National Advisory Committee
On Rural Health and Human Services

Child Poverty in Rural America
Policy Brief December 2015

Editorial Note: *During its fall 2015 meeting in Mahnomen, Minnesota, the National Advisory Committee on Rural Health and Human Services discussed the unique needs, challenges and experiences of rural children and families living in poverty. The Committee visited Mahnomen County, whose borders fall entirely within the White Earth Reservation, a tribal nation in Northern Minnesota. During its site visit the Committee heard from residents, service providers, and stakeholders about the challenges children face living in poverty. This brief is informed by those experiences, and conversations providing insight to inform better policy making for families.*

RECOMMENDATIONS

1. *The Committee recommends that the Secretary create a position within the Department of Health and Human Services to coordinate the integration of regional health and human service systems for rural communities. (Pg. 7)*

2. *The Committee recommends that the Department of Health and Human Services commission a study to identify areas for revised safety net program eligibility that allow for the gradual growth in income and assets for families receiving assistance. (Pg. 8)*

3. *The Committee recommends that the Secretary integrate family asset building policies across appropriate health and human service delivery programs through technical assistance for local coordination between community health clinics, community action agencies and other family support organizations. (Pg. 9)*

4. *The Committee recommends that the Secretary encourage the creation of flexible grant funding streams to encourage linkages between health systems, community health needs assessments and rural community development efforts. (Pg. 10)*

INTRODUCTION

Although child poverty evokes an urban image, more than one-fourth of children in rural areas were poor in 2013, compared to about one-fifth of urban children.[1] Unique structural challenges

[1] U.S. Department of Agriculture, Economic Research Service. "Child Poverty." *Rural Poverty and Wellbeing.* Last updated on July 10, 2015. Accessed on August 14, 2015 at http://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/child-poverty.aspx.

distinguish rural families living in poverty from the urban and suburban poor such as employment concentrated in low wage industries, lower education levels, and lack of support services such as flexible and adequate supply of child care, and transportation services.[2]

Rural child poverty is an issue that has gained widespread attention. The Obama Administration, through the work of the White House Rural Council, has elevated the importance of coordinating federal efforts to address child poverty. The Rural Integration Models for Parents and Children to Thrive (Rural IMPACT) demonstration project aims to reduce rural child poverty and promote family stability by drawing on the work of several federal agencies in coordination with state and local intermediaries to wrap services around whole families.

In previous years, the Committee has examined various topics related to rural poverty: from the gaps in life expectancy, to the strain of homelessness and intimate partner violence, to the need of better integrated health and human services. This committee has proposed a series of recommendations designed to improve the lives of those living in rural America.[3]

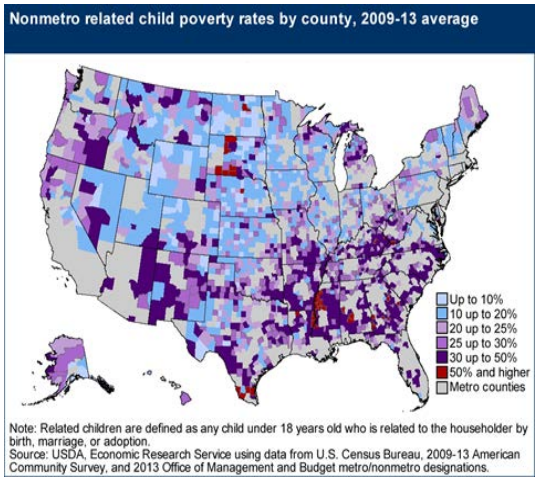
During its site visit, the committee toured the White Earth Reservation, a Rural IMPACT demonstration site. The reservation has more children living in poverty -35%-than any other county in Minnesota. The median income for families in Mahnomen is $37,754, which is well under the national average of $51,939. Despite health and economic challenges, the White Earth Nation is eager to work with state and local partners, in addition to support from the Federal government, to improve the status of children and promote stability for families.

