

# Nonfarm Jobs and Earnings Grew Faster in Metro Than Nonmetro Areas in 1999

Linda M. Ghelfi

Between 1998 and 1999, nonfarm jobs increased at a slower rate in nonmetro (1.5 percent) than in metro areas (2.4 percent) (table 1). Both areas had averaged 2.1 percent annual job growth in the 8 years (1991-99) since the 1990-91 recession. Compared with those rates, nonmetro job growth slowed in 1999 while metro growth picked up.

During 1998-99, mining and manufacturing lost jobs in both nonmetro and metro areas, with slightly larger declines in metro areas (fig. 1). Wholesale trade grew in metro areas, while nonmetro areas lost a small number of such jobs. In all other major industries, the number of jobs increased in both metro and nonmetro areas, with nonmetro growth usually less.

Nonmetro job growth in 1998-99 was slowest in the Southwest, while metro job growth was slowest in the Great Lakes (table 1). Metro areas in the Rocky Mountain region led all other regions in job growth (3.2 percent). Nonmetro New England led all nonmetro regions (2.3 percent).

## Earnings Per Nonfarm Job

Real earnings per nonfarm job increased during 1998-99, by 1.3 percent in nonmetro areas and 2.5 percent in metro areas (table 2). This is down from the 2.7- and 3.5-percent growth nonmetro and metro areas experienced in 1997-98, but is still a better-than-average year for both areas. Since the last recession ended in 1991, real earnings per job have grown at annual average rates of 0.8 and 1.5 percent in nonmetro and metro areas.

The earnings of nonmetro jobs in all industries, except transportation and public utilities, more than kept up with inflation during 1998-99. The fastest earnings growth in nonmetro areas was among agricultural services, forestry, and fishing jobs, followed by jobs in the Federal military and construction. In metro areas, jobs in mining had the fastest earnings growth (despite loss in jobs), followed by wholesale trade and the agricultural services, forestry, and fishing group.

In all regions, real earnings per job increased in both metro and nonmetro areas, with metro growth outpacing nonmetro growth (fig. 2). Among nonmetro regions, earnings growth was highest in the Plains and Rocky Mountain regions (1.6 percent) followed by New England. Among metro regions, earnings growth was highest in the Far West (3.9 percent) followed by the New England and Rocky Mountain regions.

## Trends in Earnings Per Nonfarm Job, 1969-99

Nonmetro earnings have not kept pace with metro earnings since 1979 (fig. 3 and table 3). The ratio of nonmetro to metro earnings increased during 1969-79, reaching a peak of 80.8 percent in 1979. That ratio fell consistently to 68.7 percent in 1999, with only a slight upward blip in 1993-94. The gap between metro and nonmetro earnings per job reached \$11,483 in 1999, the widest gap over the 31-year period.

## County-Level Jobs and Earnings

Not every nonmetro county experienced job growth during 1998-99. Counties losing jobs numbered 718, or some 31 percent of all nonmetro counties (fig. 4). Job-growth counties are divided into three groups (about 520 counties each). Job growth in the top two groups more than compensates for the loss and slow-growth groups, resulting in the overall 1.5-percent job growth for nonmetro areas as a whole.

Figure 5 shows nonmetro counties by quartiles of earnings per nonfarm job. The lowest quartile, about 570 counties with earnings per job of less than \$20,669, is concentrated in the center of the country. While comparison of figures 4

Linda Ghelfi is an economist and associate branch chief of the Food Assistance and Rural Economy Branch, Food and Rural Economics Division, ERS. (202-694-5437, lghelfi@ers.usda.gov)

