

## Concentrated Rural Poverty and the Geography of Exclusion

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Most middle-class and affluent Americans have little or no real contact with the poor—in neighborhoods, schools, or communities. The poor are literally and figuratively separated from mainstream society, living in economically distressed places that often seem worlds apart from most Americans. In fact, poor neighborhoods are places to avoid; rightly or not, they are perceived as different, dangerous, and dirty. They are “out of sight, out of mind.”

Economically distressed communities often lack adequate institutional support services (e.g., health care and educational programs), good jobs that pay a living wage, and a stable middle-class population that provides role models and active networks to jobs and opportunities. Opportunities for upward mobility in poor places are limited, and poverty is often passed along from generation to generation. Poor people are seemingly trapped in place—in poor places.

Poverty debates typically center on the urban poor, particularly those in the inner city. Much less research and policy attention have focused on the rural poor. As a result, the rural poor are often left behind and forgotten in economically distressed small towns in Appalachia, the Mississippi Delta region, *colonias* along the border in Texas and New Mexico, on Indian reservations, and in other pockets of rural poverty throughout the country.

This policy brief provides new empirical evidence on concentrated rural poverty. We find that one-half of all rural poor are segregated in high-poverty areas. The rates are even more striking for minorities. Three-fourths of rural blacks and two-thirds of rural Hispanics are segregated from America’s more affluent, largely white populations. Clearly, the rural poor, like those in cities, are often physically and socially isolated from most middle-class Americans. These findings call for targeted public policies that address inequalities based on place and the geography of exclusion in America.

### Measuring Concentrated Poverty

We use sub-county data (at the block-group level) from the 1990 and 2000 decennial census summary files. Our analyses include information on 225,115 block groups in 1990 and 207,611 block groups in 2000.<sup>1</sup> Block groups are the smallest geographical units for which data on poverty and other socioeconomic characteristics are made available by the Census Bureau. A block group is a cluster of census blocks. These aggregated block-group data can then be linked to other salient county social and economic characteristics from the decennial censuses for analyses. Census tracts are larger than block groups and typically serve as useful proxies for neighborhoods in U.S. metro cities and suburbs. However, they are generally ill-suited for defining housing markets or fields of social interaction in rural America.

Here we document changes over the 1990s in the micro-scale concentration of poverty in the United States. Specifically, we estimate recent changes in the share of high-poverty block groups as well as the share of poor and nonpoor people who live in them. Like other studies, we define high-poverty block groups as those with poverty rates of 20 percent or more. We also document the ghettoization of poor rural minorities and their geographical segregation from the rural white population and the nonpoor. Individuals are defined as poor if they live in families with incomes below the official poverty income line for a family of their size and configuration as defined by the U.S. Office of Management and Budget. Family income is measured in the year before the census enumeration (i.e., 1989 for the 1990 census and 1999 for the 2000 census). Individuals living alone or with unrelated individuals are regarded as a one-person “family” for purposes of defining poverty.

## Why Concentrated Poverty Matters

Patterns of concentrated poverty highlight the changing geography of opportunity in American society and barriers to upward mobility. Evidence of concentrated rural poverty also suggests the need for place-based policies (rural development strategies, for example) that focus on structural conditions rather than individual deficiencies.

Poverty frequently grips America's minorities, many of whom live and work in isolated rural areas. Rural blacks living in small towns in the South, for example, face long-standing traditions of racial discrimination and economic oppression. More recently, Hispanics have dispersed from gateway cities into new rural destinations in the Midwest and South, often to work for low wages in meatpacking plants, agriculture, or construction. Poverty rates in America's Indian reservations are exceedingly high. More than one-half of residents in some reservation communities are poor.

Social exclusion and isolation in poor communities often reinforce racial and class inequality. Indeed, geographic and social mobility often go hand in hand. To get somewhere in life often means you have to go elsewhere. Unfortunately, rural minorities, elderly people, and the uneducated poor have few residential options that represent a step forward. Those who move often circulate between poor neighborhoods, communities, or regions.

