Rural America At A Glance

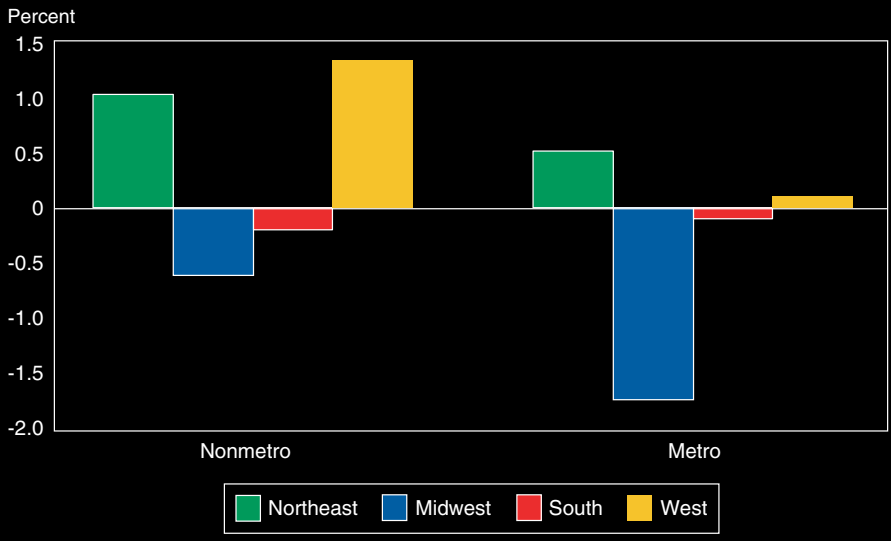
During the 1990s, the United States experienced the longest economic expansion on record. Rural areas shared in the Nation's prosperity: earnings and incomes rose, poverty lessened, and population grew. In fact, many demographers declared it the decade of the "rural rebound." In late summer 2000, manufacturing went into a downturn. Afterward, in March 2001, the economy slipped into recession. According to the National Bureau of Economic Research, the recession lasted 8 months, ending in November 2001. The U.S. economy still has some weak patches, however, making the recovery less robust than the first 2 years of a typical expansion.

Despite a continuing soft job market, rural areas fared better than urban areas in 2002, with higher job growth and lower unemployment. Employment levels rose significantly in many nonmetro counties, particularly in the Northeast and the West. Employment losses in rural areas in the South and Midwest are largely a reflection of declines in manufacturing and mining.

The sharp drop in exports, induced by a very strong dollar and sluggish world growth, contributed to a sharp decline in manufacturing jobs even before the recession started. Manufacturing employment has continued to drop despite recent export increases, due to continuing productivity gains, sluggish domestic demand for manufactured goods, and increased worldwide competitiveness. The loss of manufacturing jobs has disproportionally affected rural communities, but the steep decline in manufacturing jobs seen in 2001 subsided by early 2003.

USDA's Economic Research Service (ERS) analyzes the ongoing changes in rural areas and assesses Federal, State, and local strategies to enhance economic opportunity and quality of life for rural Americans. Following are the most current indicators of social and economic conditions in rural areas, for use in developing policies and programs to assist rural people and their communities. Also discussed is the new metropolitan/nonmetropolitan classification released in June 2003. Population data in this report are based on this new classification; all other source data reported here use the 1993 classification.

Employment growth, 2001-02



United States Department of Agriculture
Economic Research Service

Rural Development Research Report Number 97-1
September 2003

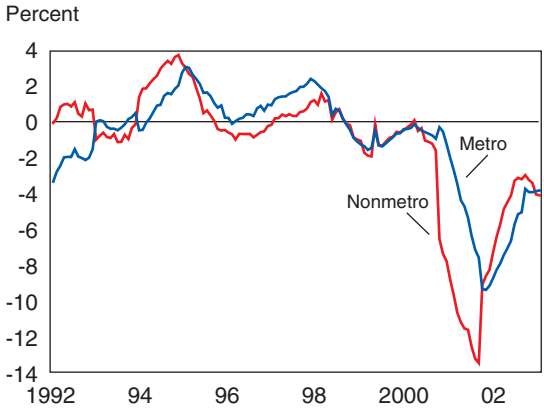
Rural Areas Affected by Continuing Soft Labor Markets

Overall impacts of the 2001 recession on rural areas were mild, compared with earlier recessions. Although the U.S. economy is now in recovery, labor markets remain soft. For the Nation as a whole, in 2002, unemployment rates increased, employment growth was negligible, and earnings growth was small; however, nonmetro areas fared slightly better in each measurement than metro areas.

