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ABSTRACT

Current welfare reform efforts are based on the assumption that limiting government support will promote personal responsibility, driving welfare recipients to obtain additional education and training in order to meet employment targets. But is education and training--human capital--the answer to poverty and welfare dependency, especially in rural areas? The position is taken that the fundamental problem resides in low wages and inadequate employment opportunities found in rural America, especially among young adults, minorities, women, and the least educated. Rural poverty results from shortages of good jobs rather than shortages of good workers. This paper presents 13 data tables and figures in support of this position. Tables present poverty rates by education level and race, 1991; metropolitan and nonmetropolitan educational attainment, 1971-91; percentage of low earners in rural and urban labor force by educational attainment, 1979 and 1987; metro and nonmetro dropouts by race/ethnic group, 1981-91; and Scholastic Aptitude Test scores by rural-urban location, 1988-1989. Bar graphs and other figures depict crude and adjusted poverty rates among nonmetro children in female-headed and married-couple families, 1960-90; literacy scores for metro and nonmetro adults; nonmetro net migration by education; formal job training programs for metro and nonmetro workers; amounts of education and experience attained and required for nonmetro jobs; and rates of adequate employment by education in major nonmetro industries. "At each level of employment within a particular industrial category, women are underutilized with respect to their education." (SV)

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HUMAN CAPITAL AND POVERTY IN RURAL AMERICA

-- by Dr. Daniel Lichter

ED 406 081

Daniel T. Lichter, professor of sociology and director of the Population Research Institute at The Pennsylvania State University, has published widely on the topics of rural poverty, family change, and racial inequality. He is a member of the Rural Sociological Society's Task Force on Persistent Rural Poverty. In 1995, Dr. Lichter received Penn State's Distinction in the Social Sciences Award and the Rural Sociological Society's Excellence in Research Award.

Editor's note: We are unable to provide a transcribed version of the text for Daniel Lichter's presentation "Human Capital and Poverty in Rural America." The author has suggested that we print the overheads and introduction used for the presentation, and we have honored that suggestion here.

Introduction

Welfare reform—to "end welfare as we know it"—has been motivated by several political considerations. It's a way to cut the federal budget deficit. It's a way to curry the favor of constituencies back home who, rightly or wrongly, see current welfare programs as the cause of many of our social problems, such as illegitimacy, crime and idleness. Finally, it's viewed as necessary to promote personal responsibility among the poor and welfare recipients, and to reinforce the American values of work and self-sufficiency. Welfare recipients are expected to adhere to certain behavioral standards—for example, they should work, they should bear children only if married, and they should be better parents. This comes in the form of workfare, wedfare, and learnfare programs.

Proposed caps on welfare receipt—two years consecutively and five years total—and built-in work requirements reflect the new paternalism in welfare policy. Block grants presumably will motivate states to provide additional education and training programs for welfare users in order to meet certain employment targets. And, because the poor themselves cannot count on a lifetime of support from the government, personal responsibility

will be restored. The individual calculus will be clear: stay in school, get some job experience, and seek additional training.

But is education and training—human capital—the answer to poverty and welfare dependency, especially in rural areas? This session addresses this question. Clearly, rural America suffers from a shortage of human capital. But, as I will argue here, solving the rural problem of poverty will require something more than simply providing rural people with additional education or training. The fundamental problem resides in the low wages and inadequate employment opportunities found in rural America, especially among young adults, minorities, women, and the least educated. Rural poverty results from shortages of good jobs rather than shortages of good workers.

