

Funding Is Less in Rural Than in Urban Areas, but Varies by Region and Type of County

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Rural (nonmetro) areas received \$5,306, per capita, in Federal receipts in fiscal year 1999 (table 1). This was about \$300 less than in urban (metro) areas, representing a 5.6-percent gap. Most of the nonmetro funding gap is explained by significantly lower nonmetro receipts from defense and space programs and from programs corresponding to national functions such as criminal justice, law enforcement, and research. However, nonmetro areas also received significantly less Federal funding from community resource programs, which include housing, infrastructure, and business assistance programs that are viewed as important for stimulating rural development. Nonmetro funding was higher in totally rural areas than in other rural areas, and highest in farming-dependent areas (\$6,688). This reflects the unusually high level of farm payments in recent years. In contrast, nonmetro Federal funding was lowest in manufacturing-dependent areas (\$4,626), and in commuting areas (\$4,600).

Nonmetro Federal funding levels were highest in the South, at \$5,453, and lowest in the Northeast, at \$5,040 (table 2). The metro-nonmetro funding gap also varied by region, ranging from 15 percent in the South, to 11 percent in the Northeast, to 1 percent in the West. In the Midwest, nonmetro funding actually exceeded per capita metro funding by 8 percent. This was due in large part to the high Federal receipts in the Midwest's Great Plains area (fig. 1), and was associated with significant farm payments to the region.

Each year, the Bureau of the Census provides data on the geographic distribution of Federal funding through its Consolidated Federal Funds Reports. Focusing on the 90 percent of funding that can most accurately be followed to the county level, we present here the amounts received by metro and nonmetro areas, broken down by major program function, including subtotals for ERS county types and Census regions (see box p. 53, for definitions used in tables). The funding amounts are expressed in per capita terms so that meaningful comparisons can be made between more and less populated areas.

Most rural (and urban) Federal funds come from income security programs, such as Social Security, Medicare, and Medicaid, which provide significant amounts of transfer payments directly to individuals or to service providers. These programs are allocated largely based on demographic and socioeconomic characteristics. This explains why transfer-dependent counties and persistent poverty counties receive high levels of Federal funds. This also explains why the nonmetro South, which has the largest concentration of low-income residents, received more in total Federal funds, per capita, than nonmetro areas in other regions.

However, the South was outpaced by other regions when it came to nonmetro receipts from other Federal program functions. Nonmetro areas in the Northeast ranked first in defense and space funding; the nonmetro West ranked first in funding from other national functions and from human resources and community resources programs; and the nonmetro Midwest ranked first in agricultural and natural resource payments. [RA](#)

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Table 1

Per capita Federal funds by function and type of nonmetro county, fiscal year 1999

County type	All Federal funds	Agriculture and natural resources	Community resources	Defense and space	Human resources	Income security	National functions
<i>Dollars per person</i>							
United States	5,542	111	595	671	106	3,277	782
Metro	5,601	35	632	762	102	3,201	870
Nonmetro	5,306	416	445	308	122	3,582	433
By degree of urbanization:							
Urbanized	5,232	346	441	339	121	3,553	431
Less urbanized	5,092	250	421	400	116	3,482	424
Totally rural	5,855	931	470	83	130	3,796	444
By economic county type:							
Farming-dependent	6,688	1,956	544	144	131	3,503	409
Mining-dependent	5,268	183	340	137	143	3,887	578
Manufacturing-dependent	4,626	197	373	140	104	3,487	325
Government-dependent	6,362	165	532	1,429	178	3,431	627
Services-dependent	5,192	304	394	212	105	3,665	512
Nonspecialized	5,175	415	515	76	118	3,685	367
By policy county type:							
Retirement-destination	5,244	51	528	333	91	3,873	369
Federal lands	5,168	93	600	323	129	3,268	755
Commuting	4,600	281	499	195	100	3,295	231
Persistent poverty	5,762	460	441	143	209	4,051	457
Transfer-dependent	6,161	258	516	145	195	4,512	535

Note: Individual figures may not sum to total because of rounding.

Source: Calculated by ERS using Federal funds data from the Bureau of the Census.

Definitions Used in Tables

Program Functions

ERS's six broad function categories for Federal programs are as follows:

- **Agriculture and natural resources** (agricultural assistance, agricultural research and services, forest and land management, water and recreation resources)
- **Community resources** (business assistance, community facilities, community and regional development, environmental protection, housing, native American programs, and transportation)
- **Defense and space** (aeronautics and space, defense contracts, defense payroll and administration)
- **Human resources** (elementary and secondary education, food and nutrition, health services, social services, training and employment)
- **Income security** (medical and hospital benefits, public assistance and unemployment compensation, retirement and disability--includes Social Security)
- **National functions** (criminal justice and law enforcement, energy, higher education and research, and all other programs excluding insurance)

Table 2

Per capita Federal funds by function and region, fiscal year 1999

County type	All Federal funds	Agriculture and natural resources	Community resources	Defense and space	Human resources	Income security	National functions
<i>Dollars per person</i>							
United States	5,542	111	595	671	106	3,277	782
Metro	5,601	35	632	762	102	3,201	870
Nonmetro	5,306	416	445	308	122	3,582	433
South	6,067	97	637	903	110	3,346	975
Metro	6,273	35	692	1,089	104	3,172	1,182
Nonmetro	5,453	281	472	347	130	3,866	357
Northeast	5,193	11	257	475	103	3,670	676
Metro	5,577	8	485	478	103	3,797	707
Nonmetro	5,040	41	358	454	106	3,667	413
Midwest	4,857	262	475	351	90	3,123	556
Metro	4,757	65	525	417	88	3,040	622
Nonmetro	5,136	813	335	169	96	3,355	370
West	5,439	62	758	800	118	2,900	801
Metro	5,447	30	777	869	111	2,857	804
Nonmetro	5,387	259	638	379	159	3,169	783

Note: Individual figures may not sum to total because of rounding.

