



# Rural Families and Welfare Issues

## Policy Brief

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Getting families to a state of self-sufficiency, making work pay, and having families take responsibility for the well-being of their family are all on the agenda as Congress considers reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. For policy-makers, there are issues of adjusting current policies related to public transfers of assistance and the extent to which these transfers help reduce poverty. There is also the question of the economic well-being of rural, low-income families and the extent to which policy-makers need to consider their circumstances.

Because the situations and needs of rural families are not well understood, human sciences researchers at 15 Land-Grant universities are studying rural families in 27 counties across the nation. Findings from data collected in 1999-2000 are reported here. Among the conclusions to date:

- **These families are working, but wages are not adequate to achieve economic self-sufficiency.**
- **Even the presence of an employed husband or partner doesn't lift all of these families out of poverty.**
- **Child support is not a dependable source of income.**
- **All of the families have difficulty making ends meet and use some form of assistance from their extended families, the community and government.**
- **Few are receiving Temporary Assistance for Needy Families (TANF) transfers.**

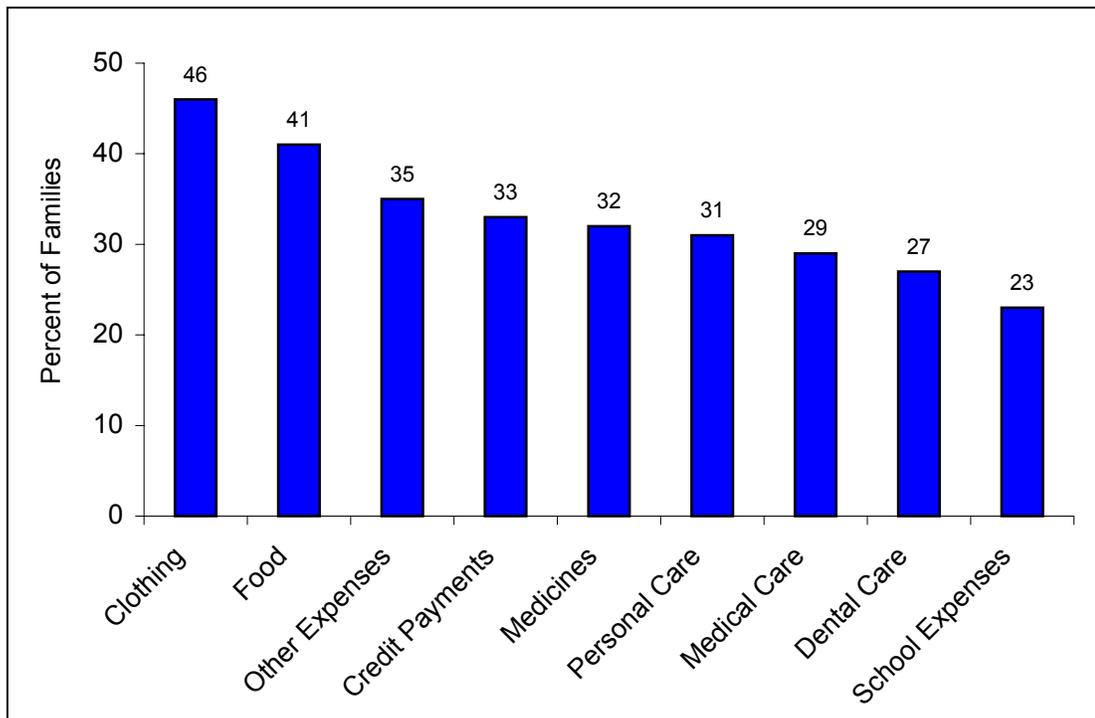
### **Work, Earnings of Rural Families, and Family Formation**

- Mothers in this study have a long history of working. Most started at age 16.
- 50% of mothers are employed in one to three jobs for an average of over 32 hours per week earning from \$1.11 to \$18.40 per hour. Their median monthly income is \$791.
- 50% are not employed. Of the mothers not working, 48% are married, 15% living with a partner, 23% single and 12.5% divorced or separated.
- Over 59% of the families have two adults living in the household (75% married and 25% with partners). 82% of the husbands and partners are employed; 18% are not.
- 79% of the families in the sample are not receiving cash assistance (TANF).
- 60% of the mothers in the sample have a child support court order, but 63% of them are not receiving child support. Of those mothers not receiving child support, 48% are currently employed. Of the 37% of mothers who do receive child support, 66% are

employed. The child support received ranges from \$40 to \$1500, with a median monthly amount of \$233. Many report the support is not received in a timely manner.

### Level of Living for These Rural Families

- Over 11% of the families were homeless or lived with someone else in the last two years. Over 20% share housing without making payments or paying rent.
- Though 50% of mothers are working, over 70% are not receiving any childcare assistance. When they have assistance, 20% receive TANF funds for all of the care while 10% receive a family co-payment for the care; 46% receive “free childcare;” and 22% pay the total cost. The monthly out-of-pocket cost for the main childcare arrangement for one child ranges from \$5 to \$165.
- Most mothers report having trouble making ends meet. They were asked what types of expenses create problems each month. The graph shows the percent of families that indicated an expense that gave them problems. (More than one category could be selected.) Except for food and medical care, few have programs to help families.



