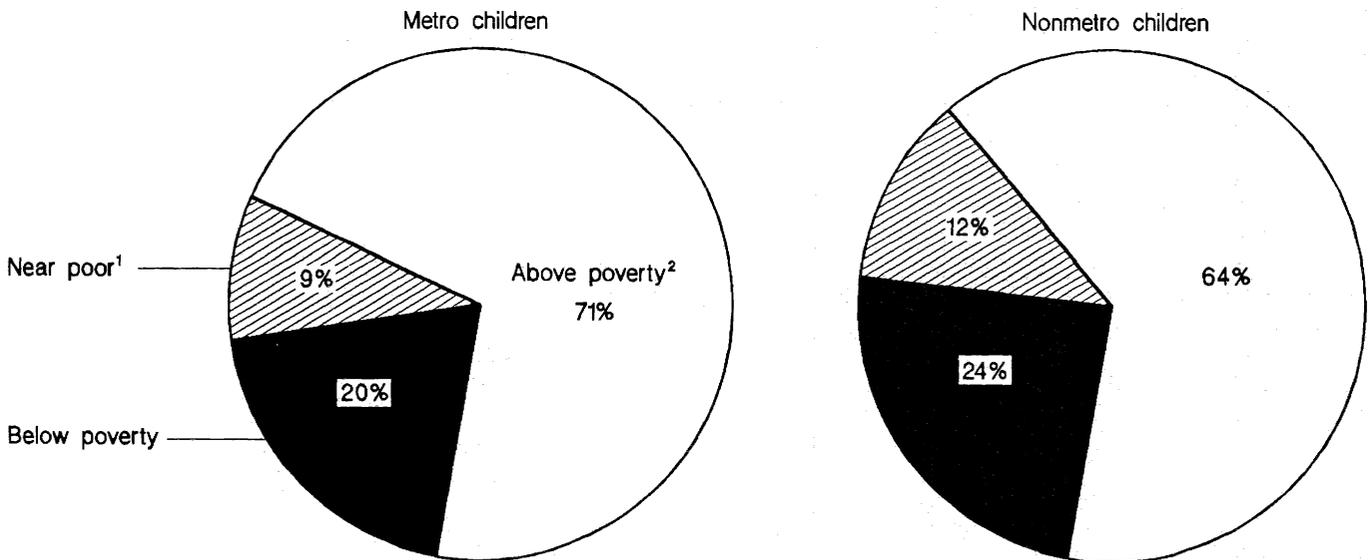
Region

Poverty is a problem for the South in general, with nearly 31 percent of nonmetro children in poverty in the South (fig. 6). This proportion is more than double the 14-percent poverty rate for nonmetro children in the Northeast, the region with the lowest poverty rate. Among metro children, the South also had the highest poverty rate (21.5 percent) of all regions. When all children on the edge of poverty are taken into account--both poor and near-poor children--there are marked differences by metro and nonmetro residence in the South and the West. In the South, 42 percent of nonmetro children are either below or near the poverty level, compared with 32 percent of their metro counterparts. A similar pattern is found in the West, where 39 percent of nonmetro children are poor or near-poor, compared with 30 percent of metro children.

Migration

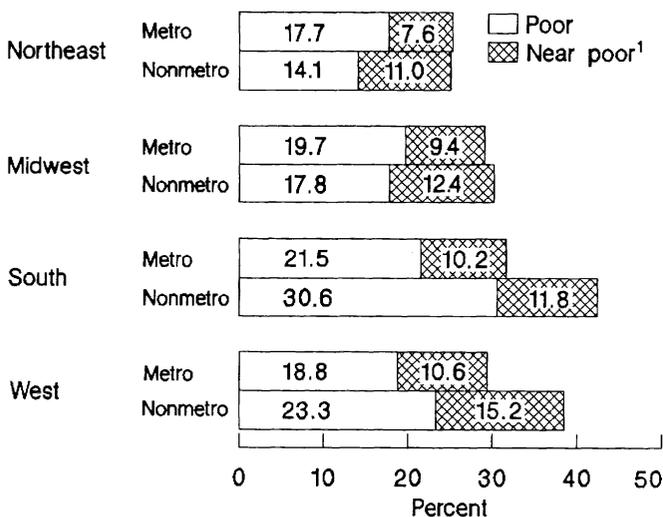
Poverty rates are higher for nonmetro children regardless of migration status, or whether the child's

Figure 5
Poverty status of U.S. children, 1987



1/ Incomes 100-149 percent of the poverty level. 2/ Incomes at least 150 percent of the poverty level.
Source: March 1988 Current Population Survey, public use file.

Figure 6
Poverty status of U.S. children, by region, 1987



1/ Incomes 100-149 percent of the poverty level.
 Source: March 1988 Current Population Survey, public use file.

family had changed residence between 1987 and 1988. Migrants (one-fifth of all children) were more likely to be poor than nonmigrants; among nonmigrant families, 19 percent of nonmetro children and nearly 17 percent of metro children were poor. Among those families moving into metro areas, no difference in poverty status is found by place of origin; 29 percent from nonmetro areas and nearly 30 percent from metro areas were poor. However, families that relocated to nonmetro areas were more likely to be poor if they moved from another nonmetro area (40 percent) than from a metro area (35 percent). While it is not known whether migrants were poor in the place of origin or destination, it is likely that economic factors entered into the decision of some to relocate. In brief, children are more likely to be poor among migrants, among those moving into nonmetro areas, and among nonmetro migrants to nonmetro destinations.

Tenure

The financial position of children in homeowner families is considerably better than that of renters. Poverty is lowest among those families who own their own homes in both residential areas, with nonmetro poverty being higher (13 percent) than metro poverty (7 percent). A higher proportion of renters were poor, with 45 percent of nonmetro children and 40 percent of metro children in families below the

poverty line. A higher proportion of nonmetro children are in families that own their own home (68 percent) than are their metro counterparts (62 percent). Without this advantage, the economic disparity by residence would most likely be even greater. The higher proportion of homeowners in nonmetro areas partially offsets the lower total wealth in nonmetro areas.

Family Composition

Being in a family below the poverty level is more common for younger children and children in families with younger siblings (table 4). The highest poverty rates are found among children under age 6, significantly different from the rates for children aged 12-17 in both metro and nonmetro areas. In nonmetro areas, a significant difference in poverty rates is also found between children under age 6 and those aged 6-11.

Children in families with one or more siblings have a greater probability of being poor, with the proportion in poverty increasing incrementally with the addition of each child (table 4). Children in families with four or more siblings are likely to be economically disadvantaged, with 53 percent of nonmetro children and 47 percent of metro children in such families below the poverty line.

Children in families with no earners or only one earner are more likely to be poor than are those in families with at least two earners. Eighty-four percent of children in families with no earners, regardless of residence, are apt to be poor. The greater the number of adults in the family, the greater the probability is of having more earners and a better economic position.

Race

Research reveals that race affects a child's poverty status, with the black poverty rate about three times that of white children in both metro and nonmetro areas. In nonmetro areas, nearly 59 percent of black children are poor, compared with 19 percent of white children. A higher proportion of whites (86 percent) reside in nonmetro areas than in metro areas (79 percent).¹¹ Without this difference in racial composition, the residential poverty gap would most likely be larger. Black children residing in nonmetro areas are more likely to face economic disadvantages, especially those in families with children under age 6, with three or more siblings, in mother-only families, and in families with no earners.

¹¹See Appendix B for poverty differentials by race and residence.

Table 4--Poverty status of children, by demographic and family characteristics, 1987

Selected characteristics	Metro ¹			Nonmetro ²		
	Below poverty	At or near poverty ³	Above poverty ⁴	Below poverty	At or near poverty ³	Above poverty ⁴
	<u>Percent</u>					
Total	19.6	9.5	70.8	23.8	12.4	63.7
Age of child:						
Under 6 years	21.8	9.9	68.4	28.3	12.4	59.3
6-11 years	20.1	10.0	69.8	23.5	12.4	64.1
12-17 years	16.8	8.7	74.6	19.7	12.5	67.8
Race:						
White	14.6	8.8	76.6	18.5	12.5	68.9
Black	43.2	13.0	43.8	58.6	11.3	30.0
Family type:						
Married couple	9.0	8.6	82.4	14.0	12.2	73.7
Spouse in labor force	4.8	6.3	88.9	9.0	9.2	81.8
Spouse not in labor force	15.9	12.3	71.8	22.2	17.3	60.6
Female householder	52.4	12.4	35.2	60.9	13.3	25.8
Number of siblings:						
None	13.6	7.4	79.1	18.6	10.1	71.3
One	13.9	8.0	78.2	17.1	11.7	71.2
Two	23.6	11.1	65.3	27.0	13.8	59.2
Three	34.2	12.6	53.2	39.3	16.7	44.0
Four or more	47.3	18.9	33.8	52.9	13.6	33.4
Age(s) of siblings:						
Some under 3 years	24.6	11.3	64.1	31.5	13.1	55.3
All 3-5 years	22.0	9.6	68.5	26.5	12.2	61.3
All 6-17 years	15.1	8.4	76.5	18.2	12.1	69.7
Number of earners:						
None	84.3	5.4	10.3	84.3	6.3	9.4
One	24.0	14.4	61.6	33.9	16.9	49.2
Two	5.9	8.0	86.1	9.7	10.8	79.5
Three or more	3.5	5.5	91.1	6.8	11.3	81.9

¹Weighted population of 48,086,000.

²Weighted population of 14,922,000.

³Incomes at 100-149 percent of the poverty level.

⁴Incomes at 150 percent or more of the poverty level.

Black children in families with young children and in large families often face economic hardships (fig. 7). Regardless of residence, black children in families with children under age 6 were more than twice as likely as their white counterparts to be poor or near poor. Similarly, black children in large families are at greater risk of marginal economic conditions than are white children. For example, among nonmetro children in

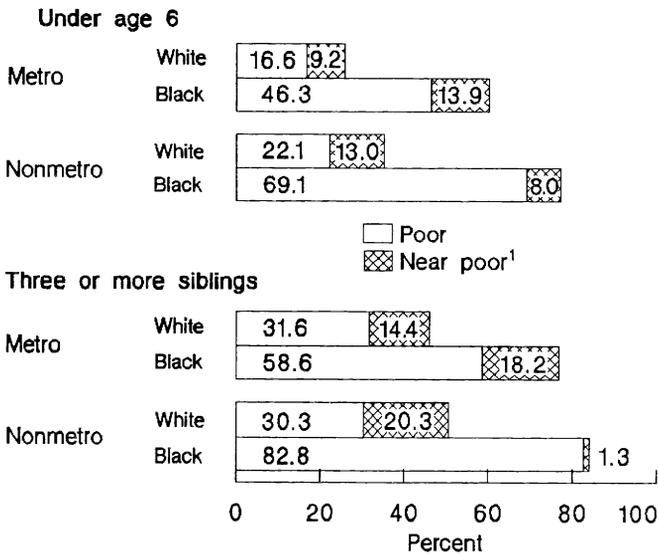
families with three or more siblings, 84 percent of blacks are poor or near poor, compared with 51 percent of white children.

Family Type

The marked difference in the poverty status of children by family type is evident from Appendix B,

Figure 7

Poverty status of U.S. children, by race and other selected characteristics, 1987



^{1/} Incomes 100-149 percent of the poverty level.
 Source: March 1988 Current Population Survey, public use file.

tables 1-4. Regardless of residence, the highest poverty rate is found among children living with female householders, at 52 percent in metro areas and 61 percent in nonmetro areas. By comparison, children in married-couple families are more financially secure, with 9 percent of metro children and 14 percent of nonmetro children in married-couple families in poverty. Among married-couple families, higher proportions of poor and near-poor children were found in families where one spouse is not in the labor force. The slightly higher proportion of married-couple families in nonmetro areas (77 percent) than in metro areas (73 percent) partially offsets the lower total wealth in nonmetro areas and reduces the residential gap in poverty.

Another way to view the effects of living in a mother-only family on economic welfare is to look at the percentage of all poor children who live in such families. Among those below the poverty level, 63 percent of metro children and 51 percent of nonmetro children were in mother-only families.¹² Children fare much better financially if they remain in stable, married-couple families than if they experience the loss of a parent, especially the father, from the household (Bianchi and McArthur, 1989).

¹²Unpublished data from the March 1988 CPS public use file.

The highest poverty rates by marital status occur for children living with a never-married parent. Sixty-six percent of metro children and 72 percent of nonmetro children in such family situations were poor. Poverty was also high among children whose parents are married, with a spouse absent. Fifty-five percent of metro and 67 percent of nonmetro children in this type of living arrangement were poor. This directly contrasts with children living with a married parent whose spouse is present; only 9 percent of metro children and 14 percent of nonmetro children in such two-parent families were below the poverty line.