Source: Calculated by ERS using Federal funds data from the Bureau of the Census.

County Types and Regions

We use the Office of Management and Budget definitions for Metropolitan Statistical Areas (MSAs), based on population and commuting data from the 1990 Census of Population and the Current Population Survey data for 1993. In this article, "urban" and "metro" have been used interchangeably to refer to people and places within MSAs, while "rural" and "nonmetro" are used interchangeably to refer to people and places outside of MSAs.

When distinguishing nonmetro counties with different degrees of urbanization, we relied on the definitions used in Margaret A. Butler and Calvin L. Beale, *Rural-Urban Continuum Codes for Metro and Nonmetro Counties, 1993*.

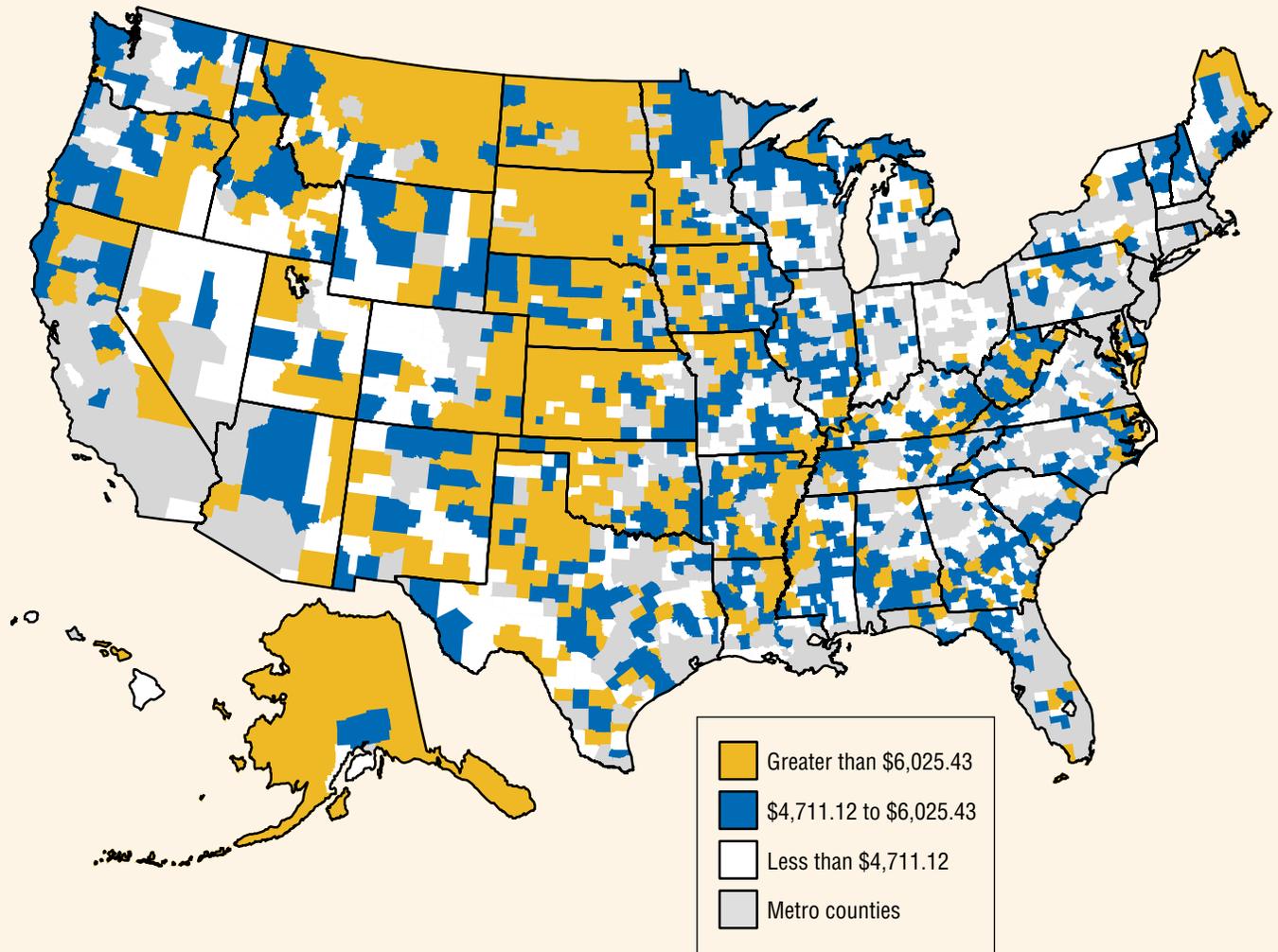
The county typologies used in the tables are those described in Peggy J. Cook and Karen L. Mizer, *The Revised ERS County Typology: An Overview*, RDRR-89, U.S. Department of Agriculture, Economic Research Service, Dec. 1994. We used the four regions defined by the Bureau of the Census.

For more details on these definitions and on the data and methods used, see the Federal Funds Briefing Room on the ERS web site, www.ers.usda.gov/briefing/federalfunds. This web site also provides maps for different program functions, access to individual county level data, plus research focusing on selected rural regions (such as Appalachia, the Black Belt, and the Great Plains).

Figure 1

Per capita Federal funds, fiscal year 1999

Rural areas with the highest Federal funding, per capita, are in the Great Plains, the Mississippi Delta, and Alaska



Source: Calculated by ERS using Federal funds data from the Bureau of the Census.