



Refrain or Reality: A United States Rural Policy?

**Presented to
The Kansas Hospital Association
2003 Rural Health Symposium
Wichita, Kansas
March 11, 2003**

**Charles W. Fluharty, Director
Rural Policy Research Institute
<http://www.rupri.org>**




Five Considerations:

- I. The case for a rural policy “tipping point”
 - The Farm Bill process and outcome
 - A growing understanding of the true rural economy
 - The new Census and its public policy implications
 - Rethinking rural governance
- II. Building a constituency for a community-based rural policy:
 - New political realities
 - The policy context
 - Alternatives for consideration
- III. The rural / urban dialectic
- IV. Linking policy and community practice:
“Bring in the bridge builders!”
- V. Implications for Rural Health




I. The case for a rural policy “tipping point”

- **The Farm Bill process and outcome**
- A growing understanding of the true rural economy
- The new Census and its public policy implications
- Redistricting, and the next two electoral cycles



“Rural” is much more than agriculture; and the future success of our nation’s family farms is critically linked to the economies of rural communities.

- Only 6.3% of rural Americans live on farms.
- Farming accounts for only 7.6% of rural employment.
- 90% of rural workers have non-farm jobs.
- In 1999, 90% of all farm operator’s household income came from off-farm sources.

- 
- Only 0.39% of the US population is engaged in farming as a primary occupation; and
 - Only 1.78% of the US rural population is engaged in farming as a primary occupation.

But . . .

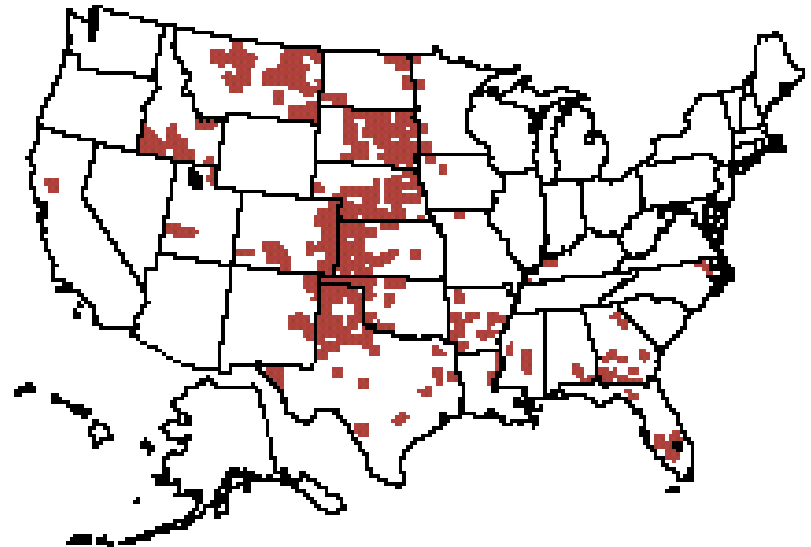
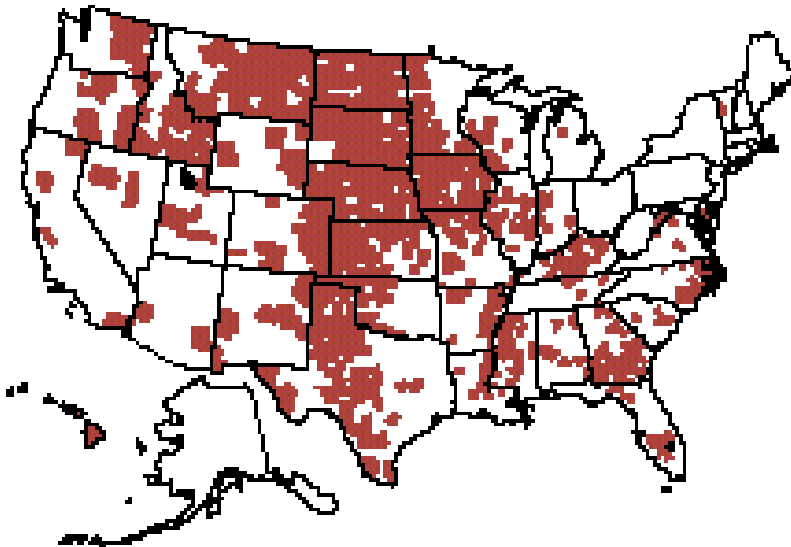
- In ag dependent counties, or rural areas where agriculture is the dominant sector, as in most of the Great Plains, we are literally in “crisis”!

Figure 21

Farm Earnings Less Important in Local Economies Now Than 30 Years Ago

Farming accounted for 20 percent or more of earnings in 877 nonmetro counties in 1969.

By 1999, farming accounted for 20 percent or more of earnings in only 258 nonmetro counties.



<i>ERS Farm Typology</i>	Number of Households	Avg. HH Income	Avg. Off-Farm Income	Avg. <i>earned</i> off-farm income	Percent of HH income from <i>earned</i> off-farm sources	Percent of HH income from <i>total</i> off-farm sources
Small Family Farms						
Limited Resource	126,920	\$9,534	\$13,114	\$5,862	61.5%	137.5%
Retirement	297,566	\$40,643	\$41,991	\$11,254	27.7%	103.3%
Residential / lifestyle	931,561	\$83,788	\$87,796	\$79,982	95.5%	104.8%
Farming-occupation low sales	480,441	\$39,764	\$39,892	\$22,379	56.3%	100.3%
Farming-occupation high sales	175,370	\$53,322	\$26,621	\$19,194	36.0%	49.9%
Large Family Farms	77,314	\$85,685	\$34,598	\$24,011	28.0%	40.4%
Very Large Family Farms	58,403	\$201,206	\$35,572	\$23,371	11.6%	17.7%

Source: ERS, February 2001






Farm / Farm Policy Structure:

- 2 million farms – 2% produce 50% of food / fiber
- 36% of farms participate in support programs (30% of total farm acreage)
- Between 1996 and 1998:
 - \$22.9 billion in farm subsidies
 - 144,000 participants received 61% of money
 - (7.2% of America's farmers received \$13.97 billion)
- The more farm dependant an area is, the more its economic growth lags the rest of America.



I. The case for a rural policy “tipping point”

- The Farm Bill process and outcome
- **A growing understanding of the true rural economy**
- The new Census and its public policy implications
- Redistricting, and the next two electoral cycles



The rural economy has strengthened and is slowly growing, but remains fragile and uneven:

- Over 2 million more rural Americans are employed today than at the start of the last decade.
- Until this downturn, rural unemployment had continued to decline -- lowest level since 1990 recession.
- Rural earnings, after a decade of decline, were rising at rates similar to urban, as was per capita income.

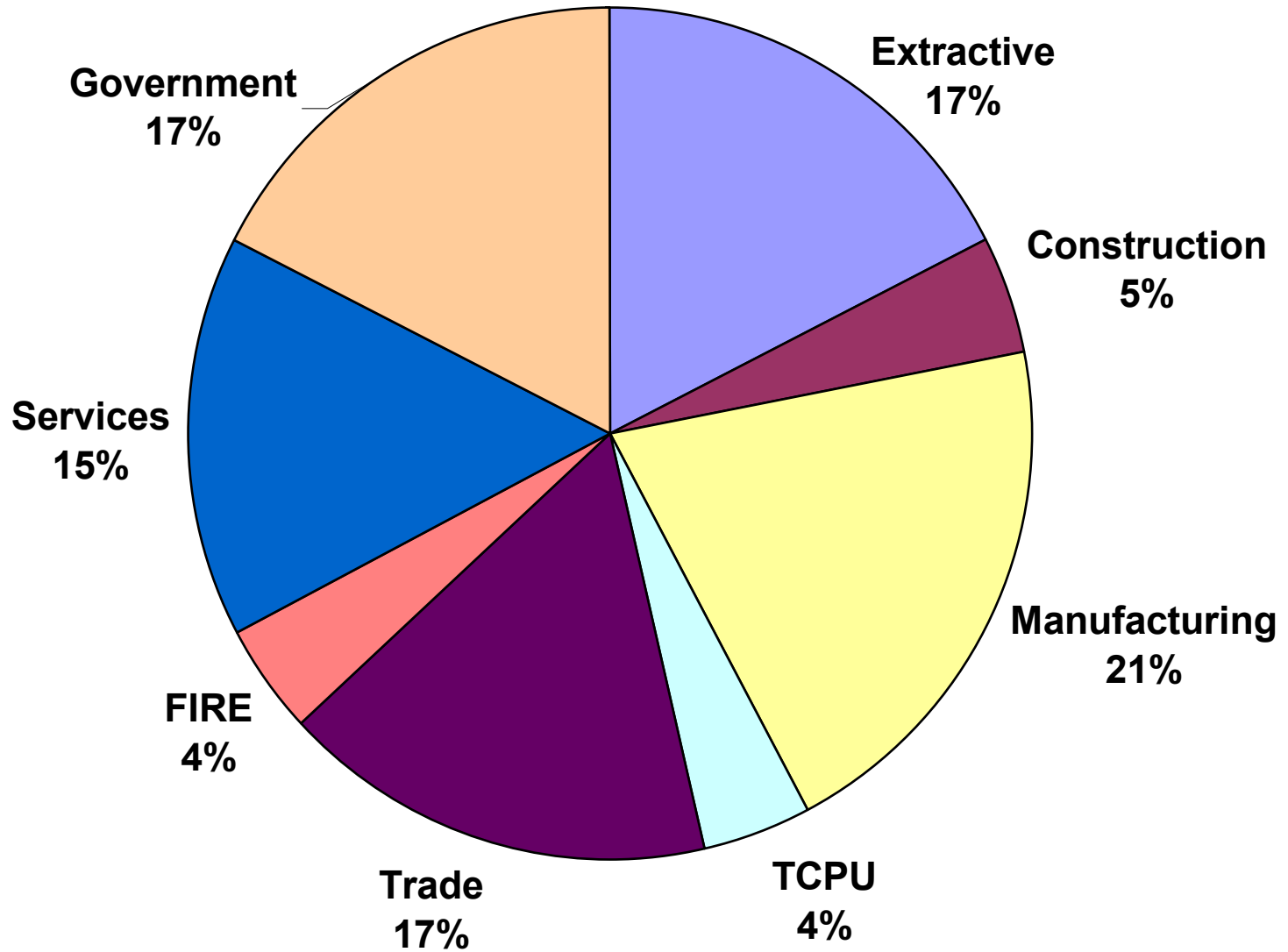


But . . .

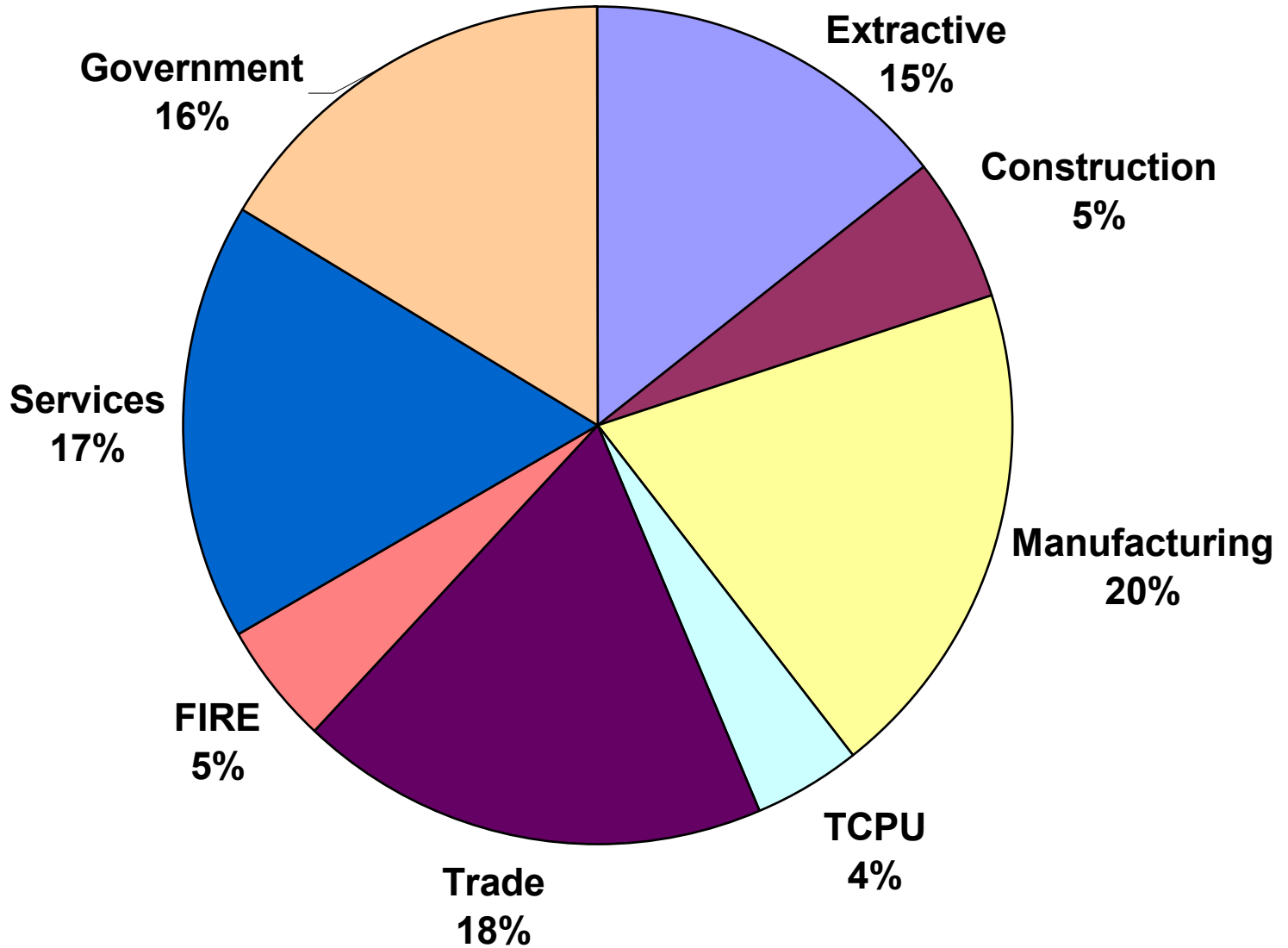
Rural employment is still dominated by low wage industries:

- In 1996, 23% of rural workers in the service sector
- Rural workers are nearly twice as likely to earn the minimum wage (12% - rural, 7%- urban)
- Rural workers remain more likely to be underemployed and are less likely to improve their employment circumstances over time. (40% less likely to move out of low wage jobs than central city residents)
- In 1999, 27% of rural workers over age 25 received wages that if earned full time, full year, would not lift a family of four above the official poverty line (5 million workers).

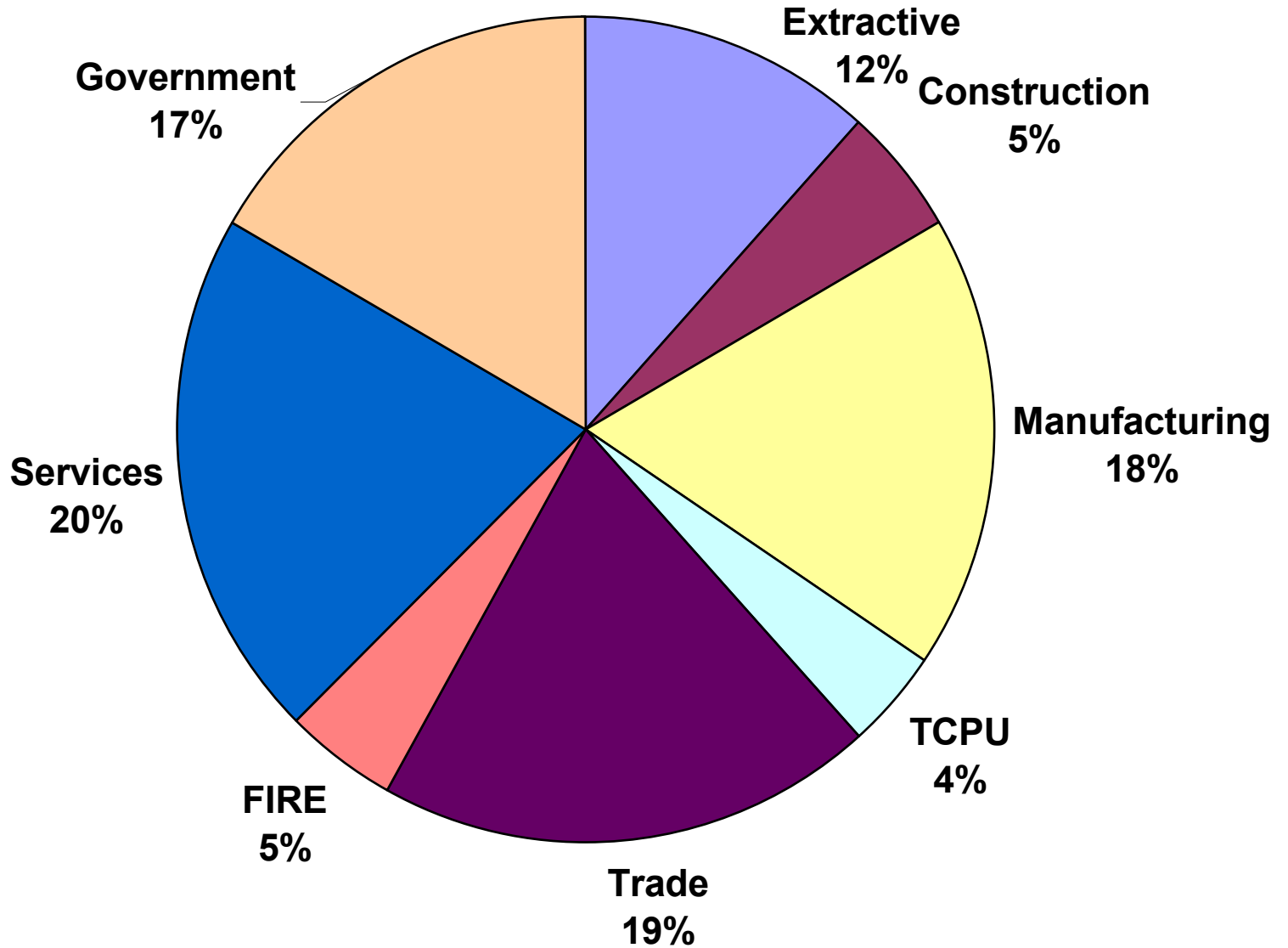
Distribution of Nonmetro Employment, 1969



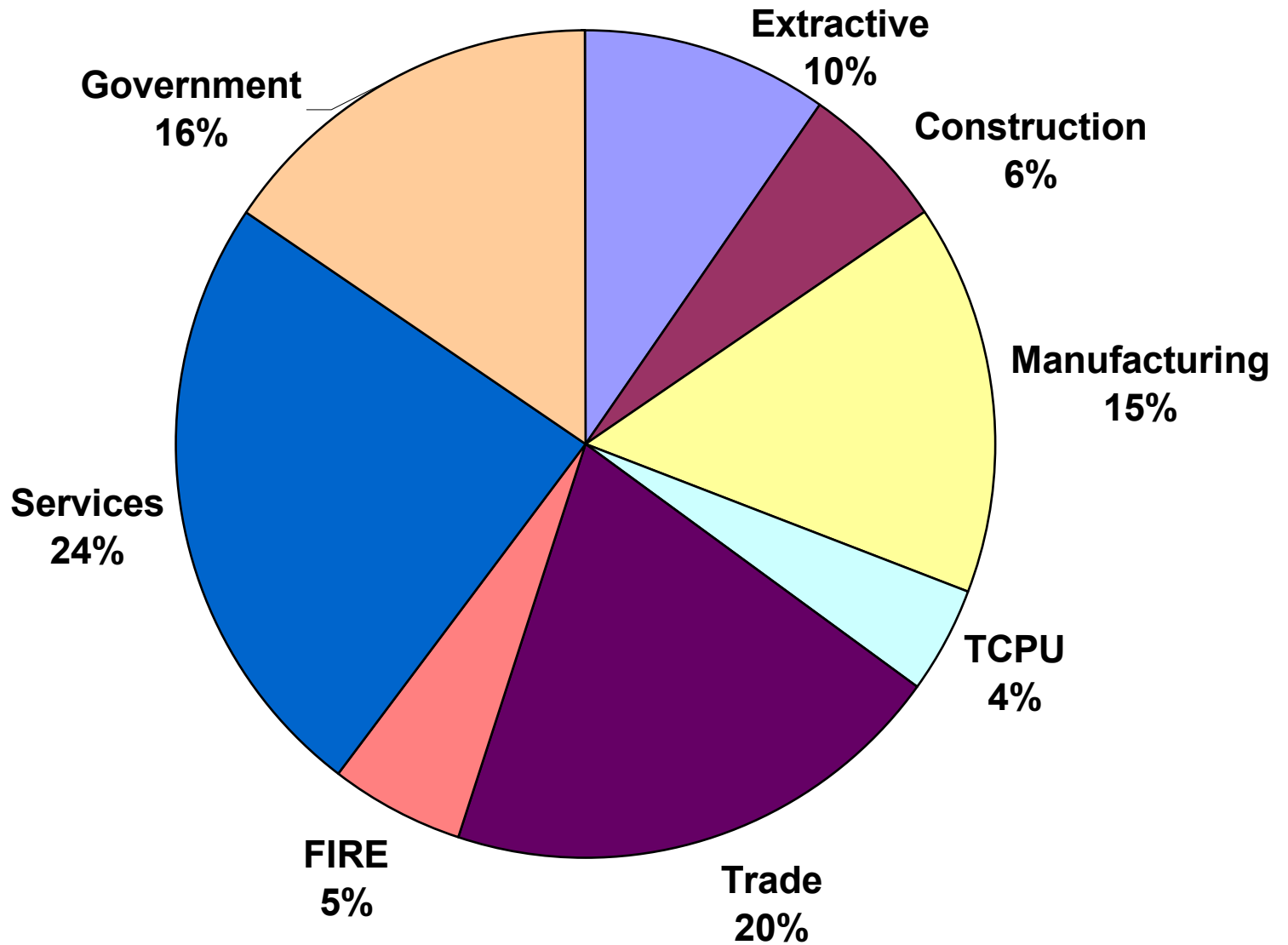
Distribution of Nonmetro Employment, 1979