Table 1

**Nonfarm jobs, by industry and BEA region, 1999**

	1999 jobs		1998-99 change		1991-99 annual change	
	Nonmetro	Metro	Nonmetro	Metro	Nonmetro	Metro
	Thousands		Percent			
<b>Total nonfarm jobs</b>	26,573	134,013	1.5	2.4	2.1	2.1
<b>By industry:</b>						
Agricultural services, forestry, fishing, and other <sup>1</sup>	517	1,531	1.8	4.1	3.5	4.0
Mining	321	461	-7.4	-8.4	-3.3	-3.3
Construction	1,677	7,577	3.6	5.5	4.1	3.9
Manufacturing	4,380	14,872	-1.1	-1.4	0.8	0.0
Transportation and public utilities	1,167	6,804	1.8	3.6	2.0	2.5
Wholesale trade	882	6,583	-0.2	1.2	1.3	1.5
Retail trade	4,824	22,086	2.0	2.2	2.4	2.0
Finance, insurance, and real estate	1,476	11,503	4.2	4.2	3.8	2.5
Services	6,883	44,786	2.4	3.2	3.2	3.5
Government and government enterprises <sup>2</sup>	4,445	17,811	1.2	1.2	1.0	0.5
Federal civilian	362	2,423	-0.2	-0.9	-0.8	-1.5
Federal military	367	1,707	-0.8	-2.0	-2.8	-3.1
State	995	3,865	1.4	1.2	1.3	1.0
Local	2,721	9,816	1.6	2.4	1.9	1.6
<b>By BEA region:</b>						
New England	1,198	7,371	2.3	1.9	1.7	1.6
Mideast	1,862	24,133	2.0	2.2	1.3	1.1
Great Lakes	4,536	21,726	1.6	1.8	2.2	1.9
Plains	4,119	7,907	1.4	2.1	2.1	2.3
Southeast	8,809	29,643	1.2	2.7	2.1	2.8
Southwest	2,498	14,700	0.7	2.5	2.2	3.3
Rocky Mountain	1,609	4,074	2.1	3.2	3.6	3.8
Far West	1,942	24,459	1.8	2.7	2.2	1.8

<sup>1</sup>Other is employees of foreign embassies working in the United States.

<sup>2</sup>Government enterprises are government agencies that cover a substantial portion of their operating costs by selling goods and services to the public and that maintain their own separate accounts—for example, the U.S. Postal Service.

Source: ERS analysis of Bureau of Economic Analysis data.

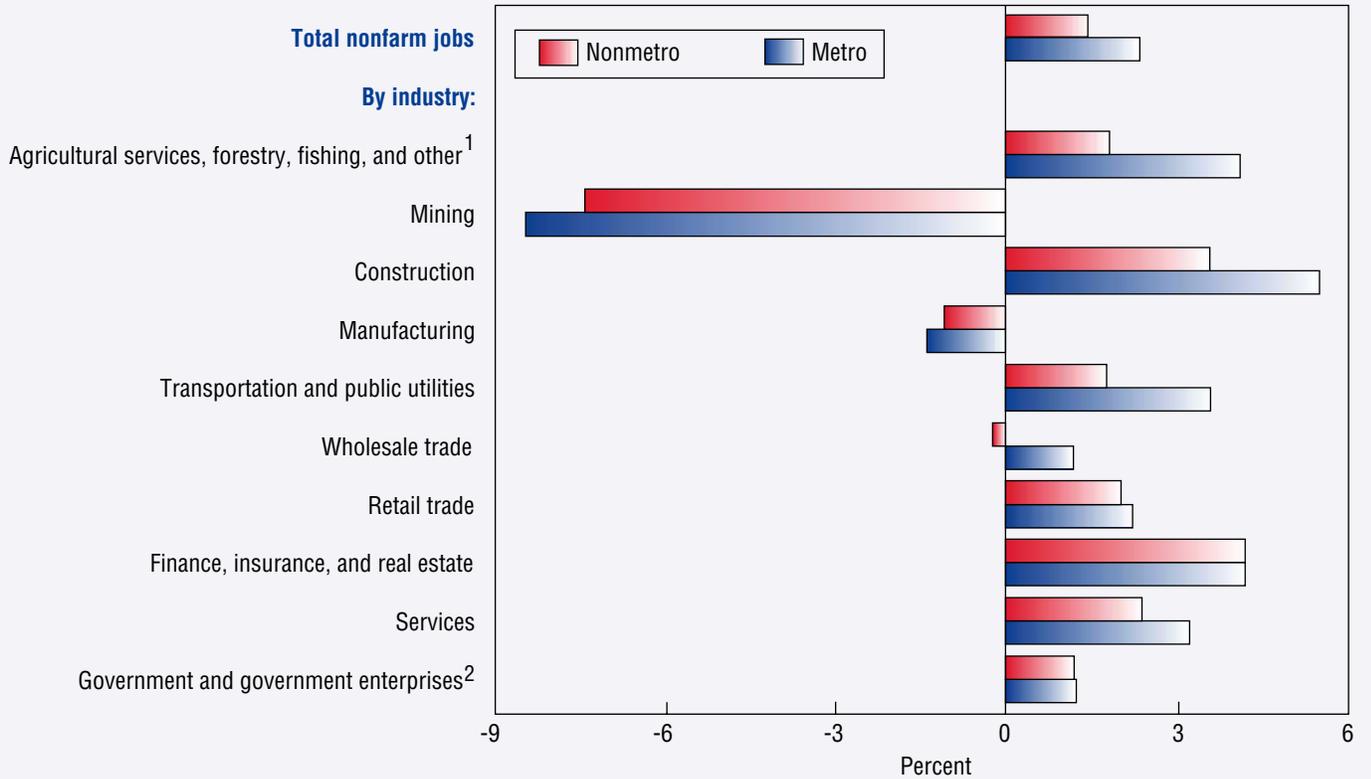
and 5 shows obvious overlap of job loss and low earnings, job loss also occurred in more than 100 counties in each of the higher earnings quartiles. The lack of a strong relationship between level of earnings per job and change in the number