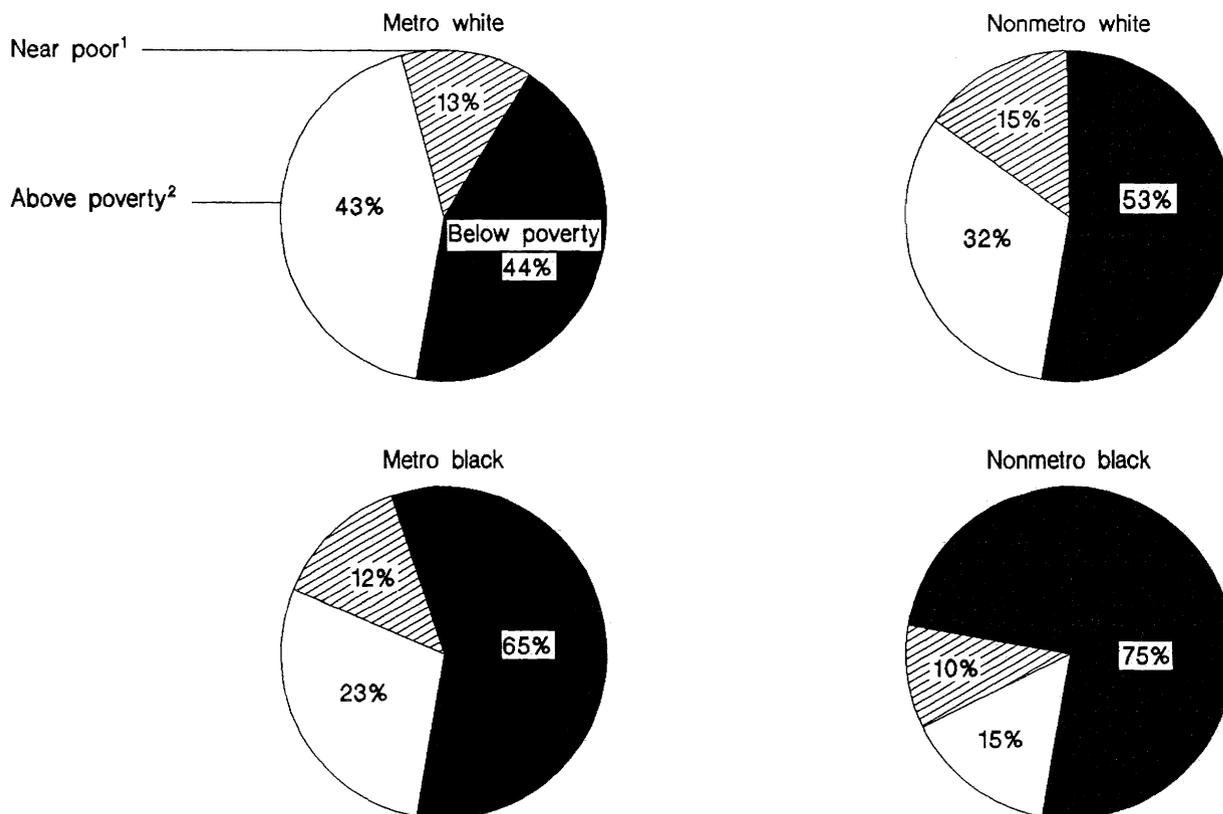
For children in mother-only families, black children in nonmetro areas have the greatest probability of being poor (75 percent), followed by black metro children (65 percent), white nonmetro children (53 percent), and white metro children (44 percent). Although the percentage of near-poor children is not statistically different among the four race and residence subgroups shown in figure 8, the near poor add substantively to the total proportion of children at risk of experiencing adverse financial conditions.

The higher poverty that black children and those in female-headed families experienced is partially interrelated. In both metro and nonmetro areas, black children are more likely than white children to be in mother-only families. Although a larger share of single-parent families is black, the number of single-parent families with children is higher for whites. Black children, regardless of residence, are also more likely to be in families at greater risk of poverty—for example, families with more siblings and with no or only one earner present. More than half of all children living with only their mother were poor.

Age of Parent

Poverty was highest in both metro and nonmetro areas for children whose parents were under age 25 (table 5). Forty-seven percent of metro and 53 percent of nonmetro children with parents aged 18-24 were below the poverty level. The lowest poverty rates occur among children with parents aged 35-49, usually considered the prime working years, when most adults are established in their careers and in their peak earning years. Even with a similar pattern of poverty by parental age and family type, the level of poverty in nonmetro areas remains higher than that in metro areas.

Figure 8
Poverty status of U.S. children in mother-only families, by race and residence, 1987



1/ Incomes 100-149 percent of the poverty level. 2/ Incomes at least 150 percent of the poverty level.
 Source: March 1988 Current Population Survey, public use file.

Educational Attainment of Parent

Advances in parental education, regardless of residence, have improved the economic welfare of their children. Parents of metro children are better educated than their nonmetro counterparts, with 42 percent of metro parents having completed at least 1 year of college, compared with 31 percent of nonmetro parents. Children in families with a parent who did not complete high school were worse off economically than children with highly educated parents. Half of all children whose parents had not advanced past elementary school were below the poverty line. High school graduation is clearly associated with improved financial well-being; 18 percent of metro children and 22 percent of nonmetro children whose parents graduated from high school were below the poverty line. An age-interaction effect has taken place. Younger parents are more likely to have interrupted their high school or college educations due to early childbearing. Alternatively, older parents are less likely to have attained levels of education comparable to their younger counterparts, as

evidenced by gains in adult educational attainment over time.

The joint effects of parental education and family type on childhood poverty, illustrated in figure 9, show that children in mother-only families are about twice as likely as children in married-couple families to be poor or near poor, regardless of parental educational level or residence. Among nonmetro children whose parents had completed some high school, 85 percent in mother-only families and 45 percent in married-couple families were at risk of adverse economic conditions. While the economic picture improves greatly for children whose parents had completed some college, the incidence of poverty is significantly higher for children in mother-only families than for those in married-couple families. For example, among nonmetro children, 31 percent in mother-only families with 4 years of college and 11 percent in married-couple families were poor or near poor. Educational attainment influences employment prospects, with highly educated parents being more marketable in the labor force and better able to

Table 5--Poverty status of children by selected social, economic, and demographic characteristics of their parents, 1987

Selected characteristics	Metro ¹			Nonmetro ²		
	Below poverty	At or near poverty ³	Above poverty ⁴	Below poverty	At or near poverty ³	Above poverty ⁴
	<u>Percent</u>					
Total	19.6	9.5	70.8	23.8	12.4	63.7
Age:						
18-24 years	47.2	14.1	38.7	53.3	16.6	30.1
25-29 years	29.1	13.4	57.5	34.3	13.3	52.5
30-34 years	20.1	9.8	70.1	24.5	13.0	62.6
35-39 years	16.1	9.0	74.9	16.5	11.7	71.8
40-49 years	10.2	6.5	83.3	14.6	10.8	74.6
50-59 years	15.1	8.8	76.2	25.4	13.5	61.1
60 years and older	34.1	13.6	52.3	36.6	15.9	47.5
Educational attainment:						
Elementary school	49.7	16.8	33.5	50.8	17.8	31.5
High school, 1-3 years	45.6	13.7	40.7	40.1	15.0	44.9
High school, 4 years	18.3	11.3	70.4	22.3	14.0	63.7
College						
1-3 years	10.4	8.0	81.6	15.2	9.4	75.5
4 years	3.3	3.7	93.1	4.2	8.5	87.2
5 or more years	2.9	2.2	94.9	3.8	3.2	93.0
Occupation:						
Managerial and professional specialty	3.1	3.5	93.3	4.8	6.2	88.9
Technical, sales, and administrative support	9.7	8.6	81.7	13.4	10.4	76.2
Service	31.6	13.3	55.1	41.4	18.5	40.0
Farm, forestry, and fishing	29.5	23.6	46.9	30.7	21.7	47.6
Precision production, craft, and repair	7.2	10.7	82.1	11.0	12.7	76.3
Operators, fabricators, and laborers	15.4	14.1	70.5	18.9	13.4	67.7
Labor force status:						
Employed	9.3	8.9	81.8	13.6	12.3	74.1
Nonagricultural	9.2	8.7	82.1	12.4	11.4	76.2
Agricultural	19.5	21.4	59.0	28.5	23.0	48.5
Unemployed	48.7	13.9	37.4	55.6	12.5	31.9
Not in labor force	67.2	9.9	23.0	69.5	12.2	18.3

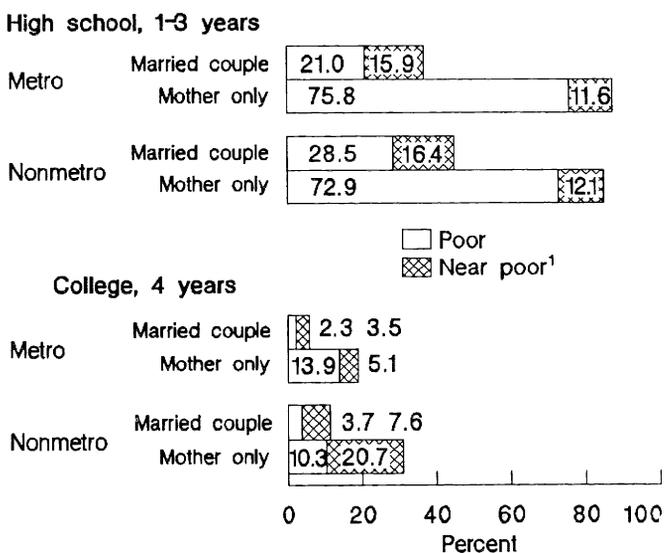
¹Weighted population of 48,086,000.

²Weighted population of 14,922,000.

³Incomes at 100-149 percent of the poverty level.

⁴Incomes at 150 percent or more of the poverty level.

Figure 9
Poverty status of U.S. children, by family type and education of parent, 1987



^{1/} Incomes 100-149 percent of the poverty level.
 Source: March 1988 Current Population Survey, public use file.

provide an economically secure environment for their children than their less-educated counterparts.

Parental Occupation

Despite residential differences in occupational structure, occupational differences in poverty status are similar in metro and nonmetro areas. Metro parents are more likely to hold managerial and professional specialty positions (24 percent, versus 16 percent for nonmetro parents) as well as technical-sales-administrative support positions (20 percent, versus 14 percent nonmetro). In addition, nonmetro parents are more likely to be employed in precision production, craft, and repair occupations (20 percent, versus 15 percent metro); in farming, fishing, and forestry (7 percent, versus 2 percent metro); and as operators, fabricators, and laborers (21 percent, versus 15 percent metro).

The highest poverty rates occurred among parents employed in service jobs or in farming, forestry, or fishing occupations (table 5). Children whose parents were employed in managerial and professional specialty occupations experienced less poverty, regardless of residence. Children with parents employed in nonagricultural jobs were better off financially than children whose parents worked in agricultural pursuits. This reflects the effect of

nonmetro employment opportunities on childhood poverty and well-being.

Employment Status of Parent

Children of employed parents have a clear financial advantage. The highest poverty rates occur for children whose parents are not in the labor force, with two-thirds of all children in such families below the poverty level in both metro and nonmetro areas (table 5). Forty-nine percent of metro children and 56 percent of nonmetro children whose parents were unemployed were below the poverty level. Moreover, a greater share of nonmetro parents were unemployed (7 percent) than were their metro counterparts (4 percent).

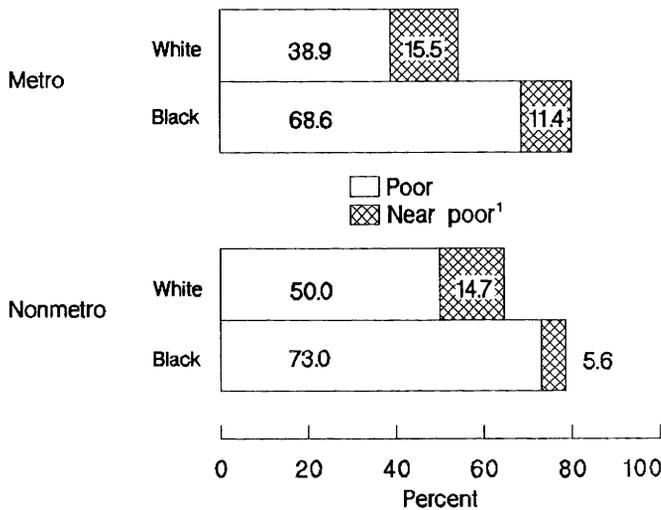
Both unemployed parents and those not in the labor force are without jobs. The proportion in poverty is smaller among unemployed parents than among parents not in the labor force, most likely due to temporary joblessness. No residential difference is found in the proportion of poor parents not in the labor force; many in this group can best be described as persistently poor, or trapped in poverty. As Ross and Morrissey (1987) note, more than half of the persistently poor were in families with no earners.

Among unemployed parents, poverty is more common in nonmetro areas. Being temporarily poor in nonmetro areas more often results from work-related events, such as the loss of a job or lack of local employment opportunities, than from personal events, such as divorce (Ross and Morrissey, 1987). With higher unemployment and underemployment in nonmetro areas, many workers and their families may experience periods of poverty.

Parents working fulltime fared better than their counterparts who worked parttime. In nonmetro areas, 11 percent of parents who worked fulltime and 45 percent of those working parttime were below the poverty level. This comparison partly reflects local area employment opportunities and conditions.

The financial standing of white children of unemployed parents was significantly better than that of their black counterparts. Figure 10 shows the disadvantaged financial position of black children whose parents are unemployed. For example, about 80 percent of black children with unemployed parents were classified as poor or near poor, regardless of residence. In contrast, 65 percent of nonmetro white children and 54 percent of metro white children with unemployed parents were near or below

Figure 10
Poverty status of U.S. children with unemployed parents, by race and residence, 1987



^{1/} Incomes 100-149 percent of the poverty level.
 Source: March 1988 Current Population Survey, public use file.

the poverty line. Moreover, parents of black children, regardless of residential area, were more likely than those of white children to be unemployed or not in the labor force.