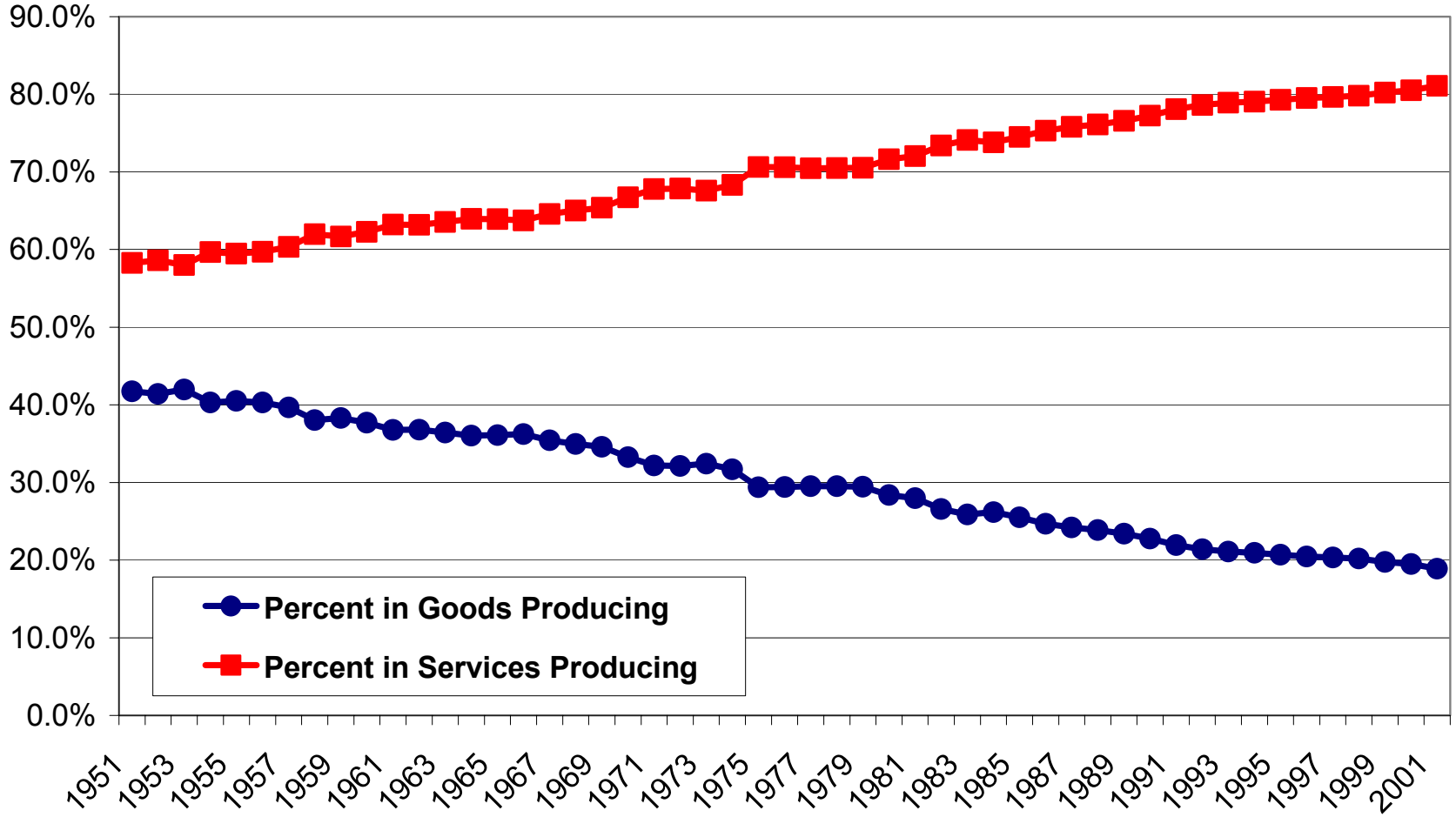
Distribution of Nonmetro Employment, 1989



Distribution of Nonmetro Employment, 1999

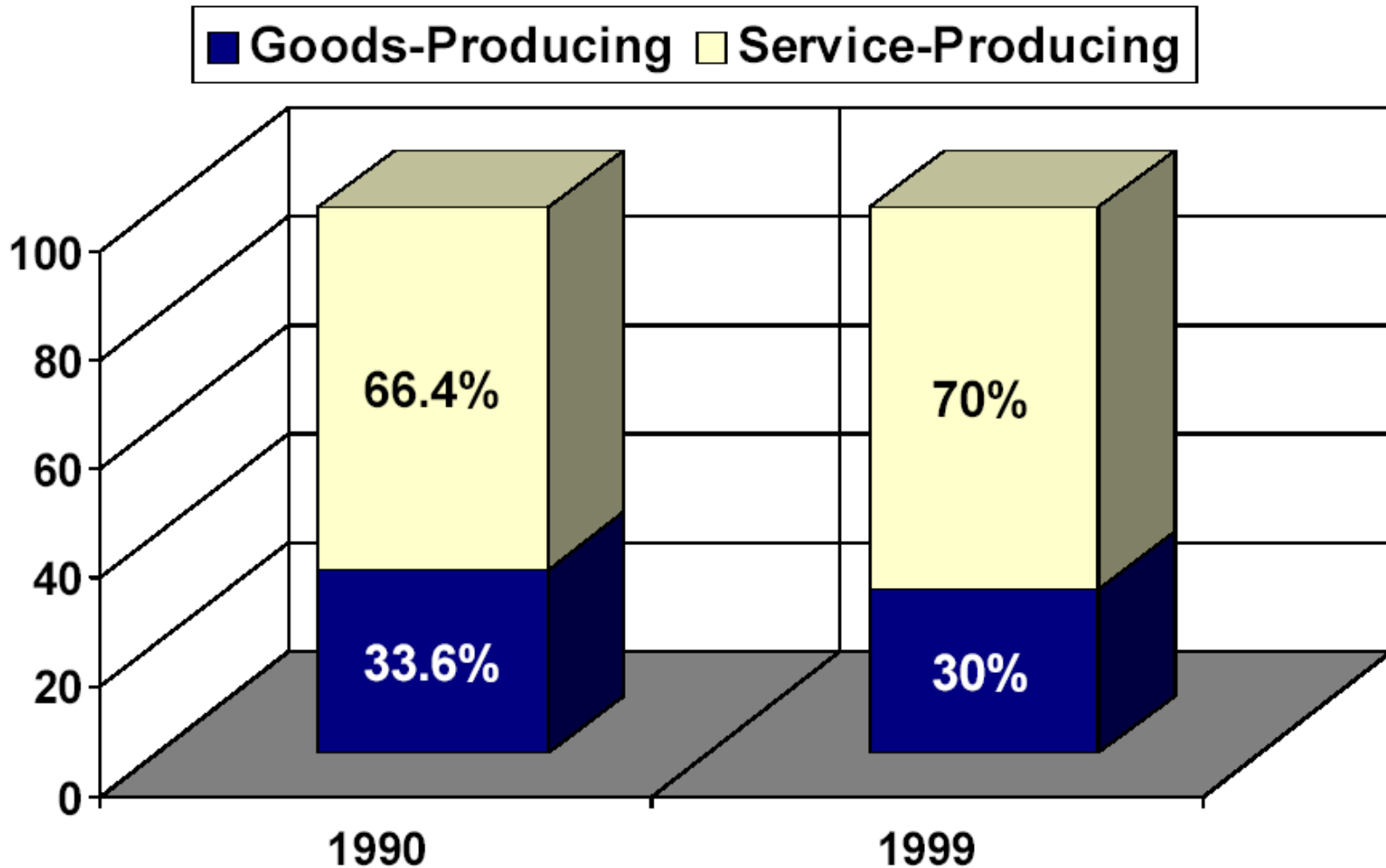



The Changing U.S. Economy: Percent Employment in Goods and Services Industries, 1951-2001



Source: RUPRI Analysis of BLS Data

Figure 1. Employment Composition in the Nonmetro U.S., 1990 and 1999





Between 1990-1996 there was a gain of 2,756,000 jobs in rural America – an increase of 11.3%.

However, between 1990-1996 there was only a negligible change in non-metropolitan job earnings – remaining more or less around \$22,493 per year per job. (1996)

In fact, the rural/urban earnings gap persisted and widened in the 1990s (from 73.8 to 70 percent).

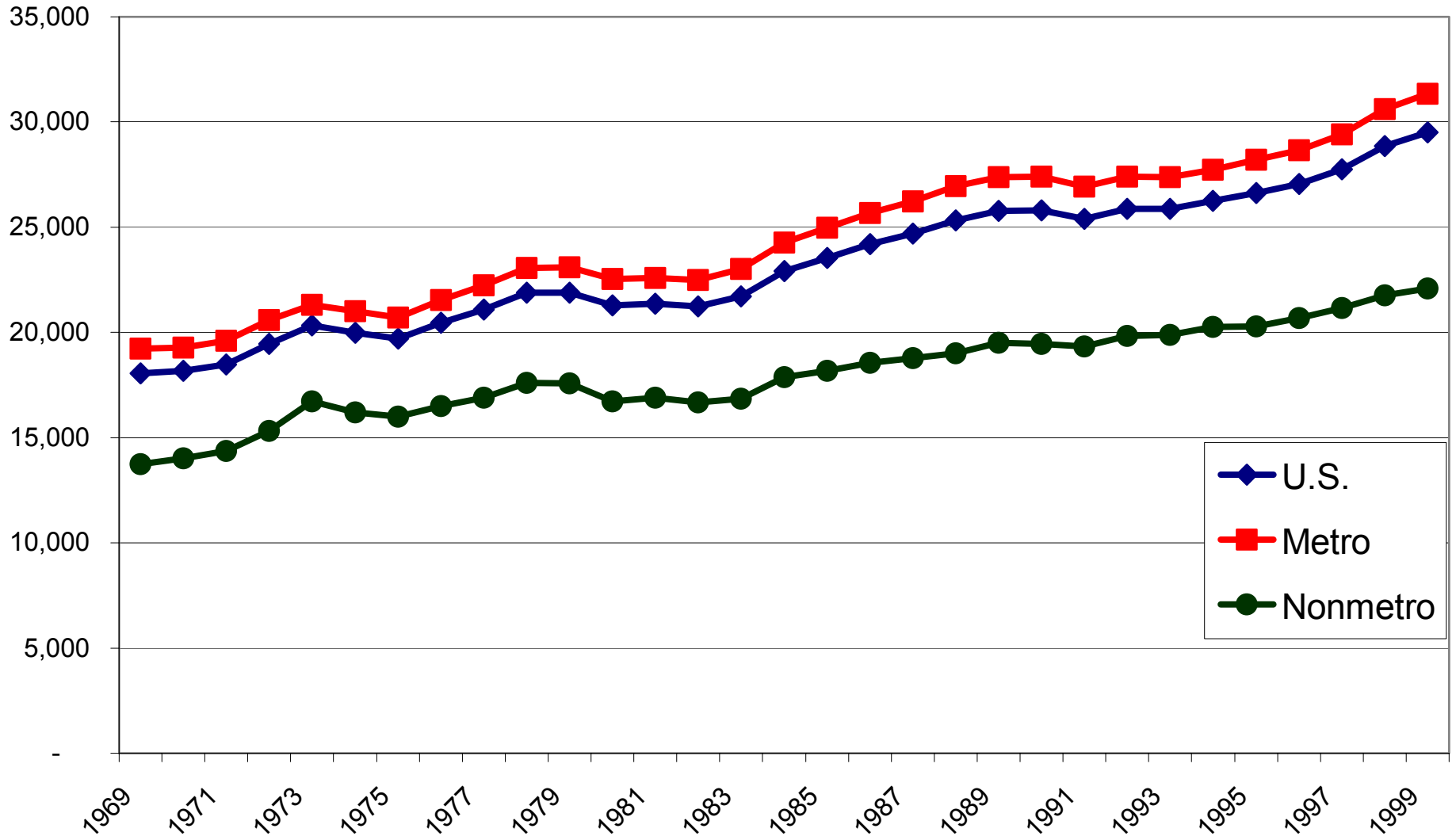


Therefore:

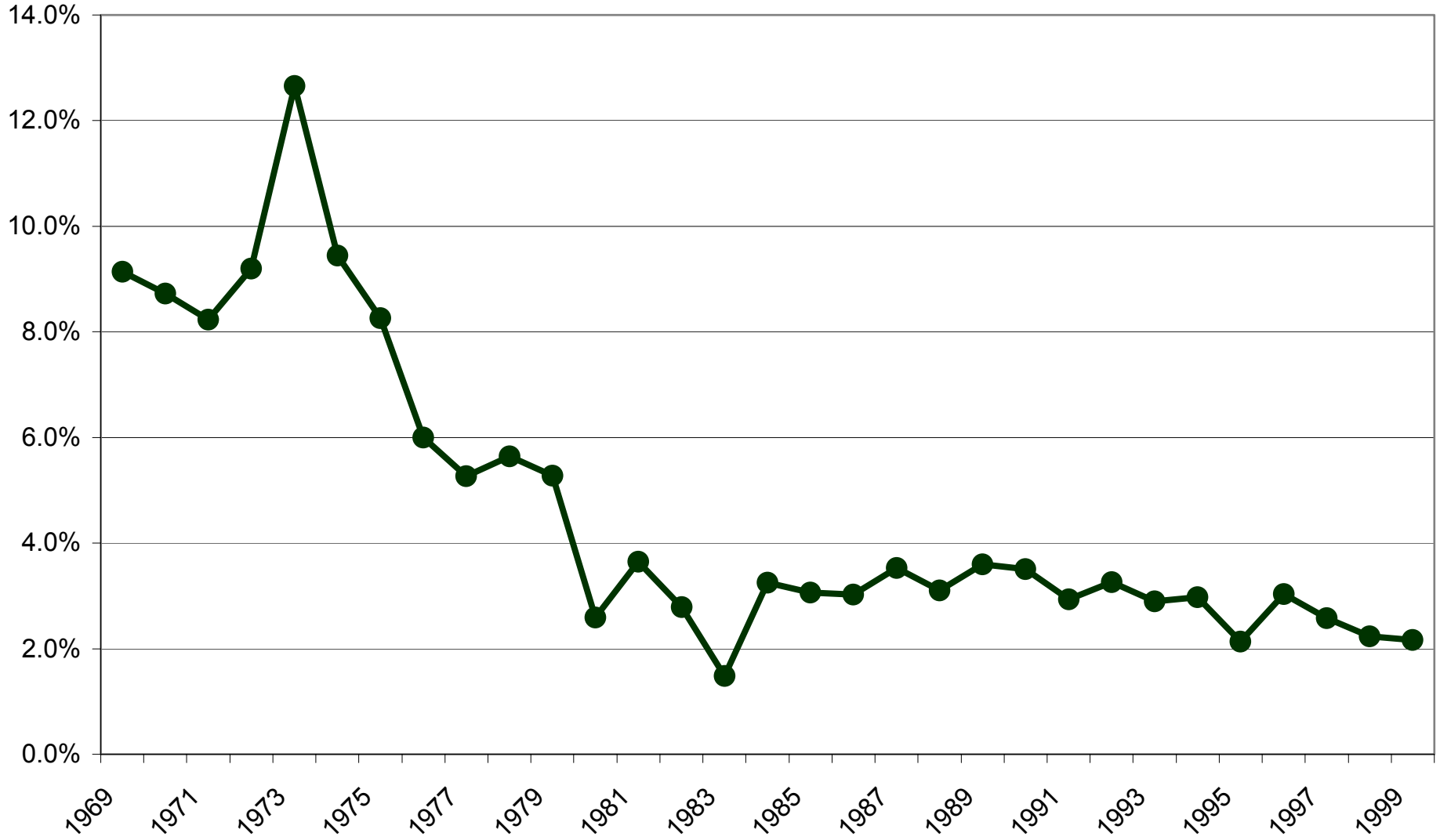
- Rural incomes remain lower than urban (1997 median: \$30K+ - Rural, 39K+ - Urban)
- Rural poor families are more likely to be employed and still poor. (In 1998, 2/3 of poor families had at least one member working at some time during the year; 16% had two or more members working; 29% had one or more full time, full year workers -- a 9% rise since 1996).

Per Capita Income in the U.S. and in Metro and Nonmetro Areas

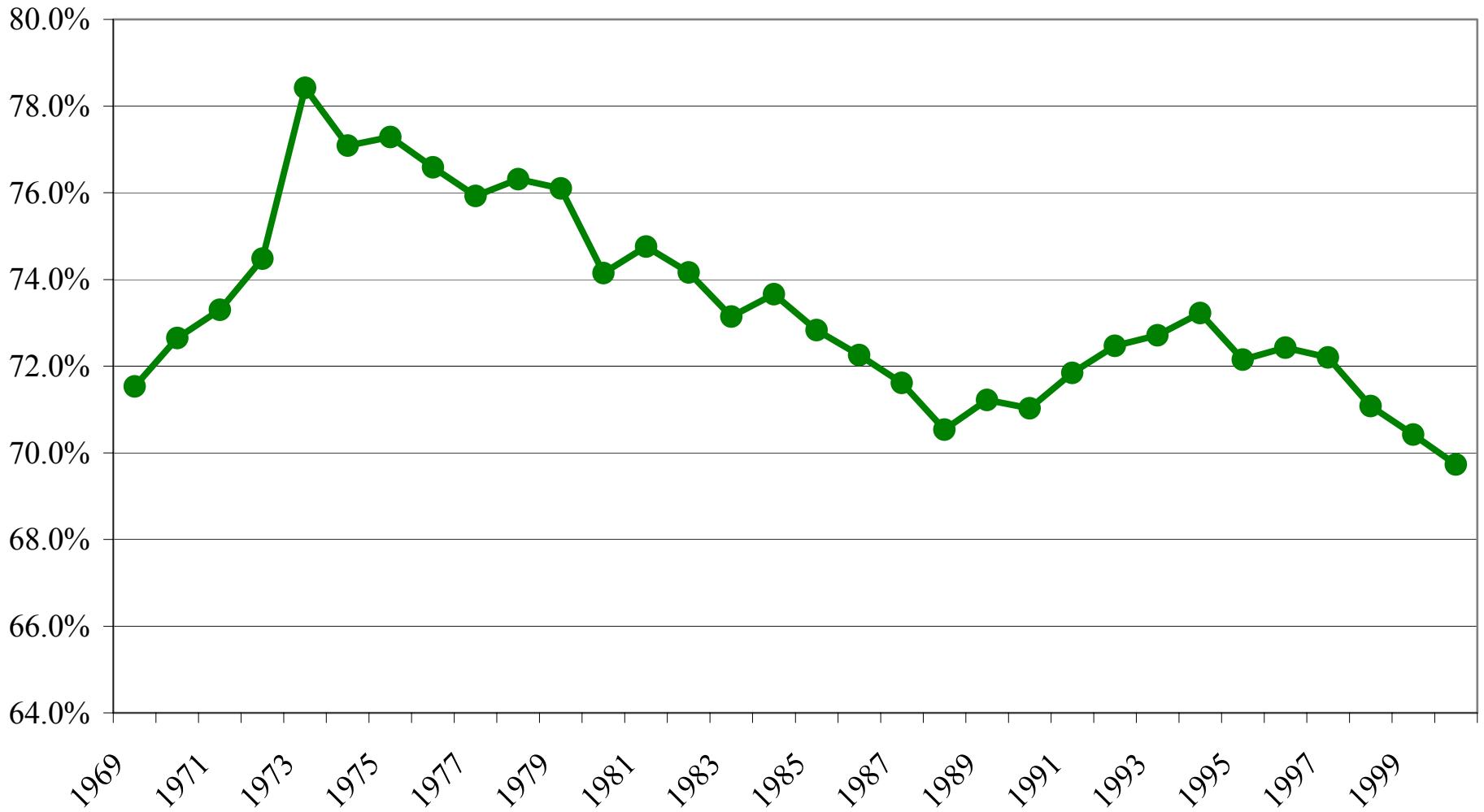
(all figures adjusted to 2000 dollars)



