

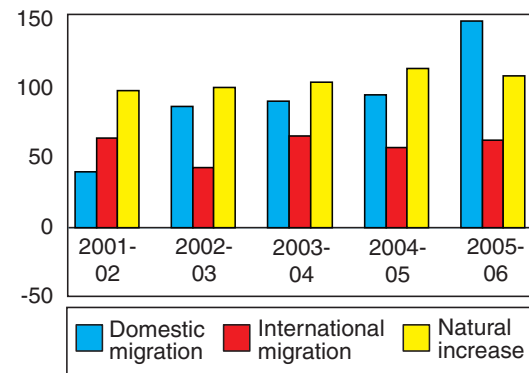
Rural Population Growth on an Upswing Due to Net Domestic Migration

Between July 2005 and July 2006, the population of nonmetro America grew by 318,000 people. This 0.6-percent increase is below the metro growth rate for the same period (1 percent) but is well above the nonmetro annual growth rate of 0.2 percent at the beginning of the decade. The upturn is due entirely to an increase in net domestic migration—the number of people moving from metro counties to nonmetro destinations minus those moving in the opposite direction.

- In 2001-02, 40,000 more people moved into nonmetro counties from metro locations than moved out. In that year, the gain from domestic migration was less than that from either international immigration or natural population increase (births – deaths). However, the annual net flow from metro areas grew to nearly 150,000 by 2005-06, thus contributing more to overall nonmetro population growth than immigration (62,000) or natural increase (107,000).
- Nonmetro population gains from net domestic migration were highest in western locations that combine scenic attributes with tourism, recreation, second-home development, and retirement migration. Amenities combined with proximity to metro jobs fueled rapid growth in many parts of the nonmetro South, including the Texas Hill Country, southern Appalachia, the Florida coast, and northern Virginia.
- The massive departure of residents from flood-ravaged New Orleans after September 2005 was followed by sharp rises in the population of several nonmetro counties in southern Louisiana and Mississippi, along with nearby metro areas, such as Baton Rouge.
- Of the 2,070 U.S. nonmetro counties, the number losing population from net domestic migration declined from 1,157 in 2000-01 to 885 in 2005-06. Net migration loss continued in counties with very high poverty, such as in the Mississippi Delta and Rio Grande Valley, and in sparsely settled agricultural counties in the Nation's heartland. In addition to experiencing high outmigration among young adults, an increasing number of Great Plains and Corn Belt counties are losing population through natural decrease—more deaths than births—which reflects an aging population.

Components of nonmetro population change

Number of residents (1,000)



Source: Calculated by ERS using Census Bureau 2005 population estimates.

Nonmetro population change from net domestic migration

County	2001-02		2005-06	
	Number	Percent	Number	Percent
All nonmetro counties	39,378	0.1	145,626	0.3
Counties dependent on:				
Farming	-22,581	-0.8	-12,150	-0.4
Mining	-374	0	8,039	0.4
Manufacturing	-11,917	-0.1	29,571	0.2
Services	53,389	1.2	59,269	1.3

Source: Calculated by ERS using Census Bureau county population estimates.



Cover and interior photos courtesy Eyewire.

Employment Rises and Unemployment Falls From 2005 to 2006

Nonmetro employment increased by 316,000, or 1.4 percent, from 2005 to 2006, while metro employment increased by 2.28 million, or 1.9 percent. Growth rates in both areas were very close to those of the previous year. Nonmetro employment growth did slow markedly in the Northeast, from 1.4 percent in 2004-05 to 0.3 percent in 2005-06; however, the heavily metropolitan Northeast accounts for less than 10 percent of all U.S. nonmetro employment. After a steep decline between 2000 and 2005, employment in the manufacturing sector has been stable since 2004.

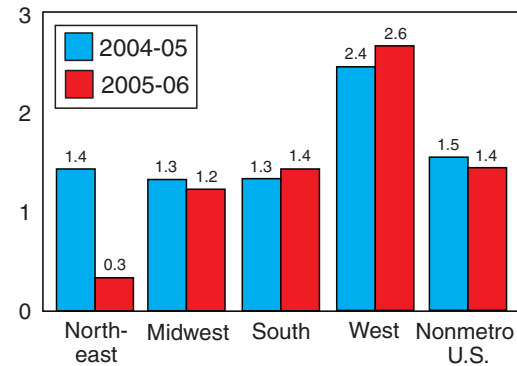
Both nonmetro and metro unemployment rates have fallen steadily since they peaked in 2003. The nonmetro unemployment rate fell to 4.9 percent in 2006, down from 5.4 percent in the previous year. The metro unemployment rate averaged 4.6 percent in 2006, down from 5.0 percent in 2005. Both rates were at their lowest level since the 2001 recession.