In sum, parents' characteristics affect the poverty status of their children, regardless of residence. Older, married, better educated, and employed parents are more likely to provide a financially secure home environment for their children. Metro parents tend to be better educated and to be employed in managerial and professional specialty positions. The basic difference between metro and nonmetro labor markets is operative, with a greater proportion of higher paid occupations and highly educated workers in the metro labor market. These residential differences in parental education and employment status contribute to an increased risk for nonmetro children of being poor or near poor. With the increased education of parents and more mothers working for pay outside the home (U.S. Department of Labor, Bureau of Labor Statistics, 1985; Zill and Rogers, 1988), economic conditions for at least some children may improve.

Multivariate Analysis of the Determinants of Economic Well-Being

Because of persistent metro-nonmetro poverty differentials, this report uses multivariate analysis techniques to systematically assess the determinants of

the economic well-being of children. The central question is, "What is the relative contribution of a set of demographic and socioeconomic factors to the economic welfare of children?" This analysis will show whether residence, in and of itself, results in higher poverty for children in nonmetro areas, or whether children in families with certain demographic and parental characteristics leading to lower economic status are more concentrated in nonmetro areas.

The previous section highlighted characteristics that increase a child's risk of being in a family that is poor or near poor, but most children do not live in such families. Seventy-one percent of metro children and 64 percent of nonmetro children are in families of at least modest means (at least 150 percent above the poverty level). This section aims to determine what factors influence the economic well-being for children across a broad spectrum of economic levels, not just the factors that predispose children to poverty or adverse economic conditions.

Analysis of variance is the appropriate statistical method for this study, since the dependent variable is measured on an interval level, and the independent variables are measured on a categorical level. Analysis of variance decomposes the variance in the dependent variable, here, the income-needs ratio, into the portion due to the independent variables and that portion not accounted for by the independent variables. The individual contribution of each independent variable to the mean score of the dependent variable (grand mean) can be assessed while holding constant the effects of the remaining independent variables. Thus, the effect of a specific variable or set of variables on the economic status of children can be evaluated, while controlling for other confounding factors.

The indicator of economic well-being, or the dependent variable, chosen will make a difference in the findings. This study uses the income-needs ratio to measure economic well-being. The income-needs ratio, unlike household income, is determined by comparing total family income to a poverty threshold (the denominator of the ratio), adjusted to consider family size, number of children, and age of the family householder. The income-needs ratio was selected over household income as a measure of economic well-being because it provides a more complete assessment of the household's economic status. The income-needs ratio represents the mean score of each of 14 income intervals, ranging from 0.25 to 8.44; a value of 1 is equal to the poverty cutoff. For example, a mean value or score of 1.50 on the dependent variable is 1-1/2 times the poverty level, and a score of 2 is twice the poverty level.

Analysis of variance produces a multiple classification analysis (MCA) table, which shows the pattern of the effects of the independent variables. Multiple classification analysis, or multiple regression with dummy variables, is a method of standardization in which population composition is statistically controlled while assessing the effect of a specific factor on the dependent variable. The MCA table shows the net effect of each variable when controlling for differences in the other factors. Table 6 presents the results of the MCA of the determinants of economic status.¹³

The independent variables in the analysis of the economic well-being of children include:

Ascribed characteristics and family composition:

- (1) Race--White or black.
- (2) Number of siblings--Ranging from no other child under age 18 to four or more children under age 18.

Characteristics of parents:

- (3) Age of parent--Ranging from ages 18 to 24, to ages 60 and older.
- (4) Sex and marital status of parent, and, if spouse present, labor force status of spouse.
- (5) Educational attainment (years of school completed)--Ranging from 1 to 8 years elementary school to 5 or more years of college.
- (6) Number of earners--Ranging from no earners to three or more earners.

Area-level characteristics:

- (7) Residence--Metro or nonmetro.
- (8) Region--Northeast, Midwest, South, and West.
- (9) Migration status--Nonmigrant, metro to metro migrant, metro to nonmetro migrant, nonmetro to metro migrant, and nonmetro to nonmetro migrant.
- (10) Tenure--Homeowner or renter.

After selecting the independent variables in the final model, separate analyses of the economic well-being of metro children and nonmetro children were conducted (See Appendix C for separate MCA tables for metro and nonmetro children).

Because a change in the dependent variable could alter the findings, the bivariate relationships, with

¹³A plot of residuals by predicted values of the dependent variable yielded the expected random pattern. To determine whether some or all of the independent variables were intercorrelated, a test for multicollinearity was performed. As no large negative correlation coefficients were found in the correlation matrix, one can assume that multicollinearity does not exist, and that the independent variables are not highly correlated.

poverty status as the dependent variable, will be compared with the results obtained using the income-needs ratio as the dependent variable before proceeding to the results of the MCA. In the previous section, poverty status was divided into three categories: poor children, near-poor children, and children in families with incomes at least 1-1/2 times the poverty level. In the MCA analysis, the dependent variable (the income-needs ratio) is modified to include more levels at the upper end of the economic spectrum. This shift in focus will allow one to assess the determinants of children's economic well-being and not only the determinants of childhood poverty.

The results are identical using either poverty status or the income-needs ratio as the dependent variable, with the same pattern of variation within categories of the independent variables, in separate analyses for each of the independent variables in table 6. For illustrative purposes, consider the relationship between residence and the alternative dependent variables. The unadjusted deviations from the grand mean in table 6 show the same relationship between residence and the income-needs ratio as was seen between residence and poverty status (tables 4 and 5). For children in metro areas, the average income-needs ratio is 3.12 (2.93 + 0.19), which represents an economic level slightly more than triple the poverty level. For nonmetro children, their average income-needs ratio is 2.35 (2.93 - 0.58), or more than double the poverty level. These results parallel the previous findings, which show the more advantageous position of children in metro areas, where nearly 71 percent were in families at the upper end of the income scale (at least 150 percent above the poverty level), compared with 64 percent of children in nonmetro areas.

The bivariate relationship between race and the two alternative dependent variables provides another example of the similarity in results. Table 6 shows an average income-needs ratio of 3.18 for white children, more than triple the poverty level. For black children, the ratio is 1.61, slightly more than 1-1/2 times the poverty level. With an average income-needs ratio of 2.93 for all children (about three times the poverty level), these results show white children 9 percent above and black children 45 percent below the average. This relationship parallels that seen previously (table 4), with 69 percent of white children and 30 percent of black children in nonmetro areas in families with incomes at least 150 percent above the poverty level. A similar finding occurs among metro children. No differences are found in the bivariate relationships for any of the independent variables in table 6 when the income-needs ratio is substituted for

Table 6--Multiple classification analysis of the economic well-being of children

Characteristics	Number of children	Deviations from grand mean			
		Unadjusted	Eta ¹	Adjusted ²	Beta ³
	<u>Thousands</u>		<u>Grand mean = 2.93⁴</u>		
Total	59,648				
Parent's education:			0.50		0.33
Elementary, 1-8 years	4,929	-1.57		-0.97	
High school, 1-3 years	7,561	-1.41		-.71	
High school, 4 years	23,683	-.43		-.37	
College					
1-3 years	10,987	.31		.10	
4 years	6,553	1.72		1.16	
5 or more years	5,935	2.34		1.71	
Number of siblings ⁵ :			.28		.25
None	14,083	.78		.84	
One	23,547	.28		.10	
Two	13,458	-.51		-.48	
Three	5,257	-1.02		-.76	
Four or more	3,302	-1.60		-1.16	
Family type:			.41		.17
Married couple, spouse in labor force	27,667	.85		.33	
Married couple, spouse not in labor force	16,725	-.02		.05	
Male householder	1,765	-.31		-.17	
Female householder	13,492	-1.68		-.71	
Homeownership:			.38		.14
Homeowner	38,466	.67		.25	
Renter	20,115	-1.22		-.43	
No cash rent	1,068	-1.24		-.71	
Number of earners:			.42		.13
None	5,539	-2.42		-.65	
One	19,819	-.63		-.26	
Two	26,402	.63		.20	
Three or more	7,888	1.16		.42	
Residence:			.14		.12
Metro	45,235	.19		.16	
Nonmetro	14,414	-.58		-.50	
Parent's age:			.31		.11
18-24 years	3,440	-1.79		-.72	
25-29 years	8,824	-.87		-.32	
30-34 years	13,804	-.31		-.04	
35-39 years	14,269	.22		.12	
40-49 years	15,223	.90		.26	
50-59 years	3,110	.62		.17	
60 years and older	979	-.69		-.29	

--Continued

Table 6--Multiple classification analysis of the economic well-being of children--continued

Characteristics	Number of children	Deviations from grand mean			
		Unadjusted	Eta ¹	Adjusted ²	Beta ³
	<u>Thousands</u>		<u>Grand mean = 2.93⁴</u>		
Race:			.24		0.04
White	50,178	0.25		0.04	
Black	9,470	-1.32		-.23	
Migration status:			.16		.03
Nonmover	47,863	.18		.02	
Metro to metro move	6,803	-.50		-.04	
Metro to nonmetro move	625	-1.14		.07	
Nonmetro to metro move	2,058	-.79		-.35	
Nonmetro to nonmetro move	2,299	-1.27		-.01	
Region:			.08		.03
Northeast	11,350	.33		.10	
Midwest	15,204	-.03		-.07	
South	21,034	-.20		-.03	
West	12,061	.09		.04	

R² = .473

¹ Common correlation ratio; eta shows the effect of each independent variable on the income-needs ratio without controlling for the other independent variables.

² Adjusted for all other variables in the table.

³ Standardized partial regression coefficient; beta shows the expected change in the income-needs ratio for a unit change in the given independent variable, holding all other independent variables constant.

⁴ The grand mean or the income-needs ratio is the ratio of family income to the poverty threshold; a value less than 1 is below the poverty level.

⁵ Younger than age 18.

poverty status as the dependent variable. The major advantage of the modified dependent variable is that one can view the determinants of the economic welfare of children over a broader spectrum, and not focus only on poor and near-poor children.

Table 6 presents the multiple classification analysis results of the determinants of childhood economic status. The overall accuracy of the equation predicting the relationship between economic status (as measured by the income-needs ratio) and the set of independent variables is quite strong (R² = .473). R² is a measure of the proportion of the variation in the dependent variable that the set of independent variables explains. Thus, the independent variables in table 6 explain 47 percent of the variation in the income-needs ratio. These variables indicate what factors affect children's economic well-being and the relative influence of each variable in determining the income-needs ratio. From an examination of the F ratios, all of the independent variables listed in table 6 have been found to be

statistically significant, with an overall good fit of the data to the model.

Two measures of association--eta and beta--are shown in table 6. Eta is the common correlation ratio (with a range from 0 to 1), used when the independent variables are categorical and the dependent variable is measured at the interval or ratio level. Eta indicates the effect of each independent variable on the income-needs ratio (dependent variable), without controlling for the other independent variables. Eta² is equal to the proportion of the variance in the dependent variable that each independent variable explains.

The second measure of association in table 6 is beta, or the standardized partial regression coefficient. Beta indicates the expected change in the dependent variable for a unit change in the independent variable, when all other independent variables are held constant. The standardized partial regression coefficient is a useful measure when the independent

variables are measured in different units, because it allows comparisons of the relative effect of each independent variable on the dependent variable. One can determine from the betas in table 6 how much each independent variable adds to the explained variation in the income-needs ratio. All of the independent variables in the table are significant and are listed in order of explanatory power (or the decreasing magnitude of beta). The squared partial regression coefficient, β^2 , is equal to the proportionate increase in the explained variation accounted for by the independent variable.

When all other factors are held constant, parental education and number of siblings in the family are the strongest predictors of the economic status of children (table 6). Family type is also a strong predictor. While the magnitude of the coefficients is smaller, homeownership, number of earners in the family, metro-nonmetro residence, and parental age are all important determinants of the economic status of children.

Parental education has the greatest effect on the total variation in the income-needs ratio when other factors are held constant. Educational attainment is positively related to economic well-being, with an incremental increase in the income-needs ratio for an increase in parental education. The best financial position is found among children with highly educated parents (5 or more years of college). For example, the average ratio for children whose parents had completed 1-3 years of high school was 24 percent below the grand mean of 2.93, or slightly more than twice the poverty line. The ratio for children whose parents had completed 5 or more years of college was 58 percent above the grand mean, a level about 4-1/2 times the poverty level.

The effect of educational attainment on economic well-being is both direct and indirect. When all other factors are controlled (standardization), the effect of education is reduced (from eta of 0.50 to beta of 0.33). This indicates that the variation in the income-needs ratio between the lowest and the highest educational level will be less when other factors are held constant. This reduced effect of parental education on economic well-being indicates that education has an indirect effect on economic well-being through its influence on labor force status and earnings.

Holding other factors constant, the number of siblings has a strong, inverse effect on economic status, with children in larger families clearly at an economic disadvantage. Children in families with no siblings or only one sibling will be better off financially than the

average child (grand mean of 2.93), with economic status deteriorating incrementally with each additional child in the family. For example, children with only one sibling will be 3 percent above the grand mean; whereas children with four or more siblings will be 40 percent below the grand mean. Standardization has very little effect on this variable, showing the strong independent influence of the number of siblings on the income-needs ratio.