Farm Income as a Percent of Total Income in Nonmetro Areas

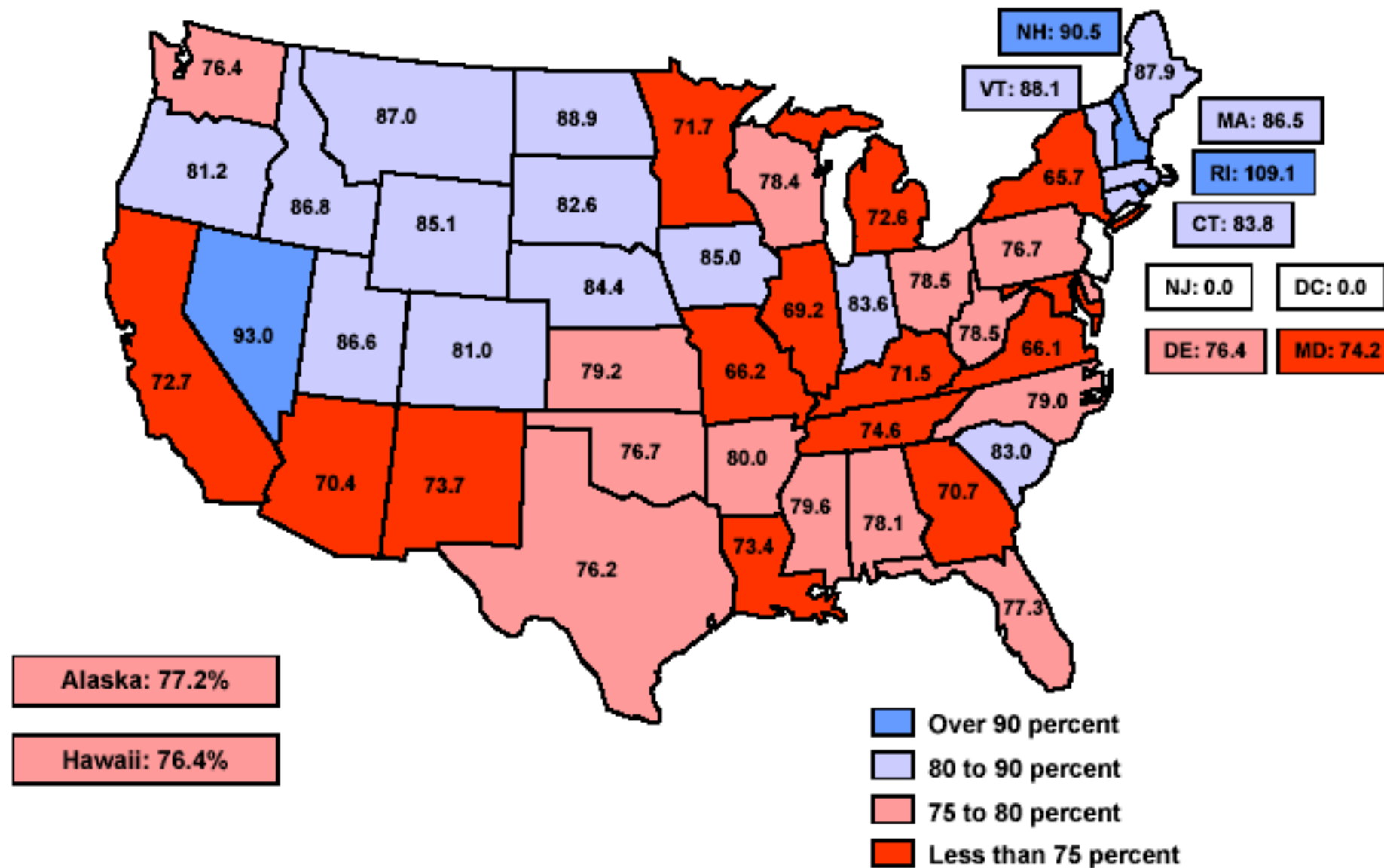


Per Capita Income Gap in the U.S. Nonmetro Income as a Percent of Metro Income



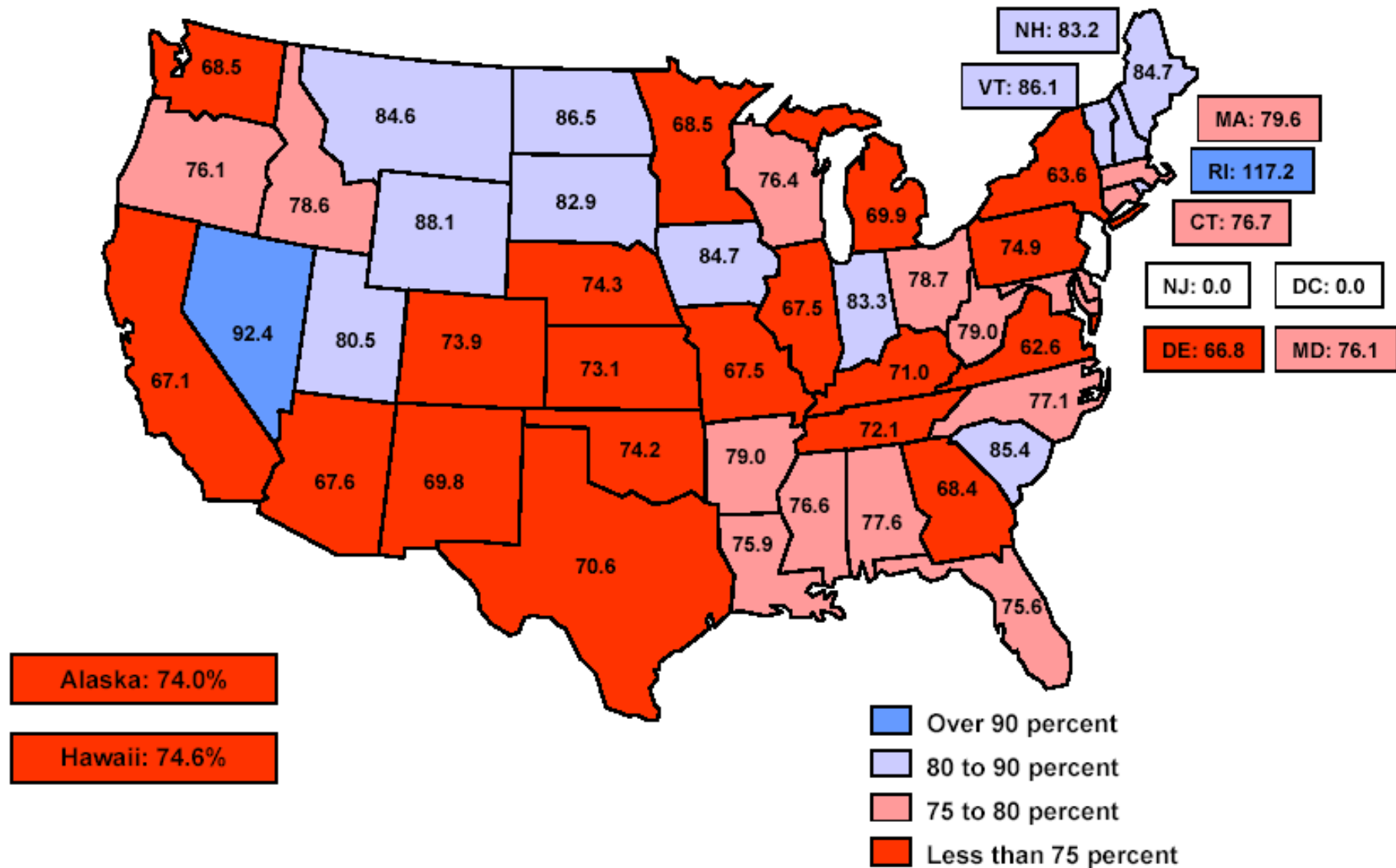
Source: RUPRI Analysis of BEA Data

Per Capita Income Gap in 1990: Nonmetro Per Capita Income as a Percent of Metro



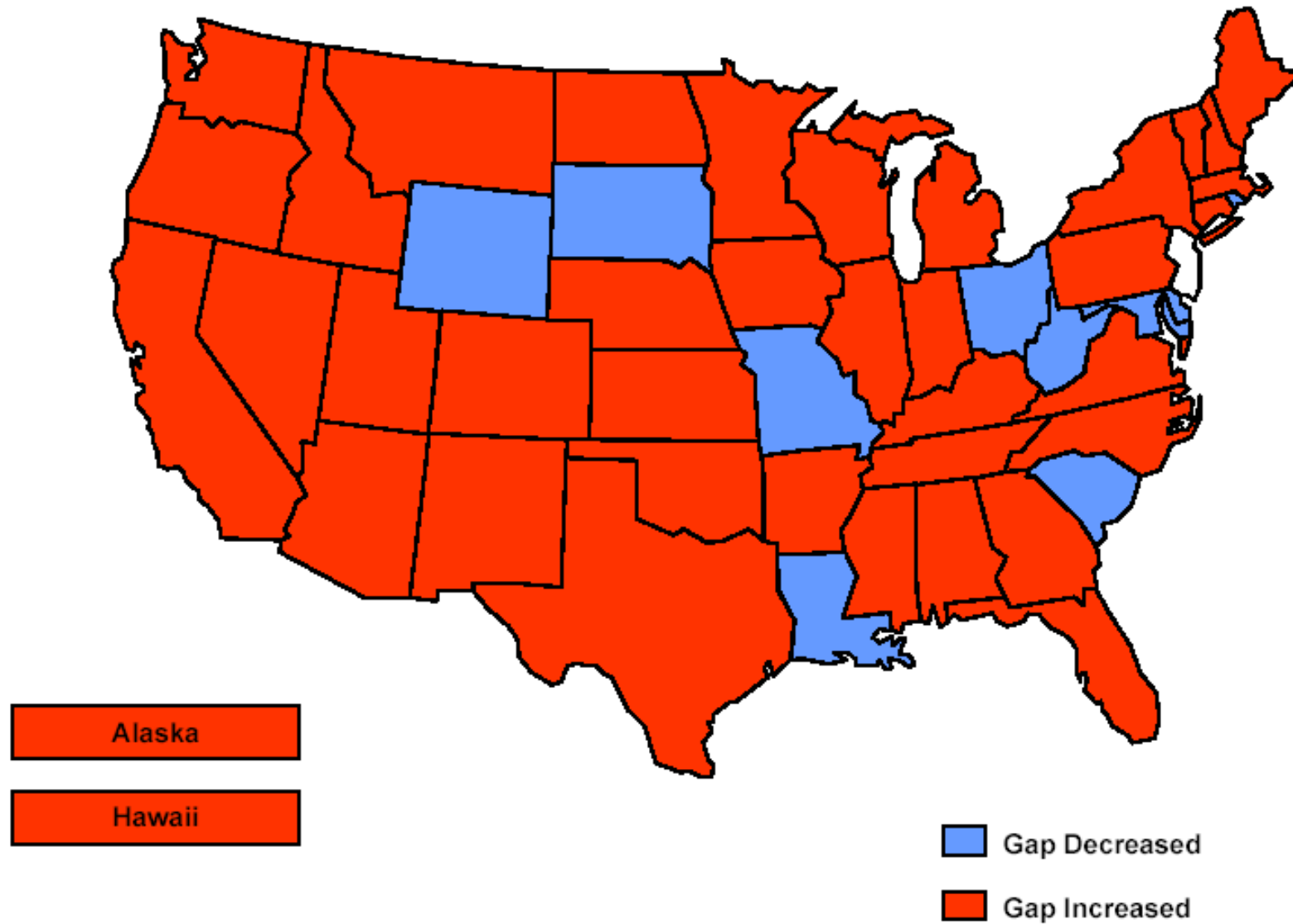
Note: New Jersey and Washington, D.C. do not have nonmetropolitan areas

Per Capita Income Gap in 2000: Nonmetro Per Capita Income as a Percent of Metro



Note: New Jersey and Washington, D.C. do not have nonmetropolitan areas

Change in the Per Capita Income Gap 1990 to 2000



Note: New Jersey and Washington, D.C. do not have nonmetropolitan areas

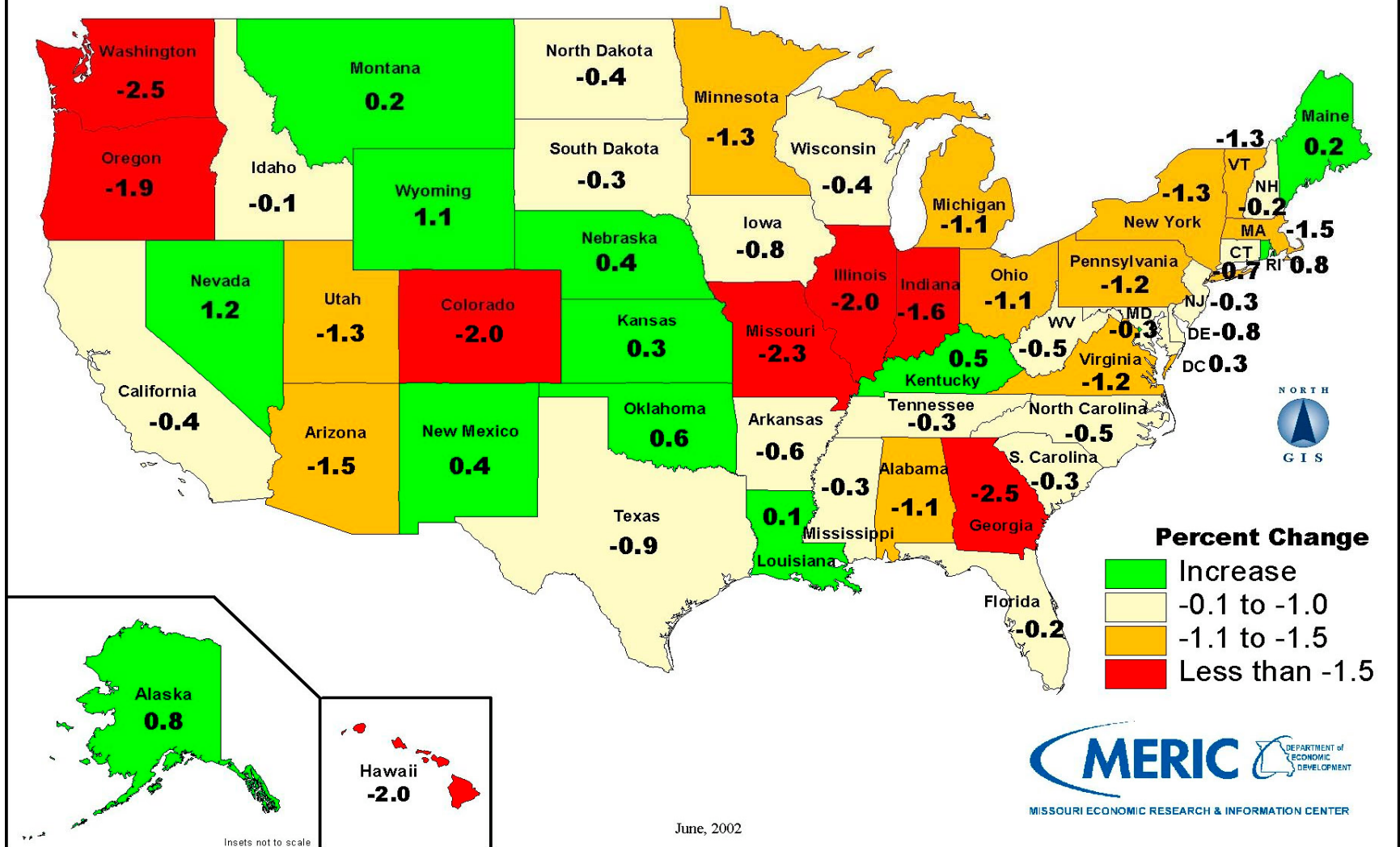
Table 1. Why the Increasing Gap in Average Earnings?

NM Industry Type	No. Employed 1990	No. Employed 1999	Job Growth 1990-99	Avg. Earnings 1999
Manufacturing	4,154,588	4,253,311	98,723	\$34,021
Retail Trade	3,947,257	4,819,448	872,191	\$15,111
Services	5,055,260	6,825,806	1,770,546	\$20,778

69% of employment growth in the nonmetro U.S. between 1990-99 was linked to the **Retail Trade** and **Services** sectors.

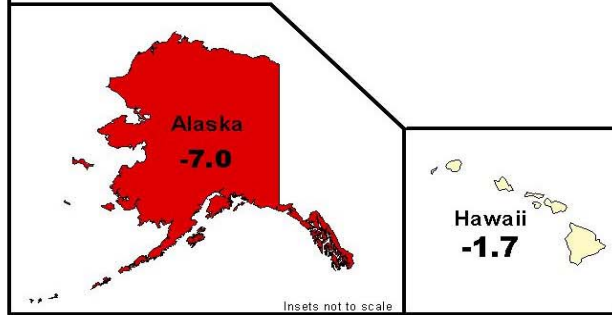
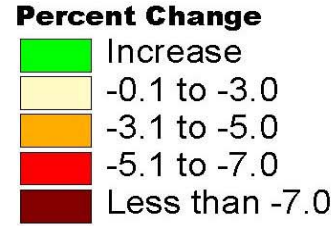
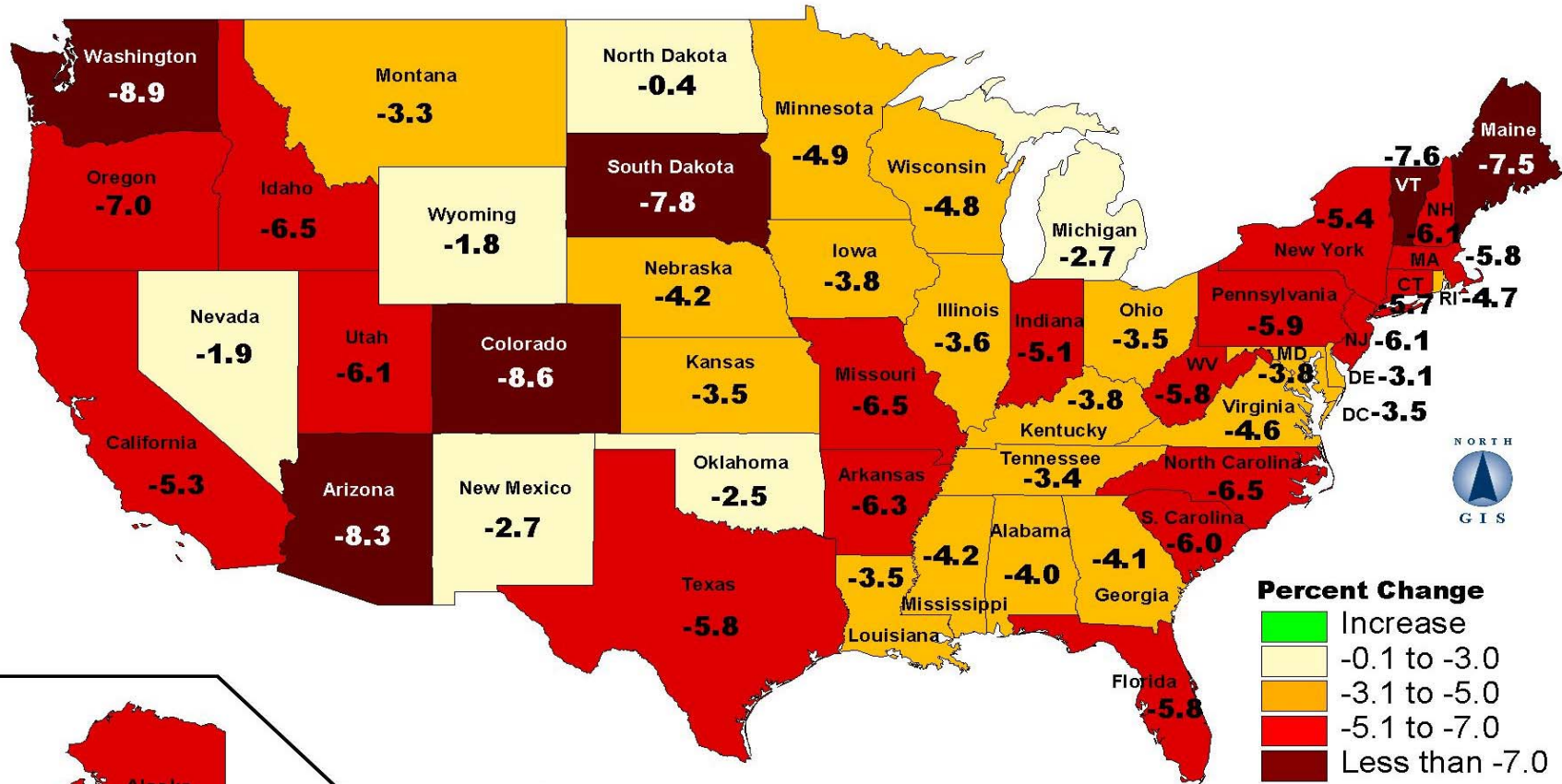
Total Nonfarm Payroll Employment Change

April 2001 to 2002



Manufacturing Employment Change

April 2001 to 2002




June, 2002



I. The case for a rural policy “tipping point”

- The Farm Bill process and outcome
- A growing understanding of the true rural economy
- **The new Census and its public policy implications**
- Rethinking rural governance

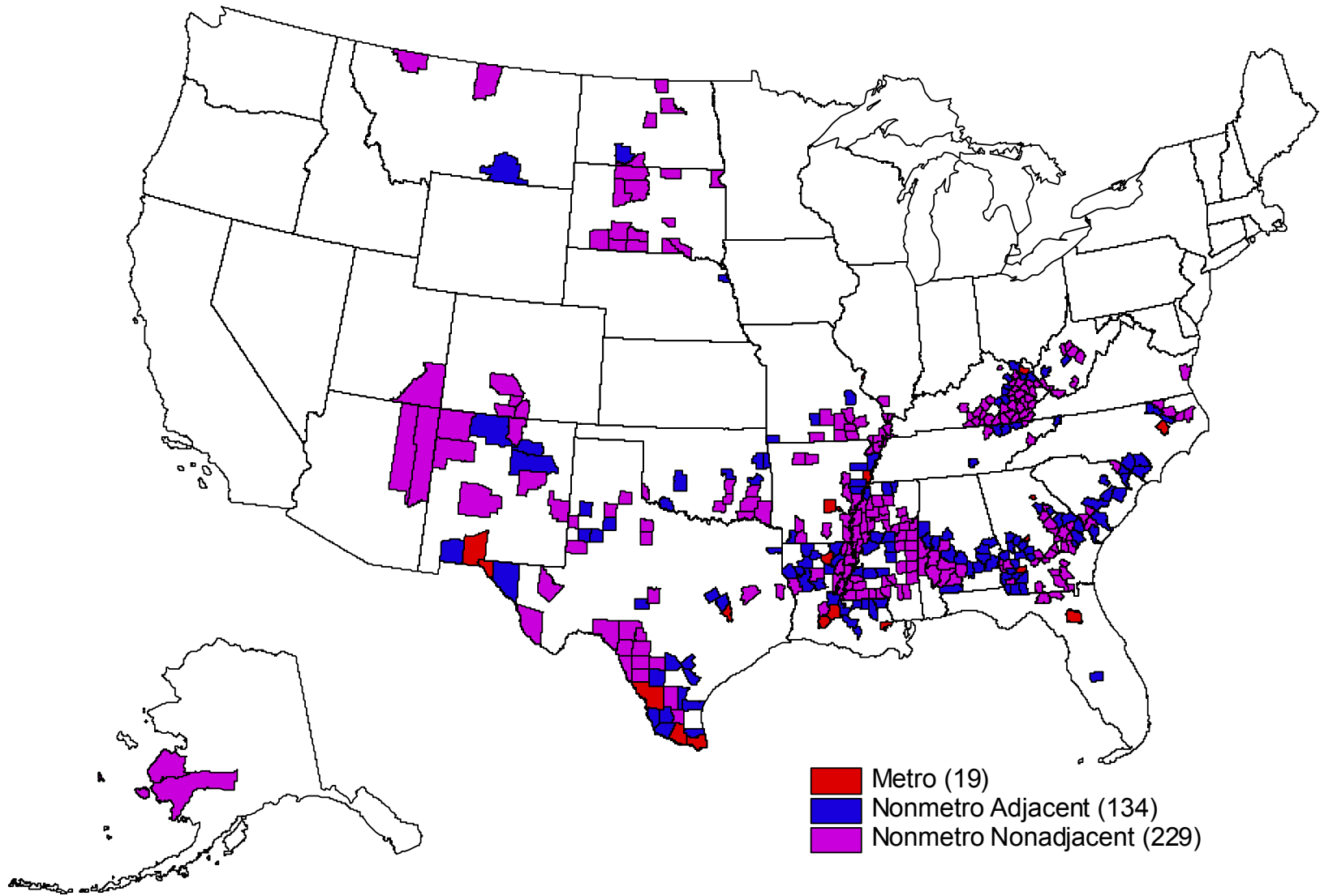


While the economy of rural America, in general, has improved, persistent pockets of intractable rural poverty remain:

- In general, poverty rates are higher in rural than urban areas. (15.7% rural and 12.6% urban, 1997)
- While the rural poverty rate declined by 1 ½% between 1997 and 1998 – still 14.3% [urban 12.3%].
- 7.5 million rural residents live in poverty; an additional 11% live close to poverty (between 100-150% of poverty) [urban 8%].
- Rural poverty is working poverty -- 2/3 of rural poor live in a family with at least one member working.
- Child poverty is higher in rural areas. (22.7% rural and 19.2% urban, 1997)
- Over half of rural children in female-headed households are in poverty. (3.2 million rural children, 1996.)

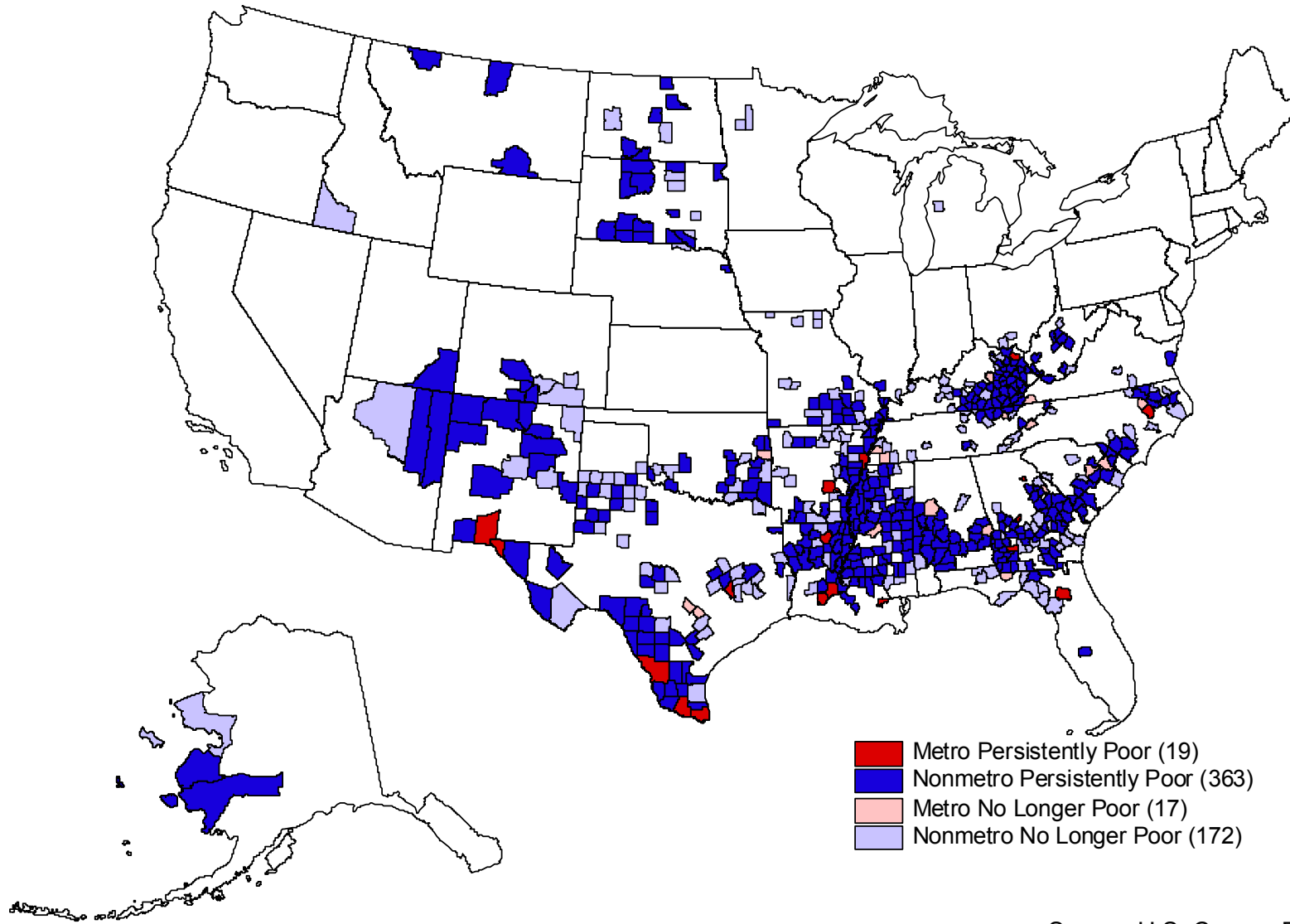
Persistent Poverty as of 1999

Poverty Rates of 20% or Higher in 1959, 1969, 1979, 1989 and 1999



Source: U.S. Census Bureau and
Economic Research Service, USDA
Map Prepared by RUPRI

Persistent Poverty : Change from 1989 to 1999

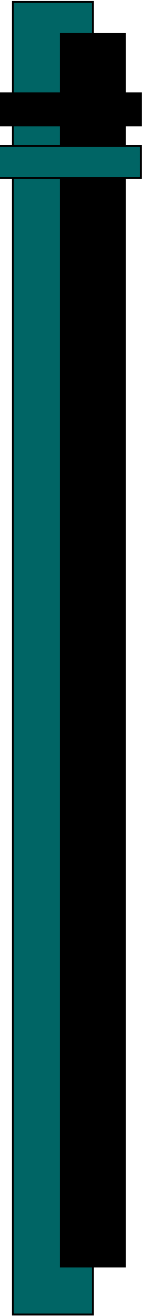


Source: U.S. Census Bureau and
Economic Research Service, USDA
Map Prepared by RUPRI



The Census population shifts were very significant:

- The 1990's saw a rural population rebound; which totally reversed the outmigration of the 1980's.
- 70% of rural counties grew in population from 1990 to 1999.
- But, this growth is largely concentrated in only 40% of rural counties.
- 7/8 of these growing counties derived some or all of their increase from in-migration of metro residents.
- 61% of rural counties experienced net in-migration between 1990 and 1999.
- In fact, between 1990 and 1999, 2.2 million more Americans moved from the city to the country, than the reverse.