**TABLE 1: METROPOLITAN AND NONMETROPOLITAN POVERTY CONCENTRATIONS ACROSS CENSUS BLOCK GROUPS, 1990 AND 2000**

	1990		2000	
	Metro	Nonmetro	Metro	Nonmetro
Percentage of block groups with poverty greater than 20%	22.1	32.0	21.0	24.4
Percentage of block groups with poverty greater than 40%	6.9	6.0	5.0	3.5
Percentage of overall population in high-poverty areas	19.5	32.1	18.9	23.5
Percentage of poor people in high-poverty areas	54.6	58.3	50.9	46.7

**FIGURE 1: U.S. NONMETRO BLOCK GROUPS WITH POVERTY RATES GREATER THAN 20 PERCENT**

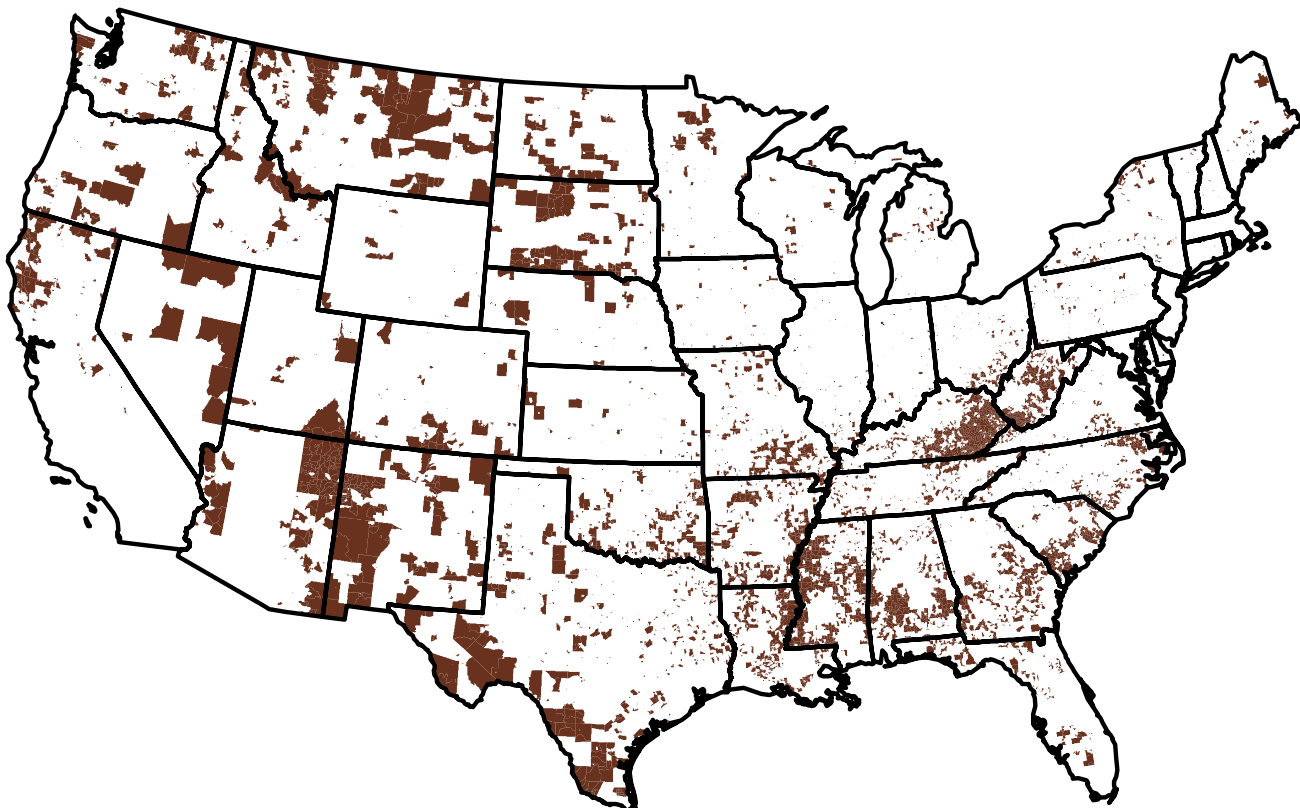
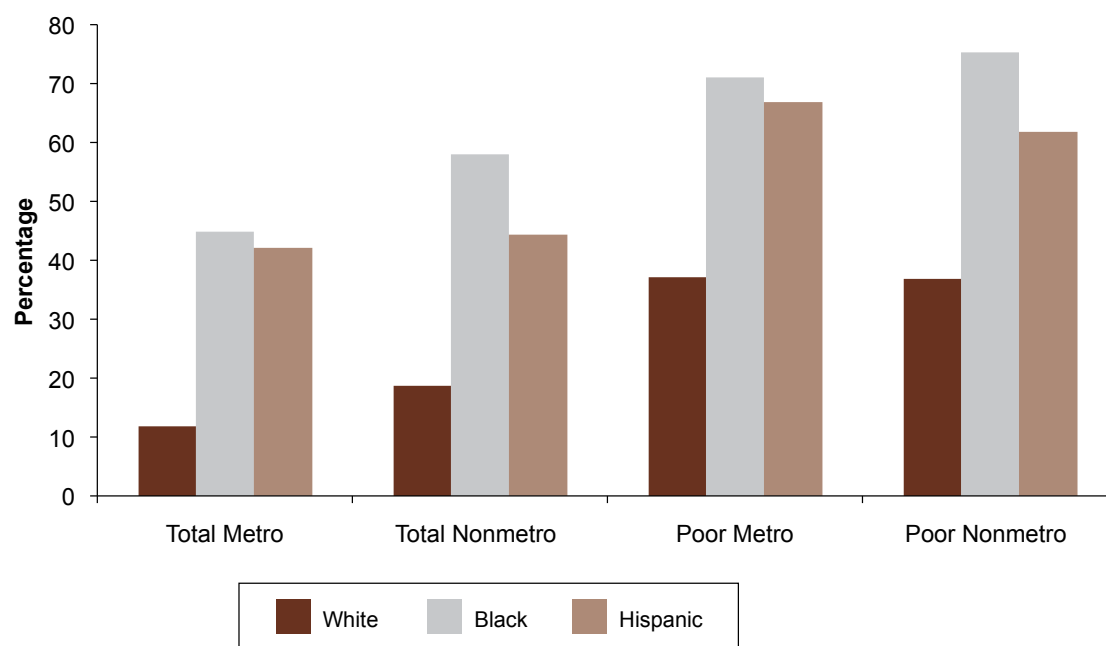