The expected relationship between type of family and economic welfare was found, with children in married-couple families faring better than children in mother-only families. Children in married-couple families with the spouse in the labor force were 11 percent above the average for all children, a level more than triple the poverty level. But, children in mother-only families were 24 percent below the average income-needs ratio, approximately twice the poverty level. The economic advantage of children in married-couple families was reduced, however, when other factors were controlled (from eta of 0.41 to beta of 0.17). This suggests that other factors associated with mother-only families, such as being black, less educated, and without a job, contribute to some of the economic disadvantages that children in such families experienced.

The adverse effect of living in a mother-only family combined with other characteristics of the family, as illustrated below, will show how easily this type of family can slip below the poverty line. The average child in a mother-only family will have an income-needs ratio of 2.22 ($2.93 - 0.71$). If the child's parent has completed only 7 years of elementary school, subtract 0.97 from 2.22 for a value of 1.23. The child has already shifted into the near-poor category (between 100 and 149 percent of the poverty level). If the child lives in a family with two siblings ($1.23 - 0.48 = 0.75$), or in a renter family ($1.23 - 0.43 = 0.80$), or in a family with only one earner ($1.23 - 0.26 = 0.97$), then that child will fall below the poverty line. While living in a mother-only family, by itself, will not put the child below the poverty line, the addition of other family characteristics can greatly increase the risk of experiencing poverty.

The results of the multiple classification analysis also show that home ownership, the number of earners in the family, metro-nonmetro residence, and parental age are important determinants of childhood economic status. When other characteristics of children's families are held constant, residence still exerts a strong influence on economic well-being. Standardization has virtually no effect on the explanatory power of residence on the income-needs

ratio, which suggests that residence has an independent effect on economic status. An average income-needs ratio of 3.09 (above the grand mean) for metro children translates into a level of economic well-being slightly more than triple the poverty level. For nonmetro children, the ratio falls below the grand mean (2.43), and indicates that the average nonmetro child will be in a family with an income approximately 2-1/2 times the poverty level. Even though children in both metro and nonmetro areas will average above the poverty line, metro children have a distinct economic advantage over their nonmetro counterparts.

Counter to expectations, race did not have a large effect on the income-needs ratio as seen in the multiple classification analysis. The racial difference in economic status was reduced substantially when other factors were controlled. From the unadjusted deviations from the grand mean, the income-needs ratio of the average white child was 3.18 and that of the average black child was 1.61. When adjusted for all other factors in the table, these ratios change to 2.97 for whites and 2.70 for blacks. Although white children are still in a better financial position than their black counterparts, standardization has considerably decreased the gap between the two races. Thus, characteristics that are more concentrated among black families, such as lower educational attainment, more unemployment, larger families, and more mother-only families, undoubtedly contribute to the economic disadvantage of black children.

The separate multiple classification analysis tables of the determinants of economic status for metro children and nonmetro children are presented in Appendix C. Although the coefficient was relatively small, the age of the child was statistically significant in the nonmetro model, but not in the metro model, nor in the model for the total child population. Standardization virtually eliminated the effect of the child's age, however, which suggests that other factors associated with having younger children in nonmetro areas probably contribute to the effect of this variable on the family's economic situation.

The overall accuracy of the model for metro children ($R^2 = .484$) was better than that for nonmetro children ($R^2 = .388$). Thus, the model explains 48 percent of the variation in the income-needs ratio for metro children and accounts for about 39 percent of the variation in the ratio for nonmetro children. Perhaps the fact that nonmetro areas, though following recent metro changes in family lifestyles, still lag somewhat their metro counterparts in such changes may partially account for the lower accuracy of the predicted relationship between economic status

and the set of independent variables for nonmetro children. Recent social changes occurring in metro areas may exert a greater influence in nonmetro areas in future years if demographic and social trends in the two areas become more similar.

Receipt of Cash Assistance and Noncash Benefits

Poverty status determines eligibility for a number of Federal benefit programs, which provide either cash assistance or noncash benefits to needy families and individuals to help ameliorate some of the adverse conditions resulting from low income and resources. Many of these programs are means-tested, meaning that to be eligible, household income and assets, or means, must fall below a specified level. Some children, such as the near poor, may be denied benefits because their household does not meet the eligibility rules, even though the child's family resources are far from a comfortable range. The availability of assistance from selected Federal benefit programs will affect the character of childhood poverty.

Different eligibility rules are used for the various noncash benefit programs and cash assistance programs. Means-tested noncash programs include food stamps, free or reduced-price lunches, public housing, rent subsidies, and Medicaid health insurance. For example, eligible households with children aged 5-18 can participate in the free or reduced-price lunch program. An additional requirement for the free lunch program is that the student live in a household with an income at or below 130 percent of the official poverty level. Students who qualify for the reduced-price lunch program must be in households with incomes between 130 percent and 185 percent of the official poverty level. (See Appendix D for a discussion of the eligibility rules for the programs discussed in this section.)

Before turning to the Current Population Survey (CPS) data on noncash benefit programs, a few qualifications are needed. First, almost all means-tested, noncash transfer programs are based on monthly income accounting periods. This differs from the poverty status variable, which is based on annual household income. Thus, households with periodically low monthly income, but relatively high annual income, may legally qualify for benefits. In addition, eligibility for most types of in-kind programs are based on countable income, or gross income minus certain types of excluded income and allowable deductions. Second, most means-tested noncash transfer programs

require an asset eligibility test in addition to the low-income test. And third, rules for eligibility may vary from State to State (for example, as in the Medicaid program) and from locality to locality (as in public housing programs). The combined effect of the above factors--a monthly income accounting period, income exclusions and deductions, asset tests, and State and local variations in some programs--may result in patterns of noncash benefit reciprocity not fully consistent with the CPS data on annual poverty.

With the exception of the food stamp program, similar proportions of metro and nonmetro poor children participate in the various noncash benefit programs (table 7). Children in families below the poverty level participate in the various benefit programs more than the near-poor or the total child population. For all children, regardless of poverty status, nearly 19 percent of nonmetro children and 14 percent of metro children received food stamps.¹⁴ Among poor children, a higher proportion of nonmetro children (63 percent) received food stamps than their metro counterparts (58 percent). The relatively high participation rates in the food stamp program among eligible households with children reflects the fact that many poor children are participating in the Federal Aid to Families with Dependent Children program (AFDC). Most AFDC families are also eligible for and participate in the

food stamp program (U.S. House of Representatives, Committee on Ways and Means, 1989).

While no significant differences by residence were found for the receipt of noncash benefits other than food stamps, table 7 shows that metro poor children were somewhat more likely to receive Medicaid and public housing assistance, but less likely to receive rent subsidies than were their nonmetro counterparts. This may be associated with the community itself, since public housing is more common in larger, metropolitan areas. Rent subsidies in nonmetro areas may be a more practical method of adjusting for housing inequities.

Approximately 87 percent of all elementary and secondary school students were in schools participating in the National School Lunch Program (NSLP) in 1986 (U.S. House of Representatives, Committee on Ways and Means, 1989). Roughly half of the meals subsidized by the NSLP go to children from lower income families. In fiscal year 1987, 42 percent of the children receiving NSLP lunches received free lunches, 7 percent received reduced-price lunches, and the remaining 51 percent paid full price for their meals (U.S. House of Representatives, Committee on Ways and Means, 1989).

When near-poor children are combined with poor children, the pattern of participation in food stamp,

¹⁴Unpublished data from the March 1988 CPS public use file.

Table 7--Recipients of selected types of noncash benefits, by residence and poverty status, 1987

Poverty status and type of benefit	Metro		Nonmetro			
	Eligible	Recipients	Eligible	Recipients		
	--Number--	Percent	--Number--	Percent		
Poor children:						
Food stamps	9,440	5,505	58.3	3,556	2,256	63.4
Free lunch	6,710	5,889	87.8	2,661	2,318	87.1
Medicaid	9,440	5,045	53.4	3,556	1,793	50.4
Public housing	7,185	1,334	18.6	2,190	322	14.7
Rent subsidy	5,851	802	13.7	1,868	291	15.6
Near-poor children:						
Food stamps	4,584	759	16.6	1,854	319	17.2
Free lunch	2,970	1,933	65.1	1,319	866	65.7
Medicaid	4,584	640	14.0	1,854	202	10.9
Public housing	2,820	227	8.1	695	57	8.2
Rent subsidy	2,593	128	4.9	638	22	3.4

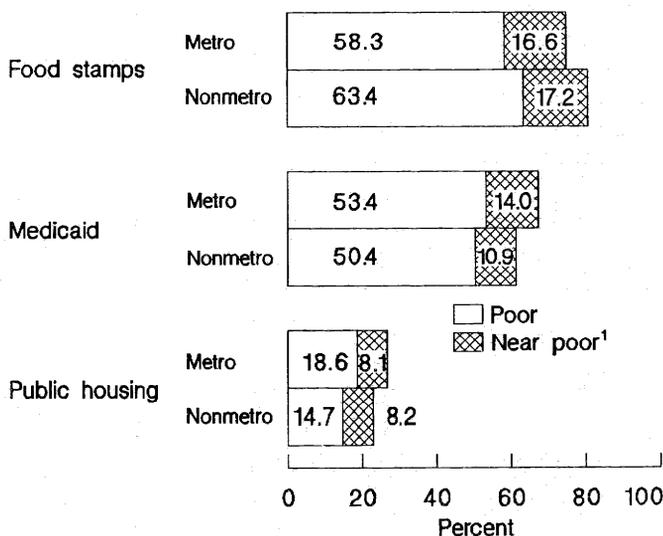
Medicaid, and public housing programs, by residence, remains the same as that observed among only poor children (fig. 11). For example, a somewhat larger proportion of poor and near-poor metro children (67 percent) received Medicaid health insurance than their nonmetro counterparts (61 percent). Approximately 53 percent of all poor children are covered by Medicaid insurance, with an additional 14 percent of near-poor children covered.

Table 8 presents data on cash assistance programs most relevant to children's economic well-being, including AFDC, alimony and child support, and energy assistance. About 43 percent of poor children, regardless of residence, received AFDC in 1987, compared with about 11 percent of all children.¹⁵ With a higher concentration of nonmetro children in married-couple families, perhaps children in mother-only families are poorer, and thus participate more in the AFDC program. Black children, children in mother-only families, and children in larger families are more likely to receive AFDC (fig. 12). For example, among nonmetro children, 40 percent of those in mother-only families received AFDC, compared with 4 percent of their counterparts in married-couple families. Figure 13 shows that children whose parents are younger, less educated, and unemployed were more likely to receive AFDC. While only 4 percent of children whose parents were employed received AFDC, 30 percent with unemployed parents and 49 percent with parents not in the labor force did so.

Of approximately 11 million AFDC recipients in fiscal year 1988, 67 percent were children; this represents 11 percent of the total child population and 65 percent of children in poverty (U.S. House of Representatives, Committee on Ways and Means, 1989). Government expenditures on welfare, or assistance programs, such as AFDC, more than tripled between 1965 and 1980, leveling off in the 1980's (Danziger and Gottschalk, 1985). As a percentage of children in poverty, child AFDC recipients have fallen from a high of 82 percent in 1973 to a low of 50 percent in 1982, and rose slightly to 56 percent in 1987 (U.S. House of Representatives, Committee on Ways and Means, 1989).

Even though AFDC does help some disadvantaged children, poverty rates remain high. One reason for the high childhood poverty rates is that AFDC payments are not adjusted for inflation (U.S. Department of Health and Human Services, Social Security Administration, 1982). And, programs such

Figure 11
Receipt of noncash benefits, by residence and poverty status, 1987



^{1/} Incomes 100-149 percent of the poverty level.
Source: March 1988 Current Population Survey, public use file.

Table 8--Recipients of selected types of cash assistance, by residence and poverty status, 1987

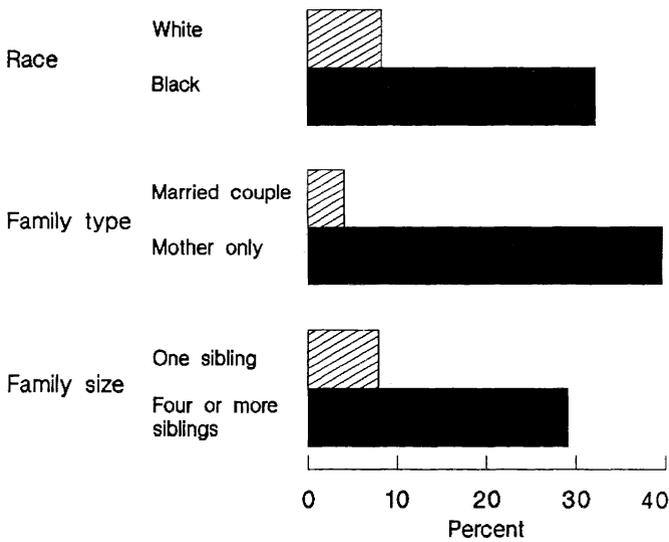
Poverty status and type of benefit	Metro recipients		Nonmetro recipients	
	Number	Percent of total	Number	Percent of total
Poor children ¹ :				
Aid to Families with Dependent Children	4,046	42.9	1,486	41.8
Alimony/child support	967	10.2	436	12.3
Energy assistance	2,488	26.4	1,336	37.6
Near-poor children ² :				
Aid to Families with Dependent Children	442	9.6	115	6.2
Alimony/child support	465	10.1	233	12.6
Energy assistance	357	7.8	236	12.7

¹ Number of poor children eligible for selected types of cash assistance is 9,440 for metro and 3,556 for nonmetro children.

² Number of near-poor children eligible for selected types of cash assistance is 4,584 for metro and 1,854 for nonmetro children.