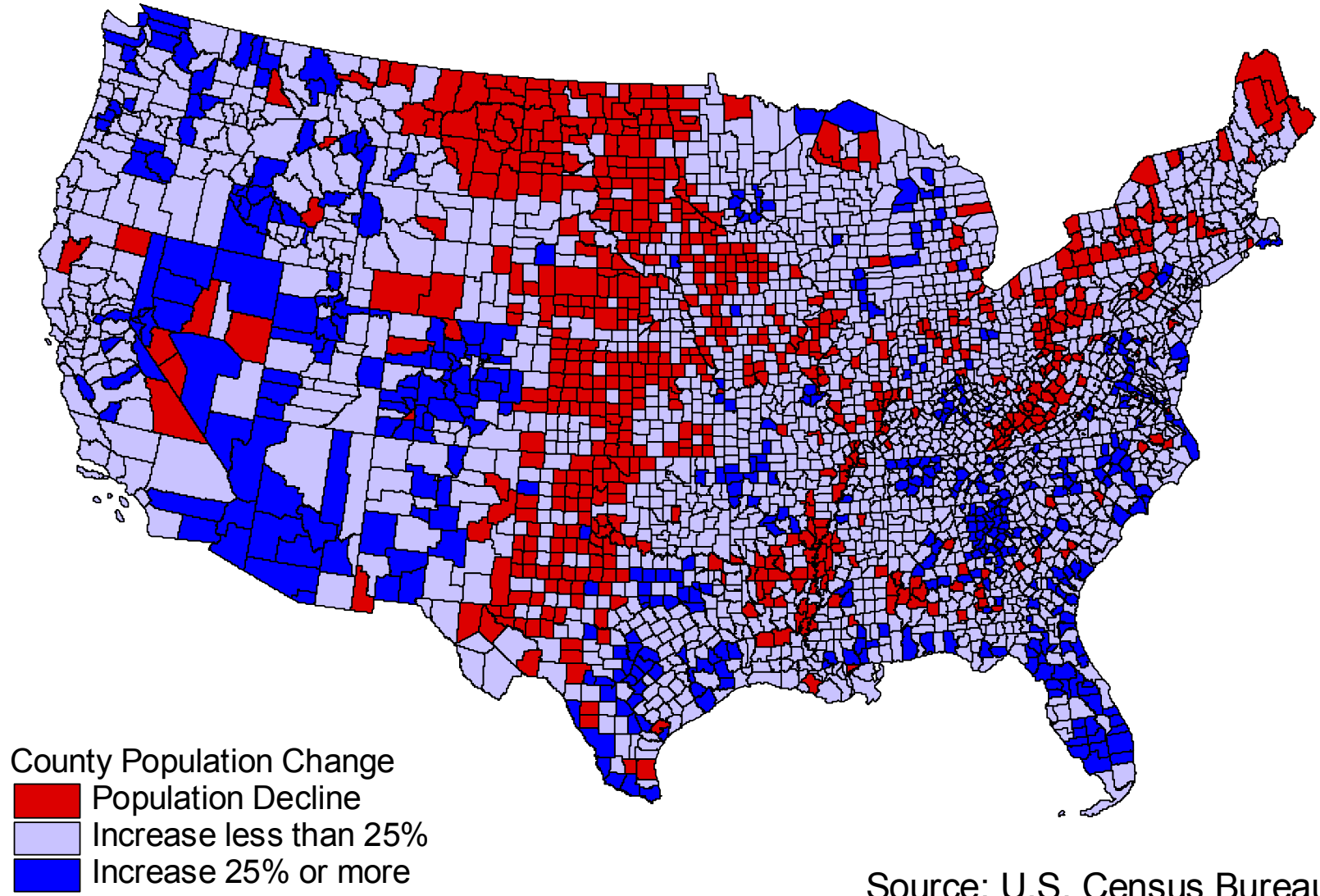
- 
- However, rural population increases have steadily dropped since momentarily exceeding urban levels in 1994-95.
 - And, all rural counties have turned downward in growth rate since 1995, except commuter counties:
 - Mining and farming dependent counties had the greatest relative fall-off in pace of growth.
 - In 1998-99, the rural population growth rate was less than half of urban.
 - And, the number of rural counties with decreasing population rose from 600 in 1990-95 to 855 in 1995-99.
 - Significant rural population declines continue in the Great Plains, and other “disadvantaged” rural areas.
 - And, numerous growth counties are experiencing expanding diversity in ethnic / racial composition, with attendant challenges.



Rural Population Growth

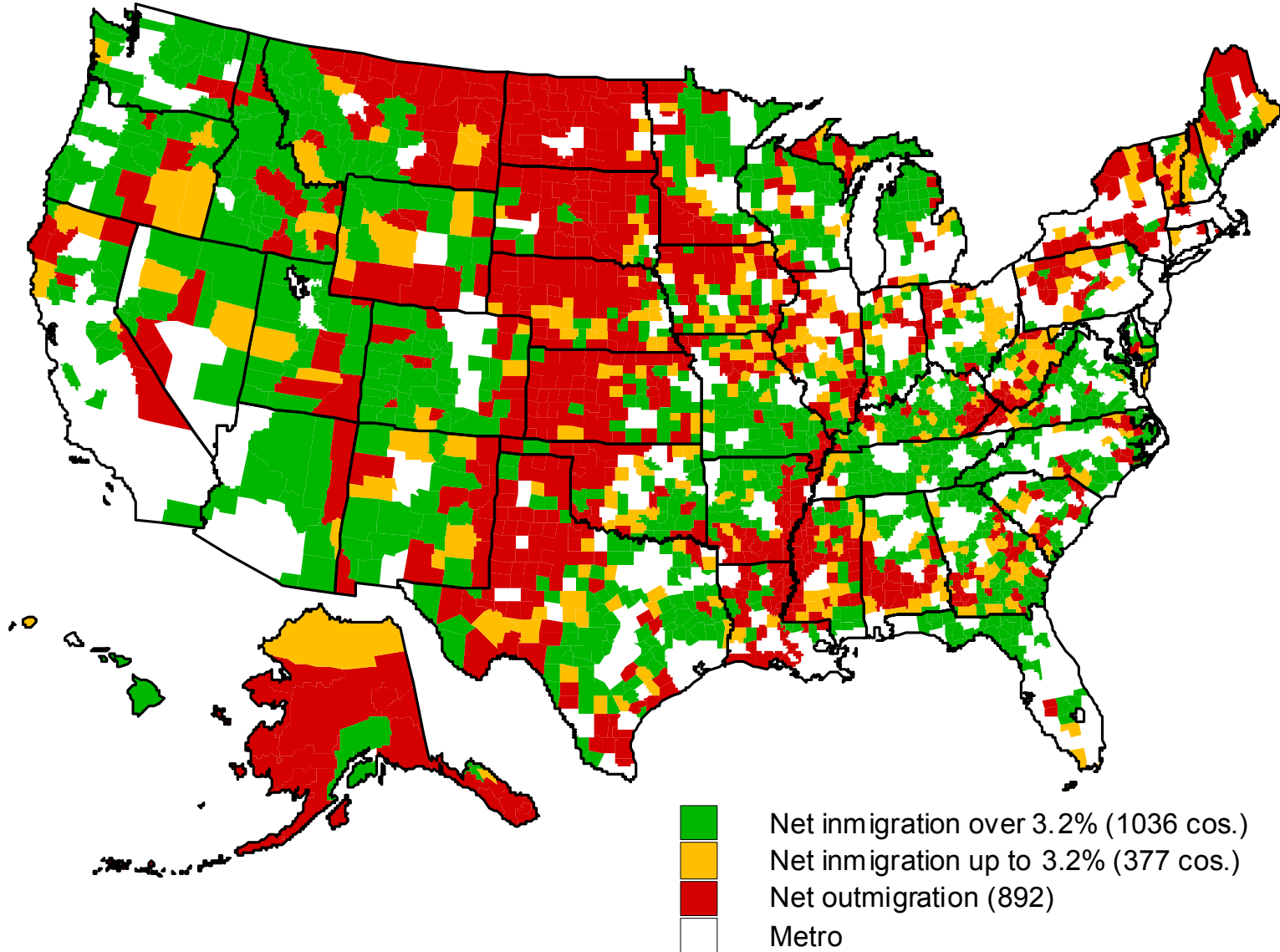
- 1990-1999 Population Growth
 - + 3.9 million people
 - + 7.6% increase from April 1990 to July 1998.
- Compared to 1980-1989 Population Growth
 - + 1.3 million people
 - + 2.7% increase
- This entire 1990's increase is a product of migration:
 - During 1980's – annual rural outmovement of 269,000
 - During 1990's – average annual inmovement of 242,000
- The fastest growth and migration rates occurred in the South and the West.

Percent Change in Population, 1990-2000



Source: U.S. Census Bureau
Map Prepared by RUPRI

Nonmetro net migration, 1990-99



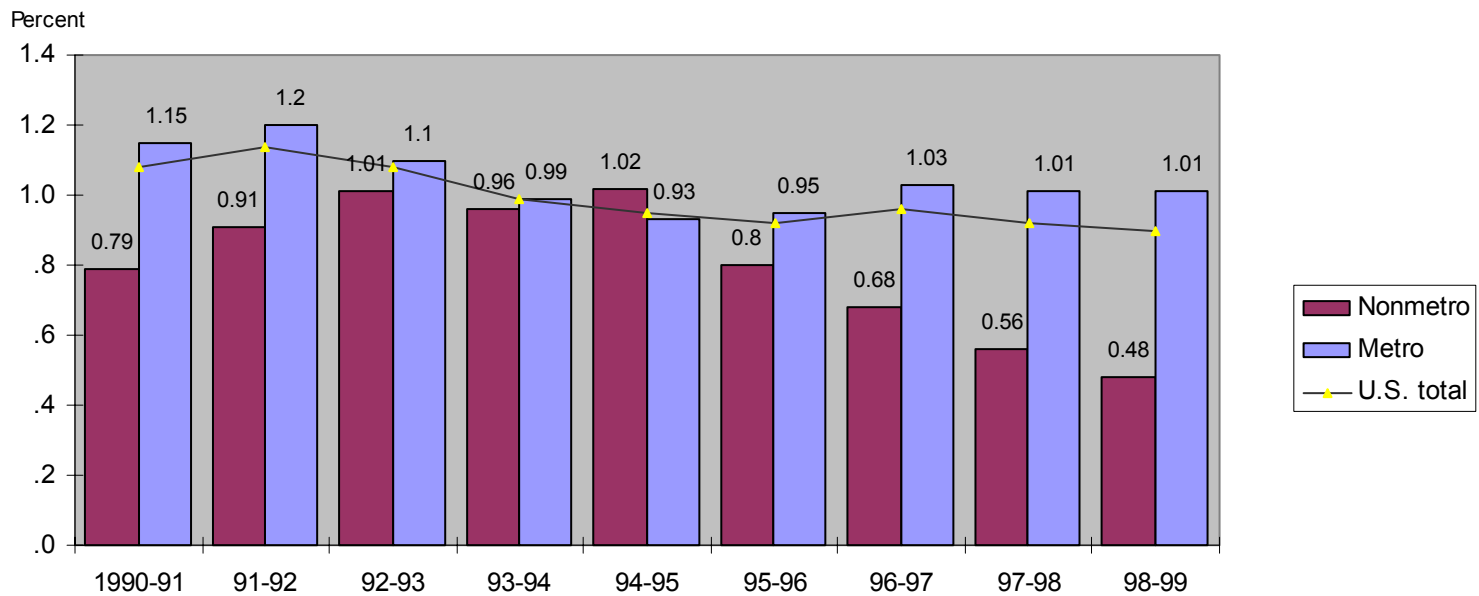
Source: Prepared by Economic Research Service, USDA, using data from the Bureau of the Census.

The US average for this period was 3.2 percent.
The Nonmetro average for this period was 4.4 percent.

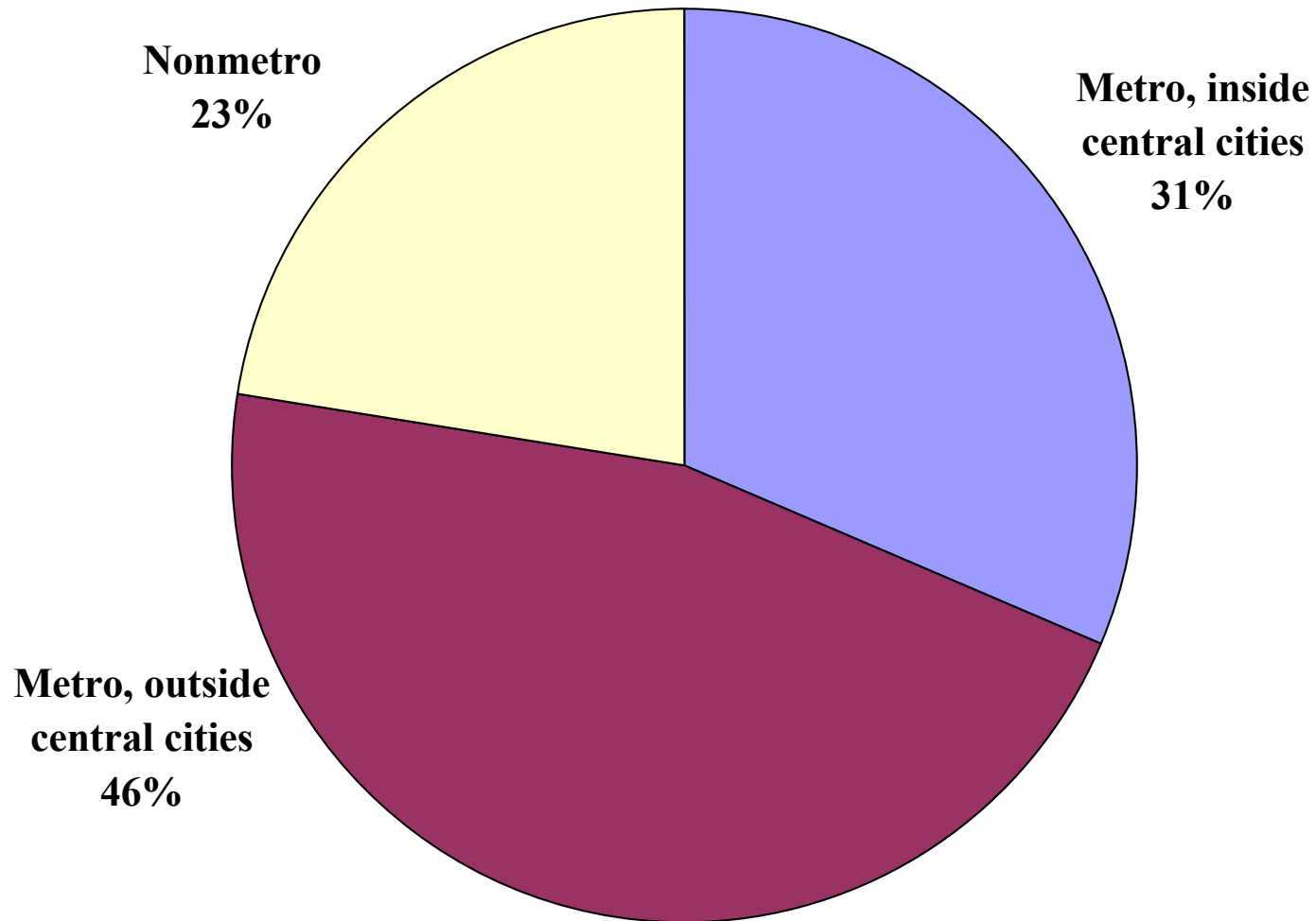
Figure 1

Annual population growth rates for metro counties, nonmetro counties, and the Nation, 1990-99

The pace of nonmetro population growth in 1998-99 continues the slowdown that began after 1994-95