The Committee believes that policy efforts to alleviate poverty in rural areas should (1) recognize and understand the role of place in the production of human development and service delivery for children and families, (2) develop quality multi-generational approaches to the design of human service delivery programs, (3) emphasize the significance of increasing community health and wealth building opportunities to create capacity for stable rural communities.

BACKGROUND

RURAL CHILD POVERTY

Today 6.3 million Americans, including 1.5 million children live in poverty. At the county level, there are 48 counties with child poverty rates of 50 percent or higher, 42 of which are non-metro countries heavily clustered within the South.[4] The majority of high poverty counties are concentrated in the Southeastern United States, the lower Mississippi Delta, Texas, and



[2] Weber, Bruce A. "Rural Poverty: Why Should States Care and What Can State Policy Do?" *Journal of Regional Analysis and Policy* 37.1 (2007): 48-52. Accessed on December 14, 2015 at http://ageconsearch.umn.edu/bitstream/132980/2/07-1-13.pdf

[3] See NAC Compendium of Recommendations, Arranged by Year. Accessed on December 14, 2015 at http://www.hrsa.gov/advisorycommittees/rural/publications/recommendationsbyyear.html

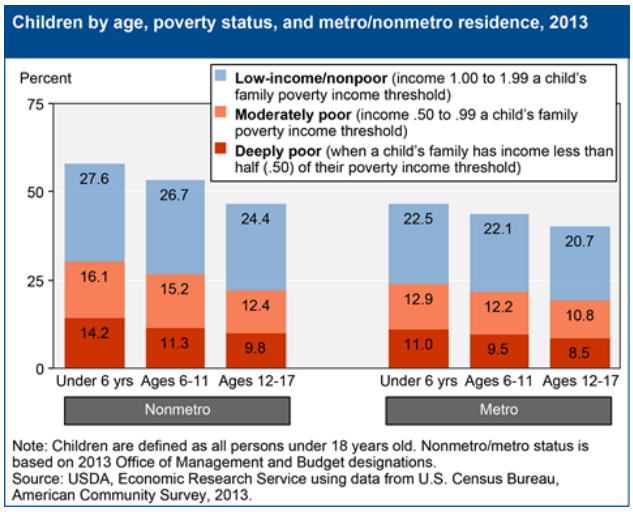
[4] High child poverty rate is a child poverty rate in excess of 30 percent

Central Appalachia, tribal lands of the Southwest, and northern Great Plains, in addition to northern California, southern Oregon, western Montana, upper Midwest also fall into this category.

The majority of non-metro poor black or African American children lived in the South, where non-metro and metro child poverty rates are historically the highest. Overall, more than half (51.8 percent) of non-metro black children were poor in 2013, compared with one-fifth (22.1 percent) of all non-metro white children. American Indian and Alaska Native children had the second highest poverty rate among non-metro children (44.1 percent). More than one-third (36.0 percent) of non- metro Hispanic children were poor in 2013, where their poverty is concentrated in the South and West. The poverty of white non-Hispanic non-metro children is spread across pockets of Appalachia.

Age and Depth of Poverty

In July 2015, the Department of Agriculture Economic Research Service reported that at 30.3 percent, non-metro areas not only had higher poverty rate among young children, (below six years old) than did metro areas (at 23.9 percent in 2013), but non-metro child poverty was also disproportionately deep. The deep poverty rate (when a child's family has income less than half of their poverty income threshold) for non-metro children under 6 was 14.2 percent in 2013, compared to 11 percent for metro young children. The implications for children growing up in deep poverty are concerning because it signifies that families are struggling with economic problems that are likely to persist from childhood into adulthood.