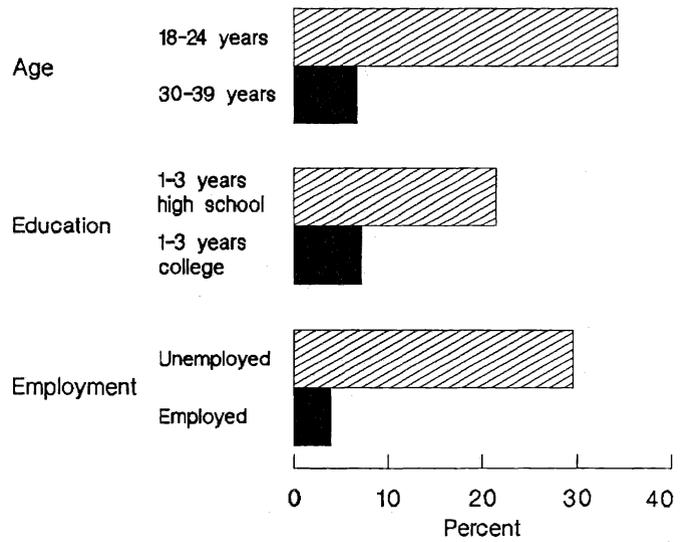
¹⁵ Unpublished data from the March 1988 CPS public use file.

Figure 12
Receipt of AFDC for nonmetro children, by selected characteristics, 1987¹



^{1/} AFDC denotes the Federal Aid to Families with Dependent Children program. Source: March 1988 Current Population Survey, public use file.

Figure 13
Receipt of AFDC for nonmetro children, by selected parental characteristics, 1987¹



^{1/} AFDC denotes the Federal Aid to Families with Dependent Children program. Source: March 1988 Current Population Survey, public use file.

as AFDC sometimes inadvertently deny assistance to the needy (Deavers and Brown, 1984). For example, in some States, married-couple families with unemployed earners are ineligible for AFDC or Medicaid benefits.

No significant difference by metro or nonmetro residence is found in the receipt of alimony and child support payments (table 8). Women who are least likely to receive child support are frequently minorities, less educated, and never-married (U.S. Department of Health and Human Services, 1987). In 1985, of the 8.8 million women who had children at home under age 21 from an absent father, 39 percent were never awarded child support rights; nor did they have an agreement to receive child support payments. For poor mothers, the proportion without child support rights was even higher, at 60 percent (U.S. House of Representatives, Committee on Ways and Means, 1989). Of all women who were entitled to receive child support in 1985, less than half (48 percent) received the full amount, about 26 percent received less than what they were due, and 26 percent received no payment at all. Among poor mothers who were entitled to receive child support payments in 1985, 66 percent received payments, while 34 percent did not (U.S. House of Representatives, Committee on Ways and Means, 1989). The most important factors in receiving child support payments are having a child support agreement and agreeing on the level of child support payments (Peterson and Nord, 1989).

Although many children in economically disadvantaged households do receive government benefits and assistance, a substantial number do not, and live below a comfortable standard. This could be due to the various eligibility rules or to a lack of knowledge of, or access to, the system. It may also be due, in part, to a mismatch between annual poverty for the preceding year (from CPS data) and the reciprocity accounting period (usually monthly). While noncash benefits and cash assistance payments may reduce some of the disparities in economic status, the question remains as to whether this is enough to raise the living standard for poor families above poverty.

To what extent do noncash benefits and other assistance programs improve the situation of poor children? Adjusting poverty statistics to include the value of in-kind benefits reduced poverty rates in both metro and nonmetro areas over the 1979-87 period (Hoppe, 1989). Even with this adjustment, Hoppe (1989) found that nonmetro poverty rates still increased sharply after 1979 and remained higher than metro rates. A study of poverty estimates based on both money income and the value of selected noncash benefits found that including the value of noncash benefits would reduce the number of poor in 1985 by 8-35 percent from the current poverty definition, depending on which valuation technique was used (U.S. Department of Commerce, Bureau of the Census, 1987). It appears that Federal assistance and benefit programs reduce some of the disparities in

household income and may improve the economic welfare of disadvantaged children.

Conclusions

This report has addressed a number of issues pertaining to the economic well-being of nonmetro children, comparing their situation with that of metro children. To date, there has been no comprehensive study of children by metro-nonmetro residence. This report has documented recent changes in both family living arrangements and poverty conditions of children; differences in economic well-being by residential, demographic, and socioeconomic characteristics; and differences in the receipt of cash and noncash benefits, by residence.

Recent changes in the living arrangements of nonmetro children have paralleled those of metro children, with fewer children living with both parents and an increased number of children in families maintained by women. The one-parent family has definitely become more prevalent today. The decline in married-couple families has important implications for local communities, in terms of childbearing and the provision of goods and services associated with children. Also, the increase in mother-only families implies a growing need at the local level for public assistance and programs, such as day care, special education, and income maintenance.

Trends in childhood poverty since 1970 indicate that poverty is a persistent problem, and that poverty rates remain consistently higher for nonmetro children. Although some improvement occurred in the poverty rates for nonmetro children during the early 1970's, the recessionary periods of the 1980's increased childhood poverty rates. Since the early 1980's, metro poverty rates have declined somewhat. However, nonmetro rates have remained high, reflecting the poor performance of the nonmetro economy. Although strides have been made in reducing poverty, high childhood poverty persists, and new solutions are needed to combat childhood poverty.

Over time, poverty rates have remained higher for black children and children in mother-only families. With increases in the number of families maintained by women and the economic disadvantages that children in such families face, childhood poverty can be expected to remain high. Black children and children in mother-only families have a greater likelihood of experiencing poverty, although this was primarily accounted for by other factors.

While poverty among children in mother-only families is a growing problem, nearly half of all poor children in nonmetro areas live in married-couple families. Efforts targeted solely at children in mother-only families will thus miss a substantial proportion of the child population at risk of poverty. For example, many children in married-couple families are ineligible for AFDC and Medicaid benefits. AFDC has also been less effective in combatting poverty in nonmetro areas due to a larger share of the nonmetro poor in States (mostly in the South) with low AFDC benefits (Hoppe, 1989). Noncash benefits and cash assistance payments may reduce some of the disparities in economic status, but in many cases this is not enough to raise the living standard for poor families above poverty and financial hardship.

The results of the multivariate analysis of the determinants of childhood economic status indicate that a multitude of factors in children's family environments influence their economic welfare. Numerous studies have found that blacks, mother-only families, less-educated persons, those residing in the South, and persons in nonmetro areas are more likely to be poor. This report goes a step further in assessing these factors, plus several others, which have a direct bearing on children and their family lives. Other things being equal, the strongest predictors of the economic well-being of children were parental education, the number of siblings in the family, and family structure. Homeownership, the number of earners in the family, metro-nonmetro residence, and parental age were also important determinants of economic status.

The higher incidence of childhood poverty in nonmetro areas is an important issue to address in rural development planning and policies. The economic stress experienced in nonmetro America in the 1980's is reflected in slow job growth, high unemployment, nonmetro outmigration, reduced population growth, and undeveloped human resources (Brown and Deavers, 1988). Programs with an emphasis on opening up better employment opportunities will certainly help some persons to escape poverty. Local education and training programs can also help parents obtain better jobs and higher earnings, resulting in improved financial conditions for their children. Separate metro-nonmetro policies are not necessary, but national policies need to be tailored to the unique aspects of nonmetro areas. Prospects for reducing the residential gap in economic status are limited, however, due to differences in the educational and occupational composition of the two residential areas.

Several provisions of the Family Support Act of 1988 may help ameliorate some of the adverse economic conditions for a number of children. The Family Support Act restructures the AFDC program, emphasizes education and job training, and extends income assistance to intact families in all States with an unemployed breadwinner who meets certain work-related requirements. The main beneficiaries of the Family Support Act welfare reforms will be the population currently served by AFDC, namely, mother-only families. This legislation may especially benefit the nonmetro poor, since many States in which the nonmetro poor are concentrated have not previously offered AFDC benefits to unemployed parents (Deavers and Hoppe, 1991). The Family Support Act also provides guarantees for child care and stricter enforcement of child support orders.

Legislative reforms, along with some recent social changes, should help improve the economic outlook for children. Delayed marriage and childbearing have allowed parents to complete their educations, and better educated parents are more marketable in the labor force. The postponement of childbearing has also resulted in smaller family sizes, with more resources available to children within the family. For many children, the experience of living in a single-parent family is temporary, as most never-married mothers eventually marry, and a high percentage of divorced parents remarry. Thus, children in mother-only families may face economic disadvantages for only a portion of their childhood. Adding support to the notion of being temporarily poor is the improved economic position of older children and parents. Children under age 6 and parents under age 30 face the worst economic conditions. The trends toward higher parental education and smaller families could partially offset the economic disadvantages experienced by the increasing share of children living in mother-only families. These societal trends, along with the restructuring of the AFDC program, suggest that the situation for many children will become brighter.

References

1. Bane, Mary Jo, and Paul A. Jargowsky. "The Links between Government Policy and Family Structure: What Matters and What Doesn't," The Changing American Family and Public Policy, pp. 219-61. Ed. Andrew J. Cherlin. Washington, DC: Urban Institute Press, 1988.
2. Bauer, Gary L. The Family: Preserving America's Future. Report of the Working Group on the Family. U.S. Dept. Educ., Office of the Under Secretary, Nov. 1986.
3. Bianchi, Suzanne, and Edith McArthur. "Family Disruption and Economic Hardship: The Short-Run Picture for Children." Paper presented at the annual meeting of the Population Association of America, Baltimore, MD, 1989.
4. Bianchi, Suzanne, and Daphne Spain. American Women in Transition. New York: Russell Sage Foundation, 1986.
5. Brown, David L., and Kenneth L. Deavers. "Rural Change and the Rural Economic Policy Agenda for the 1980's," Rural Economic Development in the 1980's: Prospects for the Future. RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.
6. Bumpass, Larry L. "Children and Marital Disruption: A Replication and Update," Demography 21: 71-82, Feb. 1984.
7. Cherlin, Andrew J. "The Changing American Family and Public Policy," The Changing American Family and Public Policy, pp. 1-29. Ed. Andrew J. Cherlin. Washington, DC: Urban Institute Press, 1988.
8. _____. Marriage, Divorce, and Remarriage. Cambridge, MA: Harvard University Press, 1981.
9. Congressional Budget Office. Reducing Poverty Among Children. 1985.
10. Congressional Research Service. Changes in the Rate of Child Poverty: Possible Implications for Chapter 1, Education Consolidation and Improvement Act. 1986.
11. Coward, Raymond T. "Rural Families Changing but Retain Distinctiveness," Rural Development Perspectives 3: 4-8, Oct. 1980.
12. Coward, Raymond T., and William M. Smith, eds. The Family in Rural Society. Boulder, CO: Westview Press, 1981.
13. Danziger, Sheldon, and Peter Gottschalk. "The Poverty of Losing Ground," Challenge 28(2): 32-38, 1985.
14. Deavers, Kenneth L. "Lagging Growth and High Poverty: Do We Care?" Choices, pp. 4-7, Second Quarter 1989.

15. _____. "Scope and Dimension of Problems Facing Rural America." Paper presented at the 46th Professional Agricultural Workers Conference, Tuskegee, AL, 1988.
16. Deavers, Kenneth L., and David L. Brown. "A New Agenda for Rural Policy in the 1980's," Rural Development Perspectives 1(1): 38-41, Oct. 1984.
17. Deavers, Kenneth L., and Robert A. Hoppe. "Policy Options for the Rural Poor in the 1990's," Rural Policies for the 1990's. Eds. James A. Christenson and Cornelia Flora. Boulder, CO: Westview Press, 1991.
18. Duncan, Greg J., and Willard L. Rodgers. "Longitudinal Analysis of Childhood Poverty," Journal of Marriage and the Family 50: 1007-22, Nov. 1988.
19. Easterlin, Richard A., and Diane J. Macunovich. "Effect of Life Cycle Demographic Decisions On the Economic Status of Children, 1964-1987." Paper presented at the annual meeting of the Population Association of America, Baltimore, MD, 1989.
20. Edelman, Marian Wright. Families in Peril: An Agenda for Social Change. Cambridge, MA: Harvard University Press, 1987.
21. Fugitt, Glenn, David L. Brown, and Calvin L. Beale. The Population of Rural and Small Town America. New York: Russell Sage Foundation, 1989.
22. Garfinkel, Irwin, and Sara S. McLanahan. Single Mothers and Their Children. Washington, DC: Urban Institute Press, 1986.
23. Ghelfi, Linda M. "About That Lower Cost of Living in Nonmetro Areas," Rural Development Perspectives 5(1): 30-34, Oct. 1988.
24. Glick, Paul C. "Fifty Years of Family Demography: A Record of Social Change," Journal of Marriage and the Family 59(4): 861-73, Nov. 1988.
25. Hayes, Cheryl D., ed. Risking the Future. Washington, DC: National Academy Press, 1987.
26. Heaton, Tim B., Daniel T. Lichter, and Acheampong Amoateng. "The Timing of Family Formation: Rural-Urban Differentials in First Intercourse, Childbirth, and Marriage," Rural Sociology 54(1): 1-16, Spring 1989.
27. Hernandez, Donald J. "Breadwinners and Homemakers, Economic Resources and Child Care: Twentieth Century Change in the Family Life of Children." Paper presented at the annual meeting of the Population Association of America, Baltimore, MD, 1989.
28. _____. "Childhood in Socio-Demographic Perspective," Annual Review of Sociology 12: 159-80, 1986.
29. Hill, Martha S. "Trends in the Economic Situation of U.S. Families and Children: 1970-1980," American Families and the Economy: The High Costs of Living, pp. 9-53. Eds. Richard R. Nelson and Felicity Skidmore. Washington, DC: National Academy Press, 1983.
30. Hoppe, Robert A. "Poverty in Rural America: The Statistical Evidence." Paper presented at the Professional Agricultural Workers Conference, Tuskegee, AL, Dec. 3-5, 1989.
31. _____. Effects of Geographic Cost of Living Adjustments on Welfare Benefits. RDRR-16. U.S. Dept. Agr., Econ. Res. Serv., Dec. 1979.
32. Institute for Research on Poverty. "The Relative Well-Being of the Elderly and Children: Domestic and International Comparisons," Focus 9(3): 10-14. Madison, WI: University of Wisconsin, 1986.
33. Johnson, Clifford M., Andrew M. Sum, and James D. Weill. Vanishing Dreams: The Growing Plight of America's Young Families. Washington, DC: Children's Defense Fund, 1988.
34. Lerman, Donald L., and James J. Mikesell. "Rural Poverty: Do Assets Matter?" Rural Development Perspectives 5(2): 11-15, Feb. 1989.
35. Masnick, George S. "The Nation's Children: A Demographic Profile." Paper prepared for a conference on Children in a Changing Health Care System, sponsored by the Division of Health Policy Research and Education, John F. Kennedy School of Government, Harvard University, Nov. 20-21, 1986.
36. Masnick, George S., and Mary Jo Bane. The Nation's Families: 1960-1990. Boston: Auburn House, 1980.