Table 1: Poverty Rates by Education Level and Race, Persons Aged 25 and Over, 1991

	Total	White	Black	Hispanic
No High School Diploma	25.2	21.8	40.3	32.0
High School Only	9.6	7.8	23.6	15.2
Some College	6.5	5.5	14.6	8.8
Bachelor's degree or more	3.1	2.6	5.2	6.3
Total	10.7	8.8	25.0	21.3

Source: U.S. Bureau of the Census

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Table 2: Distribution of Educational Attainments of Metropolitan and Nonmetropolitan Population, 1971-1991

%population age 25 or older with:	1971	1981	1991	% Change 71-91
Metropolitan				
< High School	39.9	27.7	19.7	-50.6
High School	35.1	36.8	37.5	6.8
> High School	25.0	35.5	42.9	71.6
Nonmetropolitan				
< High School	50.4	36.0	28.2	-44.0
High School	33.1	38.7	42.5	28.4
> High School	16.6	25.3	29.3	76.5

Source: U.S. Bureau of Census, Current Population Reports, Series P-20, Educational Attainment in the United States (various years). U.S. Government Printing Office, Washington, D.C.

Table 3; Percentage of Low Earners, Rural and Urban Workers, by Education, 1979 and 1987

Rural Labor Force Group	1979	1987
High School Dropout	47.3	57.1
High School Graduate	29.2	43.4
Some College	22.4	33.6
Four Yrs. College or More	17.8	25.5
Urban Labor Force Group		
High School Dropout	39.9	53.7
High School Graduate	22.3	30.7
Some College	16.8	21.4
Four Yrs. College or More	14.1	16.2

Source: Gorham (1992) -- Author's estimates from Bureau of Census Data
 Note: Annual earnings are adjusted for weeks and hours of work.

Official Poverty

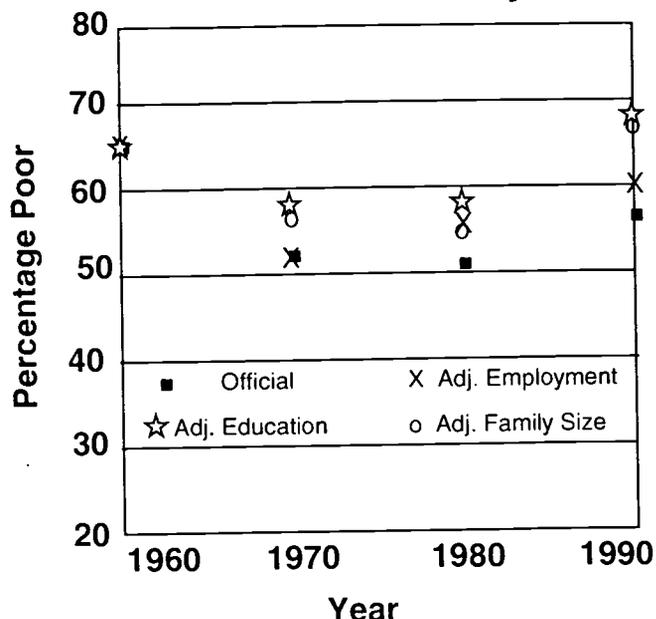


Figure 1: Crude and Adjusted Poverty Rates Among Nonmetro Children in Female-Headed Families, 1960-1990 (from Lichter and Eggebeen, 1992)