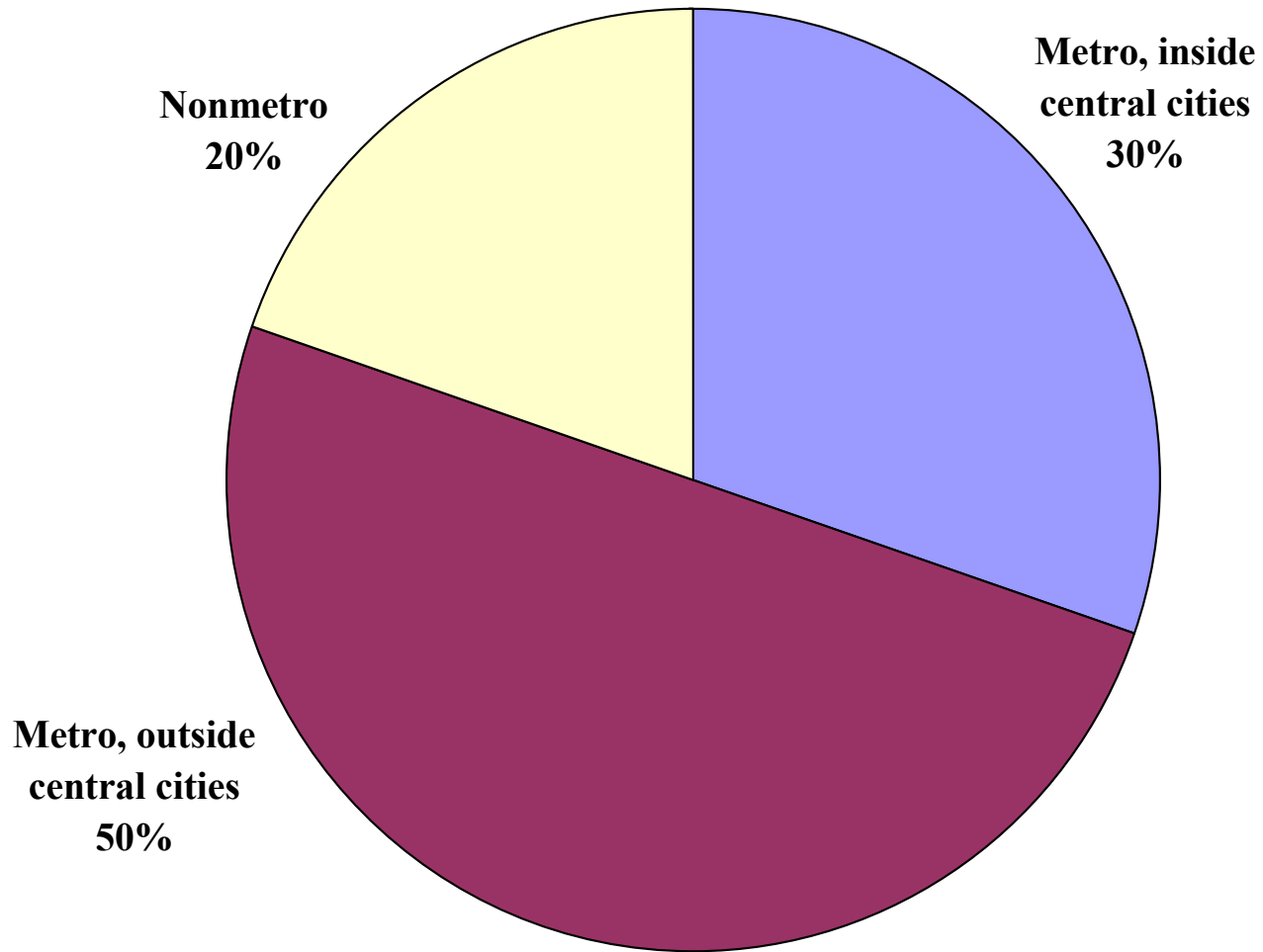


Total Population, 1990



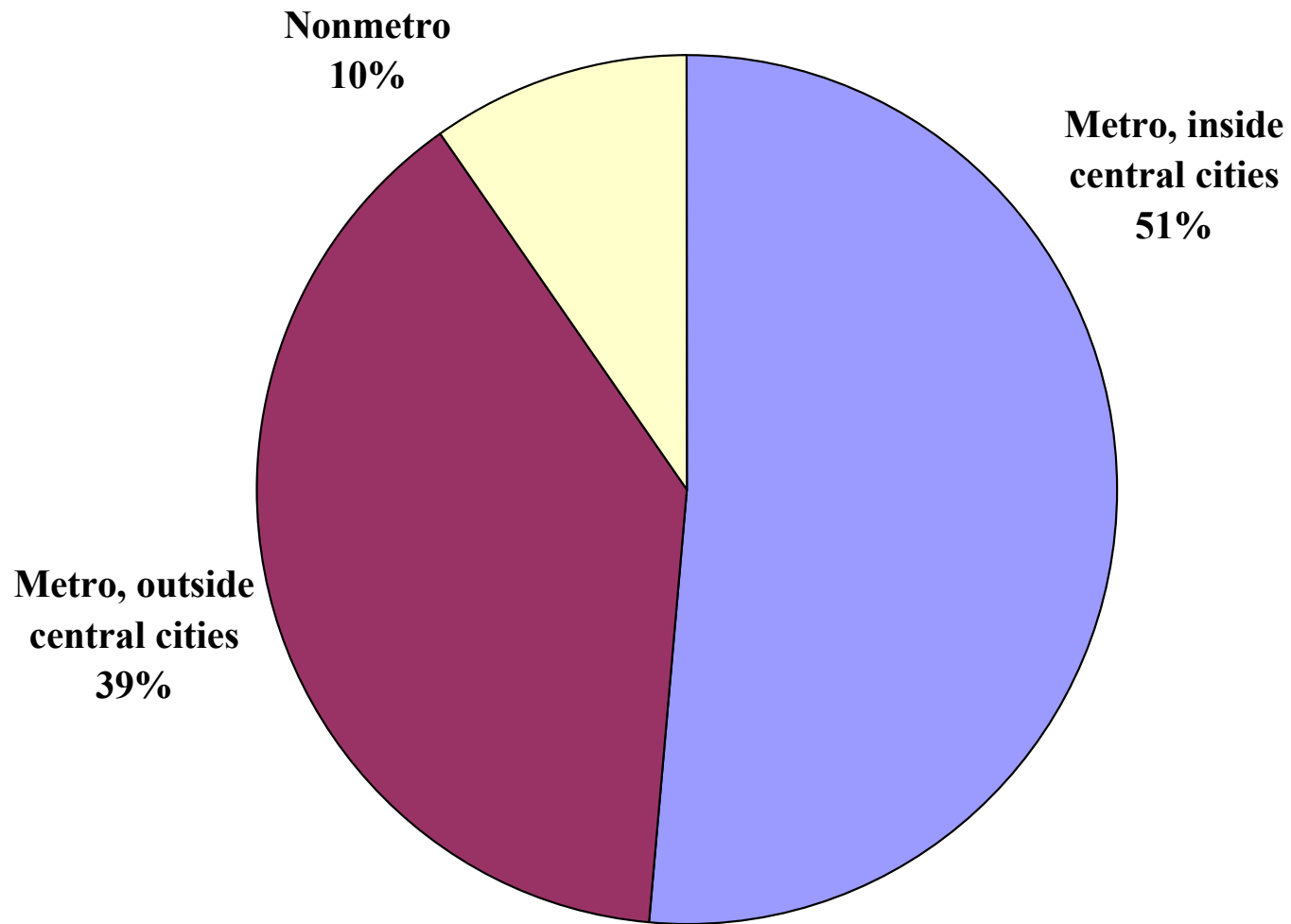
Source: U.S. Census Bureau

Total Population, 2000



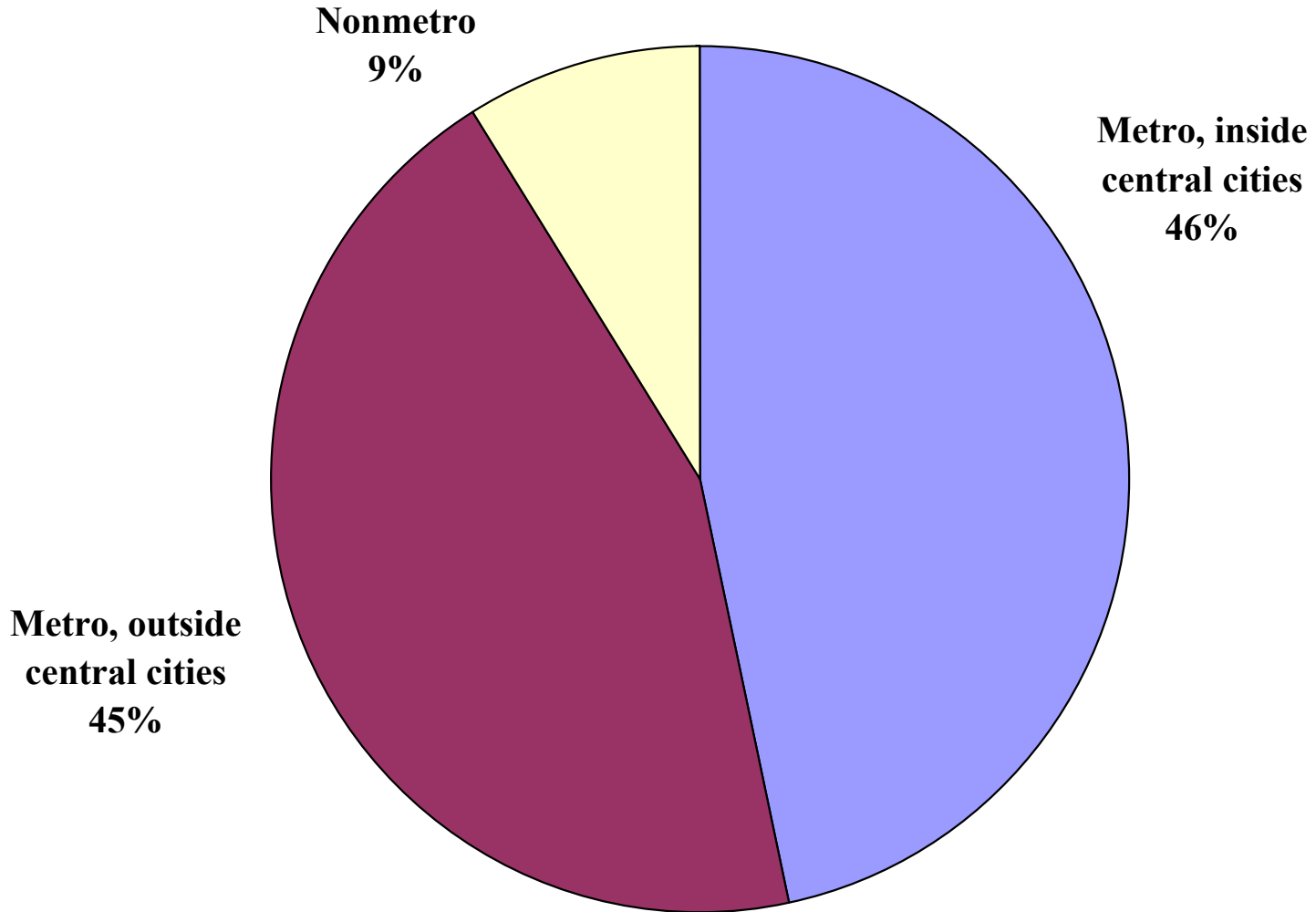
Source: U.S. Census Bureau

Total Hispanic Population, 1990



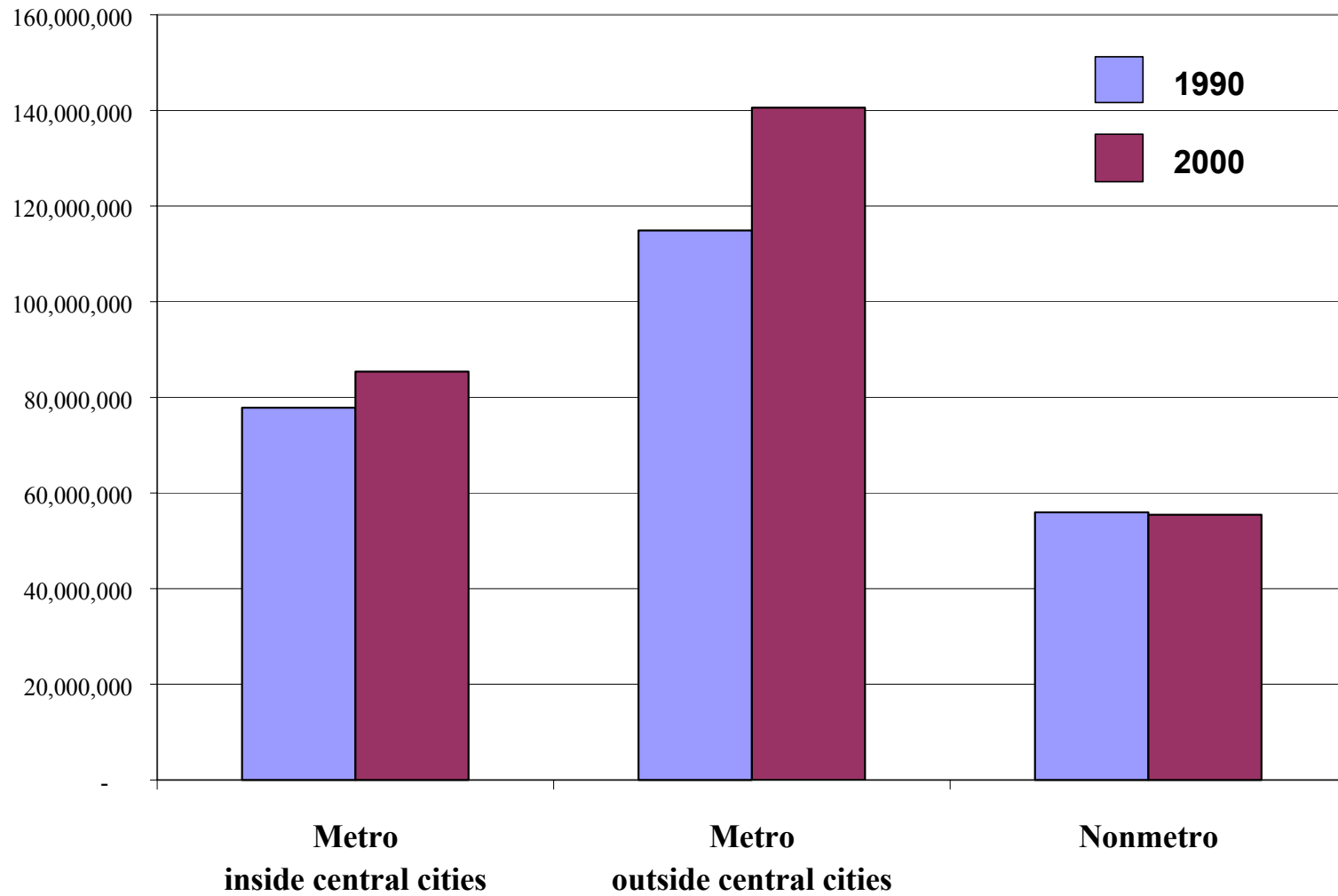
Source: U.S. Census Bureau

Total Hispanic Population, 2000



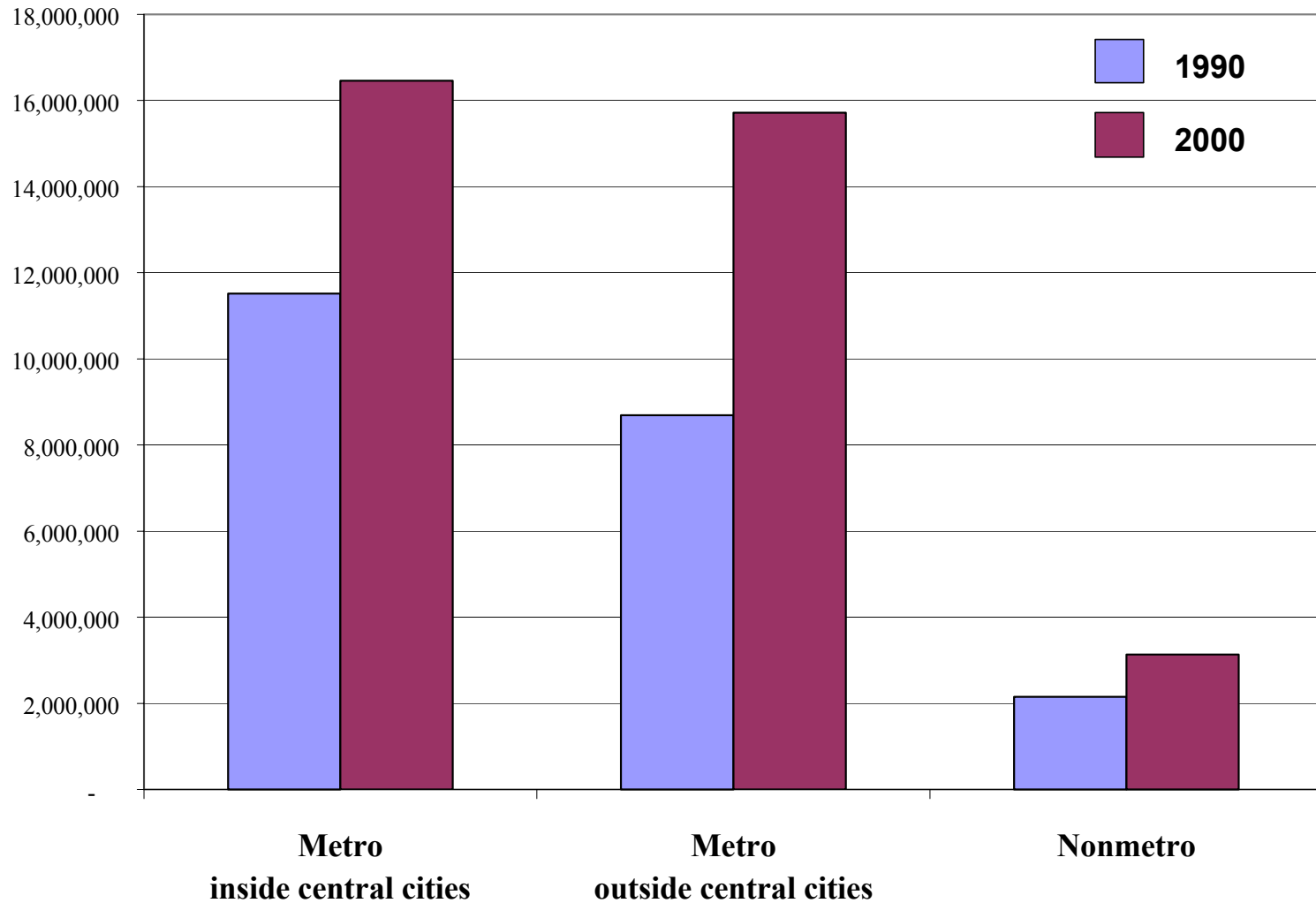
Source: U.S. Census Bureau

Total Population, 1990 and 2000



Source: U.S. Census Bureau

Total Hispanic Population, 1990 and 2000

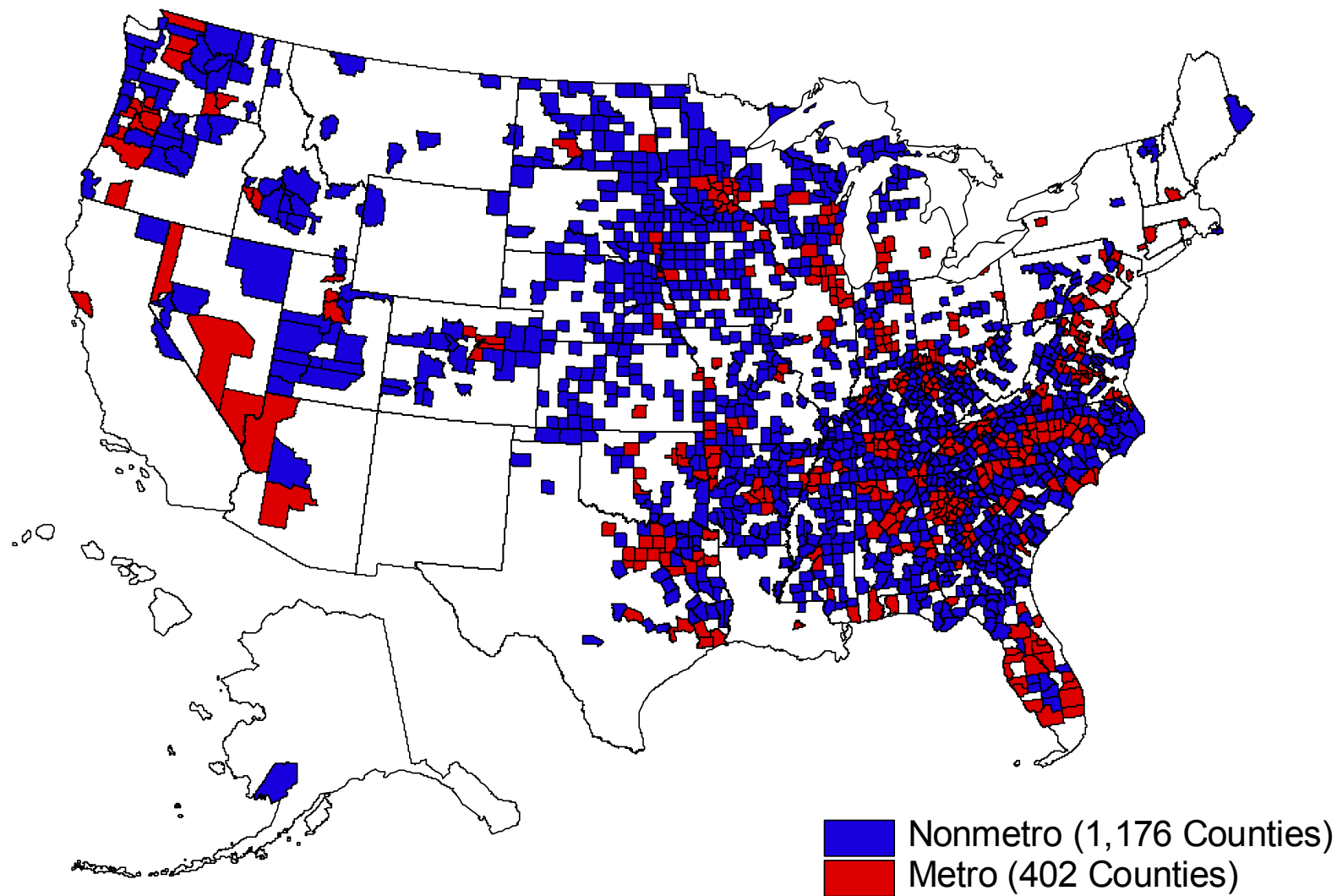


Source: U.S. Census Bureau

	Percent Change Total Population 1990-2000	Percent Change Hispanic Population 1990-2000
U.S. Total	13.2%	57.9%
Metropolitan Total	17.3%	59.2%
Metro inside central cities	9.7%	42.9%
Metro outside central cities	22.4%	80.8%
Nonmetro	-1.0%	45.7%

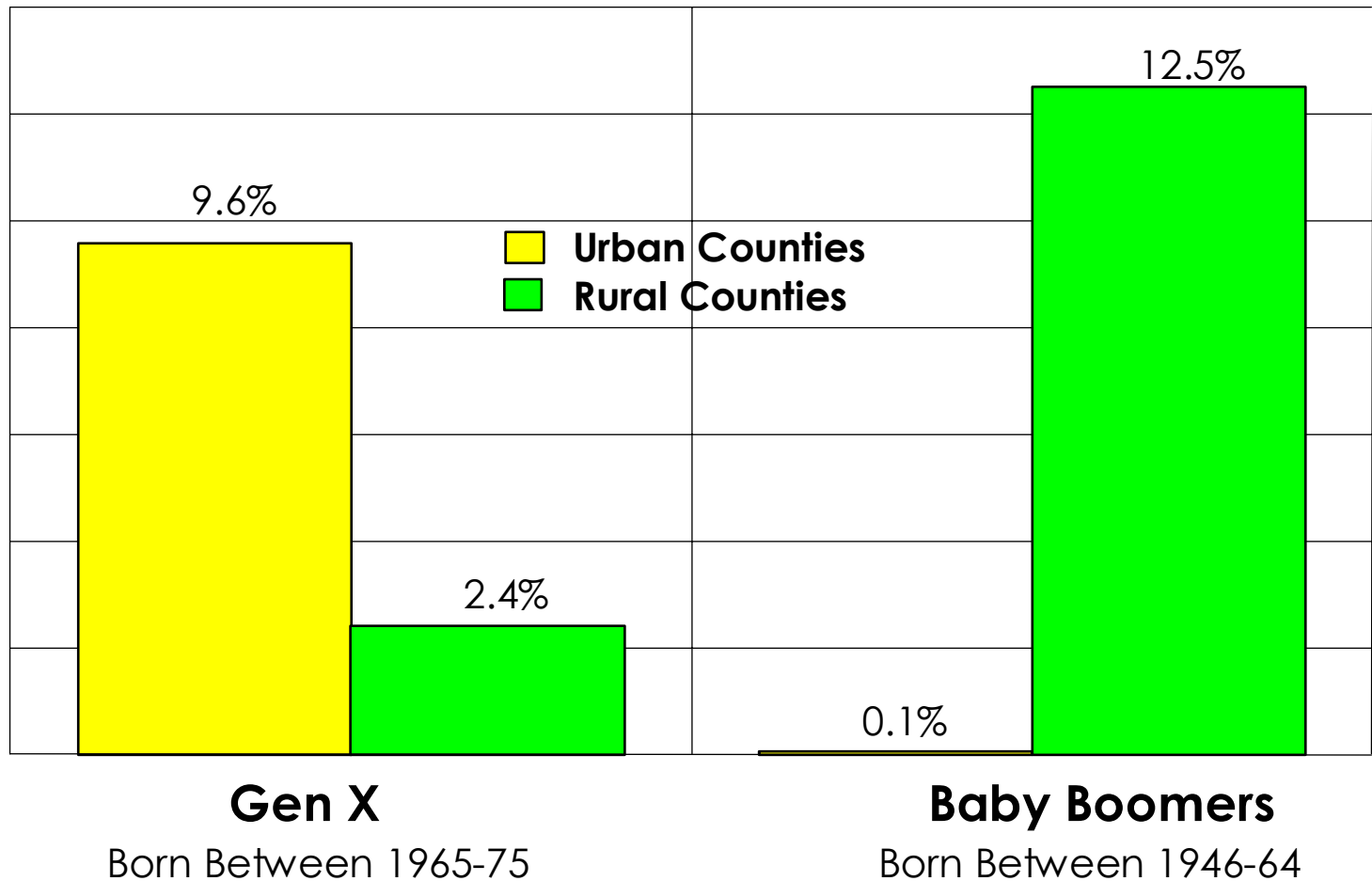
Source: U.S. Census Bureau

Counties with Increase in Hispanic Population of 100 Percent or More, 1990-2000



Source: U.S. Census Bureau
Map Prepared by RUPRI

Change in Rural & Urban Generations, 1990-2000





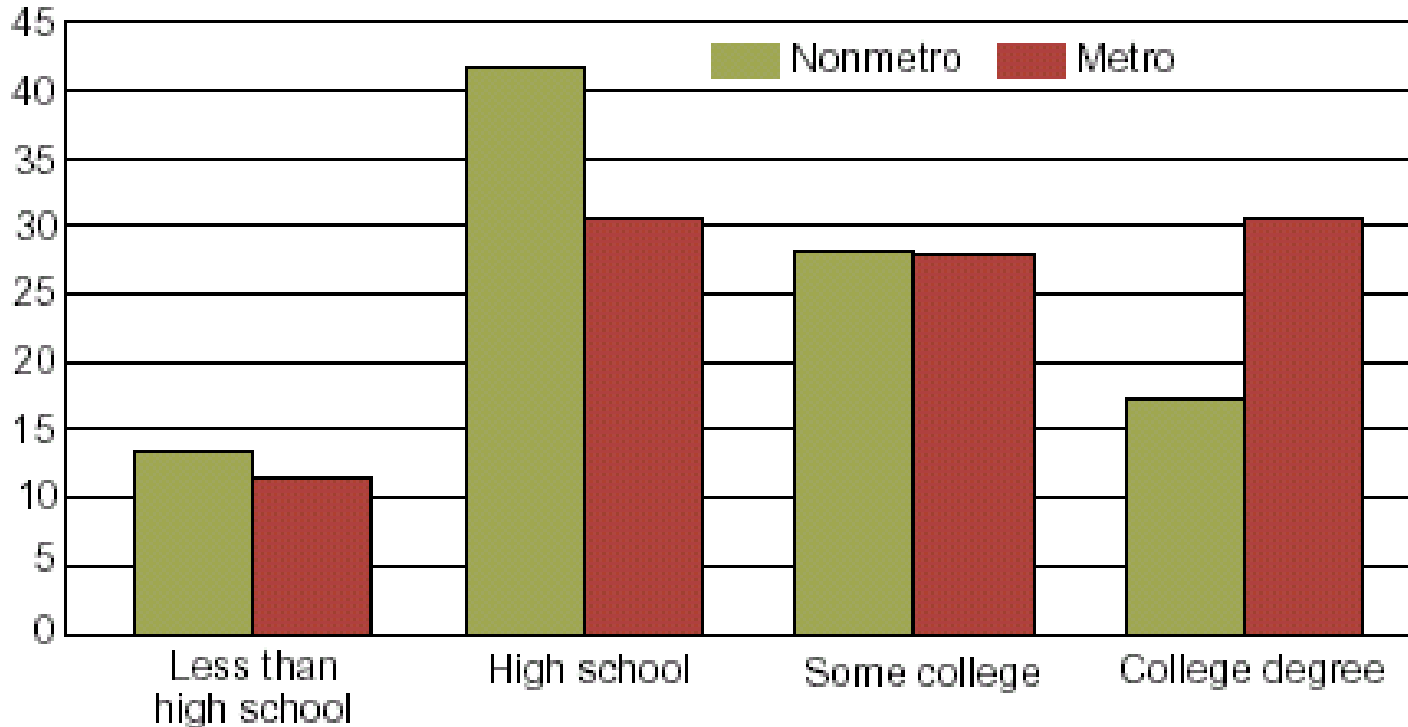
Human and Social Capital Considerations:

- Education:
 - Recent rural high school graduation rates match or exceed urban rates.
 - Rural dropout rates have fallen sharply in recent years,
- But --
 - Rural out-migration remains largely our youngest and most highly educated:
 - “Rural America’s most important export remains our best and our brightest.”
 - So, fewer young adults in rural areas seek post secondary education; have college degrees; and more have no high school diplomas (23.5% rural and 17.4% urban, 1997).
- Yet, --
 - Rural schools represented 22% of all public schools in 1997, but:
 - Only received 12.5% of federal funding
 - 14% of all state funding
 - 11% of all local funding

Figure 24

Educational Attainment of Adults Age 25 and Older (1999)

Percent





- **Health:**

- 22 million rural residents live in federally-designed Health Professions Shortage Areas, or Medically Underserved Areas, and
- Rural residents tend to have poorer health care access; lower health insurance coverage, and little or no managed care availability.