Persistent poverty tends to be a rural phenomenon that is tied to physical isolation, exploitation of resources, limited assets and economic opportunities, and an overall lack of human and social capital. The compounding effect of persistent poverty among children is known to lead to negative outcomes and limited opportunities into adulthood.[5]

Child Poverty and Intergenerational Mobility

In light of the most recent recession, the opportunity landscape for children and families has changed. Family income is a key driver of economic mobility, the opportunity to move up the income distribution and out of poverty during one's lifetime. Research shows that if you're born poor, there is a greater likelihood that you will stay poor.[6] This is attributable to the lasting

[5] U.S. Department of Agriculture, Economic Research Service. (Updated July 10, 2015). "Child Poverty." *Rural Poverty and Wellbeing.*

[6] Wagmiller, Robert Lee, and Robert M. Adelman. *Childhood and Intergenerational Poverty: The Long-Term Consequences of Growing up Poor*. New York: National Center for Children in Poverty, November 2009. Accessed on September 20, 2015 at http://www.nccp.org/publications/pub_909.html.

negative effects that social and economic deprivation during childhood and adolescence can have as children transition to adulthood.[7]

Recent studies indicate that there are limitations to mobility in the United States. Raj Chetty and a team of researchers at the *Equality of Opportunity Project* describe the U.S. as a collection of societies, some of which are "lands of opportunity" with high rates of mobility across generations, and others in which few children escape poverty.[8,9] Researchers used income data to calculate two measures of intergenerational mobility. The first, relative mobility, measures the difference in expected economic outcomes between children from high income and low-income families. The second, absolute upward mobility, measures the expected economic outcomes of children born to a family earning an income of approximately $30,000 (the 25th percentile of the income distribution). The findings of the study suggest a strong correlation between geographical locations and five primary factors related to mobility: segregation, income inequality, local school quality, social capital and family structure.

While it is true by absolute measures, the vast majority of Americans have higher family incomes then their parents did across all levels of the income distribution, the extent of that increase is not always enough to move an individual out of poverty.[10] Studies focusing on the intergenerational transmission of poverty find that while individuals can move out of poverty, they aren't necessarily better off, and in many cases likely to move into the ranks of the slightly less poor. [11]

Child Poverty and Health

Children living in rural communities are more likely than their non-rural peers to experience health problems associated with their physical environment, socioeconomic status, their families' health behaviors, and their access to quality clinical care.[12] The National Survey of Children's Health (NSCH), a survey designed to measure the health and wellbeing of children from birth to 17, found that while urban and rural children were equally likely to have health insurance that is adequate to meet their needs, rural children still face specific health risks.

For example, children living in rural areas were also more likely than urban children to be overweight or obese. More than one-third of children aged 10–17 in both large and small rural areas met the criteria for overweight or obesity (having a body mass index at or above the 85th percentile for their age and sex), compared to 30.1 percent of urban children. In addition, children in rural areas were more likely than urban children to live with someone who smokes;

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[7] Duncan, Greg J., and Jeanne Brooks-Gunn. *Consequences of Growing up Poor*. New York: Russell Sage Foundation, 1997.

[8] Chetty, Raj, et al. *Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States.* NBER Working Paper No. 19843. January 2014.

[9] Chetty, Raj, et al. *Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility.* NBER Working Paper No. 19844. January 2014.

[10] Isaacs, Julia B., Isabel V. Sawhill, and Ron Haskins. *Getting Ahead or Losing Ground: Economic Mobility in America*. Washington, DC: Brookings Institution Press, 2008.

[11] Rodgers, Joan R. "An Empirical Study of Intergenerational Transmission of Poverty in the United States." *Social Science Quarterly* 76.1 (March 1995): 178-94.

[12] Singh, G. K., and M. Siahpush. "Widening Rural-Urban Disparities in Life Expectancy, U.S., 1969-2009." *Am J Prev Med* 46.2 (2014): e19-29.

one-third of children in large and small rural areas lived with a smoker, compared to 22.2 percent of urban children.

Children in rural areas were also found to experience greater risks to their educational and social well-being. For example, children in rural areas were more likely to repeat a grade in school; 14.0 percent of school-aged children in small rural areas and 12.1 percent of those in large rural areas have repeated a grade, compared to 8.2 percent of urban children. Rural children were also less likely than their urban peers to participate in organized activities outside of school and to read for pleasure on a typical day.