- In 2002, the nonmetro unemployment rate (5.6 percent) reversed trends of recent years and fell below metro rates (5.8 percent). In the first half of 2003, the nonmetro rate stayed about level at 5.7 percent, while the metro rate increased to 6.1 percent.

- Nonmetro employment increased by about 14,000, or less than 0.1 percent, from 2001 to 2002. In the same period, metro employment fell by about 310,000 workers, or 0.3 percent. Both metro and nonmetro employment losses were concentrated in the Midwest.

Change in manufacturing jobs, from previous year

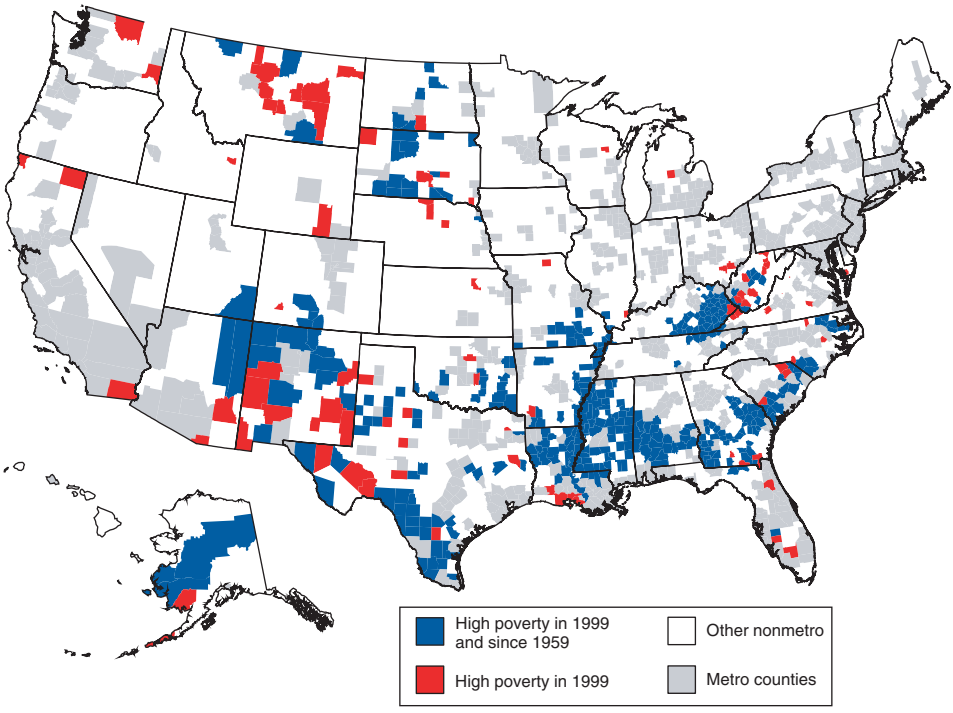


- The steep decline in manufacturing jobs in 2001-02 subsided by early 2003, with job decline at 4 percent. Still, from the onset of the manufacturing downturn in August 2000, the share of manufacturing jobs lost was higher in nonmetro areas (19 percent) than in metro areas (14 percent).

- Within manufacturing, food processing and chemicals have been two of the most resilient industries over the past 3 years and are operating close to 2000 levels. However, the textile and apparel industries, disproportionately located in nonmetro areas, lost more than a quarter (28.2 percent) of all employment since August 2000.

- Average weekly earnings for nonmetro workers were $543 in 2002, about 80 percent of the $685 metro average. Nonmetro earnings, however, increased 1.4 percent during 2001-02, whereas metro earnings increased only 0.9 percent.

High-poverty (20 percent or more) nonmetro counties, 1999



Rural Poverty Rates Remain Low

Despite some gains, rural areas continued to lag behind urban areas on many economic and social indicators at the beginning of the decade. Nonmetro poverty rates in 2000 and 2001 were some of the lowest on record, but continued to be higher than metro rates. Almost one in five rural children lived in poverty and a similar proportion resided in food-insecure households.

- The nonmetro median household income of $33,601 in 2001, the most recent data available, continues to be well below the metro median of $45,219.

- About 7.5 million nonmetro residents (14.2 percent) were poor in 2001; the metro rate was 11.1 percent. Although slightly up from 2000, both rates are considerable improvements from highs of 18.3 percent and 13.8 percent in 1983.

