



Poverty in Rural Indiana

Introduction

Nearly 50 years ago, President Lyndon B. Johnson declared the War on Poverty. At that time, poverty was around 19 percent. Since then, many anti-poverty measures have been implemented, and, overall, poverty has been reduced. With economic downturns such as the financial / economic crisis of 2008, however, poverty has tended to increase. Moreover, poverty rates vary geographically, between states and between rural and urban areas.

Last year, the Department of Agriculture's Economic Research Service (ERS) published a report, *The Concentration of Poverty Is a Growing Rural Problem* (Farrigan and Parker 2012). Is that also true for rural Indiana? In this publication, we look at the prevalence of poverty in rural Indiana.

We begin with an explanation of how poverty is defined. Then we sketch a profile of poverty in rural Indiana before and after the economic crisis of 2008. At the end, we briefly discuss the role of community leaders in combating rural poverty.

Measuring Poverty

The general concept of poverty—the idea that a person or family is “poor”—is intuitively understood by most people. Nevertheless, perceptions of poverty depend on context: poverty in an African or Asian country is different than poverty in Europe or in North America.

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The Rural Indiana Issues Series

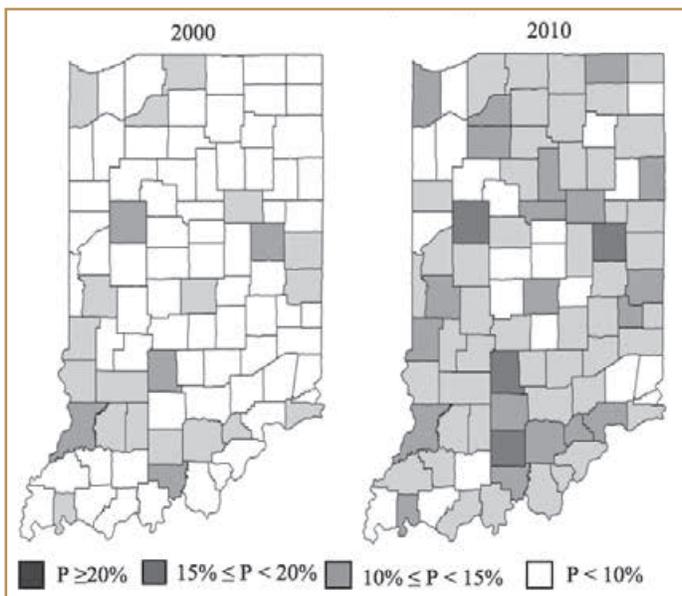
Audience: Local and state leaders who work with rural communities.

Purpose: To find data about issues of concern in rural communities and to interpret that data in meaningful ways to aid in decision-making.

Method: American Community Survey (ACS) and U.S. Census data analyzed across the county groupings—rural, rural/mixed, urban.

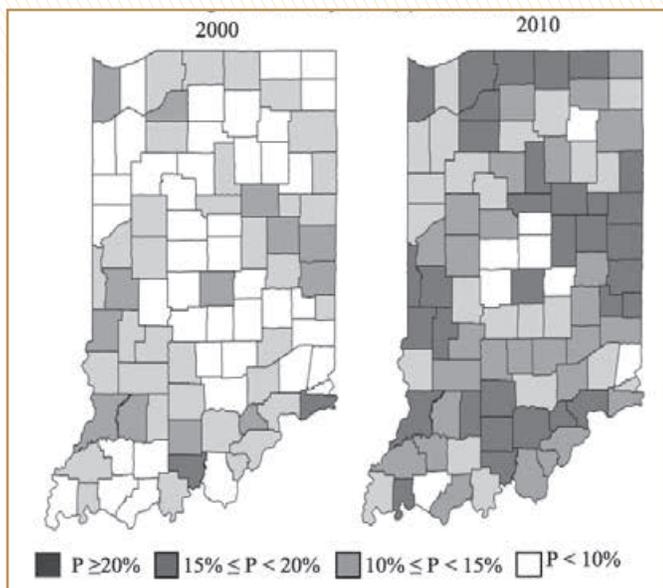
Potential Topics: Demographic changes, business development, health, health care, local government, taxes, education, agriculture, natural resources, leadership development, etc.

Outcome: Better, more informed decisions by rural decision-makers.