ASPE REPORT

The U.S. Department of Health and Human Services (HHS) has posted a report on policies and programs implemented to address health disparities of rural children living in poverty. Examining community and state-level interventions in place to address pre- and postnatal care, obesity, behavioral health, oral health and respiratory health for the 12.9 million children that live in America's rural communities, the report supports the Rural IMPACT effort initiated by the White House Rural Council earlier this year and "is intended to help HHS and other agencies understand these disparities and make informed decisions about future programs and investments."

Adverse Experiences and Historical Trauma

The role of adverse experiences and trauma should also factor into how policy makers address poverty, and consider the historical role trauma has played within communities throughout generations.

- Childhood trauma is far more common than previously realized;
- The impact of this trauma affects individuals over a lifetime and societies over generations.

One of the strongest bodies of evidence for the far-reaching and long-term effects of social determinants of health is the Adverse Childhood Experiences Study (ACEs) conducted by the Centers for Disease Control and Prevention (CDC) and Kaiser Permanente. With over 17,000 participants initially examined from 1995 to 1997, researchers have continually been able to link childhood life factors to poor health outcomes and early death in adulthood.

Researchers compared scores to measures of adult health and well-being, and found strong links with poor health, social challenges and low earning power. If children experience trauma, this undermines their ability to learn and cope, which in turn undermines their health and ability to earn a living. Stress from trauma shows up at the cellular level, follow-up studies found, and its influence can be passed on genetically from one generation to the next.

The major finding of the study was that ACEs such as childhood abuse, neglect, and exposure to other traumatic stressors are common; with almost two-thirds of study participants reporting at

least one ACE, and more than one of five reported three or more ACE. The short- and long-term outcomes of these childhood exposures include a multitude of health and social problems.
The role of adverse experiences and trauma should also factor into how policy makers address poverty, and consider the historical role trauma has played within communities throughout generations.

DEPARTMENT OF HEALTH AND HUMAN SERVICES RURAL CHILD POVERTY PRIORITIES

The Department of Health and Human Services (HHS), in collaboration with a number of federal departments-brought together by the White House Rural Council launched a new initiative, *Rural Integration Models for Parents and Children to Thrive* (Rural IMPACT). This demonstration project provides intensive technical assistance to help rural communities design wraparound service systems. Rural IMPACT applies a *two-generation approach* to service delivery by addressing the programmatic needs of both parents and children by promoting job training and workforce development for adults, and access to early child education services children, and mental health and healthy living services for families.

Rural IMPACT also seeks to facilitate a systemic change in how federal resources across varying agencies and departments can better address whole families through the physical colocation of services, establishing universal "no wrong door" intake referral networks, and building shared measurement systems to achieve greater service delivery outcomes.

HHS has also made progress in tailoring programs to meet the needs of rural families through programs like the Maternal and Child Health Bureau's home visiting program, and to the new Child Poverty Telehealth grant program supported by the Federal Office of Rural Health Policy. These programs enhance traditional human service programs that are administered by the Administration for Children and Families such as Early Head Start, Head Start, and Temporary Assistance for Needy Families (TANF), and the Assets for Independence Program.

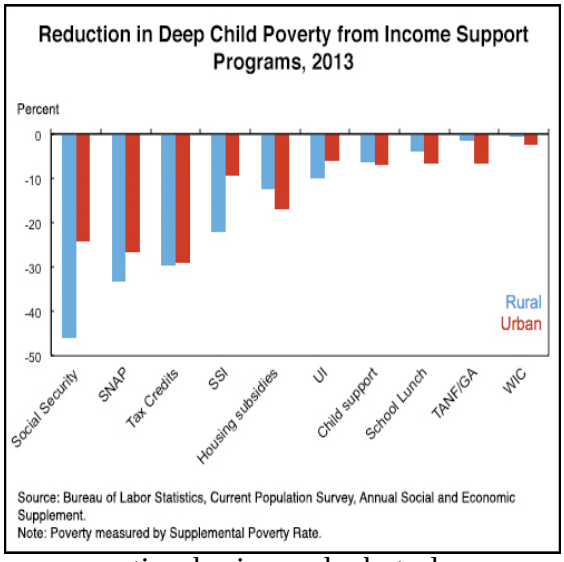
For many rural families, poverty is the absence of stability. It is an inability to save, move forward or get ahead. Poverty is often a feeling of being stuck in place.

