RESIDENTS IN ECONOMICALLY GAINING AND DECLINING RURAL COMMUNITIES AND THEIR PERCEPTION OF CHANGES IN COMMUNITY AND IMPACT ON HOUSEHOLD'S FINANCIAL SITUATION

Tahira K. Hira, Iowa State University

Of the total eight states involved in NC-182 Family Economic Well-Being Project, six contributed to this presentation. These included Arizona, California, Iowa, Illinois, Michigan, and Minnesota. In each state, data were collected through mail survey conducted in two rural counties, one economically inclining and the other declining. In each state, approximately 300 households responded to the survey. This workshop focused on responses provided by the money managers only in the household.

Slightly over fifty percent of the respondents in all states were females, in Illinois the majority were females (60%). Most of the respondents were married, and had been married for over 20 years. The average household size was 2.5. A large majority of the respondents in each state were white, over 90 percent in midwestern states, and over 70 percent in Arizona and California. Most of the respondents had high school education and well over half in every state were employed or self employed.

Average household income varied from $27,000 in California to $16,000 in Illinois. Majority of the respondents in each state indicated their current income was adequate. However, 20 to 25 percent of the respondents indicated their current income was not adequate for their needs. Majority of the households in each state received their income at the same time each year and the amount of income received each year was also same. For approximately two-thirds of the respondents, wages were the main source of income. Respondents in the survey felt they were financially better off as compared to five years ago.

Descriptive statistics on selected socioeconomic characteristics and attitudes regarding income adequacy do not differ greatly between two counties in a state or among states. Recognizing the fact that this is a preliminary look at the data, it may be concluded that rural residents in the region are a homogeneous group.

The other aspect of resident profile provided information on various financial problems faced by households. Generally speaking residents of both declining and inclining counties did not have problems meeting expenses related to housing, utilities, transportation. However, a small proportion (20%) "seldom" or "occasionally" did not have enough money to pay for clothes or shoes, and to purchase adequate insurance coverage (health and other type of insurance). Two areas in which larger proportion of respondents reported having problems "more often" were not able to save and not enough money for health care needs. Approximately one-fourth of the respondents in each state indicated having these two problems. The responses to this part of the survey did not vary greatly between counties or among states as was expected.

A large majority in every state (80% or more) reported cost of health care had increased and also felt that their financial situation was effected negatively by the increase. Between one-third and one-fourth of the respondents indicated that cost of borrowing had increased and it was difficult to borrow for business and personal reasons.

Larger proportions of respondents in Arizona and California than respondents from midwestern states reported that employment conditions had worsened, number of people moving in and seeking welfare had increased, whereas availability of educational and community services had decreased. Between 10 to 15 percent of the respondents in all states indicated that there was a decrease in farm support programs, but majority reported it did not effect their households. Generally speaking, majority of the respondents did not know what kind of changes had occurred in their communities, and majority also did not think that their household's financial condition had been effected by changes in the community. In most cases differences between counties within a state were not very pronounced.

Satisfaction level of financial managers did not differ based on the economy of the county or the state in which they resided. Most were satisfied with neighborhood, community, housing, amount of material things they owned and the way they lived. Generally speaking fewer respondents were satisfied with control over their finances than with control over their lives. Areas in which larger proportion of money managers were dissatisfied were related to household finances. These areas included family income, net worth, amount of current debt, resources available for financial emergencies and ability to save. The largest proportion of dissatisfied respondents in each state were in the last two areas.

These results should be helpful to Cooperative Extension and other educators in family resource management area. Programs should focus on areas such as saving for emergencies, handling expenses for medical care, health insurance and debt management. Professionals working in this area may emphasize on helping people in learning how to gain more control over their finances. Rural development specialist would find the perceptions concerning negative change in communities and their effect on households useful in targeting areas for improvement in rural communities.

[1] Professor in Department of Family Environment