

# Rural Poverty at Record Low in 2000

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The poverty rate in nonmetro areas was 13.4 percent in 2000, lowest since poverty rates were first officially recorded in the early 1960s. The only other time when the nonmetro poverty rate was less than 14 percent was during the 3 years from 1977 to 1979 (fig. 1). Approximately 6.9 million nonmetro residents were poor in 2000, down 0.5 million from 1999 (see “How Is Poverty Defined?” on p. 77).

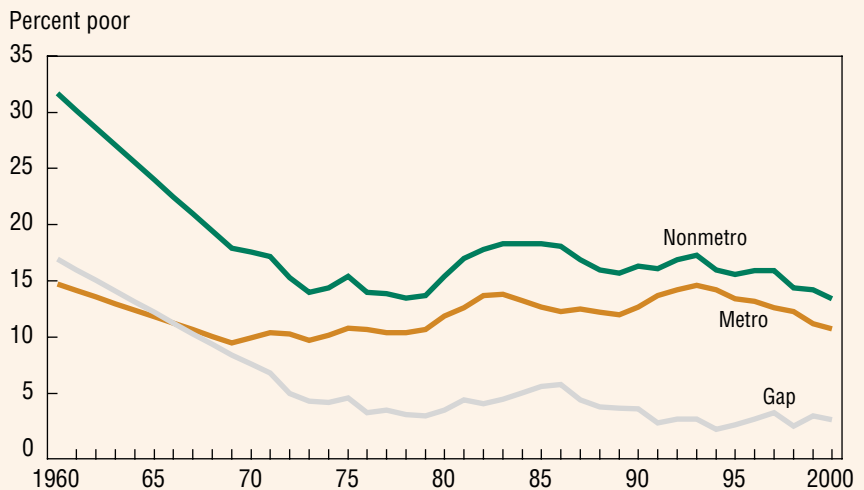
The improvement in nonmetro poverty was largely due to the longest recorded economic expansion ever in the United States. Between 1993 and 2000, the economy grew by 4 percent per year, almost 50 percent higher than the average growth rate of 2.7 percent during the 20 years prior to 1993. The economic expansion of the 1990s also resulted in record rates of job creation and the lowest rate of unemployment in over 30 years. The national unemployment rate was less than 5 percent for 41 consecutive months up to November 2000.

Growth alone does not necessarily reduce poverty, but the growth of the 1990s seems to have been shared with the poor. Between 1993 and 1998, real income of the richest 20 percent grew by 14.2 percent while real income of the poorest 20 percent grew by 15 percent.

Still, nonmetro poverty continues to be significantly higher than metro poverty. In 2000, the metro poverty rate stood at 10.8 percent, the lowest since 1979. While the incidence of nonmetro poverty is higher than metro poverty in all regions, the difference is much larger in the South and in the West.

The nonmetro West posted the highest rate in 2000 at 15.9 percent (versus 11.4 percent in metro West). In the South, respective rates were 15.6 and 11.6 percent. In the Midwest and Northeast, the difference between nonmetro and metro poverty rates was less than a percentage point (fig. 2).

Figure 1  
Poverty rates by residence, 1960-2000  
Nonmetro poverty hit a record low in 2000



Note: Metro status of some counties changed in 1984 and 1994. Metro and nonmetro rates are imputed for 1960-1968, 1970, and 1984.

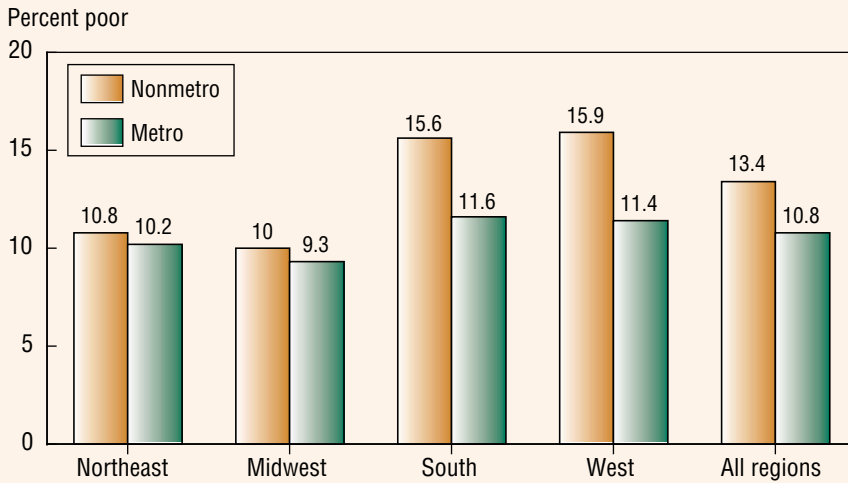
Source: Prepared by the Economic Research Service using data from the U.S. Census Bureau's Current Population Survey, March Supplement.

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Figure 2

**Poverty rates by residence, 2000**

*Metro-nonmetro differences are largest in the South and West*



Source: Prepared by the Economic Research Service using data from the U.S. Census Bureau's Current Population Survey, March Supplement.