of jobs suggests that specific events, such as business closures/layoffs or business openings/expansions, are driving county-level job change, not systemic trends toward areas with higher earnings or away from areas with lower earnings. **RA**

Figure 1

**Change in the number of jobs by industry, 1998-99**

*Jobs in most industries grew faster in metro areas, but nonmetro areas had slower declines in mining and manufacturing*



<sup>1</sup>Other is employees of foreign embassies working in the United States.

<sup>2</sup>Government enterprises are government agencies that cover a substantial portion of their operating costs by selling goods and services to the public and that maintain their own separate accounts, such as the U.S. Postal Service.

Source: Calculated by ERS from Bureau of Economic Analysis data.

Table 2

**Earnings per nonfarm job, by industry and BEA region, 1999**

	1999 earnings		1998-99 change		1991-99 annual change	
	Nonmetro	Metro	Nonmetro	Metro	Nonmetro	Metro
	Dollars		Percent			
<b>Earnings per nonfarm job</b>	25,201	36,684	1.3	2.5	0.8	1.5
<b>By industry:</b>						
Agricultural services, forestry, fishing, and other <sup>1</sup>	15,004	20,074	4.1	3.8	-0.6	0.6
Mining	43,942	71,528	2.6	5.2	1.7	6.4
Construction	27,080	37,451	2.8	2.8	0.5	0.7
Manufacturing	33,945	50,948	2.0	3.1	1.2	1.7
Transportation and public utilities	38,612	49,215	-0.4	2.5	1.0	1.4
Wholesale trade	30,529	48,924	2.3	3.9	1.4	2.0
Retail trade	15,136	19,491	2.3	2.8	0.7	1.3
Finance, insurance, and real estate	18,538	42,269	0.6	2.1	1.8	4.4
Services	20,291	33,204	1.5	3.0	1.2	1.6
Government and government enterprises <sup>2</sup>	31,875	42,126	1.2	1.2	1.0	1.1
Federal civilian	55,047	65,768	1.2	2.9	1.8	2.0
Federal military	27,523	36,063	2.9	2.1	1.1	1.2
State and local	30,047	38,695	1.1	0.8	1.0	0.9
State	33,534	38,908	1.0	1.1	0.8	0.9
Local	28,772	38,611	1.2	0.7	1.1	1.0
<b>By BEA region:</b>						
New England	27,205	40,483	1.5	3.5	0.7	1.9
Mideast	27,105	42,102	0.9	2.2	0.7	1.6
Great Lakes	26,203	36,103	1.1	1.8	1.0	1.5
Plains	23,479	33,547	1.6	2.1	1.1	1.5
Southeast	25,090	32,257	1.3	1.8	0.9	1.3
Southwest	23,679	35,198	0.9	2.2	0.5	1.9
Rocky Mountain	24,130	33,418	1.6	3.4	0.7	2.0
Far West	26,804	38,526	1.3	3.9	0.1	1.6