Source: U.S. Census Bureau

Figure 1. Overall Poverty Rate (P) in Indiana



Source: U.S. Census Bureau

Figure 2. Poverty Rate (P) in Indiana, children

In the U.S., poverty is measured using what are commonly referred to as “poverty thresholds.” Poverty thresholds are the amounts of annual income below which a person or family is classified as poor. They are used to design poverty guidelines that determine eligibility for government aid programs. For example, to be eligible to participate in the Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamp Program (FSP), a family must have a net income below the poverty threshold and a gross income below 130 percent of the poverty threshold.

Poverty thresholds vary by size of family and age of family members. They do not vary geographically; all 50 states have the same threshold. For example, in 2012, the poverty threshold for a two-person household without children under the age of 18 was \$15,374; the threshold for a two-person household with one child under the age of 18 was \$15,825 (U.S. Census Bureau 2013). The poverty rate is defined as the percentage of the population belonging to a family with income below the poverty threshold.

Every year, the U.S. Census Bureau provides detailed information on poverty rates throughout the United States. The data show that the U.S. poverty rate has increased since 2000, particularly after the recent recession. In 2000, the U.S. poverty rate was 11.3

percent, meaning that 11.3 percent of the US population, or 31.8 million people, were living in poverty. By 2010, the poverty rate had increased to 15.3 percent (46.2 million people), and in 2011, poverty increased even further to 15.9 percent—a total of 48.5 million people living in poverty (Bishaw 2012).

Poverty Characteristics and Trends in Rural Indiana

Indiana has followed the national trend of rising poverty. According to the U.S Bureau of the Census, the Indiana poverty rate has increased substantially from approximately 9.5 percent in 2000 (slightly more than 0.5 million people living below the poverty rate) to 15.3 percent (just under 1 million people) in 2010. Moreover, Bishaw (2012) identified Indiana as one of the 17 states that experienced a rise in both the number and percentage of people in poverty even after 2010: between 2010 and 2011, the percentage of people in poverty increased to 16 percent, or over 1 million people living in poverty.

Figures 1 (see pg. 1) and 2 illustrate this increase. In 2000, the vast majority of Indiana counties, 69 out of 92, had poverty rates below 10 percent. By 2010, only 21 counties had poverty rates below 10 percent; four counties (Delaware, Monroe, Tippecanoe, and Orange) far exceeded the state average, with more than 20 percent of residents living in poverty. One large driving factor in the high poverty rates in Delaware, Tippecanoe, and Monroe counties is the large number of college students living in these counties: they are home of Ball State, Purdue, and Indiana University, respectively.

Looking at poverty in rural Indiana, several trends emerge. (See Ayres, Waldorf, and McKendree 2012 for an explanation of the grouping of Indiana’s 92 counties into three categories: urban, rural/mixed/, and rural.) Most worrisome, in the first decade of the 21st century, poverty became more widespread in rural Indiana. The number of rural residents living in poverty increased by 44 percent from 74,300 in 2000 to 107,000 in 2010. The percentage living in poverty, that is the poverty rate, increased from 8.5 percent in 2000 to 12 percent in 2010. Thus, whereas poverty affected about one out of 12 rural residents in 2000, almost one out of eight rural residents lived in poverty by 2010.

Second, the rise of poverty in rural Indiana was less drastic than in Indiana’s urban areas (Table 1). In urban Indiana, the number of people living in poverty increased by 53 percent between 2000

Table 1. Poverty in Rural, Rural/Mixed, and Urban Indiana

Poverty Statistics	Rural		Rural/Mixed		Urban	
	2000	2010	2000	2010	2000	2010
Number	74,300	107,000	124,100	189,800	381,100	583,600
%	8.5%	12.0%	8.1%	12.0%	10.4%	14.5%
Highest	Crawford, 17%	Orange, 20%	Knox, 16%	Fayette, 19%	Monroe, 19%	Monroe, 26%
Lowest	Whitley, 5%	Tipton, 7%	Hancock, 3%	Warrick, 6%	Hamilton, 3%	Hamilton, 5%