The similarity in nonmetro poverty rates between the South and the West is a recent outcome. In the late 1980s and early 1990s, nonmetro poverty in the West was significantly lower than in the South. In 1992, the nonmetro poverty rate for the West was closer to the rates of the Midwest and Northeast than to the rate in the South. (The nonmetro poverty rate for the West in 1992 was 14.4 percent, compared with 14 percent in the Midwest and 20.4 percent in the South.) After 1992, the nonmetro poverty rate for the West increased while the rate for the South fell, until the two converged in 2000 (fig. 3).

Poverty rates by race reveal large differences. Non-Hispanic Blacks had the highest incidence of nonmetro poverty (28 percent), with nonmetro Hispanics just

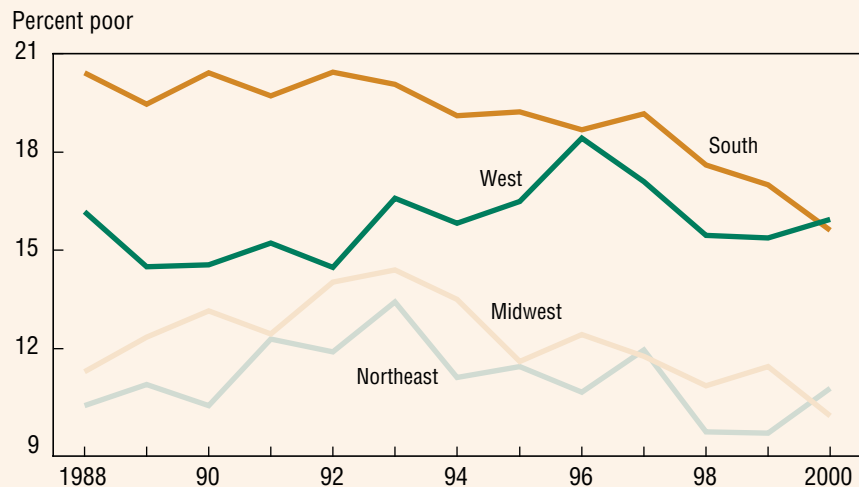
behind (27 percent in 2000). Both rates were greater than twice the rate for Non-Hispanic Whites. The high rate of poverty for Hispanics is particularly noteworthy as their share of the nonmetro population increased from less than 3 percent in 1990 to 5.5 percent by 2000. All races suffered higher poverty rates in nonmetro than in metro regions (fig. 4).

Female-headed, nonmetro families experienced widespread poverty in 2000—more than one out of every three persons who lives in a nonmetro family headed by a woman is poor. Single women living in nonmetro areas have a poverty rate of 29 percent. Nonmetro families headed by a male, without a female adult present, are often poor too (fig. 5). Only households with both husband and wife present have poverty rates lower than the national average. Again, regardless of family

Figure 3

**Nonmetro poverty rates by region, 1988-2000**

*Nonmetro South and West converged over the 1990s*

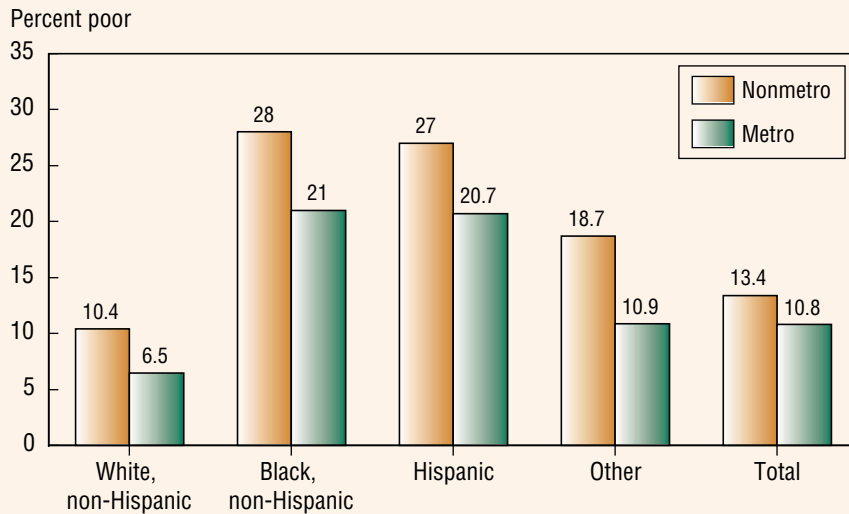


Source: Prepared by the Economic Research Service using data from the U.S. Census Bureau's Current Population Survey, March Supplement.

Figure 4

**Poverty rates by race and ethnicity, 2000**

*Hispanics and Blacks have the highest rates of nonmetro poverty*



Source: Prepared by the Economic Research Service using data from the U.S. Census Bureau's Current Population Survey, March Supplement.