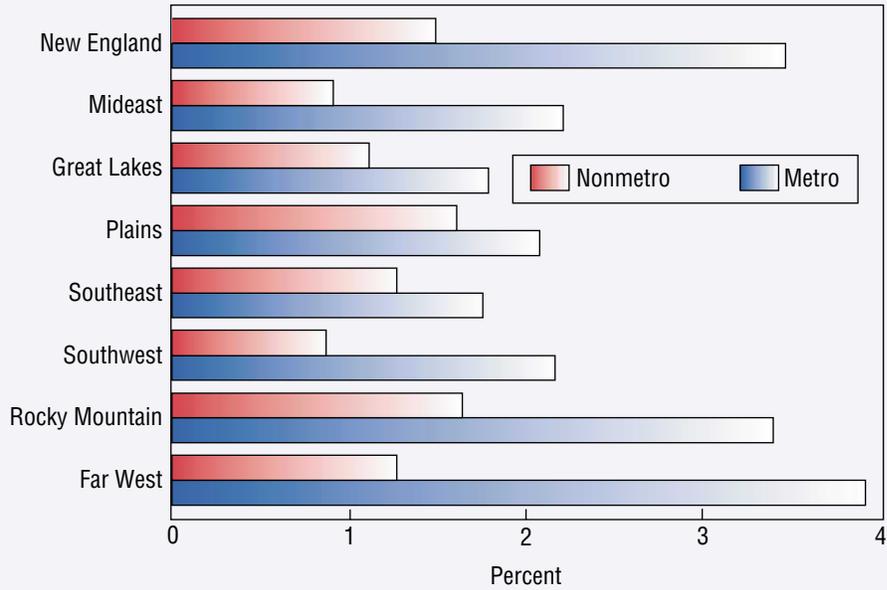
Note: Changes, from 1998 and 1991 to 1999, are measured in real 1999 dollars. Previous year's earnings were converted to 1999 dollars using the chain-type personal consumption expenditures price index.

<sup>1</sup>Other is employees of foreign embassies working in the United States.

<sup>2</sup>Government enterprises are government agencies that cover a substantial portion of their operating costs by selling goods and services to the public and that maintain their own separate accounts—for example, the U.S. Postal Service.

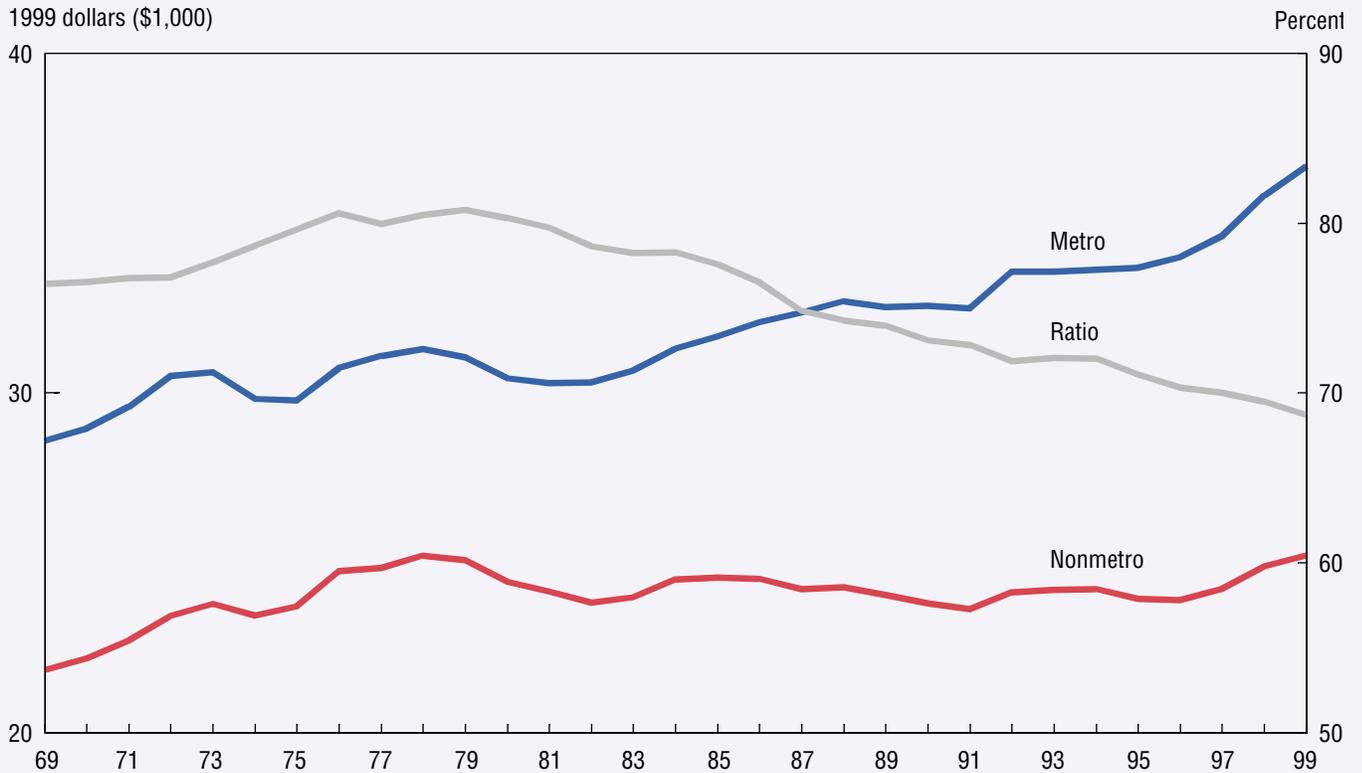
Source: ERS analysis of Bureau of Economic Analysis data.