FIGURE 2: SHARE OF POPULATION IN POOR AREAS, METRO AND NONMETRO, 2000



## Patterns of Concentrated Rural Poverty

The good news of the 1990s is that many rural areas, including isolated populations in Appalachia and the South, experienced unexpectedly large declines in poverty during the decade's economic boom. Nonmetro poverty rates dipped to record lows (13.4 percent in 2000) before inching up again with the early 2000s recession. Whether recent poverty declines have been broadly shared across rural communities and neighborhoods is much less clear.

Figure 1 shows that poverty remains highly concentrated in Appalachia; the "Black Belt" crescent that extends from Arkansas to North Carolina; the Mississippi Delta; the Lower Rio Grande River Valley along the Mexico-U.S. border; and Indian reservations in the desert Southwest and the upper Great Plains states (mostly South Dakota).

The map also clearly indicates a broad geographical spread of "pockets of poverty." Obviously, high-poverty regions like Appalachia, for example, are not uniformly poor, and perhaps more importantly, there are many pockets of poverty even within affluent counties. In fact, more than one-half of the nation's rural high-poverty block groups were located in counties with poverty rates less than 20 percent in 2000. (For a definition of block groups, see sidebar.) The implication is clear: Rural pockets of poverty are often hidden by apparent prosperity, which gives a misleading impression of the extent of concentrated poverty in America.

## The Good News: Concentrated Rural Poverty Eased

The share of rural block groups with poverty rates exceeding 20 percent declined from 32 to 24 percent in the 1990s (*see Table 1*). Declines were even greater in block groups with extremely high poverty rates (40 percent or more). The share of poor areas clearly is declining, as is the share of rural people who live in them. In fact, the share of rural poor people in high-poverty block groups declined from 58.3 to 46.7. The rural poor became less concentrated in poor areas during the 1990s.

## The Bad News: Persistent Racial Differences in Concentrated Poverty

Despite recent declines in concentrated poverty, these results nevertheless dramatize the continuing high geographic concentration of rural poor people in poor areas. About 50 percent of the rural poor live in high-poverty block groups. The common assumption that the rural poor and nonpoor are living in the same neighborhoods or communities clearly needs revising.

Poor racial minorities are much more geographically concentrated than rural whites. Only 37 percent of poor nonmetro whites lived in high-poverty block groups in 2000 (*Figure 2*). For blacks, 75 percent lived in high-poverty

areas. Perhaps surprisingly, rural blacks are even more “ghettoized” than blacks living in metro areas.

Hispanics are slightly less concentrated than blacks in high-poverty areas. Approximately six in 10 poor Hispanics lived in high-poverty block groups in 2000. These figures are similar to those in metro areas, where 66.4 percent lived in “ghetto” neighborhoods. The worry is that this concentration may limit opportunities for upward mobility and reinforce inequality from generation to generation.