37. McGranahan, David A. "Poverty Among Children and the Elderly," Rural Development Perspectives 1(2): 36-37, Feb. 1985.
38. McGranahan, David A., John C. Hession, Fred K. Hines, and Max Jordan. Social and Economic Characteristics of the Population in Metro and Nonmetro Counties, 1970-80. RDRR-58. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1986.
39. Peterson, James L., and Christine W. Nord. "The Regular Receipt of Child Support: A Multi-Step Process." Paper presented at the annual meeting of the Population Association of America, Baltimore, MD, 1989.
40. Preston, Samuel H. "Children and the Elderly: Divergent Paths for America's Dependents," Demography 21(4): 435-58, Nov. 1984.
41. Reid, J. Norman. "Rural Areas in the 1980's: Prologue to the 21st Century." Paper presented at the Policy and Planning Center Annual Symposium, Louisville, KY, Dec. 1988.
42. Rexroat, Cynthia. "Economic Transformation, Family Structure, and Poverty Rates of Black Children in Metropolitan Areas," American Economic Association Papers and Proceedings 79(2): 67-70, May 1989.
43. Ross, Heather, and Isabell Sawhill. Time of Transition: The Growth of Families Headed by Women. Washington, DC: Urban Institute, 1975.
44. Ross, Peggy J., and Elizabeth S. Morrissey. "Rural People in Poverty: Persistent Versus Temporary Poverty," National Rural Studies Committee: A Proceedings, pp. 59-73. Stoneville, MS, May 17-18, 1989.
45. _____. "Two Types of Rural Poor Need Different Kinds of Help," Rural Development Perspectives 4(1): 7-10, Oct. 1987.
46. Ruggles, Patricia, and Robertson Williams. "Transitions In and Out of Poverty: New Data from the Survey of Income and Program Participation. SIPP Working Paper No. 8716. U.S. Dept. Commerce, Bureau of the Census, 1987.
47. Smith, James P. "Children Among the Poor," Demography 26(2): 235-48, May 1989.
48. U.S. Department of Commerce, Bureau of the Census. "Characteristics of American Children and Youth: 1980," Current Population Reports. Series P-23, No. 114, 1982.
49. _____. Estimates of Poverty Including the Value of Noncash Benefits: 1985. Technical Paper No. 56. 1987.
50. _____. "Child Support and Alimony: 1985," Current Population Reports. Series P-23, No. 154, 1989a.
51. _____. "Marital Status and Living Arrangements: March 1988," Current Population Reports. Series P-20, No. 433, 1989b.
52. _____. "Money Income and Poverty Status in the U.S.: 1987," Current Population Reports. Series P-60, No. 161 and various issues.
53. U.S. Department of Health and Human Services. "Child Support Payments Increase," Youth Policy 9(9), Sept. 1987.
54. U.S. Department of Health and Human Services, Social Security Administration. Aid to Families with Dependent Children: 1979 Recipient Characteristics Study, Part I, Demographic and Program Characteristics. 1982.
55. U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means. 1989 Edition, Mar. 1989.
56. U.S. Department of Labor, Bureau of Labor Statistics. "Labor Force Activity of Mothers of Young Children Continues at Record Pace," News, Sept. 19, 1985.
57. Wojtkiewicz, Roger A., Sara S. McLanahan, and Irwin Garfinkel. "The Growth of Families Headed by Women: 1950-1980," Demography 27(1): 19-30, Feb. 1990.
58. Zill, Nicholas, and Carolyn C. Rogers. "Recent Trends in the Well-Being of Children in the United States and Their Implications for Public Policy," The Changing American Family and Public Policy, pp. 31-115. Ed. Andrew J. Cherlin. Washington, DC: Urban Institute Press, 1988.

Appendix A: Definitions and Explanations

Cash public assistance or welfare. Includes payments under the Aid to Families with Dependent Children (AFDC) program, Supplemental Security Income (SSI), and payments often categorized as general assistance. AFDC assists States and localities in providing cash assistance to needy families with children. SSI provides cash assistance to needy aged, blind, and disabled individuals. Other cash assistance consists of alimony or child support, payments from the Emergency Assistance Program, refugee assistance, and other programs to help selected groups, and assistance for paying home heating and cooling expenses.

Current Population Survey (CPS). A monthly survey of approximately 71,000 households representative of the civilian noninstitutional population of the United States, including Armed Forces personnel living off or on base with their families. About 57,000 households are interviewed in the monthly survey conducted by the Bureau of the Census, with another 2,000-2,500 households found to be occupied but otherwise unavailable for interview. In addition to the monthly CPS data collected on employment, the March CPS income and demographic supplement collects annual data on employment and income, sources of income, the receipt of child support, alimony, and AFDC payments, and family and household composition and living arrangements. Data on employment and income refer to the preceeding year, whereas demographic data refer to the time of the survey.

Educational attainment. The years of school completed by the parent or reference person in the child's family. Data on years of school completed are derived from the combination of answers to two questions: (1) "What is the highest grade of school that the person has attended?" and (2) "Did the person finish this grade?"

Household and Family Concepts.

Family. A group of two or more persons (one of whom is the householder) related by birth, marriage, or adoption, and residing together; all such persons (including related subfamily members) are considered as members of one family. Unrelated subfamilies are not included in the count of families, nor are members of unrelated subfamilies included in the count of family members. The count of family members differs from the count of family household members, in that family

members include only the householder and his or her relatives, whereas family household members include all persons living in the household (including unrelated persons).

Householder. The person (or one of the persons) in whose name the housing unit is owned or rented or, if there is no such person, any adult member, excluding roomers, boarders, or paid employees. If a home is owned or rented jointly by a married couple, either the husband or wife may be designated as the "householder" (the reference person to whom the relationship of all other household members is recorded).

Marital status. A classification of four major categories: never married, married, widowed, and divorced. These terms refer to the marital status at the time of the interview. The married category is further divided into married, spouse present; separated; and married, spouse absent. A person is classified as married, spouse present if the husband or wife was reported as a member of the household, even though he or she may have been temporarily absent on business or on vacation, visiting, in a hospital, and so forth at the time of the interview. Persons reported as separated include those with legal separations, those living apart with intentions of obtaining a divorce, and other persons permanently or temporarily separated from their spouses because of marital discord. The married, spouse absent group includes married persons living apart because either the husband or wife was employed and living at a considerable distance from home, was serving away from home in the Armed Forces, had moved to another area, or had a different place of residence for any other reason except separation as defined above.

Own children and related children. Own children in a family are sons and daughters, including stepchildren and adopted children, of the householder. Similarly, own children in a subfamily are sons and daughters of the married couple or parent in the subfamily (all children identified as members of related subfamilies are own children of the person(s) maintaining the subfamily). Related children in a family include own children and all other children in the household who are related to the householder by birth, marriage, or adoption. For each type of family unit

defined in the CPS, the count of own children under age 18 is limited to never-married children; the count of related children in families includes children who have ever been married.

Related subfamily. A married couple with or without children, or one parent with at least one never-married child under age 18 living in a household and related to, but not including, the householder or spouse. One example of a related subfamily is a young married couple sharing the home of the husband's or wife's parents.

Unrelated subfamily. A group of two or more persons who are related to each other by birth, marriage, or adoption, but who are not related to the householder. The unrelated subfamily may include guests, roomers, boarders, or resident employees and their relatives living in a household.

Unrelated individuals. Persons of any age (other than inmates of institutions) who are not living with any relatives. An unrelated individual may be: (1) a person living alone or with nonrelatives only; (2) a roomer, boarder, or resident employee with no relatives in the household; or (3) a group quarters member who has no relatives living with him or her.

Income. Total money income includes the sum of all amounts of income received from earnings and other sources. These sources include wages or salaries; net income from self-employment (farm or nonfarm); Social Security or railroad retirement; Supplemental Security Income; dividends, interest (on savings or bonds), rent, royalties, and income from estates or trusts; public assistance and welfare payments; unemployment and workers' compensation; private and government retirement and disability pensions; veterans payments; alimony and child support; and any other source of money income that was regularly received. Certain money receipts, such as capital gains, are not included. All income statistics refer to receipts during the preceding year.

Income data in the CPS cover money income received before payments for personal income taxes, Social Security, union dues, Medicare deductions, and so forth. Money income does not reflect the fact that some households receive part of their income in the form of noncash transfers, such as food stamps, health benefits, subsidized housing, and energy assistance.

Moreover, household surveys tend to underestimate income received by respondents because of nonsampling errors, such as underreporting, misreporting, nonreporting, and nonresponse. Census Bureau analyses of independently derived income estimates have determined that wages and salaries tend to be much better reported than other sources of income, such as public assistance, Social Security, and net income from interest, dividends, rents, and so forth.

Labor force and employment status. Data on labor force and employment status are collected in the CPS for the population aged 15 and older.

Labor force. Persons are classified as in the labor force if they are employed as civilians, unemployed, or in the Armed Forces during the survey week. The civilian labor force is composed of all civilians classified as employed or unemployed.

Employed. Employed persons comprise: (1) all civilians who, during the specified week, did any work at all as paid employees, in their own business or profession, or on their own farm, or who worked 15 hours or more as unpaid workers on a farm or in a business operated by a member of the family; and (2) all those who were not working but who had jobs or businesses from which they were temporarily absent because of illness, bad weather, vacation, or labor management dispute, or because they were taking time off for personal reasons, whether or not they were paid by their employers for time off, and whether or not they were seeking other jobs. Excluded are persons whose only activity consisted of work around the house (housework, painting or repairing own home, and so forth) or volunteer work for religious, charitable, and similar organizations.

Fulltime/parttime. Full-time work is defined as working 35 hours or more per week.

Unemployed. Unemployed persons are civilians who, during the survey week, had no employment but were available for work and: (1) had engaged in any specific job-seeking activity within the past 4 weeks, such as registering at a public or private employment office, meeting with prospective employers, checking with friends or relatives, placing or answering advertisements, writing letters of application, or being on a union or

professional register; (2) were waiting to be called back to a job from which they had been laid off; or (3) were waiting to report to a new wage or salary job within 30 days.

Not in the labor force. All civilians who are not classified as employed or unemployed are defined as not in the labor force. This group of persons who are neither employed nor seeking work includes those engaged in only own-home housework; attending school; or those unable to work because of long-term physical or mental illness, retired persons, seasonal workers for whom the survey week fell in an off season, and the voluntarily idle. Persons doing only unpaid family work, for less than 15 hours per week, are also classified as not in the labor force.

Metro-nonmetro residence. The population residing in metropolitan statistical areas (MSA's), as defined by the Office of Management and Budget on June 30, 1984, constitutes the metro population. An MSA is a geographic area consisting of a large population nucleus and adjacent communities that have a high degree of economic and social integration with that nucleus. The definition specifies a boundary around each large city to include most or all of its suburbs. Entire counties form the MSA building blocks, except in New England, where cities and towns are used.

An area qualifies for recognition as an MSA if: (1) it includes a city of at least 50,000 population, or (2) it includes a Census Bureau-defined urbanized area of at least 50,000, with a total metropolitan population of at least 100,000 (75,000 in New England). In addition to the county containing the main city or urbanized area, an MSA may include other counties having strong commuting ties to the central county. If specified conditions are met, certain large MSA's are designated as consolidated MSA's (CMSA's) and divided into component primary MSA's (PMSA's).

Nonmetro areas are counties without an urban center of 50,000 population and not in the commuting zone of a metropolitan area. The concept of nonmetro used in this report is not synonymous with rural. The concept of rural refers to open country (specifically, places of fewer than 2,500 residents).