Figure 2  
**Change in real earnings per job by BEA region, 1998-99**  
 Metro earnings growth exceeded nonmetro growth in all BEA regions, often by very wide margins



Source: ERS analysis of Bureau of Economic Analysis data.

Figure 3  
**Real earnings per nonfarm job, 1969-99**  
 Metro earnings grew much faster in the 1990s, widening the metro-nonmetro earnings gap



Notes: Previous year's earnings converted to 1999 dollars using the chain-type personal consumption expenditures price index. Ratio is nonmetro earnings as a percentage of metro earnings.  
 Source: ERS analysis of Bureau of Economic Analysis data.

Table 3

**Real earnings per nonfarm job, 1969-99**

	Nonfarm earnings per job			Metro-nonmetro earnings gap <sup>1</sup>	Earnings ratio <sup>2</sup>	Change from previous year	
	U.S.	Nonmetro	Metro			Nonmetro	Metro
	1999 dollars					Percent	
1969	27,417	21,843	28,586	6,743	76.4	NA	NA
1970	27,782	22,170	28,961	6,790	76.6	1.5	1.3
1971	28,376	22,706	29,581	6,875	76.8	2.4	2.1
1972	29,248	23,422	30,494	7,073	76.8	3.2	3.1
1973	29,423	23,788	30,623	6,835	77.7	1.6	0.4
1974	28,695	23,453	29,812	6,359	78.7	-1.4	-2.6
1975	28,704	23,705	29,774	6,068	79.6	1.1	-0.1
1976	29,669	24,766	30,734	5,969	80.6	4.5	3.2
1977	29,966	24,850	31,076	6,227	80.0	0.3	1.1
1978	30,218	25,196	31,300	6,104	80.5	1.4	0.7
1979	30,005	25,089	31,054	5,966	80.8	-0.4	-0.8
1980	29,383	24,428	30,427	6,000	80.3	-2.6	-2.0
1981	29,234	24,154	30,298	6,144	79.7	-1.1	-0.4
1982	29,190	23,830	30,307	6,476	78.6	-1.3	0.0
1983	29,508	23,980	30,651	6,671	78.2	0.6	1.1
1984	30,159	24,514	31,311	6,797	78.3	2.2	2.2
1985	30,472	24,556	31,658	7,101	77.6	0.2	1.1
1986	30,839	24,542	32,081	7,538	76.5	-0.1	1.3
1987	31,015	24,217	32,351	8,134	74.9	-1.3	0.8
1988	31,319	24,285	32,691	8,406	74.3	0.3	1.1
1989	31,144	24,056	32,528	8,471	74.0	-0.9	-0.5
1990	31,129	23,800	32,566	8,767	73.1	-1.1	0.1
1991	31,024	23,651	32,487	8,836	72.8	-0.6	-0.2
1992	31,990	24,131	33,569	9,438	71.9	2.0	3.3
1993	32,000	24,200	33,578	9,378	72.1	0.3	0.0
1994	32,040	24,223	33,637	9,414	72.0	0.1	0.2
1995	32,040	23,948	33,693	9,746	71.1	-1.1	0.2
1996	32,282	23,895	33,986	10,092	70.3	-0.2	0.9
1997	32,855	24,220	34,602	10,383	70.0	1.4	1.8
1998	33,983	24,884	35,804	10,920	69.5	2.7	3.5
1999	34,784	25,201	36,684	11,483	68.7	1.3	2.5

Note: Earnings were converted to 1999 dollars using the chain-type personal consumption expenditures price index.