Official Poverty

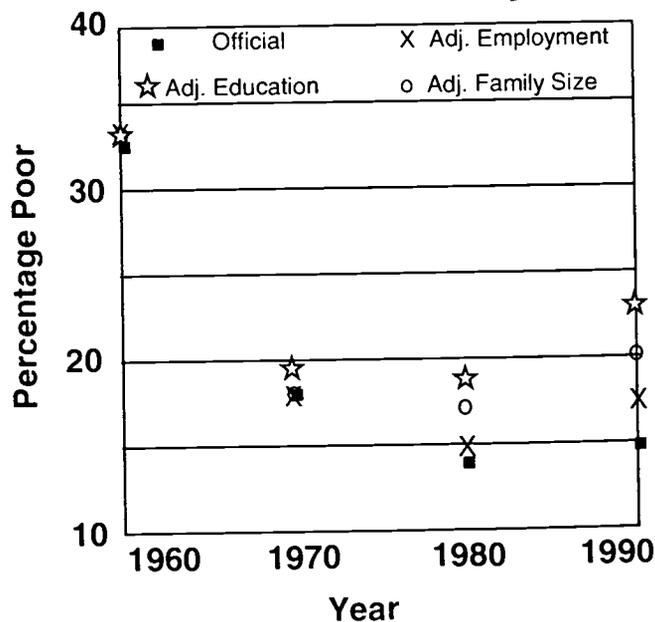
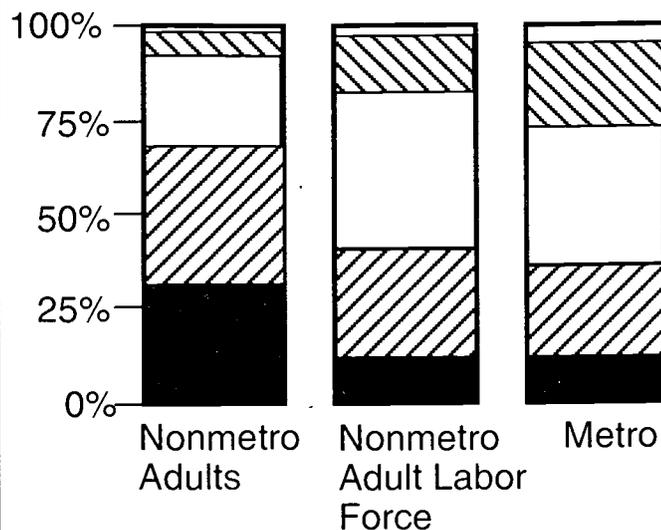


Figure 2: Crude and Adjusted Poverty Rates Among Nonmetro Children in Married-Couple Families, 1960-1990 (from Lichter and Eggebeen, 1992)

Table 4: Status Dropout Rates of Metropolitan Population by Ethnic Categories, 1981-1991.

	%population age 16-24 who have not completed high school and are not enrolled:			% Change 81-91
	1981	1986	1991	
Metropolitan				
Total	13.1	12.0	12.8	-2.3
White	12.3	11.8	12.8	4.1
Black	17.5	13.9	14.5	-17.1
Hispanic	32.6	30.0	35.6	9.2
Nonmetropolitan				
Total	16.4	13.1	11.3	-31.1
White	15.0	12.8	11.4	-24.0
Black	21.7	15.1	9.3	-57.1
Hispanic	36.4	31.6	29.1	-20.1

Source: U.S. Bureau of Census, Current Population Reports, Series P-20. Educational Attainment in the United States (various years). U.S. Government Printing Office, Washington, D.C.



Prose Ability

- Level 5
- Level 4
- Level 3
- Level 2
- Level 1

Figure 3: Distribution of Prose Literacy Scores, 1992

Source: National Adult Literacy Survey

Table 5: Profile of Scholastic Aptitude Test Takers, by Location of High School, 1988-1989

Location	Verbal Mean	Math Mean
Total	427	476
Large City	417	467
Med.-Size City	429	476
Small City/Town	428	473
Suburban	443	494
Rural	419	461

Source: United States Department of Education. 1990. Digest of Educational Statistics Research and Improvement.