DISCUSSION

Discussions on poverty must also focus on well-being and that means bringing the policy conversation directly into the places where families live.

A family's zip code is the new proxy for opportunity and predictor of health status in communities across the country. Where one lives determines access to resources to move up the mobility ladder, such as good schools, livable wage jobs, and reliable transportation. It also determines the degree and level of access to healthy living conditions.

Census data demonstrates that safety net programs like the Supplemental Nutrition Assistance Program (SNAP), the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) reduce poverty in rural areas to a greater degree than urban areas. Data shows that the EITC and CTC reduced child poverty by 7.1 percentage points in 2014, while SNAP reduced child poverty by 2.8 percentage points.



While it is good news that federal safety net programs can reduce child poverty in rural areas, it's also important to recognize that safety net programs represent a floor: the minimum for families to get by.

As gaps in income and life expectancy between rural and urban areas increase, it becomes important to not only focus on meeting basic needs, but also creating a supportive federal policy framework that enables rural families to thrive. Addressing the challenges faced by rural children living in poverty does not rest solely with HHS. The committee recognizes that other federal programs play a key role, as noted above. Similarly, States, Tribal nations and philanthropic efforts can also be important players in addressing this issue. Nevertheless, the Committee believes there are specific steps HHS can take to enhance its efforts and offers the following recommendations.

Promoting Institutional Capacity Building for the Integration of Health and Human Services through Two-Generation Design and Service Delivery in Rural Communities

Recommendation 1: The Committee recommends that the Secretary create a liaison position within the Department of Health and Human Services to support efforts to streamline and integrate public benefit application systems to improve program reach to families in need.

Rising poverty and unemployment rates, coupled with unique factors inherent in rural life, have created an unprecedented need for human services. Public benefit programs intended to support families often operate in isolation serving the needs of parents, and the needs of children individually instead of considering the needs of whole families. Benefit programs applications usually require parents to visit different offices in different locations to sign up for food, housing, childcare and other living supports. Often times the same information is provided to different programs. This process is duplicative and is a barrier keeping families from signing up for additional services.

According to a recent study by the Urban Institute more than one-third of all children were eligible for both Supplemental Nutrition Assistance Program (SNAP) and Medicaid/Children's Health Insurance Program (CHIP) benefits in 2011, the most recent year of data available. Far fewer adults were jointly eligible.[13] Reasons for the difference include children's high poverty

[13] Wheaton, Laura, et al. *Joint Snap and Medicaid/Chip Program Eligibility and Participation in 2011*. Washington, DC: Urban Institute, September 2014.

rates and state eligibility policies. However, joint participation rates (the percent of eligibles receiving benefits) suggest that many eligibles were not participating. In four out of five of states with available data, less than three-quarters of those jointly eligible (adults and children) were receiving both benefits.

COMMUNITY SPOTLIGHT: WHITE EARTH NATION'S WECARE SERVICE DELIVERY SYSTEM

Building relationships with families and service providers is important, especially in rural communities. The White Earth Nation has recently implemented a new case management system called WECARE, where programs work together, providing holistic services which wrap around the entire family. Rather than having families go to 10 different places for services, the WECARE case management system reduces duplication and meets families where they are.

Efforts to streamline and integrate benefit application systems have the potential to improve both access and program reach to families in need.

Addressing Cliff Effects to Promote Family Stability

During the meeting, the Committee heard from Jim Koppel, the Assistant Commissioner for Children and Family Services for the Minnesota Department of Human Services, who believes extending program eligibility is a key strategy in promoting family stability.

Recommendation 2: The Committee recommends that the Department of Health and Human Services commission a study to identify areas for revised safety net program eligibility that doesn't penalize families for the gradual growth in income and assets for families receiving assistance

One of the greatest barriers to self-sufficiency and economic independence for low-income families is the benefit cliff. A benefit cliff is reached when rising household wages and government supports come into conflict. As family income increases, government supports are withdrawn leading to an overall decline in household resources – a cliff effect.