- Children in both metro and nonmetro areas had substantially higher rates of poverty than adults. Just over one in five nonmetro children age 17 or under was in poverty in 2001, a rate of 20.2 percent. The metro rate of child poverty was 15.4 percent. Although these rates are substantial, they show improvement from the nonmetro area high of 26.1 percent in 1986 and the metro area high of 22.3 percent in 1993.

- In 1999, 457 nonmetro counties had 20 percent or more of their residents living in poverty. These counties are concentrated in Appalachia, the Black Belt, the Mississippi Delta, the Ozarks, and across the Southwest. Eighty percent of these counties have had high poverty rates of 20 percent or more since 1959.

- In 2001, the prevalence of food insecurity was higher in nonmetro households than in metro households—11.5 percent versus 10.5 percent. The nonmetro rate was up from 10.1 percent in 1999, and the metro rate was up from 10.0 percent. Nearly one in five nonmetro children (18.6 percent) lived in food-insecure households in 2001, compared with 17.3 percent of metro children. These levels show little change from corresponding rates in 1999. Food security is defined as access by all household members at all times to enough food for an active, healthy life.

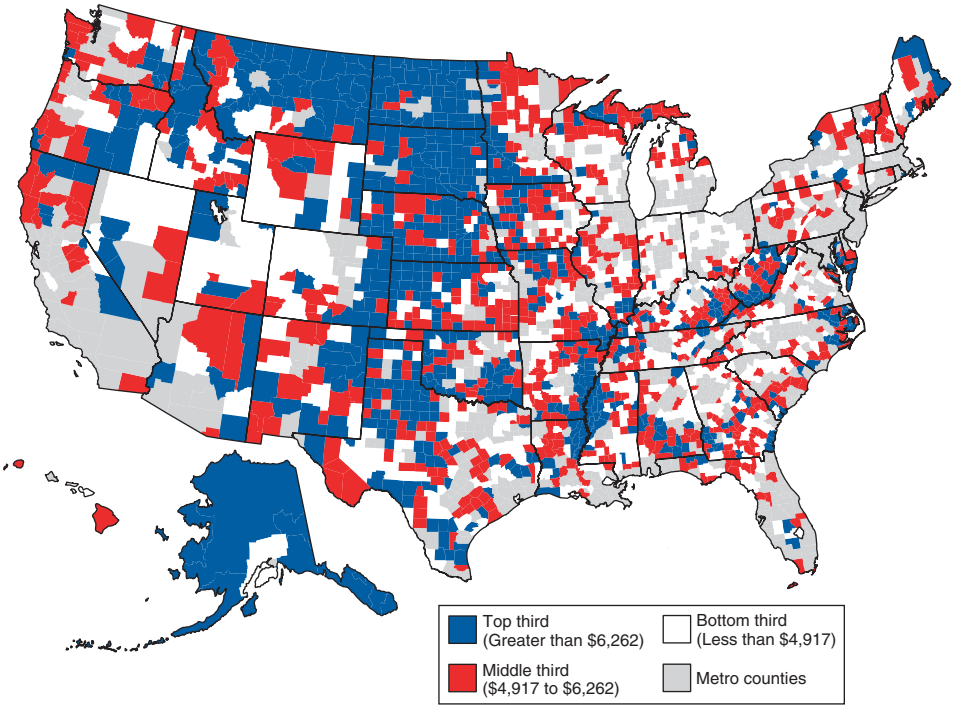
Federal Funding Important to Rural America

The Federal Government contributes to the economic well-being of rural areas through a variety of programs that send payments to individuals, firms, and communities.

- Based on Federal programs reported at the county level (about 90 percent of Federal funding), nonmetro areas received $5,481 per capita in fiscal year 2000 (October 1999-September 2000), compared with $5,743 per capita received by metro areas.

- Rural areas particularly benefit from payments to individuals (such as retirement and disability payments), farm program payments, and direct loans and grants, which tend to be targeted to distressed people and places. Rural areas tend to receive less Federal funding than urban areas through guaranteed loans (such as mortgage insurance), procurement contracts, and Federal salaries and wages. The highest per capita payments go to rural areas in the Great Plains, primarily due to farm payments, and to lower income areas, such as the Lower Mississippi Delta, Appalachia, the Southeast Crescent, and the Southwest Border region.