NA = Data for prior year not available to compute change.

<sup>1</sup>Earnings gap is the difference between metro and nonmetro earnings in 1999 dollars.

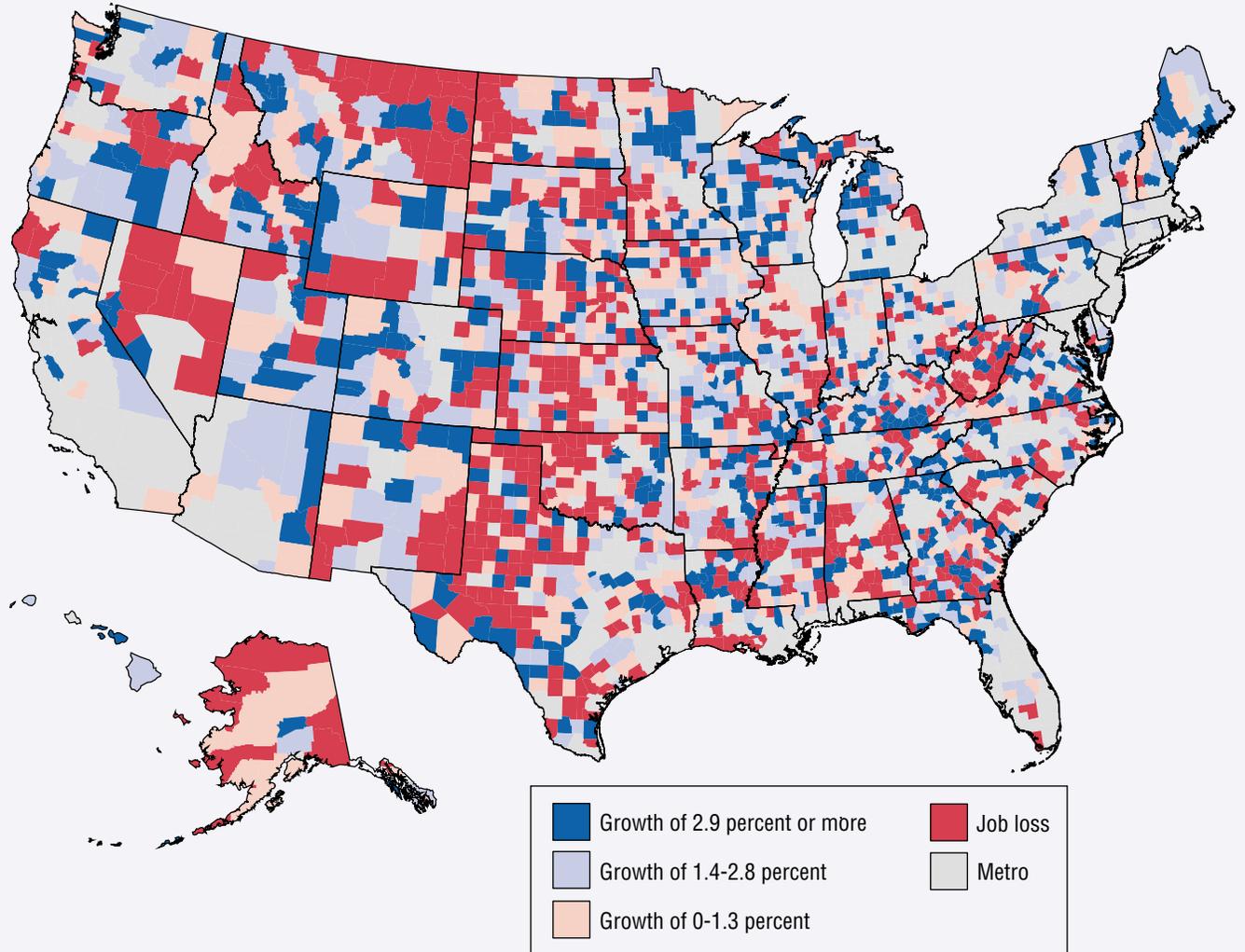
<sup>2</sup>Earnings ratio is nonmetro earnings as a percentage of metro earnings.

Source: ERS analysis of Bureau of Economic Analysis data.