Source: U.S. Census Bureau

Table 2. Child and Elderly Poverty in Rural, Rural/Mixed, and Urban Indiana

Poverty Statistics	Rural		Rural/Mixed		Urban	
	2000	2010	2000	2010	2000	2010
Child Poverty						
Number	24,000	36,300	40,900	65,100	120,00	195,200
%	11%	17%	10%	17%	11%	18%
Highest	Crawford, 25%	Orange, 29%	Knox, Davies, 20%	Adams, 26%	Lake, 18%	Vigo, 27%
Lowest	Tipton, 5%	Whitley, 7%	Hancock, 3%	Warrick, 6%	Hamilton, 3%	Hamilton, 6%
Elderly Poverty						
Number	10,700	11,600	15,600	17,400	31,500	35,200
%	9%	9%	8%	8%	7%	7%
Highest	Crawford, 16%	LaGrange, 17%	Knox, 12%	Scott, 14%	Vigo, 10%	Vigo, 10%
Lowest	Jasper, 5%	Wells, 4%	Boone, 5%	Howard, 4%	Hamilton, 4%	Hamilton, 4%
Source: U.S. Census Bureau						

and 2010. The poverty rate rose from 10.4 percent in 2000 to 14.5 percent in 2010. The rural-mixed area took on an in-between position: the increase in the number of people living in poverty was as high as in urban Indiana; but the rise in poverty rates resembled that of rural Indiana (from 8.1 percent in 2000 to 12 percent in 2010).

Third, the face of poverty has changed, with children now making up more than a third of the poor in rural Indiana. In fact, the burden of the rise in rural poverty was heavily shouldered by children, the most vulnerable segment of the population. The percent of rural children living below the poverty threshold rose more than that for the rural population overall. While in 2000, about 11 percent of rural children grew up in poverty, by 2010 the percentage had increased substantially to 17 percent. We find similar child poverty trends in Indiana's rural-mixed and urban areas (Table 2). However, within each area, there are huge inequalities among counties. In Orange County, for example, child poverty reached almost 30 percent in 2010, while child poverty in the more affluent Whitley County was only seven percent (Table 2). Pockets of concentrated poverty such as in Orange County are particularly worrisome since it is not just poor children who are less likely to succeed academically but also non-poor children living in an environment with high poverty (Farrigan and Parker 2012).

Finally, the elderly (age 65 and older) form another vulnerable group deserving attention. In general, poverty among older people is less prevalent than among the population at large (Lim and Waldorf 2011) and that is also true for rural Indiana. Moreover, since an important income source of the elderly—social security income—is unaffected by economic recessions, elderly poverty rates in rural Indiana remained almost unchanged at around nine percent. Note that poverty among the elderly in Indiana's rural-mixed and urban areas is slightly lower at eight and seven percent, respectively. This suggests that the elderly living in rural areas are at a higher risk of poverty than the elderly living in urban areas.

What Does This Mean for Rural Indiana?

Poverty in rural Indiana is rising. But the rise is not as severe as in urban Indiana, and, in disagreement with Farrigan and Parker (2011), concentrated poverty is still more an urban than a rural problem. Nevertheless, the increasing rural poverty has a potentially detrimental impact on the long-term well-being and viability of rural communities. Clearly, living in poverty can have far-reaching consequences for all individuals and especially for vulnerable groups such as children and the elderly.

But being poor and living in a rural area may exacerbate the consequences. The reason is that living in rural areas can severely limit access to the very programs that are intended to help those in need. These limitations include poor access to transportation and broadband services, long distances to support nodes such as food distribution centers, government and non-government agencies, and fewer job opportunities. For the rural elderly living in poverty, poor transportation and long distances may even be insurmountable barriers cutting off government and non-government support. But even in less extreme cases, the rural setting can restrict economic and social opportunities and, as a result, escaping poverty can be more challenging in rural areas.

Rural communities are thus at risk of longer-lasting or persistent poverty and slow recovery. To create an environment where individuals can escape poverty and where families and businesses can thrive, community leaders in rural areas must look for ways to reduce or compensate for the above-mentioned limitations. These may include broad initiatives emphasizing education and job creation, but also hands-on, very specific initiatives that help people meet basic needs. A few examples are organizing local job fairs, reaching out to Indiana food banks, or starting information campaigns about nutrition assistance programs such as SNAP, the Elderly Nutrition Program (ENP), the Senior Farmers' Market Nutrition Program (SFMNP), and the many food assistance programs specifically geared towards children in poverty.

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August 2013

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