While Government subsidies can help close the gap between a family's need and earnings, many families do not receive assistance due to lack of funding or long waiting lists. Even when families receive assistance, they are often cut off before they are able to independently meet their needs because supports are contingent upon means-tested eligibility guidelines based on incomes that are too low to be family supporting.[14] The end result for families living at or near the poverty line is a constant feeling of moving two-steps forward and one step back.

In recognition of these cliff effects, and the burdens they place on families, in 2014 President Obama signed the reauthorization the Child Care Development Block Grant (CCDBG). This reauthorizes the child care program for the first time since 1996 and represents an historic re-envisioning of the Child Care and Development Fund (CCDF) program. The new law makes

[14] Prenovost, Mary A., and Deborah C. Youngblood. "Traps, Pitfalls and Unexpected Cliffs on the Path out of Poverty." *Poverty & Public Policy* 2.2 (2010): 53-82.

significant advancements by defining health and safety requirements for child care providers, outlining family-friendly eligibility policies, and ensuring parents and the general public have transparent information about the child care choices available to them.

Under the law, States may not terminate CCDF assistance during the 12-month period if a family has an increase in income that exceeds the State's income eligibility threshold. In addition, States may not terminate assistance prior to the end of the 12 month period if a family experiences a temporary job loss or temporary change in participation in a training or education activity.

Reforming Asset Tests to Streamline Service Delivery for Families

Eligibility requirements for safety-net programs like the Supplementary Nutrition Assistance Program (SNAP), Temporary Relief for Needy Families (TANF) and Medicaid limit eligibility to those with little or no assets. These asset limits force low-income families to "spend down" personal reserves in order to qualify for government assistance**. The Committee believes that individual program asset limits are inconsistent with the overall goal of family stability.** Inconsistencies in the treatment of asset limits also mean confusion as service providers and families navigate a complex patchwork of rules and regulations.

Several states have taken the lead and are revisiting asset test requirements and have found grounds for their elimination. The Colorado Department of Health and Human Services forecasted that by eliminating the TANF asset test in their state, they could save up to 90 minutes per new TANF case in the first 45 days; in Oklahoma, one of the first states to eliminate the Medicaid asset test limit, benefitted from over $1 million in administrative savings and saw the time required for its average eligibility determination to drop from 45 days to 5 days.[15]

To date seven states have eliminated the TANF asset tests, twenty four states eliminated the Medicaid asset test, and thirty six states have eliminated the SNAP asset tests.

Promoting Asset attainment for Rural Families

Recommendation 3: The Committee recommends that the Secretary integrate family asset building policies across appropriate health and human service delivery programs through technical assistance for coordination between community health clinics, community action agencies and other local family support organizations.

Financial hardship and poverty are closely entwined with health outcomes, exacerbating health risks while multiplying barriers to medical care. A family's financial capacity plays an important role in determining diet, exercise routines, and health habits. Nationally, 44% percent of American households are asset poor. That proportion rises to 52% for families with children.[16] This means that a four-person household maintains less than three months' worth of savings, or

[15] Greer, Jeremie, and Ezra Levin. Lifting Asset Limits Helps Families Save. Washington, DC: Corporation for Enterprise Development (CFED), February 2014.. Accessed on October 15, 2015 at http://cfed.org/policy/policy_issues/asset_limits/

[16] Aratani , Yumiko, and Michelle Chau. Asset Poverty and Debt among Families with Children. New York: National Center for Children in Poverty, February 2010. Accessed on October 15, 2015 at http://www.nccp.org/publications/pdf/text_918.pdf

$5,887, at any given time. Often times families face emergencies like car trouble or a medical bill, they have to borrow to cover the expense.[17] This can mean long lasting consequences for rural families.