Unemployment rates remained high among minorities and youth, and lack of employment affected many people other than those formally defined as unemployed.

- For Blacks and Hispanics, the 2006 unemployment rate stood at 9.5 percent and 4.9 percent, respectively. These rates were both lower than the previous year's rates. The unemployment rate for nonmetro teens between ages 16 and 19 was 14.5 percent.
- The nonmetro adjusted unemployment rate, which includes marginally attached workers (discouraged workers who have searched for work and are available) and one-half of those who work part-time but would like to work full-time, was 8.8 percent in 2006, compared with 8.1 percent in metro areas.

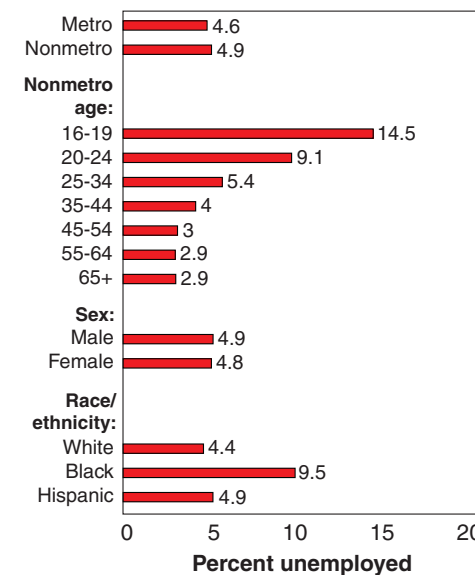
Nonmetro average annual employment growth rates by region

Percent



Source: Calculated by ERS using data from the Bureau of Labor Statistics.

Nonmetro unemployment, 2006



Source: Bureau of Labor Statistics, Current Population Survey.

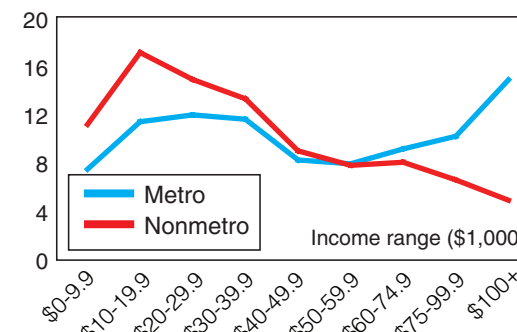
Poverty Declines, but Remains High in the South

The nonmetro poverty rate declined steadily during the latter part of the 1990s, dropping from 16 percent in 1994 to 13.4 percent in 2000, the lowest on record. A period of stabilization followed, with the rate remaining at or below 14.2 percent.

In 2004, the poverty rate in nonmetro areas rose substantially, reaching 15.1 percent. Most if not all of this increase stemmed from changes in metropolitan area designations in 2005. Many rapidly growing, relatively wealthy counties with emerging suburban or exurban populations switched from a nonmetro to a metro designation, based on 2000 Census counts and definitional changes. This reclassification significantly altered the geography and socioeconomic profile of "nonmetro" America because the populations that remained nonmetro were, on average, more disadvantaged than those that became

Distribution of metro and nonmetro families by income range, 2005

Percent of population



Source: Calculated by ERS using Census Bureau and Labor Statistics Current Population Survey, Annual Social and Economic Supplement.

metro. At present, 2,052 counties, or about 78 percent of all counties, are classified as nonmetro—298 fewer than before reclassification.

The latest poverty data available from the Current Population Survey (2004 and 2005), which uses the 2003 geographic designations, suggest that nonmetro poverty is once again on the decline. Yet, nonmetro poverty has historically been and remains higher than metro poverty, which was 12.2 percent in 2005, compared to 14.5 percent for nonmetro counties. In fact, nonmetro counties continue to lag behind their metro counterparts on numerous indicators of economic well-being:

- Nonmetro median household income (\$37,564) continues to be well below the metro median (\$48,474) in 2005. That disparity is also seen in nonmetro/metro differences in family income by income range, which are greatest at the high end, from \$100,000 and up, and least in the \$40,000-\$59,999 range.
- Poverty rates for nonmetro families with related children are higher than for metro families of the same type and considerably more so for those families with a female head of household; in 2005, 17.4 percent of nonmetro families with related children were poor compared with 14 percent of metro families with related children, and 43.1 percent of nonmetro families with related children with a female householder were poor compared with 35 percent of metro families of the same type.
- The South continues to have the highest poverty rate for both nonmetro counties (17.7 percent) and metro counties (13.1 percent) among all regions. The difference between metro and nonmetro counties increases when the near poor are also considered: in 2005, 24.3 percent were at or below 125 percent of the poverty income threshold in the nonmetro South, compared with 17.3 percent in the metro South.