Figure 4

**Nonmetro county change in number of jobs, 1998-99**

*While job loss was concentrated in a band from Montana and North Dakota through Texas, at least one nonmetro county in most States lost jobs*

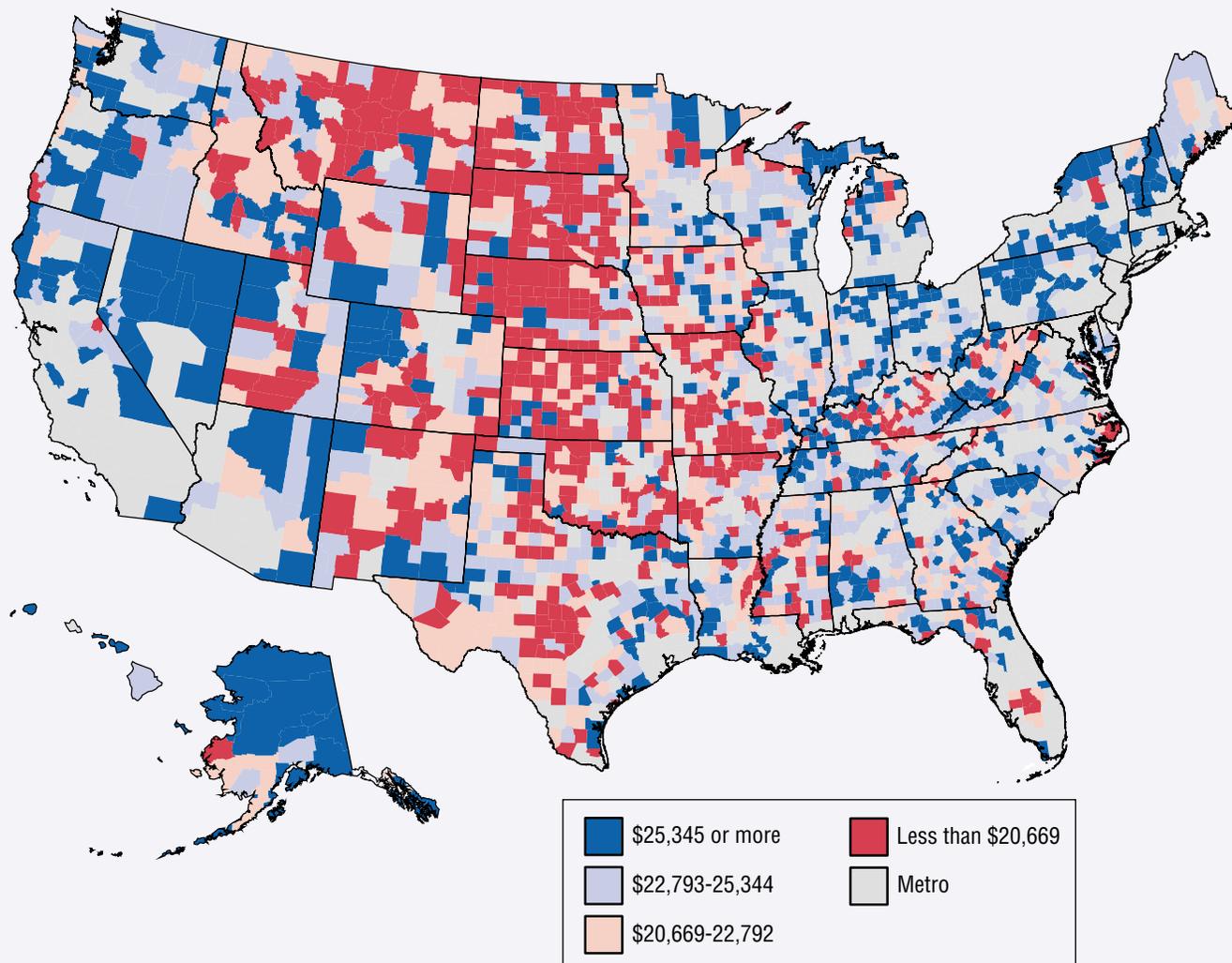


Source: ERS analysis of Bureau of Economic Analysis data.

Figure 5

**Nonmetro earnings per job, 1999**

*Nonmetro counties in the lowest earnings quartile are concentrated down the center of the country*



Source: ERS analysis of Bureau of Economic Analysis data.