- **Welfare Reform: In 1996,**

- 21% of our nation's welfare population was rural.
- 15 states had more than 50% of their welfare population living in rural areas.
- Caseloads have declined, but:
 - Working age poverty hasn't (1992-1997):

Central cities	7% decline – 22 to 20%
Suburbs	10% decline – 10 to 9%
Rural	Unchanged – 17%



I. The case for a rural policy “tipping point”

- The Farm Bill process and outcome
- A growing understanding of the true rural economy
- The new Census and its public policy implications
- **Rethinking rural governance**



The relationship between federal, state, and local governments and government revenue streams have a major impact on rural areas:

- 2,305 of our nation's 3,043 counties are rural (76% of counties, 83% of our nation's land, and 25% of our nation's population is rural).
- Rural economies are significantly dependent upon federal government transfer payments -- 20% of total personal income in rural America comes from federal transfers to rural community citizens.



Rural Governance: The Challenge for “Citizen Servants”

- 72% of county governments serve fewer than 50,000 persons.
- 700 of the 3,043 serve fewer than 10,000.
- 90% of the 36,001 sub-county general purpose governmental units serve less than 10,000.
 - 82% have populations under 5,000.
 - 51% serve less than 1,000.



II. Building a constituency for a community based rural policy:

- New political realities
- The policy context
- Alternatives for consideration

The New Political Realities

- **Suburbanization of the American public policy arena**
 - 1990 Census
 - 1992 Presidential Election
 - The 25/25/50 rule
 - 2000 Census
 - The Congressional reality
- **Devolution: “To” the states, or “through” the states?**
 - Current downturn has changed much, but . . .
 - 31 states have cut taxes since 1996
 - Since 1990, state and local government expenditures up 15%, in real terms
 - Nearly \$50 billion in current state budget deficits
 - Federal workforce reduced by 345,000 since 1990
 - State and local government workforce expanded by nearly 2 million in same period

The Rural Congressional Snapshot

- 1966 – Rural Majority in 181 House Districts (42%)
1993 – Rural Majority in 77 House Districts (18%)
Congressional Quarterly (60%) – 57 Districts (13%)
- Today, only thirteen states have a rural majority. These states represent 59 electoral votes. (Only 5 more than California, which is only 3% rural.)
- 1993 CRS study (1990 Census data):
 - No rural district in top 100 family median income districts.
 - Only two rural districts in top 200 family median income districts.
 - Most rural districts were in the bottom 100.



The Challenge of a National Rural Policy:

- Believable problem articulation
- National voice
- Coalition consensus
- Sustained, integrative implementation strategy
- Visionary leadership - AARP!



Why a National Rural Policy is So Difficult to Achieve

- “Rural” remains synonymous with “agriculture”
- A constituency has not been organized
 - Many sector-level constituencies
- Congressional and Administration programs remain fragmented.
 - No one Congressional Committee or Administrative Department with overall responsibility for rural policy and rural program integration



The “Policy” Component of Rural Policy

- What?
 - Integrative national rural policy
 - Global examples
 - National sector-level rural policy
 - Department initiatives
 - Congressional initiatives
 - Integrative state rural policy
 - Governor’s initiatives
 - Legislative initiatives
 - Public / private sector initiatives



The “Policy” Component of Rural Policy

- Who?
 - Potential “change agents” for a “new rural policy?”
 - President
 - Congress
 - Colleges / Universities
 - Governors
 - State Legislatures
 - Philanthropic community
 - Private sector
 - Building a constituency for action




Hopeful Developments of Possible Consequence:

- Congressional Rural Caucus – Presidential Letter
- National Rural Network:
 - New rural mission areas in many NGOs
- Farm Bill Rural Development Title
- HHS Secretary’s Rural Initiative
- State-level policy efforts
- Emergent, new rural leadership:
 - Expanding leadership role for women
- Kansas City Fed – Center for the Study of Rural America
- Expanding philanthropic interest in rural portfolio
- Rural “new governance”: public / private / philanthropic collaborations
- State Rural Development Councils





III. The Rural / Urban Dialectic



“Dialectic: n. Any systematic reasoning, exposition, or argument that juxtaposes opposed or contradictory ideas and usually seeks to resolve their conflict.”

-Webster’s Ninth New Collegiate Dictionary





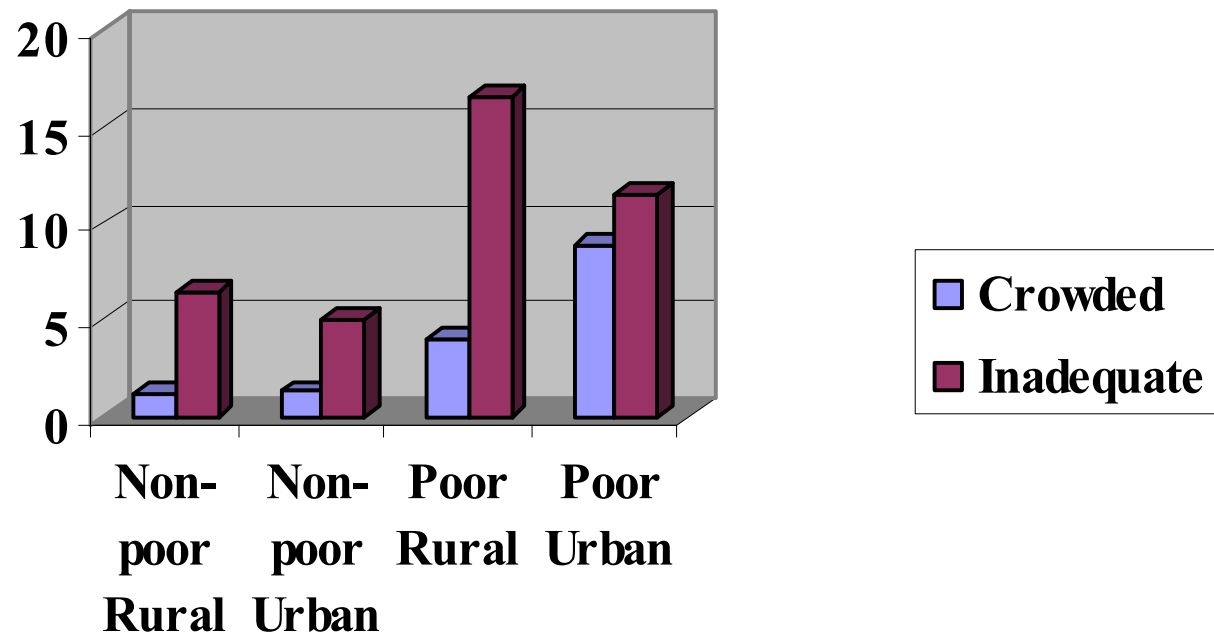
The Policy Differential



Four Considerations of this Rural Differential:

- Rural Housing
- Poverty Rates in Female-Headed Households
- Rural Youth Substance Abuse
- PROWRA

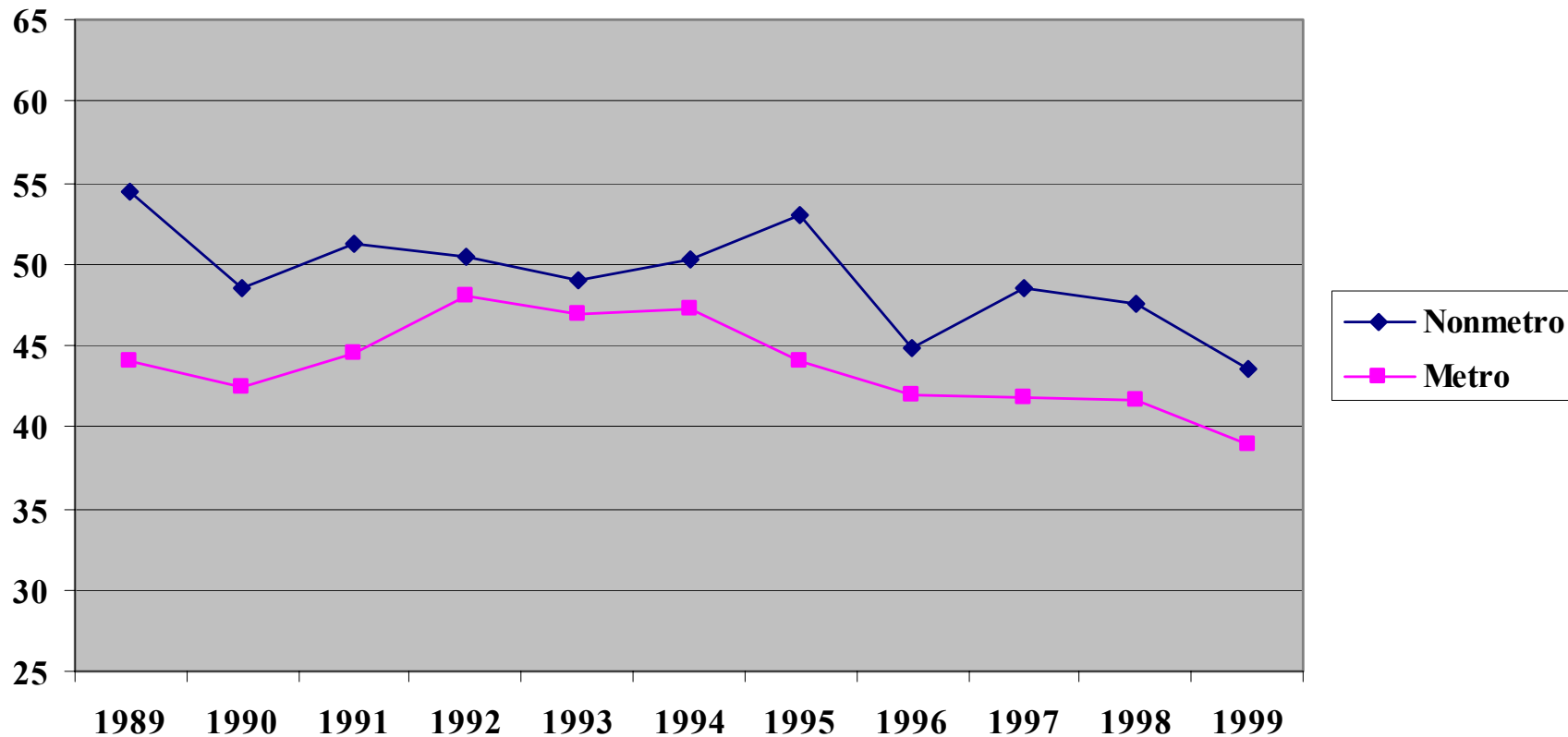
Housing Conditions: Rural vs. Urban



Source: ERS, USDA. 1995.



Poverty Rates among Female-Headed Families with Children





Rural Youth / Substance Abuse

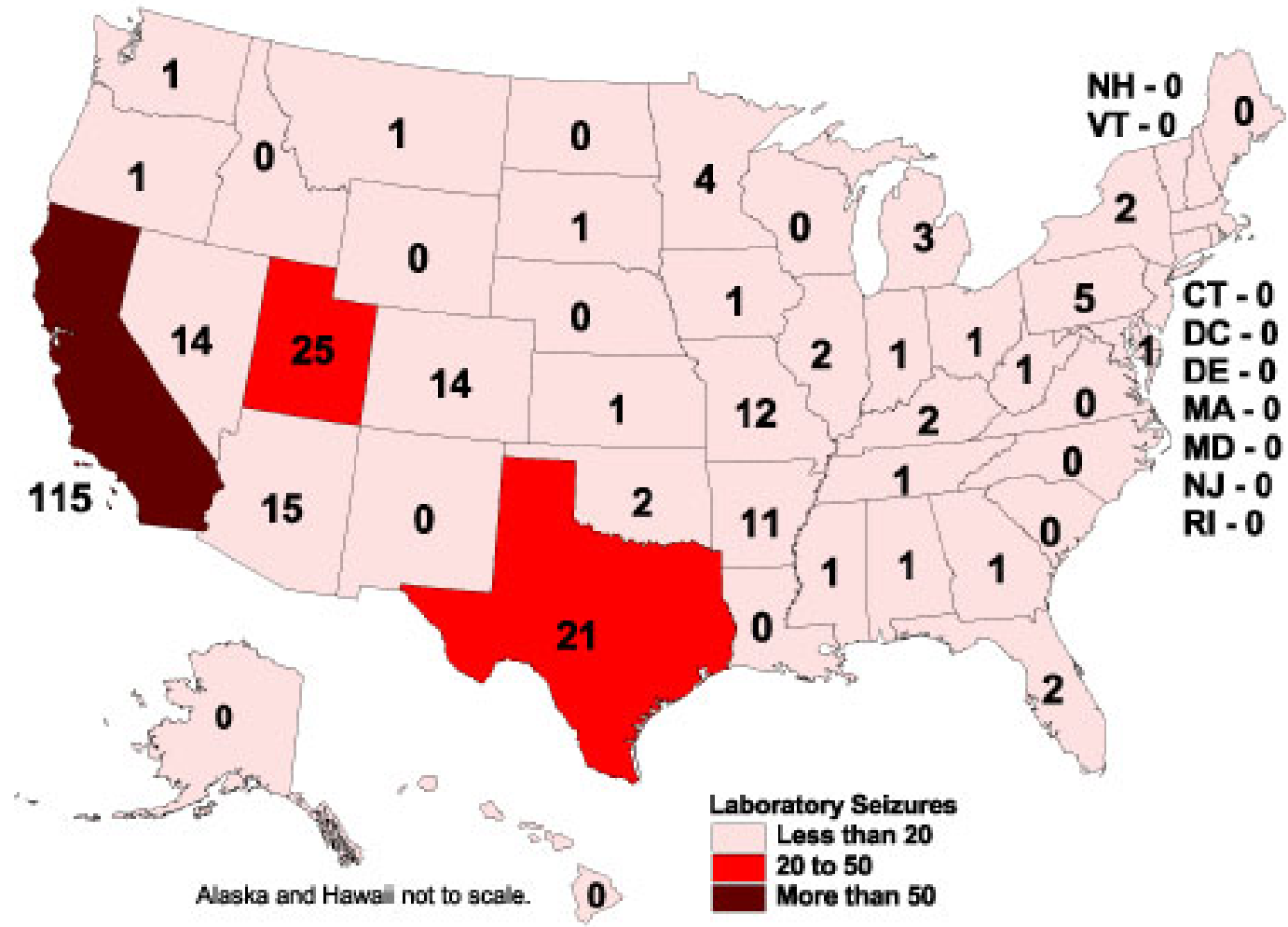
In 1999:

- Rural eighth graders were 32% more likely to have used marijuana in the past month than those in large metro areas.
- Rural eighth graders were 52% more likely to have used cocaine in the past year than those in large metro areas.
- Rural eighth graders were 75% more likely to have used crack cocaine in the past year than those in large metro areas.
- Rural eighth graders were 104% more likely to have used amphetamines, including methamphetamines, in the past month than those in large metro areas.
- Rural eighth graders were 29% more likely to have used alcohol in the past month than those in large metro areas.
- Rural eighth graders were twice as likely to have smoked cigarettes in the past month than those in large metro areas.

The National Center on Addiction and Substance Abuse at Columbia University (CASA). 2000. *No Place to Hide: Substance Abuse in Mid-Size Cities and Rural America*. JAN 2000, Columbia University. New York, NY: Columbia University.



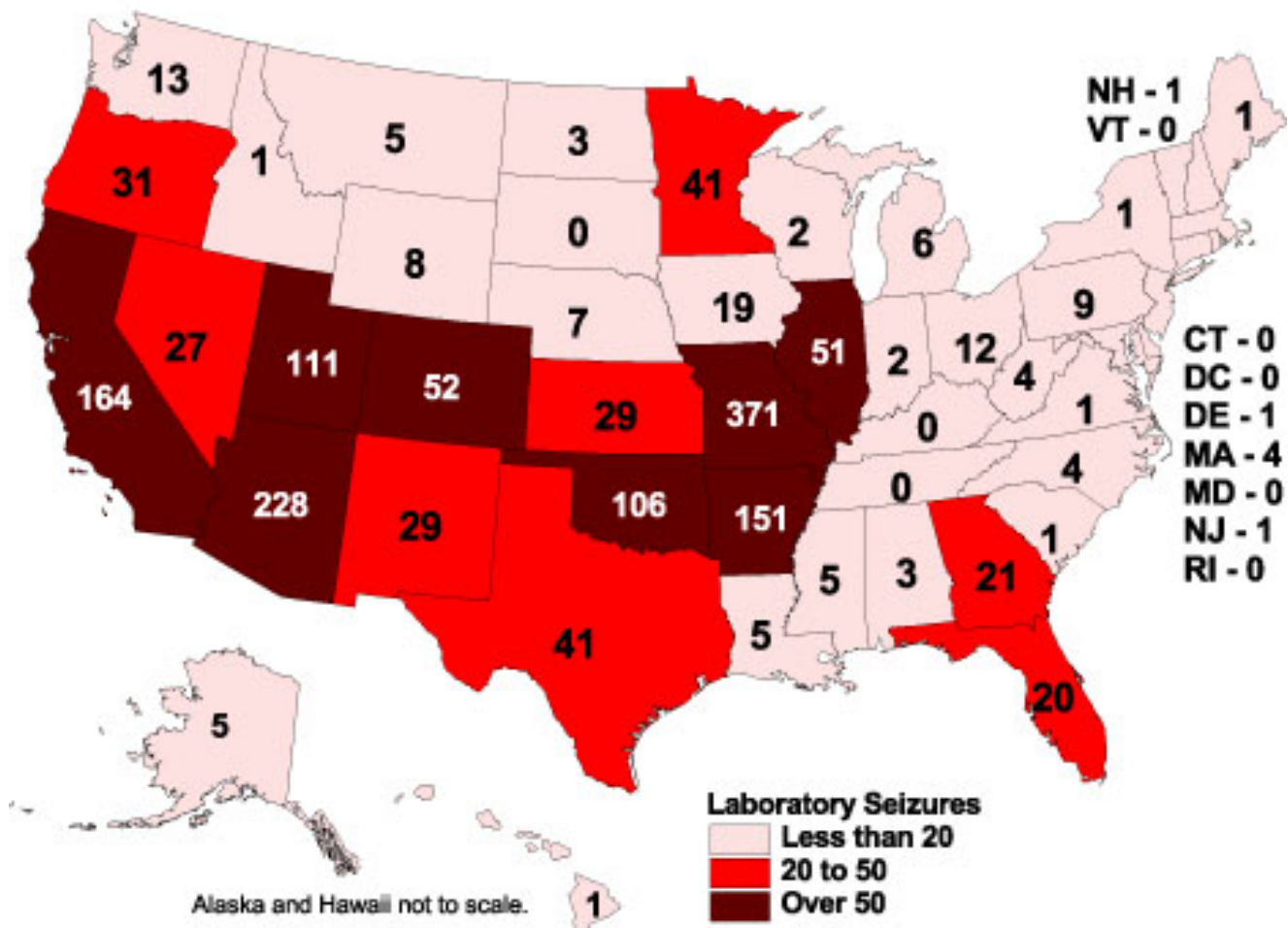
DEA Clandestine Laboratory Seizures in 1994



Source: Drug Enforcement Agency.
 Produced by the Rural Policy Research Institute - www.rupri.org



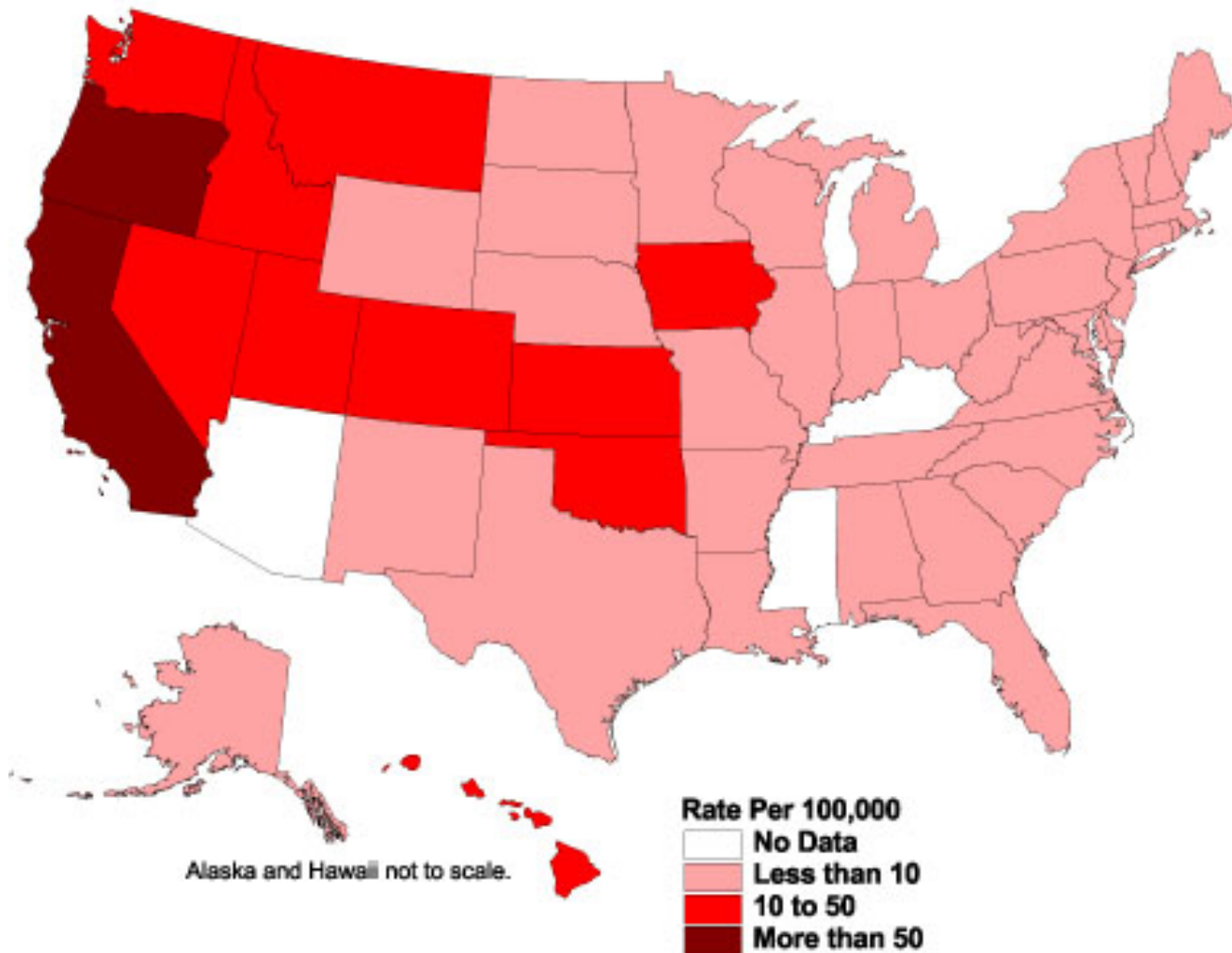
DEA Clandestine Laboratory Seizures in 1998