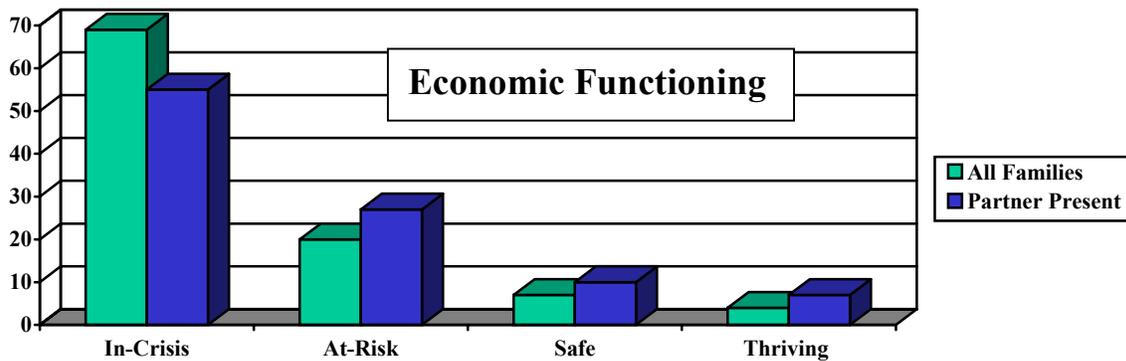
### Poverty, Family Economic Functioning, and Family Formation

#### *What is the economic well-being of these rural families?*

The study team chose to use a framework described by Bauer, Braun and Olson<sup>ii</sup> to categorize family economic status in relationship to poverty and other conditions. The current total family income on a monthly basis is divided by the monthly poverty level of the family unit. This gives the status as an income-to-needs measure and a percent of the poverty level for the year the income is earned or received.

The framework describes four family economic functioning categories. Families *in-crisis* are unable to meet even the most basic needs and not able to contribute productively to the community, state, or nation. Families *at-risk* cannot fully meet their needs and require assistance to do so. These families are typically eligible to receive Food Stamps, on the Supplemental Nutrition Program for Women, Infants and Children (WIC), and/or free or reduced price School Breakfast and School Lunch depending on the age of children in the household. Families who are *safe* meet most of their needs with current income. Families who are *thriving* are meeting their needs and some wants with current income.

In-crisis is below poverty. At-risk is between poverty and 150% poverty. Safe is over 150% poverty but less than 200% poverty. Thriving is over 200% poverty.



***Are these rural families with a partner (married or not), better off financially?***

For the in-crisis category, there are still 55% of the families in poverty. In the at-risk, safe, and thriving categories, the partner present families are only slightly greater in number than all families. *Two parents present do not remove the economic risk for the family.*

**Are these rural families from generations of welfare assistance users?**

The mothers were asked to share whether their parents received welfare when they were growing up. 46% said yes; 42% said no. The remainder didn't know or did not say.

**Summary of Findings for Rural Families in Context of Welfare Policy**

These are low-income working families and in most cases have always worked. They work in low-wage jobs and they work less than full time. At this point, it is not known if the amount of work per week is their choice or is due to the social and economic structure of the current labor market. They may look similar to persons leaving welfare (cash assistance) in many states. *They are not able to be economically self-sufficient and they need assistance to try to make ends meet.*

**The data were collected before the current downturn in the economic climate in rural areas across the nation and subsequent declines in employment. The economic situations of these rural families place them in-crisis or at-risk of poverty and in need of assistance. If the economy continues a downward spiral, rural, low-income families will likely need continued and/or additional public assistance. For those on TANF, they may need assistance beyond current time limits.**

## Recommendations

While many rural families are working, and many have a partner present, they still are not able to be self-sufficient. Policy-makers need to:

- Addresses the broad issue of poverty among rural families—not just those on TANF.
- Expand employment opportunities and efforts to increase the ability to work.
- Increase access to childcare assistance for one and two parent working families.
- Find ways to close gaps in meeting basic needs when income is inadequate.
- Encourage flexibility in use of federal and state funds to support families.

## Data for Study and Funding

The database for this study is 433 rural families from 14 states<sup>iii</sup> contributing to Wave 1 of a multi-state, longitudinal study of low-income rural families with children. The study consists of mothers age 18 and older with at least one child 12 years old or younger, currently eligible for or receiving Food Stamps, or the Supplemental Nutritional Program for Women Infants and Child (WIC). Families were recruited to capture diversity across the rural states included in the project. A two to three hour interview is transcribed for analysis. Only some of the quantitative data from the 1999-2000 interviews are reported in this policy brief. The qualitative data are available for further policy analysis.

The data were collected through a multi-state study approved by the US Department of Agricultural Experiment Station System and known as NC-223 “Rural Low-Income Families: Tracking their Well-Being and Functioning in the Context of Welfare Reform.” Participating states are listed below. In addition to each state’s private and public sector support, funds were awarded by the United States Department of Agriculture, National Research Initiative Competitive Grant Program (Grants 2001-35401-10215 & 2002-35401-11591, J.W. Bauer, P.I.).

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<sup>ii</sup> Bauer, J.W., Braun, B., & Olson, P.D. (2000). Welfare to well-being framework for research, education and outreach. *Journal of Consumer Affairs*. 34, 62-81.

<sup>iii</sup> Colorado did not provide data in Wave 1.

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