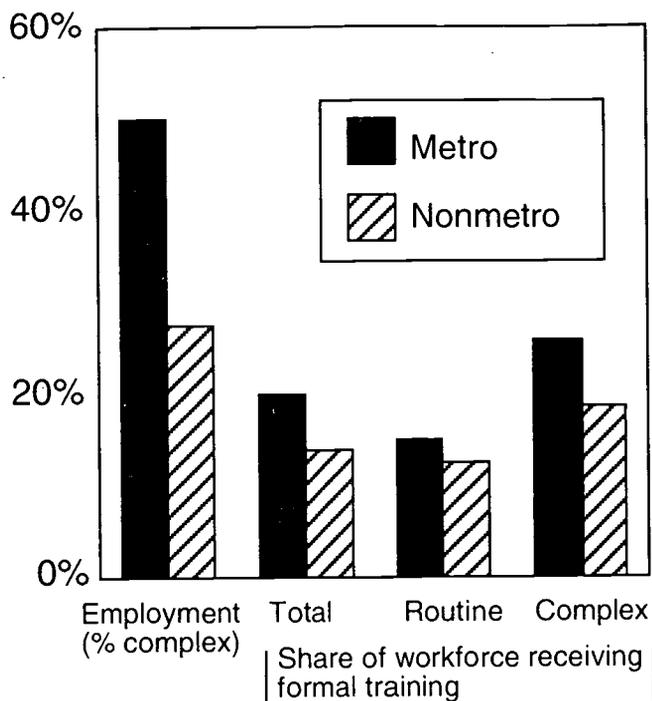


Figure 4: Formal Training Programs in manufacturing for wage and salary workers, 1991.

Source: Current Population Survey

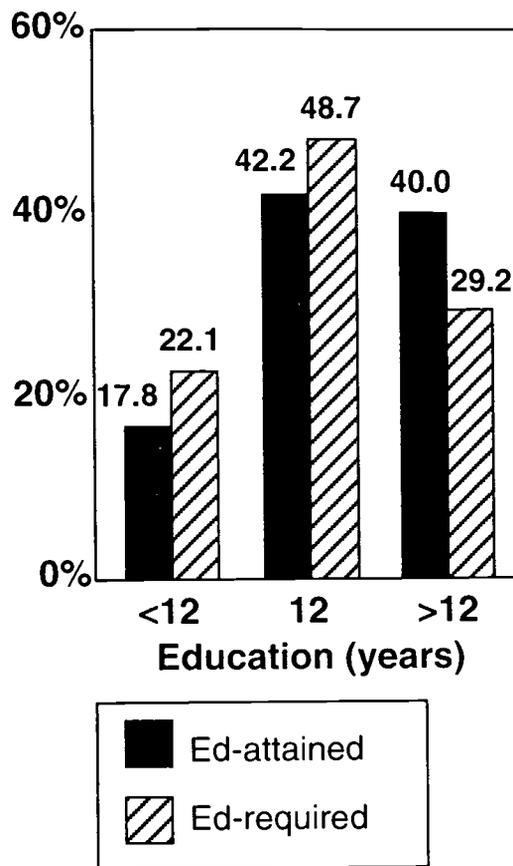


Figure 6: Amount of education attained and required for nonmetropolitan jobs.

Source: Economic Research Service, U.S.D.A.

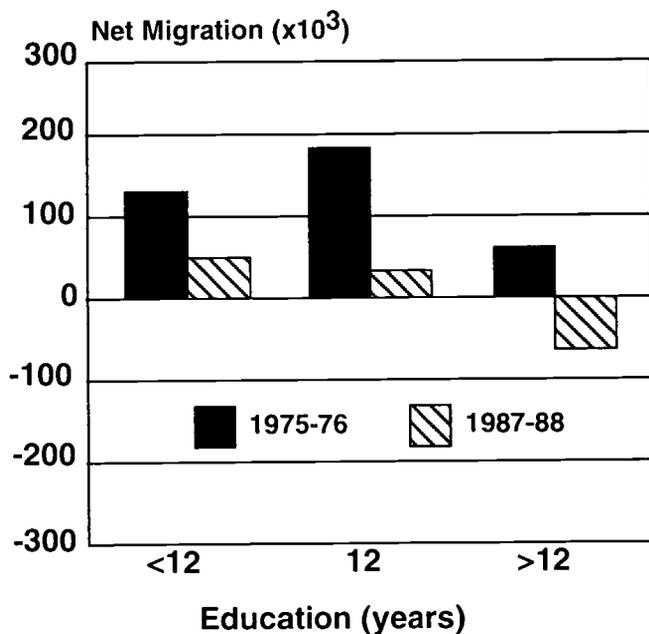


Figure 5: Nonmetro Net Migration by Education, 1975-76 and 1987-88 (reproduced from Lichter, McLaughlin, and Cornwall, 1995)