Per capita Federal funds received by U.S. counties, fiscal year 2000



New Definition of Nonmetro Shows Rural Rebound Has Leveled Off

The Office of Management and Budget's (OMB) 2003 version of metro and nonmetro counties identifies 2,052 counties with 48.8 million residents as nonmetro, based on the 2000 census. It identifies 1,089 counties with 232.6 million residents as metro. The recently released 2001-02 population estimates with the 2003 metro/nonmetro classification confirms a leveling off of the "rural rebound," a period in the 1990s when population in most nonmetro counties grew much faster, or declined more slowly, than in the 1980s. Annual population gain in rural areas has slowed since the mid-1990s, with a number of counties reverting back to population loss.

- Nonmetro population grew by 0.4 percent during 2001-02, one-third the growth rate of metro areas.
- The South accounted for more than half of nonmetro population gains during 2001-02, adding over 100,000 people. The 0.9-percent growth rate in the nonmetro West, however, was nearly twice that of other regions. Population growth in the nonmetro West is attributed to a wealth of natural amenities, which attract new residents, and a rate of natural increase—the surplus of births over deaths—at twice the national average.

U.S. Population in 2000

	1993 classification (based on 1990 census)		2003 classification (based on 2000 census)	
	Population	*Counties*	*Population*	*Counties*
Nonmetro areas - total	56,155,037	*2,305*	48,837,677	*2,052*
Micro	—	—	28,955,051	*674*
Noncore	—	—	19,882,626	*1,378*
Metro areas	225,262,580	*836*	232,579,940	*1,089*

Selected Economic and Social Indicators

Indicator	Nonmetro	Metro
Civilian unemployment rate (2002, percent)	5.6	5.8
Employment growth (2001 to 2002, percent)	0	-0.3
Average weekly earnings (2002, dollars)	543	685
Average annual earnings per nonfarm job (2001, dollars)	26,468	39,907
Median household income (2001, dollars)	33,601	45,219
Per capita income (2001, dollars)	17,884	24,069
Poverty rate (2001, percent)	14.2	11.1
Poverty rate by age group (2001, percent)		
0-17 years	20.2	15.4
18-64	12.2	9.7
65 and older	12.2	9.5
Food-insecure households (2001, percent of households)	11.5	10.5
Children in food-insecure households (2001, percent of children)	18.6	17.3
Per capita Federal payments (FY2000, dollars)	5,481	5,743

ERS website and contact person

Information on rural America can be found at the ERS website at www.ers.usda.gov/emphases/rural. Additional indicators of rural conditions are at Rural America at a Glance, www.ers.usda.gov/briefing/rural/gallery/. For more information, contact Karen Hamrick at khamrick@ers.usda.gov or 202-694-5426.

Data Sources

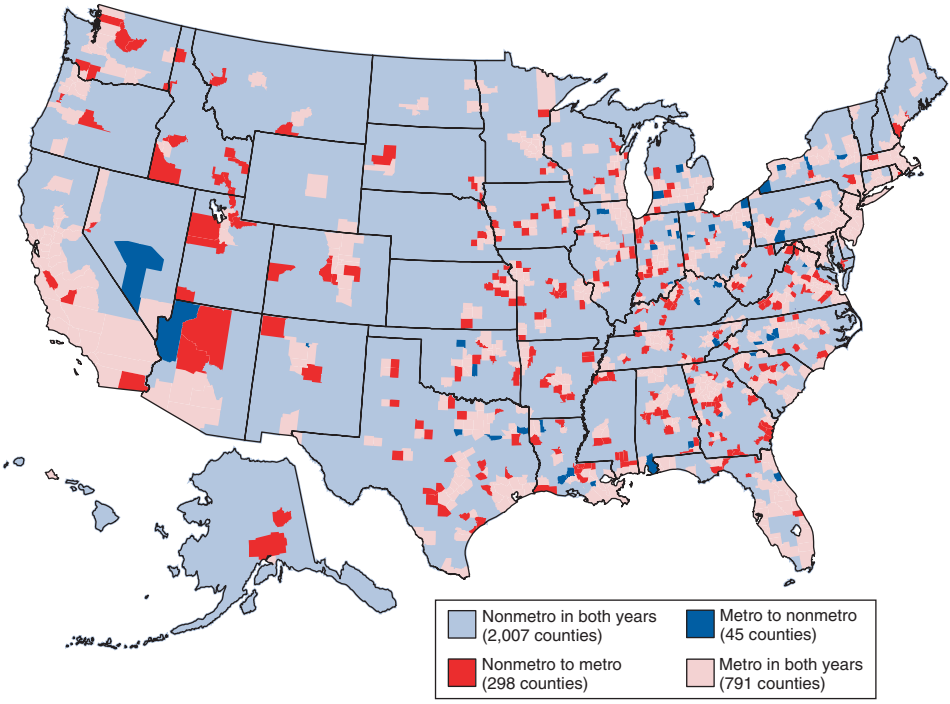
This report draws upon the research of the Food and Rural Economics Division of ERS. Data used in this analysis come from a variety of Federal sources, including the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. The most recent data available are used. Different data series are released at various times, and dates of the most recent data range from 1999 to 2003.