Source: Drug Enforcement Agency.
Produced by the Rural Policy Research Institute - www.rupri.org



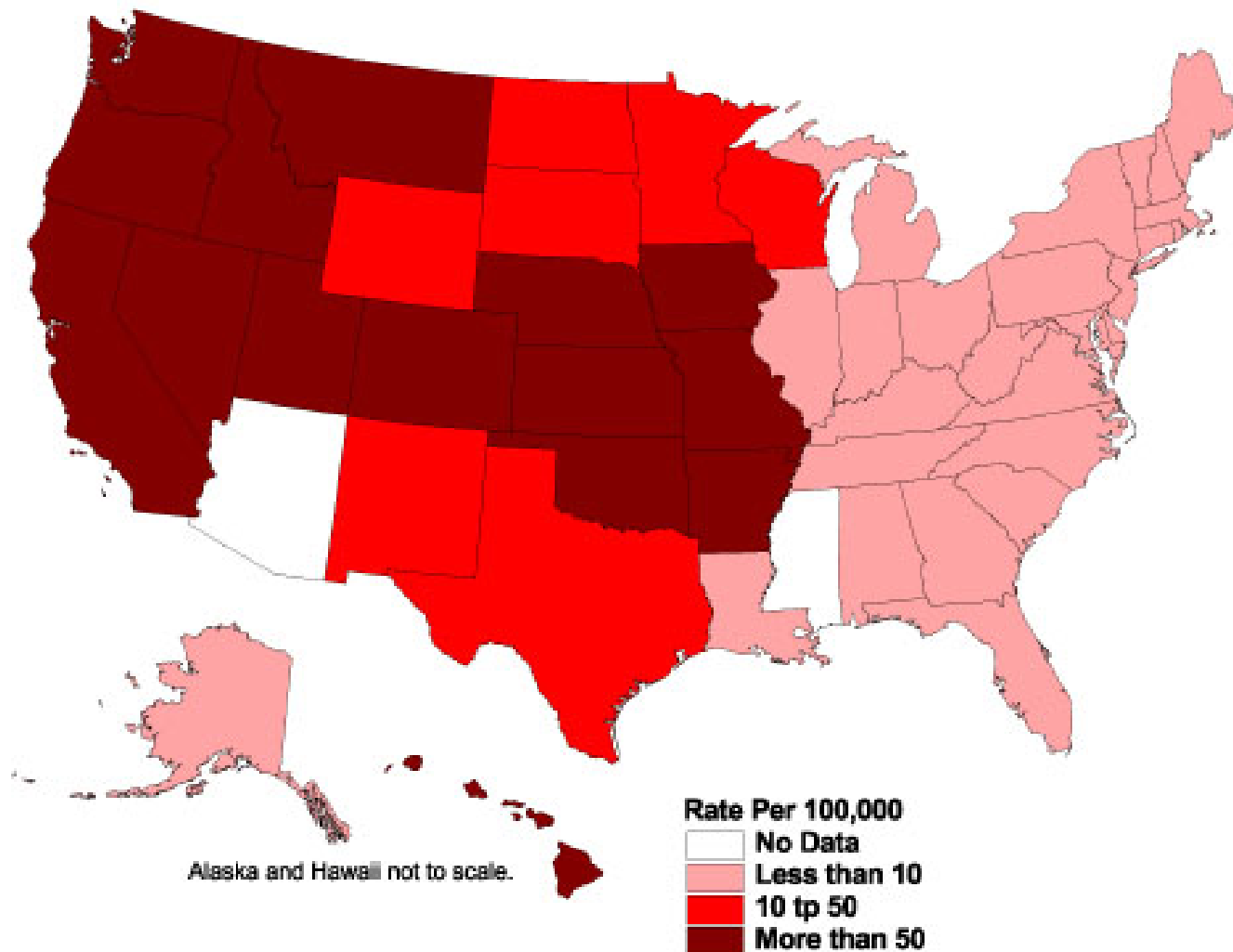
Primary Meth/Amphetamine Admission Rates in 1992 (per 100,000 population aged 12 and over)



Source: SAMHSA Office of Applied Studies, 1997.
Produced by the Rural Policy Research Institute - www.rupri.org



Primary Meth/Amphetamine Admission Rates in 1997 (per 100,000 population aged 12 and over)



Source: SAMHSA Office of Applied Studies, 1997.
Produced by the Rural Policy Research Institute - www.rupri.org



PRWORA's Labor Market Assumptions:

The labor market can absorb workers transitioning from welfare (Match between workers and jobs)

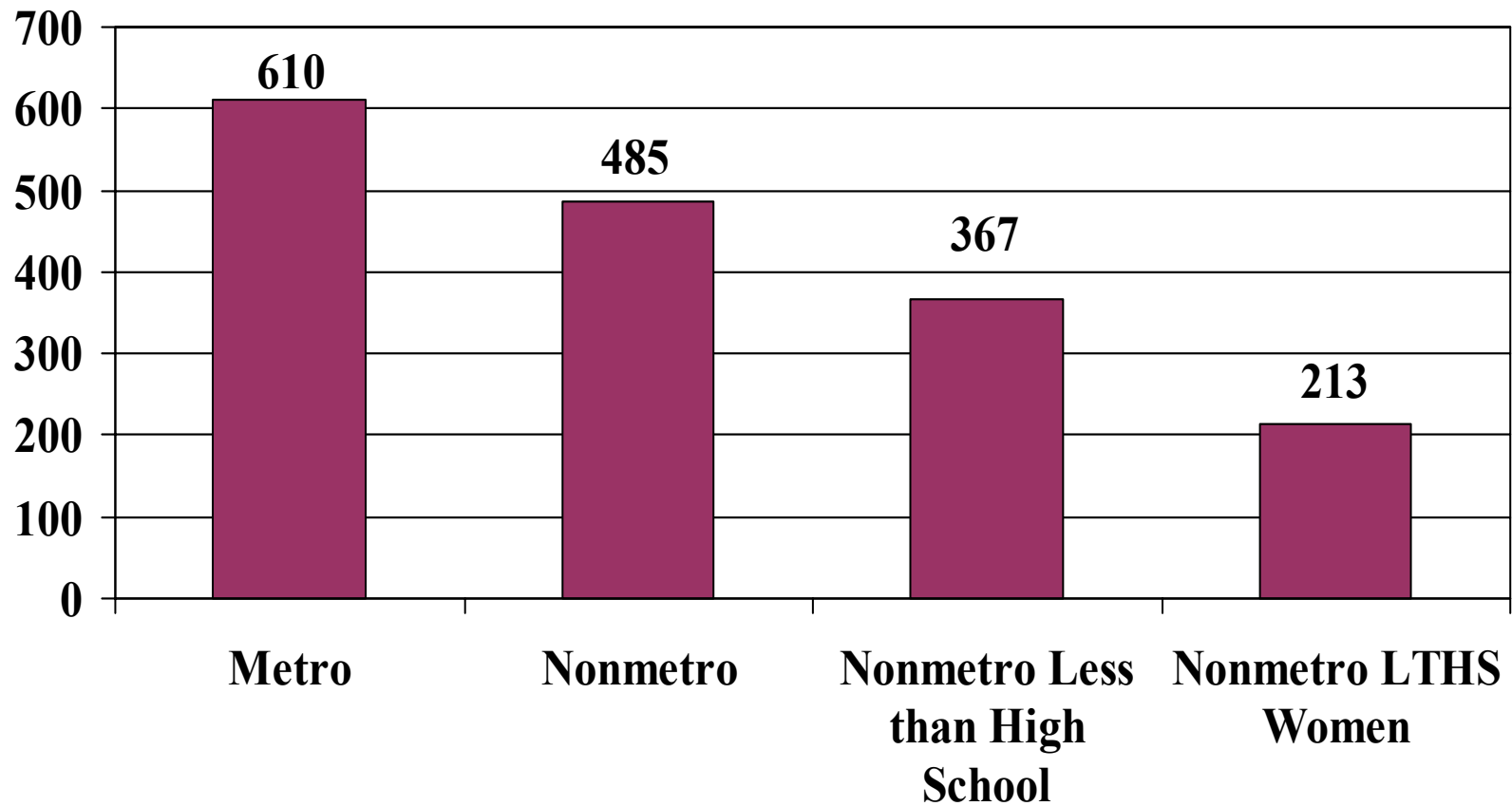
Workers can earn enough to sustain their families



Selected Economic Characteristics of Metro and Nonmetro Areas

	<u>Metro</u>	<u>Nonmetro</u>
Unemployment Rate, 1999	4.2	4.4
Employment Change, 1995-99	1.9	0.9
Average weekly earnings, 1999	610	485
Poverty Rate, 1998	12.3	14.3

Average Weekly Earnings, 1999 (*dollars*)



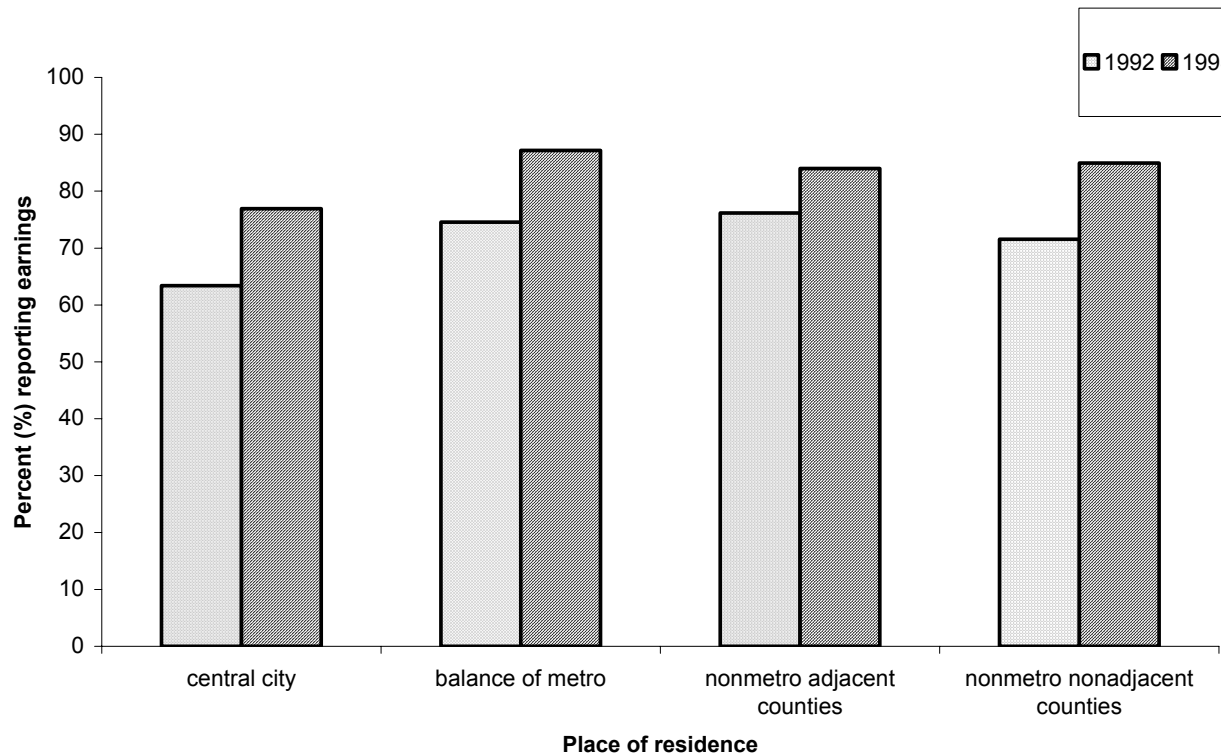


Between 1992 and 1998, single mothers in central cities and remote rural areas had:

- lower earnings growth,
- more persistent poverty, and
- more persistent welfare receipt
 - Preliminary findings from a forthcoming study supported by Brookings Center on Urban and Metropolitan Policy and Rural Policy Research Institute

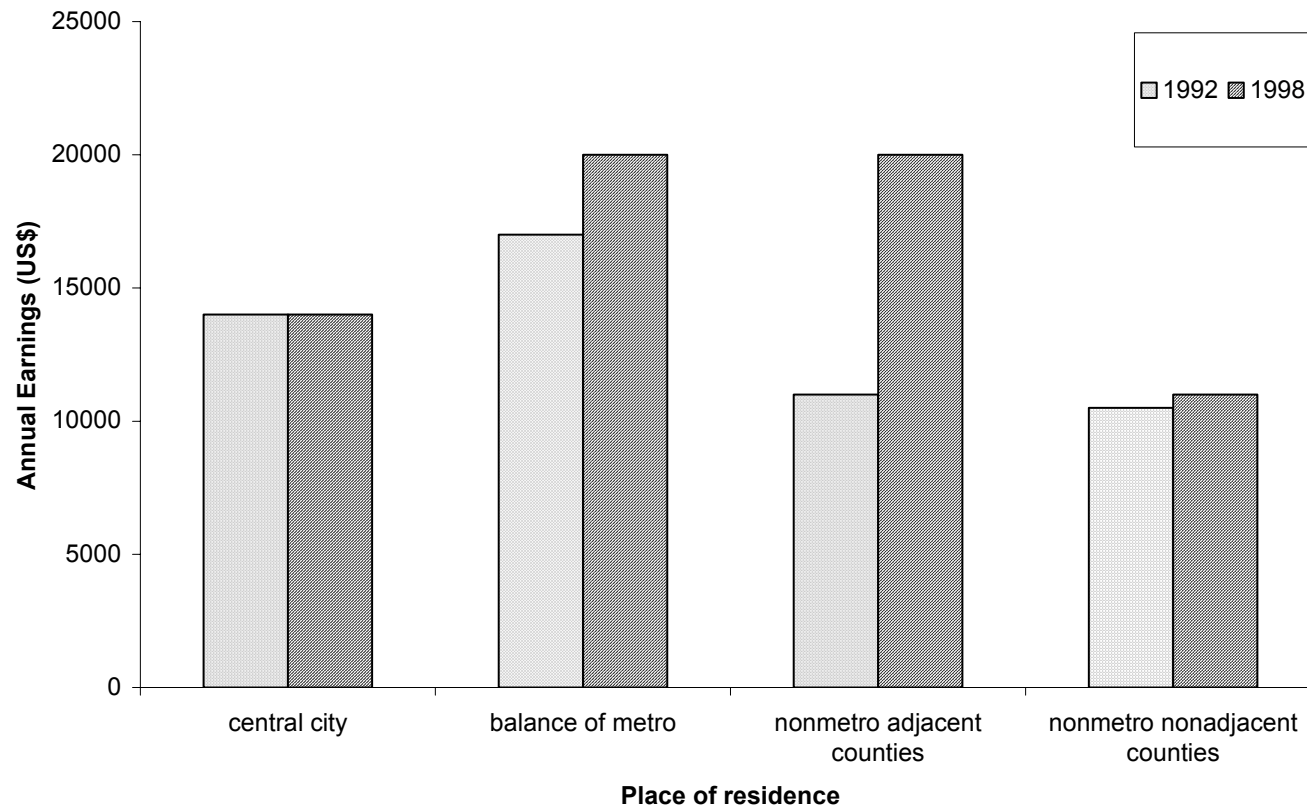
The percent of single mothers with earnings increased across the urban-rural continuum

Figure 13. Single Mothers Reporting Earnings, by Residence: 1992 and 1998



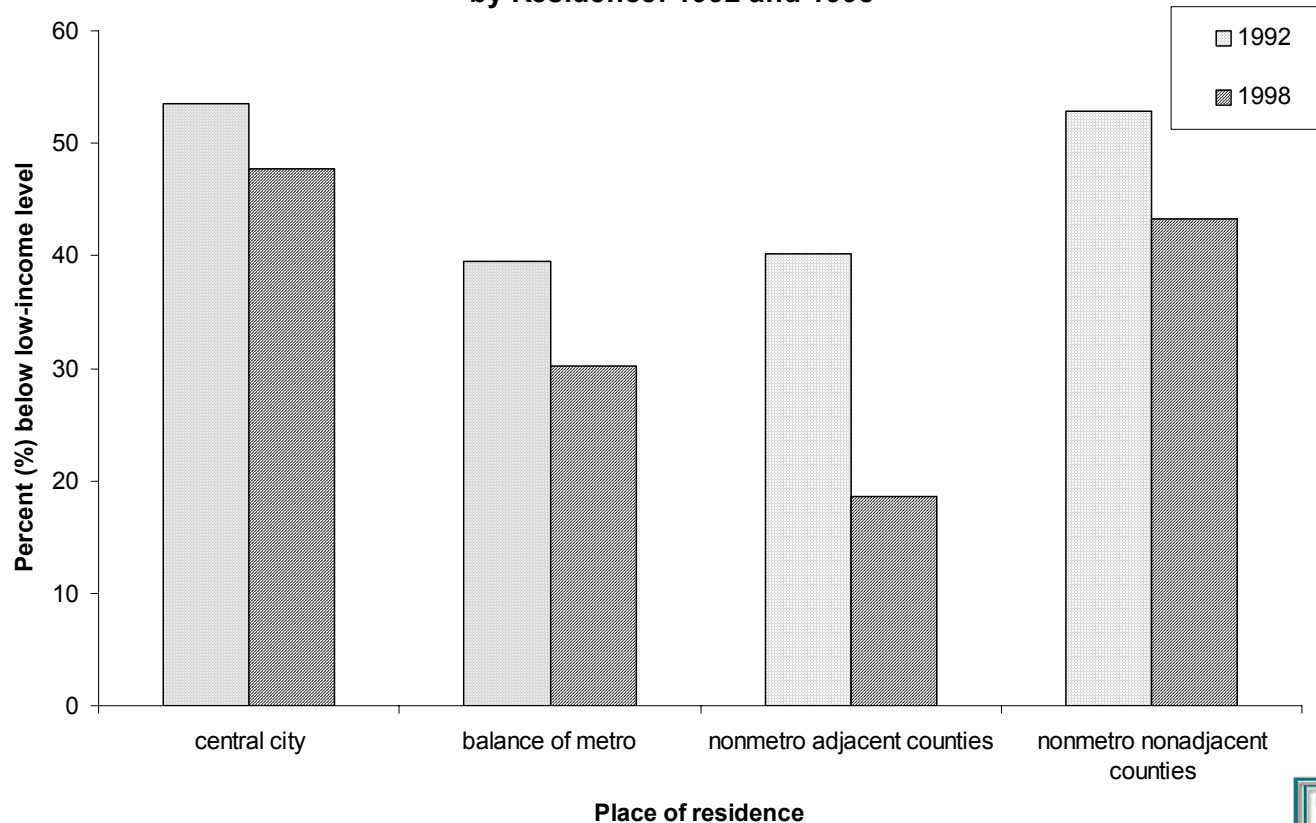
But single mother median earnings did not increase in central cities and remote rural counties

Figure 14. Median Earnings of Single Mothers, by Residence: 1992 and 1998



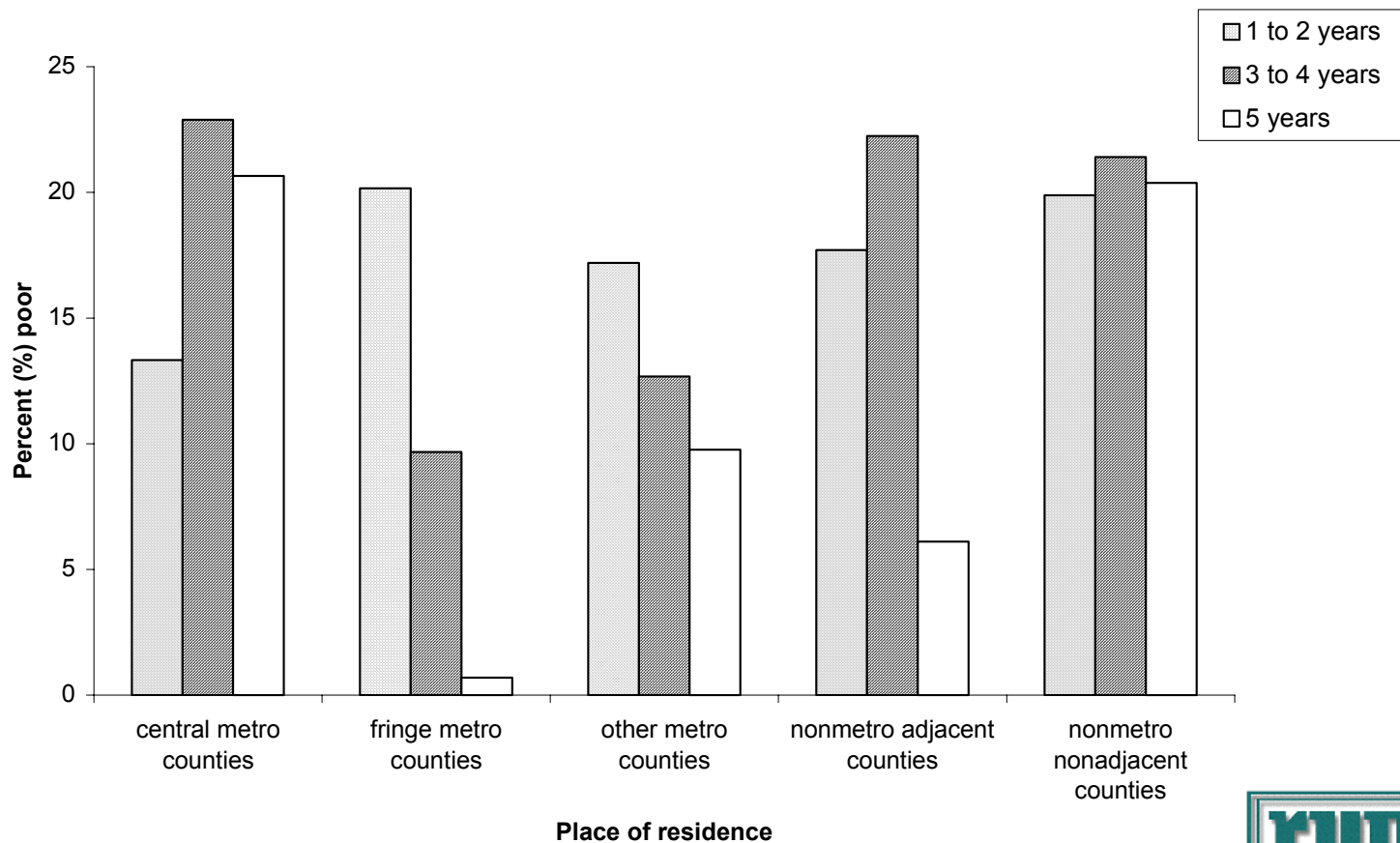
And single mother poverty rates went down least in central cities and remote rural counties

Figure 15. Poverty Among Single Mother Families, by Residence: 1992 and 1998



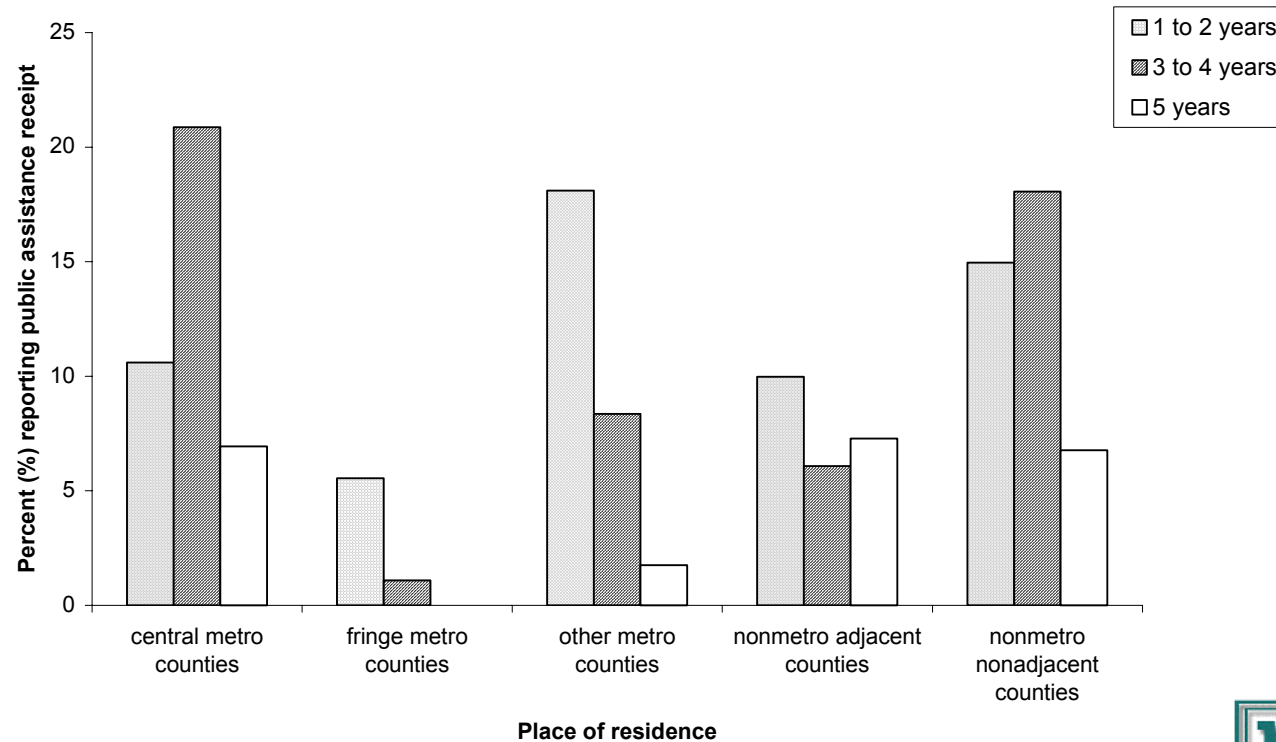
Poverty is most persistent in central counties and remote rural counties

Figure 11. Poverty Duration, Single Mothers by Residence: 1993 to 1998




Welfare receipt is most persistent in central counties and remote rural counties

Figure 10. Public Assistance Duration, Single Mothers by Residence: 1993 to 1998





IV. Linking policy and community practice: “Bring in the bridge builders!”



**Building a new “rural
pragmatism”
or**

**“So, if we all care so much
about rural America,
Why is she in such bad shape?”**



Three Questions, for your Consideration:

- Given our suburban policy context and the public's misperception of our current rural realities, where do rural constituencies turn for support?
- Is the historic rural / ag family fight really helpful to either sibling?
- Is it possible that central city and rural residents may have more uniting them than dividing them?