In the CPS public use file, a number of persons (2.9 percent) were included in an unidentified category for metro-nonmetro residence. Five States--Rhode Island, Maryland, Wyoming, Arizona, and Utah--had part of

their populations classified as unidentified for residence, with no cases identified as nonmetro. This problem arises in the CPS public use file due partly to sampling in low-density areas, with all nonmetro and some metro residents in these five States being classified as unidentified. Because about 70 percent of the unidentified population was nonmetro, all unidentified cases were assigned nonmetro status. About 2.9 percent of the nonmetro population in this report actually contains some residents of small metro areas.

Mobility status. The population aged 1 and older was classified according to mobility status on the basis of a comparison between the place of residence of each individual at the time of the March 1988 survey and the place of residence 1 year earlier. Nonmigrants are all persons who were living in the same residence at the end and the beginning of the 1-year period. Migrants are all persons who were living in a different residence at the end of the 1-year period than at the beginning.

The variables designated "metro residence in 1987" and "residence 1987-88" contained a sizable number of persons coded not identifiable in the public use file. These variables were recoded and the unidentifiable cases were reassigned to determine mobility status. The previously recoded variable designated "metro-nonmetro residence in 1988" and several other variables referring to residence in 1987 and 1988 were used to reassign cases to either metro or nonmetro for 1987 and 1988. Migrants from abroad were excluded from the recoded migration variable. The recoded mobility status variable was assigned to children from their parent's or reference person's record.

Noncash benefits. Benefits received in a form other than money, and that serve to enhance or improve the economic well-being of the recipient. The March CPS collected data on two major categories of noncash benefits: (1) benefits that could be defined as public transfers, and (2) benefits that could be categorized as employer- or union-provided benefits to employees. The survey covered the following programs in the category of public noncash transfers: the Food Stamp Program, the National School Lunch Program, public and other subsidized housing, Medicare health insurance, Medicaid health insurance, and Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), Veterans Administration (VA), or other military health care insurance. Data were collected for two types of employer- or union-provided noncash benefits: pension plans and group health insurance plans.

Means-tested benefits. Noncash transfers including food stamps, free or reduced-price lunches, public or subsidized renter-occupied housing, and Medicaid health insurance. To qualify for means-tested benefits, household income or assets (resources) must fall below a specified level.

Nonmeans-tested benefits. Noncash benefits including Medicare, regular-priced school lunches, employer- or union-provided group health insurance and pension plans, and CHAMPUS, VA, or other military health care. Households receiving nonmeans-tested benefits are not required to meet income or asset guidelines.

Occupation. Data on the occupation of employed persons refer to the civilian job held during the survey week. Persons employed at two or more jobs were reported in the job at which they worked the greatest number of hours during the week. The following occupational categories were used: (1) managerial and professional specialty--executive, administrative, managerial, and professional specialty occupations; (2) technical, sales, and administrative support--technicians and related support, sales, and administrative support (including clerical) occupations; (3) service occupations; (4) farming, forestry, and fishing; (5) precision production, craft, and repair occupations; (6) operators, fabricators, and laborers--machine operators, assemblers, and inspectors, transportation and material moving occupations, and handlers, equipment cleaners, helpers, and laborers; (7) Armed Forces, currently civilian; and (8) those who did not work in the previous year.

Poverty. Families are classified as being above or below the poverty level using the poverty index originated at the Social Security Administration in 1964 and revised by Federal Interagency Committees in 1969 and 1980. The poverty index is based solely on money income and does not reflect the fact that many low-income persons receive noncash benefits, such as food stamps, Medicaid, and public housing. The index is based on the Department of Agriculture's Economy Food Plan and reflects the different consumption requirements of families based on their size and composition.

The poverty index provides a range of money income cutoffs or thresholds adjusted to take into account family size, number of children, and age of family householder. The poverty threshold reflects a minimum income need. Total family income is tested against the appropriate money income threshold to determine the poverty level of the family. If total family income is less than the corresponding threshold, the family is classified below the poverty level. The average poverty threshold in 1987 for a family with one child under age 18 was \$9,142 and for a family with two children under age 18 was \$11,519. The poverty thresholds are updated every year to reflect changes in the Consumer Price Index (CPI).

Tenure. A housing unit, cooperative, or condominium is owned if the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for. All other occupied units are classified as rented, including units rented for cash and those occupied without payment of cash rent.

Appendix B: Poverty Status Tables by Residence, Race, and Family Type

Appendix table 1--Poverty status of white children, by demographic and family characteristics, 1987

Selected characteristics	Metro ¹			Nonmetro ²		
	Below poverty	At or near poverty ³	Above poverty ⁴	Below poverty	At or near poverty ³	Above poverty ⁴
	<u>Percent</u>					
Total	14.6	8.8	76.6	18.5	12.5	68.9
Age of child:						
Under 6 years	16.6	9.2	74.2	22.1	13.0	64.9
6-11 years	15.1	9.5	75.4	18.7	12.3	69.0
12-17 years	11.8	7.8	80.4	14.9	12.3	72.8
Family type:						
Married couple	8.1	7.9	84.0	12.1	12.1	75.7
Female householder	44.0	13.0	43.1	53.0	15.1	32.0
Number of siblings:						
None	10.5	6.7	82.8	15.1	9.9	75.0
One	10.3	7.4	82.2	14.2	11.2	74.5
Two	17.1	10.6	72.3	23.0	13.2	63.8
Three or more	31.6	14.4	54.0	30.3	20.3	49.3
Age(s) of siblings:						
Some under 3 years	18.6	10.3	71.1	24.0	14.2	61.8
All 3-5 years	16.7	9.3	74.0	19.9	12.4	67.7
All 6-17 years	11.0	7.7	81.4	14.9	11.6	73.5
Number of earners:						
None	81.3	6.6	12.0	81.0	7.8	11.2
One	19.2	13.4	67.4	28.2	17.5	54.3
Two	5.4	7.2	87.5	8.1	10.3	81.6
Three or more	2.9	4.9	92.2	6.8	11.1	82.1

¹Weighted population of 38,125,000.

²Weighted population of 12,757,000.

³Incomes at 100-149 percent of the poverty level.

⁴Incomes at 150 percent or more of the poverty level.

Appendix table 2--Poverty status of black children, by demographic and family characteristics, 1987

Selected characteristics	Metro ¹			Nonmetro ²		
	Below poverty	At or near poverty ³	Above poverty ⁴	Below poverty	At or near poverty ³	Above poverty ⁴
	<u>Percent</u>					
Total	43.2	13.0	43.8	58.6	11.3	30.0
Age of child:						
Under 6 years	46.3	13.9	39.7	69.1	8.0	22.8
6-11 years	43.0	12.8	44.2	54.6	12.4	33.0
12-17 years	40.2	12.3	47.6	52.5	13.4	34.0
Family type:						
Married couple	13.4	15.0	71.6	37.1	12.7	50.3
Female householder	65.3	11.6	23.1	75.2	10.2	14.6
Number of siblings:						
None	29.5	11.1	59.5	42.4	13.1	44.5
One	37.7	11.7	50.7	44.5	16.2	39.3
Two	50.4	12.1	37.5	57.3	18.1	24.6
Three or more	58.6	18.2	23.2	82.8	1.3	16.1
Age(s) of siblings:						
Some under 3 years	49.2	15.3	35.5	74.2	6.7	19.1
All 3-5 years	45.0	11.5	43.6	68.5	10.2	21.3
All 6-17 years	37.4	11.9	50.7	42.3	15.3	42.4
Number of earners:						
None	88.0	3.4	8.6	89.8	3.8	6.3
One	44.8	19.0	36.1	65.5	13.4	21.1
Two	10.2	14.7	75.1	29.5	15.5	55.0
Three or more	8.7	9.6	81.7	5.5	14.0	80.5

¹Weighted population of 7,907,000.

²Weighted population of 1,787,000.

³Incomes at 100-149 percent of the poverty level.

⁴Incomes at 150 percent or more of the poverty level.

Appendix table 3--Poverty status of children in married-couple families, by demographic and family characteristics, 1987

Selected characteristics	Metro ¹			Nonmetro ²		
	Below poverty	At or near poverty ³	Above poverty ⁴	Below poverty	At or near poverty ³	Above poverty ⁴
	<u>Percent</u>					
Total	9.0	8.6	82.4	14.0	12.2	73.7
Age of child:						
Under 6 years	10.0	9.7	80.3	16.8	13.2	70.0
6-11 years	9.0	9.0	81.9	13.9	12.1	74.0
12-17 years	7.8	6.9	85.3	11.4	11.5	77.1
Race:						
White	8.1	7.9	84.0	12.1	12.1	75.7
Black	13.4	15.0	71.6	37.1	12.7	50.3
Number of siblings:						
None	4.1	4.9	91.0	6.9	9.2	83.9
One	5.3	6.1	88.5	9.4	10.4	80.2
Two	10.3	10.8	78.6	17.8	13.7	68.5
Three or more	24.6	17.6	57.7	30.3	19.0	50.8
Age(s) of siblings:						
Some under 3 years	11.7	11.4	76.9	20.5	14.1	65.4
All 3-5 years	11.0	9.4	79.6	14.8	12.8	72.4
All 6-17 years	6.0	6.2	87.8	9.9	10.9	79.2
Number of earners:						
None	82.4	7.7	9.9	71.2	13.4	15.5
One	16.3	13.6	70.0	25.3	16.7	58.0
Two	4.6	7.4	88.1	8.8	10.5	80.7
Three or more	2.3	4.7	93.0	6.3	10.9	82.8

¹Weighted population of 35,231,000.

²Weighted population of 11,511,000.

³Incomes at 100-149 percent of the poverty level.

⁴Incomes at 150 percent or more of the poverty level.

Appendix table 4--Poverty status of children in mother-only households, by demographic and family characteristics, 1987

Selected characteristics	Metro ¹			Nonmetro ²		
	Below poverty	At or near poverty ³	Above poverty ⁴	Below poverty	At or near poverty ³	Above poverty ⁴
	<u>Percent</u>					
Total	52.4	12.4	35.2	60.9	13.3	25.8
Age of child:						
Under 6 years	61.9	10.4	27.8	69.7	9.7	20.6
6-11 years	52.9	13.2	33.9	63.3	13.5	23.2
12-17 years	42.8	13.6	43.6	49.9	16.6	33.6
Race:						
White	44.0	13.0	43.1	53.0	15.1	32.0
Black	65.3	11.6	23.1	75.2	10.2	14.6
Number of siblings:						
None	34.4	12.3	53.3	48.6	12.7	38.7
One	45.4	14.4	40.2	52.1	16.9	31.0
Two	67.7	12.6	19.8	68.5	14.8	16.7
Three or more	82.1	7.8	10.1	90.4	5.2	4.4
Age(s) of siblings:						
Some under 3 years	68.6	10.9	20.6	74.7	9.7	15.6
All 3-5 years	58.1	10.2	31.8	66.9	10.8	22.3
All 6-17 years	40.4	14.3	45.3	50.0	16.5	33.4
Number of earners:						
None	85.3	5.0	9.7	88.5	4.0	7.5
One	37.7	16.4	45.9	51.7	18.3	30.0
Two	24.4	16.7	58.9	28.3	15.7	55.9
Three or more	21.0	16.6	62.3	19.7	21.3	59.0

¹Weighted population of 11,342,000.

²Weighted population of 2,989,000.

³Incomes at 100-149 percent of the poverty level.

⁴Incomes at 150 percent or more of the poverty level.

Appendix C: Multiple Classification Analysis Tables for Metro and Nonmetro Children

Appendix table 5--Multiple classification analysis of the economic status of metro children

Characteristics	Number of children	Deviations from grand mean			
		Unadjusted	Eta ¹	Adjusted ²	Beta ³
	<u>Thousands</u>		<u>Grand mean = 3.11⁴</u>		
Total	45,235				
Parent's education:			0.51		0.34
Elementary, 1-8 years	3,649	-1.73		-1.06	
High school, 1-3 years	5,523	-1.61		-.79	
High school, 4 years	17,078	-.48		-.42	
College					
1-3 years	8,559	.26		.05	
4 years	5,484	1.71		1.15	
5 or more years	4,940	2.39		1.76	
Number of siblings ⁵ :			.29		.25
None	10,890	.81		.87	
One	17,852	.30		.11	
Two	10,057	-.55		-.49	
Three	3,963	-1.09		-.82	
Four or more	2,474	-1.71		-1.25	
Family type:			.43		.17
Married couple, spouse in labor force	20,681	.93		.35	
Married couple, spouse not in labor force	12,488	.04		.06	
Male householder	1,371	-.33		-.17	
Female householder	10,694	-1.80		-.72	
Homeownership:			.41		.15
Homeowner	28,548	.78		.27	
Renter	16,184	-1.35		-.45	
No cash rent	503	-1.02		-.99	
Number of earners:			.44		.14
None	4,314	-2.61		-.69	
One	15,228	-.66		-.28	
Two	19,693	.70		.23	
Three or more	5,999	1.24		.46	

--Continued

Appendix table 5--Multiple classification analysis of the economic status of metro children--continued

Characteristics	Number of children	Deviations from grand mean			
		Unadjusted	Eta ¹	Adjusted ²	Beta ³
	<u>Thousands</u>		<u>Grand mean = 3.11⁴</u>		
Parent's age:			0.33		0.12
18-24 years	2,579	-1.95		-0.79	
25-29 years	6,640	-.95		-.37	
30-34 years	10,423	-.33		-.03	
35-39 years	10,809	.21		.13	
40-49 years	11,682	.97		.27	
50-59 years	2,371	.71		.21	
60 years and older	730	-.75		-.36	
Race:			.25		.04
White	37,528	.28		.05	
Black	7,707	-1.38		-.22	
Migration status:			.15		.03
Nonmover	36,373	.18		.02	
Metro to metro move	6,803	-.68		.01	
Nonmetro to metro move	2,058	-.98		-.30	
Region:			.05		.03
Northeast	9,986	.21		.11	
Midwest	10,568	-.05		-.07	
South	14,761	-.13		-.07	
West	9,919	.04		.06	

R² = .484

¹Common correlation ratio; eta shows the effect of each independent variable on the income-needs ratio without controlling for the other independent variables.