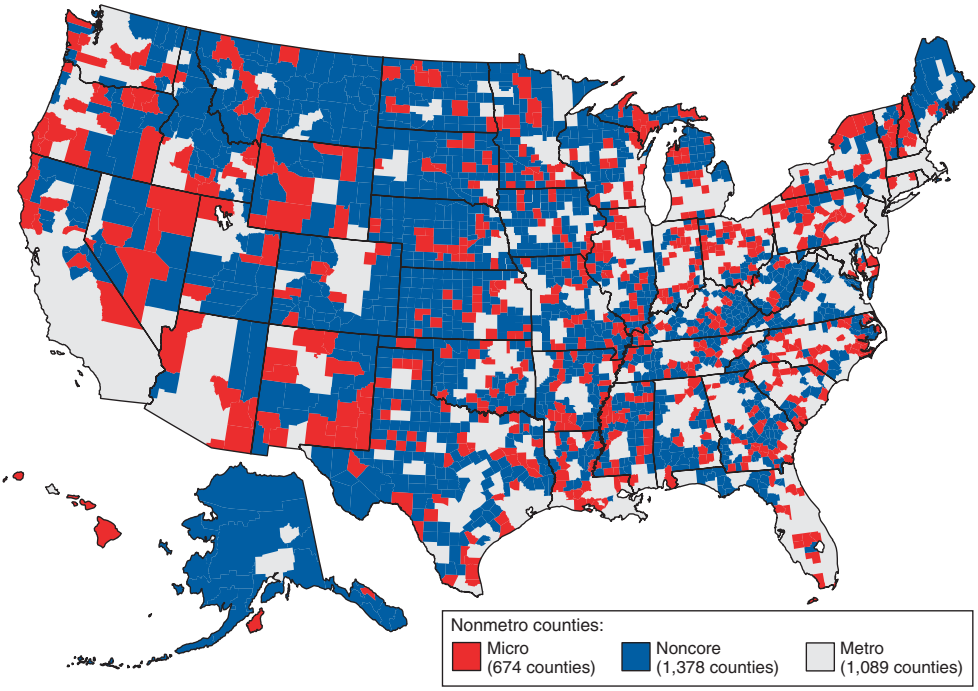
All data in this report, except the population counts and estimates, use the 1993 metro/nonmetro classification based on the 1990 census. Many data sources, such as the Current Population Survey, are not yet using the new classification. The 1993 classification is as follows: Metropolitan areas contain (1) core counties with one or more central cities of at least 50,000 residents or with a Census Bureau-defined urbanized area (and a total metro area population of 100,000 or more), and (2) fringe counties that are economically tied to the core counties. Nonmetropolitan counties are outside the boundaries of metro areas and have no cities with as many as 50,000 residents. The 2003 classification is discussed on the last page of this report. The data reported are for nonmetro and metro areas, but here we use the terms "rural" and "urban" interchangeably with "nonmetro" and "metro."

THE U.S. DEPARTMENT OF AGRICULTURE IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER
See *http://www.ers.usda.gov/abouters/privacy.htm* for more information.

New Nonmetropolitan Classification

Changes in nonmetro and metro status, 1993 and 2003 classifications



OMB's 2003 version of metropolitan (metro) and nonmetropolitan (nonmetro) counties classifies 298 formerly nonmetro counties (10.3 million people) as metro; 45 metro counties (3 million) are reclassified as nonmetro. This version is based on the 2000 census. This 2003 reclassification reflects not only a decade of urban growth and restructuring, but also extensive modification of the rules governing metro and nonmetro status. For the first time, OMB recognized a distinction within nonmetro territory—micropolitan (micro) areas and the remaining noncore counties. Micro areas are built around urban clusters of 10,000 to 50,000 people. Micro areas contain just under 60 percent of the nonmetro population, with an average of 43,000 people per county. In contrast, the 1,378 noncore counties average just 14,000 people per county. This 2003 OMB classification highlights the diversity found in nonmetro America and may help better target rural-based programs. **For more information, see www.ers.usda.gov/briefing/rurality/newdefinitions/.**

Two types of nonmetro counties, 2003 classification