Regional differences in poverty rates for poor and near-poor, 2005

Region	At or below income poverty threshold		At or below 125 percent of income poverty threshold	
	Nonmetro	Metro	Nonmetro	Metro
Northeast	11.5	11.3	15.5	14.9
Midwest	11.5	11.4	15.5	15.1
South	17.7	13.1	24.3	17.3
West	14.2	12.4	19.1	16.9
Nation	14.5	12.2	19.7	16.3

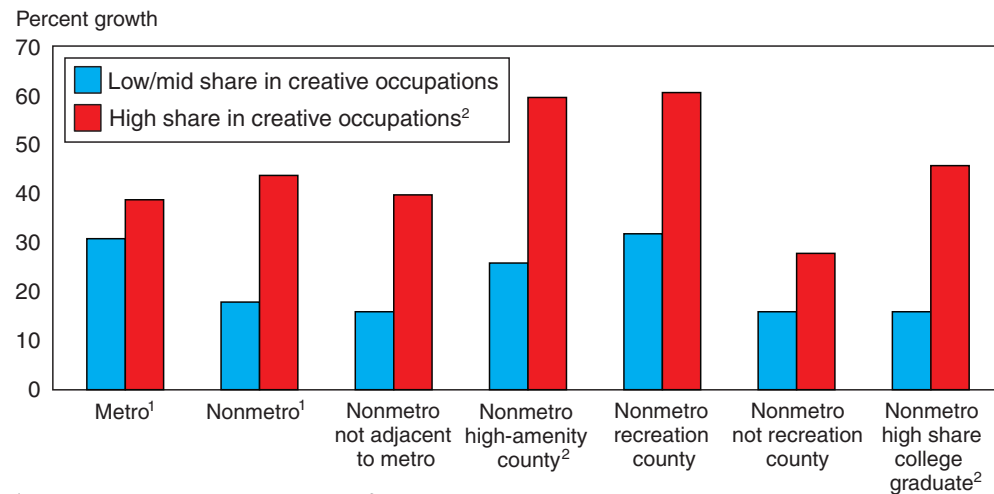
Source: U.S. Census Bureau and Bureau of Labor Statistics Current Population Survey, Annual Social and Economic Supplement.

Rural Adults Continue To Lag in College Completion

Nonmetro adult educational attainment continued its long-term rise in 2000-05, improving across all major racial and ethnic groups. But nonmetro adults overall failed to make significant gains against metro adults, especially in terms of college completion. Because attainment is measured for all adults age 25 and older, rising education levels largely reflect the declining statistical influence of those born before the baby boom, who have much lower average attainment than do younger cohorts.

- About 17 percent of the nonmetro population age 25 and older held at least a 4-year college degree in 2005. This was a gain of 1.8 percentage points from 2000. The metro college completion rate exceeded 29 percent in 2005, up 2.9 percentage points from 2000. The large and persistent nonmetro-metro gap in college completion reflects a similar—and growing—gap in the returns to a 4-year college education. Median weekly earnings for college graduates in 2006 were 24 percent higher in metro areas than in nonmetro areas.
- Nonmetro rates of high school noncompletion fell sharply between 2000 and 2005, from 24 to 19 percent. The absolute decline was slightly larger than in metro areas (from 19 to 15 percent).
- Nonmetro Blacks, Hispanics, Native Americans, and Whites all saw gains in college completion and declines in high school noncompletion between 2000 and 2005. The largest absolute increases in college completion rates occurred among nonmetro non-Hispanic Whites, to 18 percent in 2005.
- Hispanics have the lowest educational attainment levels of any major nonmetro ethnic group. About half lacked a high school diploma, and only 7 percent had completed college by 2005.
- Educational attainment levels are lower in the nonmetro South than in other regions. About 24 percent of nonmetro southern adults lacked a high school diploma in 2005, and only 15 percent had completed 4 years of college.

Job growth in 1990-2004 by county type



¹1993 Metro-Nonmetro Classification. ²Ranked in top quarter of all counties.
Source: Bureau of Economic Analysis, Regional Economic Information System files.