Higher rates of child poverty in both metro and nonmetro areas have persisted for more than a decade despite significant declines in the rates over time. Over 1988 - 2000, the nonmetro child poverty rate has been at least 7 percentage points higher than the nonmetro poverty rate for nonelderly adults. The poverty situation for nonmetro older persons over the same 13 years has vacillated. The nonmetro senior poverty rate was significantly higher than the rate for nonelderly adults during the late 1980s and early 1990s, before converging in the mid- and late 1990s, then reversing in 2000 (fig. 6).<sup>RA</sup>

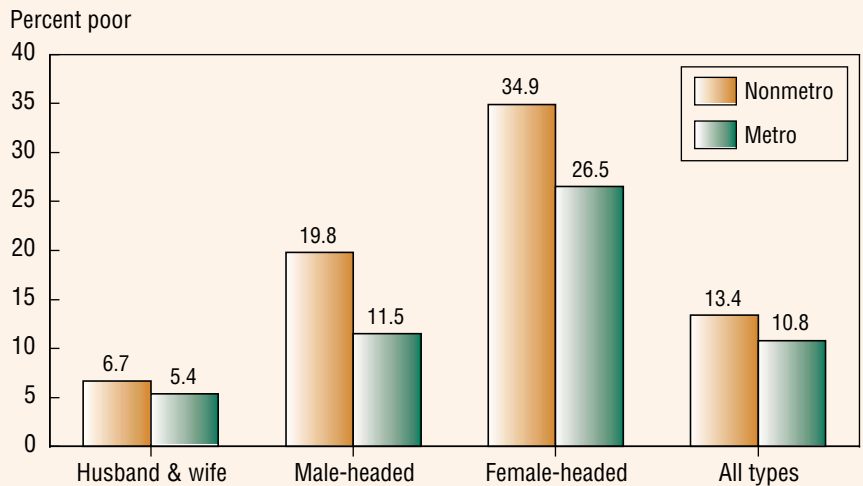
type, nonmetro poverty rates are much higher than metro rates.

Children (age 0-17) continue to have the highest poverty rate of any age group. The child poverty rate in nonmetro areas was 19 percent in 2000, compared with 15 percent in metro areas. In contrast, the poverty rate for older persons (65 and older) was 13 percent in nonmetro areas and 9 percent in metro regions. Similarly, adults (age 18-64) had much lower poverty rates than children, with 9 percent of all adults in poverty.

Figure 5

**Poverty rates by family type, 2000**

*More than one-third of persons in female-headed, nonmetro families are poor*

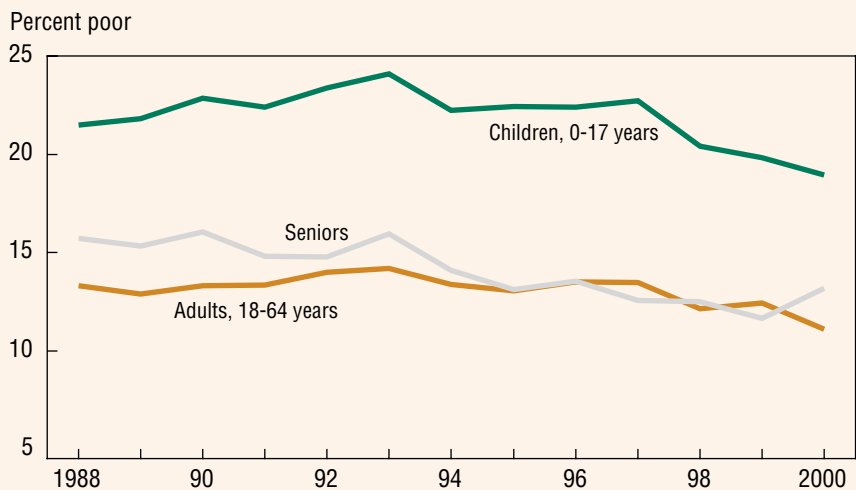


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### How Is Poverty Defined?

Any individual with total income less than an amount deemed to be sufficient to purchase basic needs of food, shelter, clothing, and other essential goods and services is classified as poor. The amount of income necessary to purchase these basic needs is the poverty line or threshold and is set by the Office of Management and Budget (OMB). The 2000 poverty line for an individual under 65 years of age is \$8,959. The poverty line for a two-person household with one child and one nonelderly adult is \$11,869. For a household with two adults and three children the poverty line is \$20,550. Income includes cash income (pretax income and cash welfare assistance), but excludes in-kind welfare assistance, such as food stamps and Medicare. The poverty line changes over time to correct for inflation, and it is also adjusted to reflect differences in household composition and size. Adjustments for household composition are intended to address the concern that children and adults consume different types and quantities of basic goods and services. Adjustments for household size are intended to address the concern that some basic goods can be shared within a household and therefore the per-person cost of purchasing basic needs declines with each additional person.

Figure 6  
**Nonmetro poverty rates by age, 1988-2000**  
*Nonmetro child poverty has declined, but is still much worse than for other age groups*



Source: Prepared by the Economic Research Service using data from the U.S. Census Bureau's Current Population Survey, March Supplement.