The Committee believes it is important to note that income is a flow of money that is prone to disruption – like the income from a job that is lost when a business closes or a rural hospital shuts down leaving families and entire communities on edge. Assets however, are enduring stocks of value that create a stable flow of income over the long term**. Assets create stability allowing families to plan for the future,** to make choices like pursuing an education, purchasing a home, or starting a business. Assets increase social status and connectedness, while also enhancing quality of life for children. Research shows that even small amounts of assets make a vital contribution to the wellbeing of kids and their families.[18]

Promoting Health and Community Wealth Building for Rural Places

Recommendation 4: The Committee recommends that the Secretary encourage the creation of flexible grant funding streams to encourage linkages between health systems economic impact, community health needs assessments and rural community development efforts.

Economic development traditionally focuses emphasizes attracting industry to a community, whereas community wealth building is about using under-utilized local assets to make a community more vibrant. Building community wealth in rural areas is about developing assets in such a way that the wealth stays rooted in local economies with the aim of helping families and communities control their economic destiny.

The field of community development includes a broad range of models and innovations that have been steadily growing over the past 30 years: organizations like cooperatives, employee-owned companies, community land trusts, and small family businesses. Two powerful entities that drive development are anchor institutions like hospitals and universities. They are often the largest employers, purchasers of goods and providers of community services. Studies show that poverty is a driver of poor health, and with an estimated $500 billion in purchasing power, these institutions are ripe for collaboration with rural communities.[19]

Section 9007 of the Affordable Care Act requires every nonprofit hospital to complete a Community Health Needs Assessment every three years to engage the local community in recognizing its general health problems and explain how the hospital intends to address them. This means that nonprofit hospitals are no longer permitted to treat only those within their walls. They must now reach out to the community, especially its underserved populations.

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[17] Brooks, Jennifer, et al. Findings from the 2015 Assets & Opportunity Scorecard. Washington, DC: Corporation for Enterprise Development (CFED), January 2015. Date Accessed on September 25, 2015 at http://assetsandopportunity.org/scorecard/about/main_findings/

[18] Sherraden, Michael. "Building Assets to Fight Poverty." Shelterforce.110 (March/April 2000). Accessed on December 1, 2015 at http://www.shelterforce.com/online/issues/110/sherraden.html

[19] Zuckerman, David. Hospitals Building Healthier Communities: Embracing the Anchor Mission. Takoma Park, MD: The Democracy Collaborative at the University of Maryland, March 2013. Accessed on December 21, 2015 at http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/Zuckerman-HBHC-2013.pdf

In addition to hospitals, many local health departments also engage in similar community health needs assessments and there may be opportunities to link these efforts and broaden the discussion on combined efforts to address the social determinants of health.

Linkages between the health sector and the economic stability of communities are strong. Robust communities help support and sustain families by offering quality health services, creating good education systems, vibrant community activities, and strong commerce for local businesses. Engaging health systems with the broader goals of rural community development might be one avenue to strengthen rural economies, and support families for the long term.

CONCLUSION

A vast literature and years of antipoverty efforts have revealed two things: (1) community interventions achieve their greatest success when they are connected to policy and (2) policy solutions are most effective when they are drawing from what is working within communities. During its visit, the committee saw firsthand the various challenges faced by members of the White Earth Nation, but also saw a community that is embracing collaboration and integration to improve service delivery for at-risk youth and families. During a meeting at the tribal headquarters, the evidence of that partnership was clearly evident to the Committee given the breadth of partners engaged in enhancing service delivery for children and families living in poverty.

This is no small challenge for a nation of 4,029 members spread over 1,300 square miles and three counties. The Nation is the provider of Head Start services locally and also was able to use funding from the Administration's Race-to-the-Top initiative to develop a parent-mentor program. For those services not run by White Earth, the Committee saw how the tribe uses collaboration with partners like the Community Action Agencies and the Minnesota Department of Health as well as the Annie E. Casey Foundation to tap into additional funding to support early childhood services and support for families.

With this foundation, it is no surprise that White Earth was the only tribe selected to participate in the Rural IMPACT demonstration project.

In acknowledging the experiences of rural children and their families who live in poverty, it's important that HHS build a policy framework that supports families to not only meet basic needs but also allow families to get ahead.