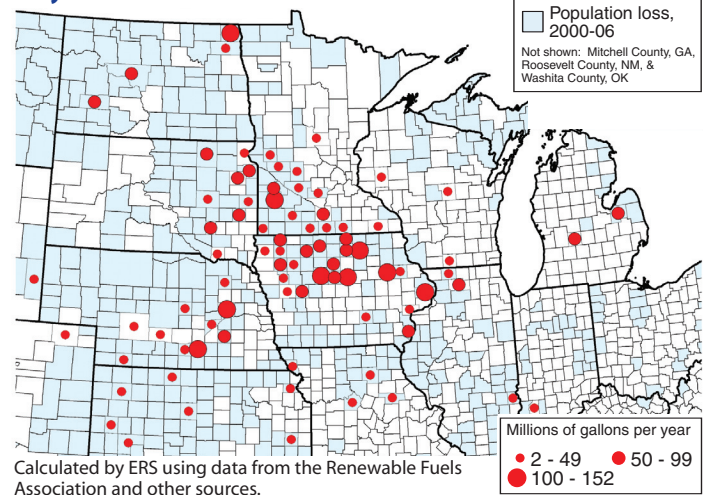
Creative Occupations Fuel Local Job Growth

One job function that is increasingly important in the knowledge economy is creative thinking—combining knowledge and ideas in novel ways to solve problems or create new opportunities. Occupations that typically require high levels of creativity include engineers, scientists, designers, artists, and business managers. Highly creative occupations are found predominantly in metropolitan areas, but some nonmetro counties also contain a relatively high proportion of these occupations. These nonmetro counties are concentrated in New England and mountain areas of the West, but they are found in every State. Counties with a high share of their workforce in creative occupations tend to have valued natural amenities such as mountains or lakes, or large colleges or universities. Surprisingly, adjacency to a metropolitan area does not increase the prevalence of highly creative occupations.

The top quarter of all counties, ranked by the percent of workers in creative occupations as of 1990, experienced faster employment growth in 1990–2004 than counties in the bottom three-quarters of this scale. While this holds true for both metro and nonmetro counties, the difference in growth rates is considerably larger in nonmetro areas. These large differences may be attributed to workers in creative occupations being attracted to the same natural amenities associated with growth in nonmetro counties. However, even among counties ranking high in natural amenities, employment growth was twice as fast in counties ranking high in creative occupations. Alternatively, since workers in highly creative occupations also tend to be more educated, the skill level of the workforce may account for differences in growth rates. Again, looking only at nonmetro counties with a relatively large college-educated population, employment growth in those counties with a high percentage of creative occupations was three times as fast as in those with fewer creative occupations.

Over Half of All Ethanol Plants Are Located in Declining Nonmetro Counties

Ethanol production capacity in nonmetro counties, May 2007



Calculated by ERS using data from the Renewable Fuels Association and other sources.

Growth of the ethanol industry has been a notable development in rural America since 2000, especially in the Midwest. Ethanol production tripled from 2000 to 2006, as numerous plants were built and existing plants expanded capacity. Given the preference to locate plants where corn—the principal feedstock—is grown, three-fourths of the plants are in nonmetro counties. Direct employment in the plants is not large, typically averaging about 35 jobs per plant. The 88 nonmetro

plants employ about 3,100 workers. Systematic wage data for the plants are not available, but, where known, data consistently indicate wages higher than the local averages. In addition to jobs generated by the plants, other expected economic benefits might include increased market for local corn, higher farmland values, and investment income from local ownership of some of the plants.

Seventy percent of the nonmetro ethanol plants in operation are located in counties that declined in population from 2000 to 2006, whereas just half of all nonmetro counties lost population. Thus, most plants are beneficially placed insofar as creating jobs and income in areas that have been unable to retain their population. All but three of the plants are in counties that rank below average on a scale of the presence of natural amenities (relating to terrain, water bodies, and climate) that are widely associated with nonmetro growth.

Of new ethanol plants under construction, nearly four-fifths (67) are in nonmetro counties and 75 percent of these are in counties with declining population. So the trend of disproportionate location in declining nonmetro counties is being somewhat augmented as the industry enlarges. On average, the oncoming plants are much larger than existing plants, having more workers per plant but needing fewer workers per unit of output.

More Research on Rural America at ERS . . .

USDA's Economic Research Service (ERS) analyzes ongoing changes in rural areas and assesses Federal, State, and local strategies to enhance economic opportunity and quality of life for rural Americans. Included in this report are current indicators of social and economic conditions in rural areas. The following recent publications feature research on rural America:

Rural Hispanics at a Glance, by William Kandel, EIB-8, USDA, Economic Research Service, December 2005. <http://www.ers.usda.gov/publications/eib8/>.

Low-Skill Employment and the Changing Economy of Rural America, by Robert Gibbs, Lorin Kusmin, and John Cromartie, ERR-10, USDA, Economic Research Service, October 2005. <http://www.ers.usda.gov/publications/err10/>.