## Segregation of the Poor

Concerns about concentrated poverty also raise obvious questions about the putative lack of exposure to mainstream institutions and middle-class role models.<sup>2</sup> When families are socially isolated in poor parts of town, they may not learn about job openings, discover positive outlets for their children, or be exposed to the many small and seemingly innocuous dealings of everyday life that shape one’s opportunities. Table 2 shows just how isolated poor residents are. We developed an index of segregation to better understand where poor families live and to what degree they are separated from potential contact with mainstream routes of opportunity. We find that:

- Overall, segregation between the poor and nonpoor is moderate in both nonmetro and metro areas. However, the rural poor are more likely than the urban poor to live among nonpoor neighbors.
- Poor whites are considerably less segregated from nonpoor whites than poor minorities are from nonpoor minorities, particularly in rural areas. For example, the rural poor/nonpoor segregation index in 2000 was only 20.6 among whites, while it was 54.9 for blacks and 58.2 for Hispanics.
- Residential segregation of the poor is not simply a reflection of racial segregation. Poor minorities and poor whites are highly segregated from each other. There is also little indication of “melting pot ghettos” composed of multiracial populations.

**TABLE 2: METROPOLITAN AND NONMETROPOLITAN SEGREGATION, 2000**

	Segregation Index* Metro %	Segregation Index* Nonmetro %
Total Population	30.7	20.6
Poor White vs. Nonpoor White	30.1	20.6
Poor Black vs. Nonpoor Black	50.4	54.9
Poor Hispanic vs. Nonpoor Hispanic	60.1	58.2
Poor White – Poor Black	67.0	69.3
Poor White – Poor Hispanic	63.0	61.8
Poor Hispanic – Poor Black	71.2	75.2
Nonpoor White – Nonpoor Black	57.9	63.6
Nonpoor White – Nonpoor Hispanic	46.5	47.8
Nonpoor Hispanic – Nonpoor Black	59.3	67.8

\* Higher values indicate greater segregation, i.e., the percentage of a population that would have to move to another block group to achieve geographic parity with the other comparison group

## Policy Implications

**Policymakers can reduce concentrated poverty with the following strategies:**

**Provide Work and Income Supports.** More affordable housing is a way to ensure greater integration of families. The high cost of housing in middle-class neighborhoods is often outside the financial reach of poor families. Furthermore, restrictive covenants (e.g., rules requiring certain conditions to be met before building, such as size of the lot or square footage) effectively keep the poor out of middle-class or affluent neighborhoods. The poor are instead consigned to low-income neighborhoods and communities where they can afford to live (such as trailer parks in the open countryside).

- *Income supports.* Policies such as the Earned Income Tax Credit or other benefits (e.g., food stamps) provide additional income and presumably give low-income people additional housing options, either locally or in communities with more jobs or resources. This is a potentially positive secondary benefit of public assistance programs.
- *Public housing vouchers.* The federal government played a large role in promoting public housing concentration and segregation in the past. Although the evidence is still inconclusive, today's housing vouchers (e.g., Section 8 voucher program or the Moving to Opportunity program) can provide low-income families with new housing options in areas with more job opportunities, better schools for children, and lower crime rates.
- *Credit for all.* Subsidized or guaranteed low-interest loans may also provide new opportunities for the poor to get into the housing market and escape low-income neighborhoods. It also provides an opportunity to build assets or wealth, although property values do not appreciate rapidly in declining communities. Credit counseling services are important for low-income populations. Easy credit is no panacea if the subprime mortgage market or predatory lending leads to bankruptcy or more home foreclosures.

**Reduce Housing Discrimination.** Housing discrimination has historically tethered minority populations to poor rural neighborhoods or communities. Eliminating discrimination will presumably reduce poverty concentration. The Fair Housing Act and Equal Credit Opportunity Act have, at least on paper, barred discrimination in housing and mortgage markets. While fair housing legislation has helped stem the most egregious examples of discrimination (such as racial steering or redlining), minorities continue to face discrimination in the housing market.<sup>3</sup>

- *Enforce fair housing laws in rural areas.* The federal Fair Housing Act prohibits “discrimination in housing on the

basis of race, color, religion, sex, familial status, national origin, and disability.” Through “Operation Home Sweet Home,” the U.S. Justice Department stepped up its enforcement efforts after Hurricane Katrina, which forced evacuees to seek housing (often unsuccessfully) in other communities. Enforcement of Fair Housing laws is, however, often less evident in rural than urban areas. Rural people, including minorities, need the same assurances that they will not be blocked from housing that urban families receive. Some communities also exclude minorities or poor people through political gerrymandering of municipal boundaries through racially selective annexation.