“Would you tell me please, which way I ought to go from here?” said Alice.

“That depends a good deal on where you want to get,” said the cat.

“I don’t much care where,” said Alice.

“Then it doesn’t matter much which way you go,” said the cat.

- Lewis Carroll
Alice in Wonderland





Community Policy and Constituency Convergence:

Toward a Place-Based Policy: “Why Cities Matter . . .”


The Brookings Institution

Community Connections

Doug Nelson, President


The Annie E. Casey Foundation





“No snowflake in an avalanche
ever feels responsible!”

- Stanislaus Lezcynski



“The poet is the joiner,
he sees how they join.”

- Walt Whitman, 1855



The OECD Framework:

- Sector to Place
- Subsidy to Regional Competitiveness
- A Governance Structure to Accomplish Both



V. Implications for Rural Health Care



Challenges Facing All Rural Regions Today

- Technological Change
- Globalization
- Localization
- New Governance
- Changing Industrial Structure & Employment
- Changing Demographics
- Changing Lifestyles and Settlement Patterns
- Changing Political Economy



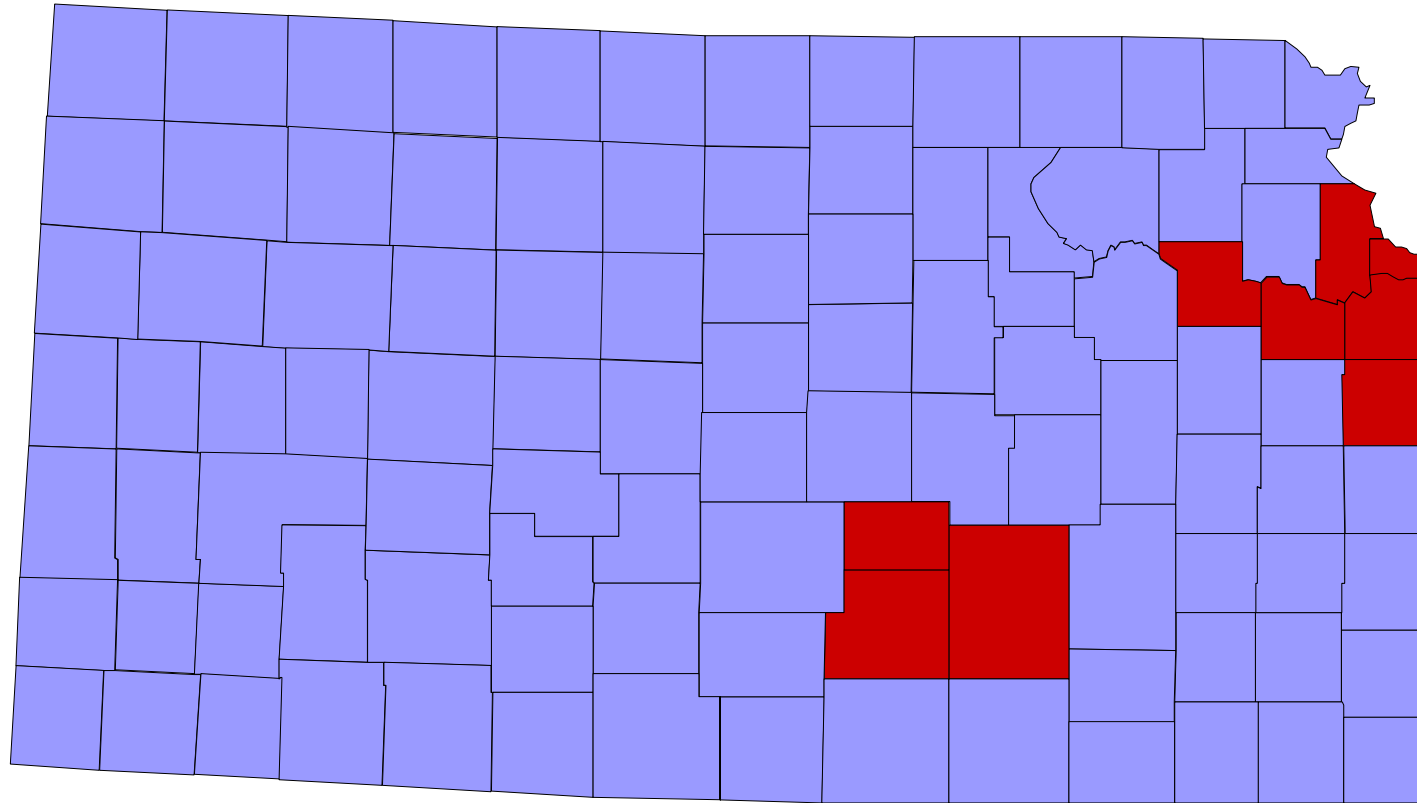
The New Institutional Framework for Rural Regional Advancement

- Regional Collaborations
- Jurisdictional Realignments
- A Cross-Sectoral Framework
- Optimizing the “Public / Private” Moment
- An Entrepreneurial Awakening
- The Critical Role of Intermediaries



The Critical Importance of Building Rural Public and Private Entrepreneurship

Metro and Nonmetro Counties in Kansas, 1999

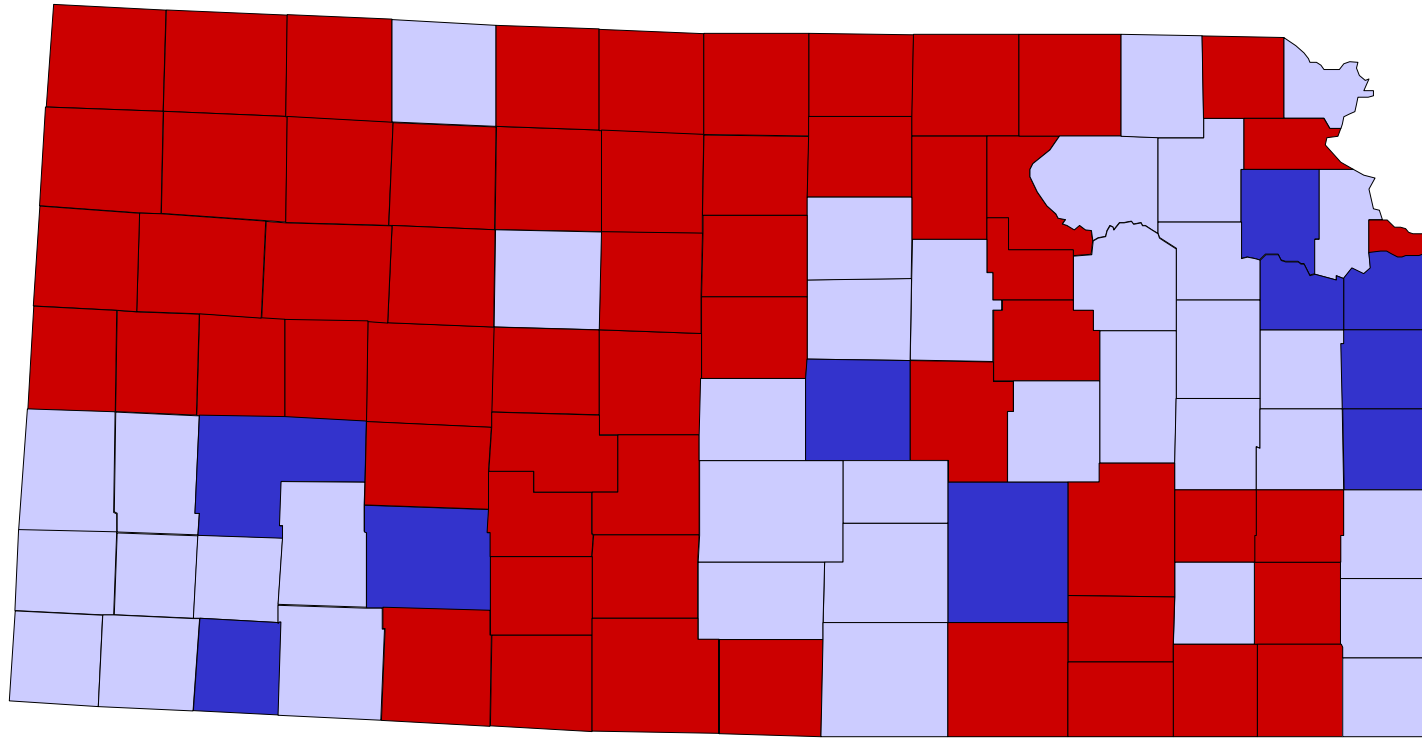


 Metro

 Nonmetro

*Source: U.S. Census Bureau
Map prepared by RUPRI*

Percent Change in Population, 1990-2000



U.S. = 13.1%

Kansas = 8.5%

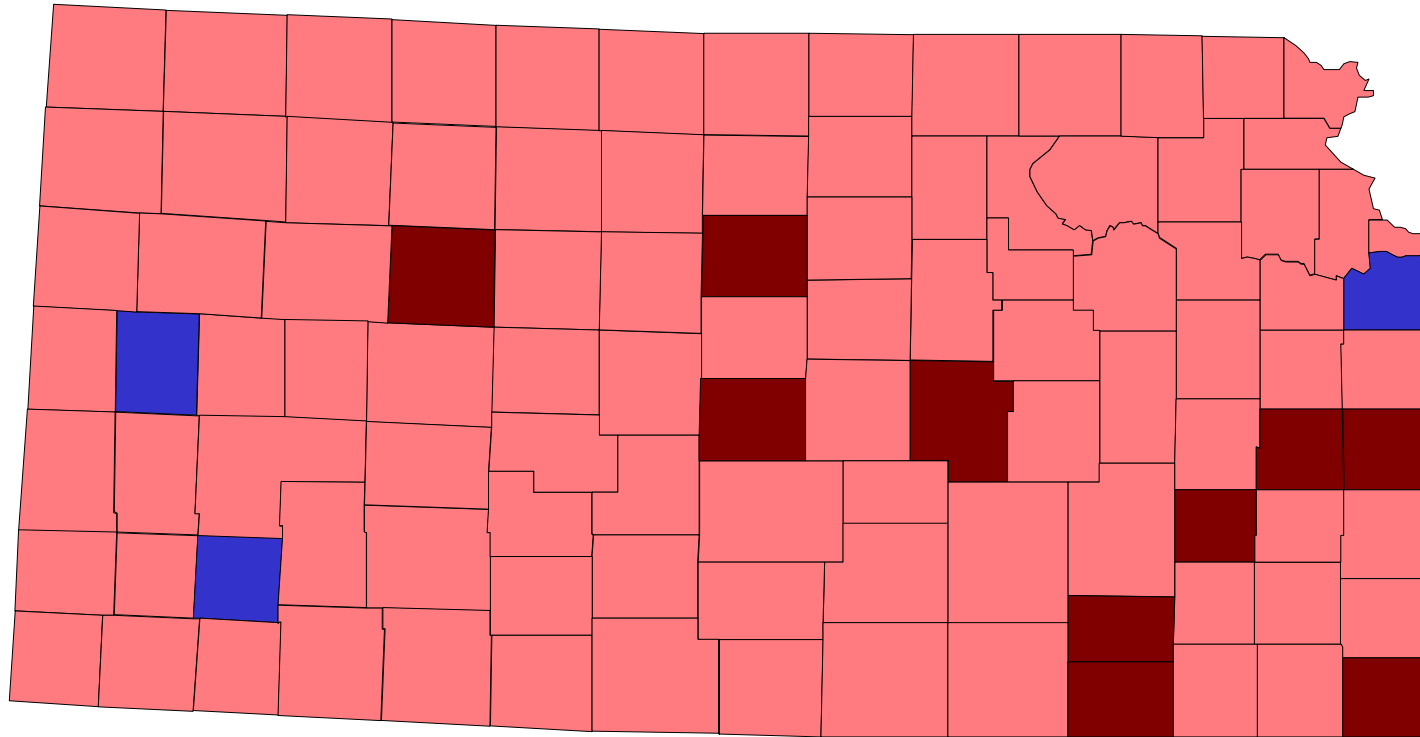
■ Population decline

■ Growth less than 13.1%

■ Growth over 13.1%

*Source: U.S. Census Bureau
Map prepared by RUPRI*

Per Capita Income in Kansas, 2000



U.S. = \$29,469

Kansas = \$27,374

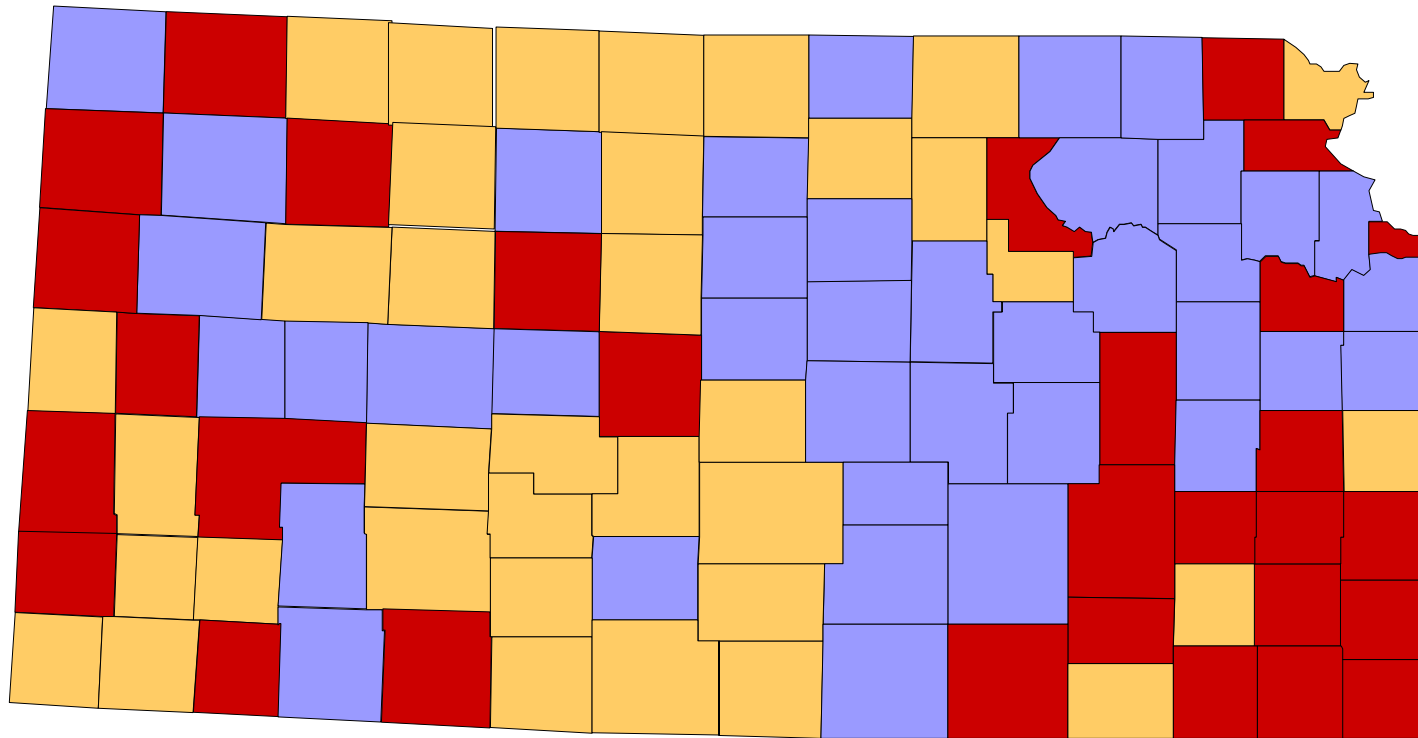
■ Less than \$20,000

■ \$20,000 to \$29,469

■ Greater than \$29,470

*Source: Bureau of Economic Analysis
Map prepared by RUPRI*

Percent of Persons in Poverty, 1999



U.S. = 12.4 %

Kansas = 9.9 %

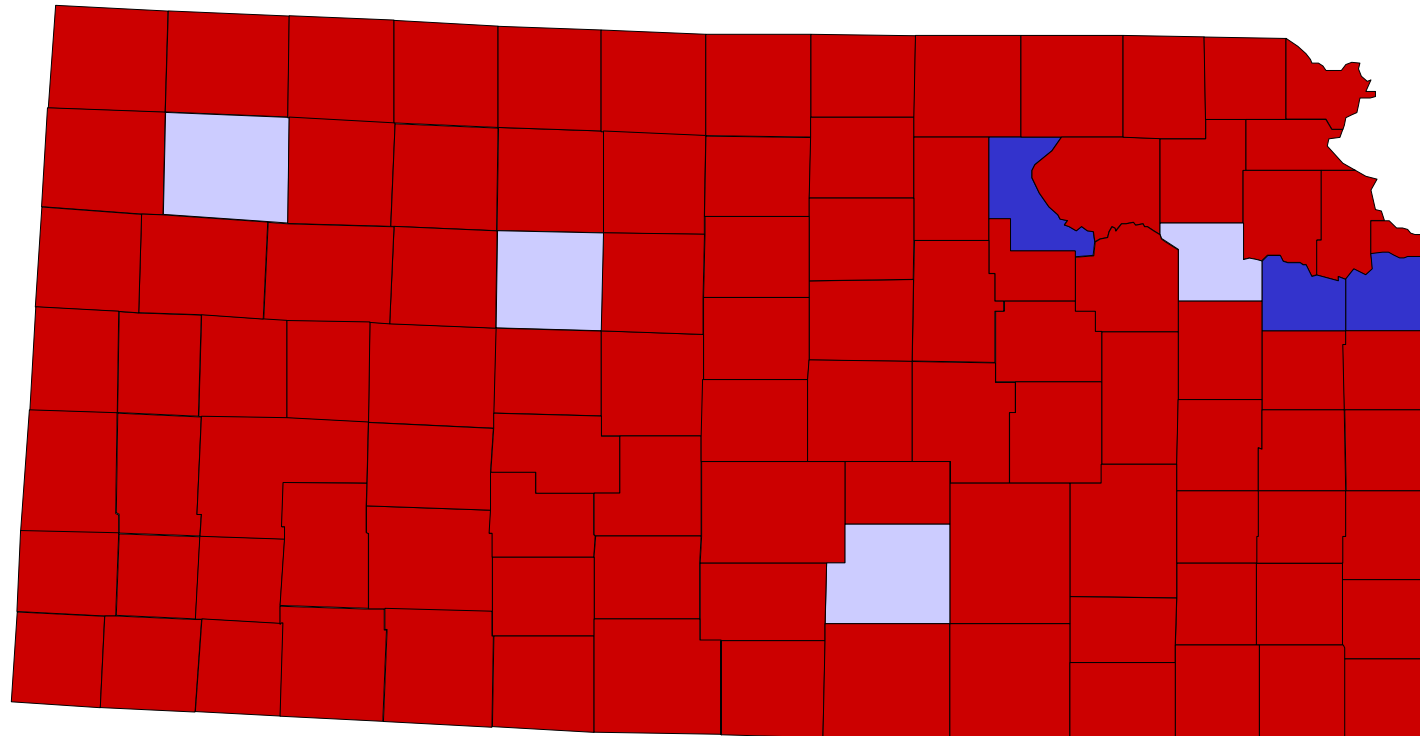
Greater than 12.4%

9.9% - 12.4%

Less than 9.9%

*Source: U.S. Census Bureau
Map prepared by RUPRI*

Educational Attainment: Percent of Persons 25 and over with a B.S. Degree or Higher



U.S. = 24.4%

Kansas = 25.8 %

■ Less than 24.4%

■ 24.4 to 40.0%

■ Greater than 40.0%

*Source: U.S. Census Bureau
Map prepared by RUPRI*



Five Critical Rural Health Developments

- HHS Secretary's Rural Initiative
- Recession / State Funding Challenges
- Workforce / WIA Reauthorization
- Welfare Reform Reauthorization
- Medicaid / Medicare Reform



HHS Rural Task Force


“This internal HHS Rural Task Force will examine how existing program serve rural communities; will consider the impact of the HHS funding on rural economies; and will make recommendations to improve health care and social services to rural America. . .”

Federal Register; August 29, 2001





Redefining the Public Metaphor and Rhetoric for Rural America



“Why not go out on a limb? That’s
where the fruit is”.

Will Rogers



**“The question is not what you
look at, but what you see.”**

-Henry David Thoreau