²Adjusted for all other variables in the table.

³Standardized partial regression coefficient; beta shows the expected change in the income-needs ratio for a unit change in the given independent variable, holding all other independent variables constant.

⁴The grand mean or the income-needs ratio is the ratio of family income to the poverty threshold; a value less than 1 is below the poverty level.

⁵Younger than age 18.

Appendix table 6--Multiple classification analysis of the economic status of nonmetro children

Characteristics	Number of children	Deviations from grand mean			
		Unadjusted	Eta ¹	Adjusted ²	Beta ³
	<u>Thousands</u>			<u>Grand mean = 2.35⁴</u>	
Total	14,414				
Parent's education:			0.40		0.29
Elementary, 1-8 years	1,280	-1.05		-0.69	
High school, 1-3 years	2,038	-.77		-.43	
High school, 4 years	6,604	-.19		-.20	
College					
1-3 years	2,428	.38		.26	
4 years	1,069	1.38		1.04	
5 or more years	995	1.74		1.35	
Number of siblings ⁵ :			.27		.25
None	3,194	.63		.72	
One	5,696	.22		.10	
Two	3,401	-.36		-.40	
Three	1,294	-.77		-.57	
Four or more	828	-1.22		-.88	
Family type:			.39		.18
Married couple, spouse in labor force	6,985	.65		.26	
Married couple, spouse not in labor force	4,238	-.16		.00	
Male householder	393	-.31		-.16	
Female householder	2,797	-1.34		-.64	
Homeownership:			.32		.11
Homeowner	9,918	.41		.14	
Renter	3,931	-.90		-.27	
No cash rent	565	-1.01		-.55	
Number of earners:			.41		.13
None	1,225	-1.85		-.50	
One	4,591	-.57		-.21	
Two	6,709	.48		.14	
Three or more	1,889	.89		.32	
Parent's age:			.28		.10
18-24 years	861	-1.30		-.55	
25-29 years	2,184	-.59		-.19	
30-34 years	3,381	-.25		-.06	
35-39 years	3,460	.24		.11	
40-49 years	3,541	.64		.19	
50-59 years	739	.33		.04	
60 years and older	249	-.45		-.09	

--Continued

Appendix table 6--Multiple classification analysis of the economic status of nonmetro children--continued

Characteristics	Number of children	Deviations from grand mean			
		Unadjusted	Eta ¹	Adjusted ²	Beta ³
	<u>Thousands</u>		<u>Grand mean = 2.35⁴</u>		
Race:			0.25		0.05
White	12,650	0.18		0.04	
Black	1,764	-1.28		-0.27	
Migration status:			.17		.04
Nonmover	11,490	.17		.04	
Metro to nonmetro move	625	-.56		-.10	
Nonmetro to nonmetro move	2,299	-.69		-.18	
Region:			.12		.02
Northeast	1,364	.42		.11	
Midwest	4,636	.17		-.03	
South	6,272	-.23		.02	
West	2,142	.02		-.06	
Age of child:			.13		.03
Younger than 6 years	4,668	-.26		-.06	
6-11 years	5,001	-.08		-.02	
12-17 years	4,744	.34		.08	

R² = .388

¹ Common correlation ratio; eta shows the effect of each independent variable on the income-needs ratio without controlling for the other independent variables.

² Adjusted for all other variables in the table.

³ Standardized partial regression coefficient; beta shows the expected change in the income-needs ratio for a unit change in the given independent variable, holding all other independent variables constant.

⁴ The grand mean or the income-needs ratio is the ratio of family income to the poverty threshold; a value less than 1 is below the poverty level.

⁵ Younger than age 18.

Appendix D: Eligibility Criteria for Selected Noncash Benefits and Cash Assistance Programs

Aid to Families with Dependent Children (AFDC). The AFDC program provides cash welfare payments for needy children under age 18 (and their mothers or other caretaker relatives) who have been deprived of parental support or care because their father or mother is absent from home continuously, unemployed, incapacitated, or deceased. States define need, set their own benefit levels, establish income and resource limits within Federal limitations, and either administer the program or supervise its administration. AFDC for two-parent families where the principal wage earner is unemployed is offered in 31 jurisdictions.

Federal law requires certain able-bodied recipients, including mothers whose youngest child is at least age 6, to register for work or job training. If a minor who is living in the same home as his or her parents applies for aid as the parent of a needy child, the income of the minor's parents is to be counted as available to the filing unit. Most AFDC families are also eligible for and participate in the food stamp program. The food stamp program considers AFDC payments to be countable income and reduces the food stamp benefit by 30 cents for each dollar of countable cash income.

Energy Assistance. The purpose of the Low-Income Home Energy Assistance Program (LIHEAP) is to help low-income households meet their energy-related expenses. States have considerable discretion to determine eligibility criteria for LIHEAP and the types of energy assistance to be provided. At State option, LIHEAP payments can be made to households, based on categorical eligibility, where one or more persons are receiving SSI, AFDC, VA pensions, or dependency and indemnity compensation. States can also elect to make payments to households with incomes that are less than 150 percent of the Federal poverty income guideline or 60 percent of the State's median income, whichever is greater. However, States cannot establish an income eligibility ceiling that is below 110 percent of the poverty level.

Food stamps. Food stamps are designed primarily to increase the food purchasing power of eligible low-income households to a point where they can buy a nutritionally adequate low-cost diet. Benefits are available to nearly all households that meet Federal eligibility tests for limited monthly income and liquid assets, as long as certain household members fulfill

work registration and employment and training program requirements. In addition, most recipients of AFDC and SSI cash welfare programs generally are automatically eligible for food stamps; households composed entirely of AFDC or SSI recipients are categorically eligible for food stamp aid without regard to food stamp income and asset standards.

Under the employment- and training-related tests, certain household members must register for work, accept suitable job offers, and fulfill work or training requirements (such as looking or training for a job) established by State welfare agencies. The limited number of categorical eligibility rules makes some persons automatically eligible for food stamps (most AFDC and SSI recipients), and categorically denies eligibility to others (such as strikers, illegal and temporary resident aliens, and those living in institutional settings). Applications cannot be denied because of the length of a householder's residence in a welfare agency's jurisdiction, or because the householder has no fixed mailing address or does not reside in a permanent dwelling.

Monthly cash income is the primary food stamp eligibility determinant. Except for AFDC and SSI, all households must have counted (net) monthly income that does not exceed the Federal poverty guidelines, as adjusted for inflation. Households without an elderly or disabled member also must have basic (gross) monthly income that does not exceed 130 percent of the inflation-adjusted Federal poverty guidelines.

Free or reduced-price lunch. The National School Lunch Program (NSLP) provides Federal cash and commodity support to participating public and private schools and nonprofit residential institutions that serve meals to children. The program has a three-tiered reimbursement system that allows children from households with incomes at or below 130 percent of the poverty level to receive free meals, permits children with incomes between 130 percent and 185 percent of the poverty level to receive meals at a reduced price, and provides a small subsidy for meals to children with incomes above 185 percent of the poverty level. Children in AFDC families are automatically eligible to receive free lunches.

Medicaid. Medicaid is a Federal-State matching entitlement program providing medical assistance for low-income persons who are aged, blind, or disabled; members of families with dependent children; certain other children; and certain pregnant women. Eligibility for Medicaid is linked to actual or potential receipt of cash assistance under the AFDC and SSI programs. Within Federal guidelines, each State

designs and administers its own program; thus, there is substantial variation among States in terms of persons covered, types and scope of benefits offered, and amounts of payment for services.

A connection to cash assistance remains the primary method of establishing Medicaid eligibility, but recent legislation has expanded the population groups eligible for program coverage. Under the new legislation, States are required to phase-in coverage of all children under age 7 who meet the income and resource standards, as well as infants and pregnant women below the poverty line. All States are required to cover certain categorically needy persons (generally AFDC and SSI recipients), and may extend such coverage to certain additional persons. Coverage of the medically needy is optional with States. A State may have an AFDC-UP program, which covers two-parent families where the principal breadwinner is unemployed. Even without an AFDC-UP program, States may cover families with unemployed parents.

Public housing/rent subsidy. The primary purpose of housing assistance is to improve housing quality and to reduce housing costs for lower income households. The Federal Government provides housing aid to lower income households in the form of rental subsidies and mortgage-interest subsidies. Most Federal housing aid is now targeted to very low-income renters through the rental assistance programs administered by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture's Farmers Home Administration (FmHA).

Rental assistance is provided through two basic approaches: (1) project-based aid, which is typically tied to projects specifically produced for lower income households through new construction or substantial rehabilitation; and (2) household-based subsidies, which permit renters to choose standard housing units in the existing private housing stock. Rental assistance programs generally reduce tenants' rent payments to a fixed percentage (currently 30 percent) of their income after certain deductions, with the Government paying the remaining portion of the dwellings' costs.

The Federal Government also assists some low- and moderate-income households in becoming homeowners by making long-term commitments to reduce their mortgage interest. Most of this aid has been provided through the section 502 program administered by the FmHA, which itself supplies mortgage loans at low interest rates roughly equal to the long-term Government borrowing rates. Many homeowners, however, receive much deeper subsidies through the interest-credit component of this program, which reduces their effective interest rate to as low as 1 percent. A number of homebuyers have received aid through HUD's Section 235 program, which provides interest subsidies for mortgages financed by private lenders. Both programs generally reduce mortgage payments, property taxes, and insurance costs to a fixed percentage of income, ranging from 20 percent for the FmHA program to 28 percent for the latest commitments made under the HUD program.

A USDA/ERS BRIEFING BOOKLET

THE 1990 FARM ACT AND THE 1990 BUDGET RECONCILIATION ACT

How U.S. Farm Policy Mechanisms Will Work Under New Legislation

This new 40-page booklet, explaining new farm legislation, has just been released by the Economic Research Service of the U.S. Department of Agriculture. This booklet explains the main features of the new 5-year farm law in easy-to-follow pages of illustrative material. These "verbal graphics" act as a self-programmed instruction method, as the reader easily proceeds from one point to another. The booklet works in the same general way as an informal briefing which makes its points step-by-step with overhead transparencies.

The booklet begins with an overview of the goals which motivated changes in farm legislation, accompanied by the most important mechanisms that support them.

Main goals		Basic Mechanisms
Reduce the Federal deficit	→	Reduce payment acres
Improve agricultural competitiveness	→	Permit planting flexibility; Maintain market-oriented loan rates
Enhance the environment	→	Implement Agricultural Resources Conservation Program

The booklet then proceeds with definitions and illustrations of basic mechanisms of farm policy for the next 5 years:

- Target Price
- Loan Rates
- Deficiency Payments
- Crop Acreage Base
- Zero-92
- Farmer-Owned Reserve
- Payment Limitation

To order your copy of this timely publication, just dial 1-800-999-6779. Call toll free in the United States and Canada. Other areas, dial 301-725-7937. Ask for "The 1990 Farm Act and the 1990 Budget Reconciliation Act," order # MP-1489.

Cost per copy is \$8.00. Non-U.S. addresses (including Canada), please add 25 percent. Charge your purchase to your VISA or MasterCard, or we can bill you. Or send a check or purchase order, made payable to ERS-NASS, to: ERS-NASS

**P.O. Box 1608
Rockville, MD 20849-1608**

We'll fill your order by first-class mail. We offer a 25-percent discount when you order 25 or more copies to one address.

Rural Conditions and Trends. . . Rural Development Perspectives. . .

Reports with a rural focus!

Keep up with the most current information on rural America with subscriptions to two of USDA's most incisive periodicals. These periodicals deal exclusively with the problems and potentials of rural America today.

Rural Conditions and Trends tracks rural developments on a variety of subjects: macroeconomic conditions, employment and underemployment, industrial structure, earnings and income, poverty, and population. Quick-read text and sharp graphics help you get the information you need efficiently, effectively. 4 issues.

Rural Development Perspectives brings you crisp, nontechnical articles about the results of new rural research and what those results mean. Shows practical meaning of research in rural banking, aging, industry, the labor force, poverty, and the relationship of farm policies to rural areas. 3 issues.

Start your subscription today. Or SAVE money by ordering a one-year subscription to both periodicals for one low price! It's easy to subscribe. Here's how:

- Make your selection from the choices below.
 - Call our order desk, toll free, **1-800-999-6779** in the United States and Canada; other areas, call 301-725-7937. Charge your order to your VISA or MasterCard account, or we can bill you.
- Rural Conditions and Trends (#RCA)**
 ___ 1 year, \$14; ___ 2 years, \$27; ___ 3 years, \$39
- Rural Development Perspectives (#RDP)**
 ___ 1 year, \$9; ___ 2 years, \$17; ___ 3 years, \$24
- Save money by subscribing to both! (#RCA and #RDP)**
 ___ 1 year, \$21; ___ 2 years, \$41; ___ 3 years, \$59