- *Educate families about housing rights.* Rural minorities and other low-income groups often lack the knowledge to successfully fight unfair housing practices or housing discrimination. The Justice Department has developed a new website devoted to fair housing enforcement, making it easier to file complaints and obtain information ([www.usdoj.gov/fairhousing](http://www.usdoj.gov/fairhousing)). This site should be broadly advertised, with information on the nearest public library or other Internet access for those without in-home access.
- *Encourage policy research on rural housing needs.* We know little about the extent or forms of discriminatory practices in rural lending markets and patterns of intimidation (e.g., cross burning or even physical assaults on buyers). By statute, the Justice Department is required to identify the nature and extent of discriminatory housing practices in rural areas and provide recommendations to the public and policymakers about how to eliminate discrimination.

**Shaping Residential Preferences.** Residential patterns also reflect personal preferences, subject to the constraints of income and discrimination in the housing market. The question, of course, is whether these preferences reflect perceptions of how welcome certain groups will be in predominately white neighborhoods.

- *Optimize choice.* Middle-class and affluent Americans have considerable freedom in choosing where they live. This is far from the reality among poor people. Poor people do not live in poor, unhealthy, or crime-ridden areas because they prefer these environments but because they usually have few options. Lacking alternatives, many low-income workers, elderly, or disabled persons must commute long distances to work, health care providers, or other social service offices. Public policies arguably should not actively reshape residential preferences but instead seek to maximize the freedom of low-income populations in terms of realizing their residential and housing preferences (e.g., inclusive zoning or mixed-income development).



- *Promote inclusive housing.* Many communities lack affordable housing. Low-cost rental units and new owner-occupied housing in many rural communities are needed, especially in areas that have experienced rapid growth or economic development or where the second-home market is strong (e.g., in high-amenity areas with substantial tourism). Low-interest or government-insured loans to support for-profit and nonprofit organizations in developing lower-cost housing are one option. The USDA's Rural Rental Housing Guaranteed loan program provides loans for development of multi-family housing facilities in rural areas. However, occupants must have low incomes, which serves to concentrate the poor. Relaxing these income requirements would help ensure greater choice. Nonprofit corporations, such as the Housing Assistance Council, also help build affordable rural housing for those living in the poorest places while emphasizing self-help (e.g., sweat equity).
- *Place-based solutions to poverty and low income.* Place-based solutions to poverty are also needed. People prefer to live in or near the communities in which they work. Job growth and economic prosperity have the indirect effect of increasing local income, reducing poverty, and enhancing the housing options of local populations. In recent years, a new strategy has emerged that emphasizes economic and workforce initiatives that meet the needs of the workforce while providing access to jobs for all in self-defined regions. In Mississippi, for example, resources have been used to assist high-performance workers gain jobs in the high-tech industry and underutilized workers, such as TANF recipients, ex-offenders, and discouraged workers, to fill good jobs that require minimal training.

## Conclusion

The rural poor live in a much different physical and social world from the large majority of middle-class Americans. This is particularly true of low-income rural people living in regions or communities with historically high rates of poverty, such as Appalachia. They truly are doubly disadvantaged—they have many needs but live in communities lacking the resources to meet them. As a result, the rural poor are often mired in poverty for generations. Without the political will to break down a wall of indifference and prejudice, the poor will remain geographically separated from the American mainstream. This policy brief identifies concrete steps that can lead to a better, more inclusive society.

## To Learn More about this Topic

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## Endnotes

- 1 For more details, see <http://www.census.gov/geo/www/tiger/glossary.html#blockgroups>.
- 2 We use Census block-group data to measure sub-county poverty rates and county poverty residential segregation with the index of dissimilarity (*D*) (See Iceland et al. 2002). The index of dissimilarity,  $D_t$ , is defined as:

$$D_t = \frac{1}{2} \sum_{i=1}^k |p_{it} - p'_{it}|$$

where  $p_{it}$  and  $p'_{it}$  are the respective percentages of poor and non-poor populations residing in block groups  $i$  at time  $t$ . This index varies from 0, no segregation, to 100, complete segregation.  $D$  has a straightforward interpretation: It indicates the percentage of poor (nonpoor) who have to move to other block groups in a county in order to achieve parity between poor and nonpoor in their percentage distribution across all block groups. Indices are also calculated to measure the level and patterns of segregation within and between poor and nonpoor racial groups.

- 3 Housing audits conducted by the U.S. Department of Housing and Urban Development show that racial minorities are often unable to rent or buy in some neighborhoods (see literature reviewed in Bavan 2007).

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