Rural Employment at a Glance, by Lorin Kusmin and Timothy Parker, EIB-21, USDA, Economic Research Service, December 2006. <http://www.ers.usda.gov/publications/eib21/>.

"The Creative Class: A Key to Rural Growth," by David McGranahan and Timothy Wojan, *Amber Waves*, April 2007, pp. 16-21. <http://www.ers.usda.gov/amberwaves/april07/features/creative.htm>

Data Resources

This report draws upon the work of researchers at ERS. Data used in this analysis come from a variety of Federal sources, including the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Census Bureau, and USDA. The most recent data are provided, ranging from 2004 to 2007.

For more on the 2003 definitions of metro and nonmetro areas, and how they compare with the 1993 definitions, see <http://www.ers.usda.gov/briefing/rurality/newdefinitions/>.

For more on ERS county types, such as mining-dependent, manufacturing-dependent, service-dependent, and persistent poverty, see <http://www.ers.usda.gov/briefing/rurality/typology/>.

For more on the definition and measurement of creative occupations, see <http://www.ers.usda.gov/AmberWaves/April07/Features/Creative.htm>.

For more on ERS measurement of natural amenities, see <http://www.ers.usda.gov/publications/aer781/>.

ERS Web Site and Contact Person

Information on rural America can be found at the ERS website at www.ers.usda.gov/emphases/rural. For more information, contact **Lorin D. Kusmin** at lkusmin@ers.usda.gov or 202-694-5429.



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Between July 2005 and July 2006, the population of nonmetro America grew 0.6 percent. Net domestic migration from metro areas accounted for nearly half of this growth. Gains from domestic migration were highest in areas that offered natural amenities, proximity to metro jobs, or both. Counties with diverse service-based economies—primarily those that rely on recreation and tourism—also experienced higher than average growth from net domestic migration in 2005-06. (Data on metro and nonmetro areas in this report are based on 2003 metro area designations except where indicated.)

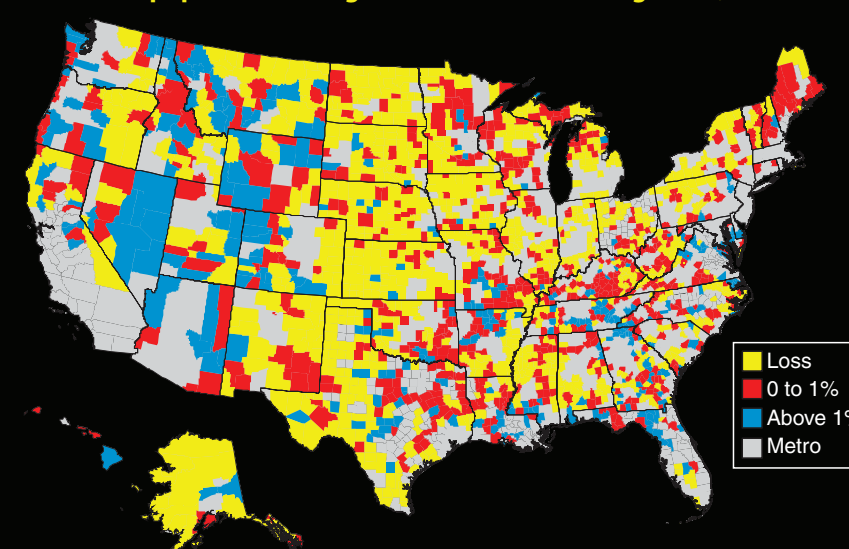
Nonmetro employment increased by 1.4 percent from 2005 to 2006, a rate similar to that of the previous year. After a steep decline between 2000 and 2003, employment in the manufacturing sector has been stable since 2004. The nonmetro unemployment rate fell to 4.9 percent in 2006.

Nonmetro areas continue to lag behind metro areas on indicators of income and experience higher rates of poverty. The nonmetro poverty rate, however, declined from 15.1 percent in 2004 to 14.5 percent in 2005.

Nonmetro adult educational attainment continued to rise between 2000 and 2005. About 17 percent of the nonmetro population age 25 and older held at least a 4-year college degree in 2005, a 1.5 percentage-point gain from 2000. Nonmetro rates of high school noncompletion fell sharply during the same period, from 23 to 19 percent.

The socioeconomic vitality of rural America is linked to a number of key elements, including a core set of demographic, educational, and economic forces. 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. In addition, two sectors that are emerging as important factors shaping the economic complexion of rural America are given special attention in this year's report: creative occupations and ethanol-based industries.

Nonmetro population change from net domestic migration, 2005-06



Source: Calculated by ERS using data from the U.S. Census Bureau.