Source: 1976 and 1988 March CPS machine-readable files

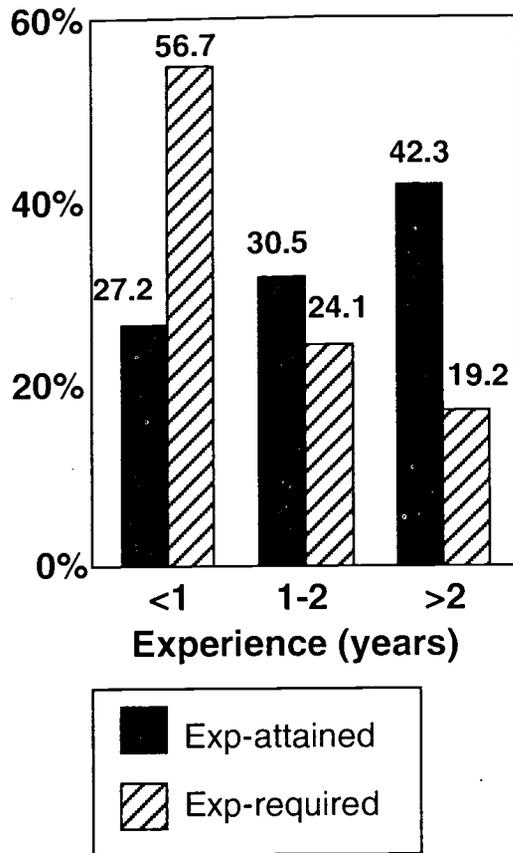


Figure 7: Amount of experience attained and required for nonmetropolitan jobs.

Source: Economic Research Service, U.S.D.A.

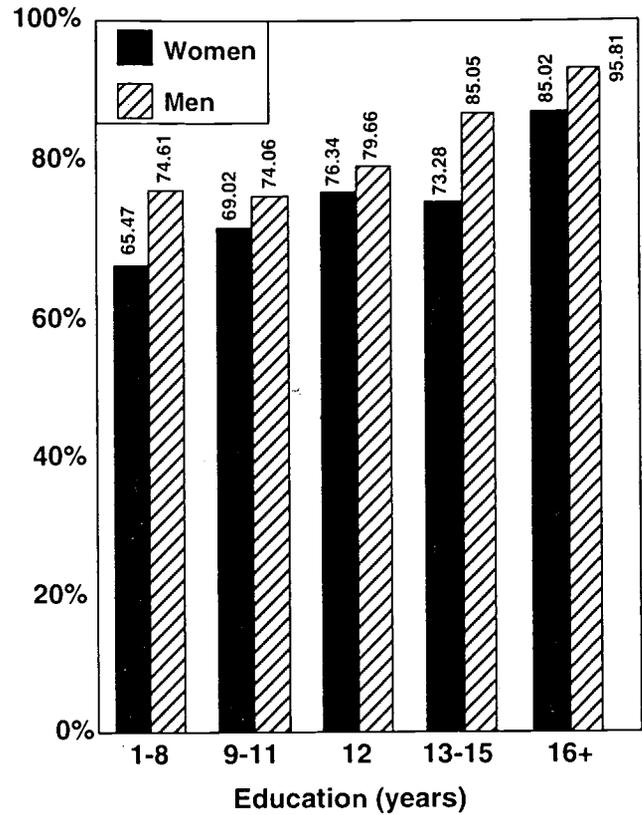


Figure 8: (Continued) Rates of Adequate Employment by Education in Major Industries in Nonmetro U.S. (from Findeis, 1994)

Source: Estimated from 1988 March Current Population Survey.

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