

4. Rural America

■ Rural Population

Today, the United States is primarily metropolitan. People who live in large cities and their suburbs account for 80 percent of the total population. Nonmetropolitan people outside large cities and suburban counties numbered about 53.9 million in 1996.

Although nonmetro population increased in both the 1970's and 1980's, its proportion of the total population fell slightly because the metro population grew even more rapidly.

After 1970, most nonmetro counties that were losing population in the 1960's began to grow again because of job development, commuting, or the development of retirement communities that drew retirees in from other areas. However, after 1980, low farm income conditions and a slump in mining and manufacturing employment led to a slow but widespread decline in rural population. From 1980 to 1990, about half of all nonmetro counties decreased in population, generally in the same areas that declined before 1970. Some nonmetro counties, though, grew enough as retirement or recreation areas, or from commuting to metro jobs, to produce overall nonmetro population growth during the decade.

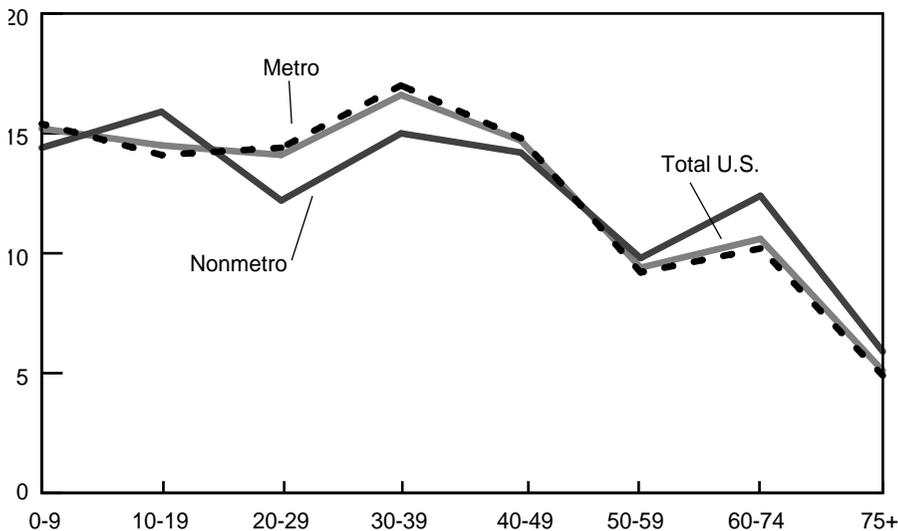
Since 1990, there is evidence once again of increased retention of people in rural areas. From 1990 to 1996, the population of nonmetro counties grew at an annual pace more than double that of the 1980's, with far fewer counties declining. This change has affected all types of counties and most regions of the country. Improvement in rural economic conditions is thought to be generally responsible for this change. But, recreation and retirement counties continue to be the most rapidly developing group. Declining population is still characteristic of areas that are dependent on farming, three-fourths of which have continued to have more people moving out than in.

■ Age and Race

Age distributions reflect past demographic events (births, deaths, and migrations) and provide important clues about future changes in the labor supply and the demand for goods and services. The age distribution of the U.S. population is still dominated by the post-World War II rise in fertility rates known as the baby boom, whose members were born in 1946-64. From the time the youngest baby boomers

Figure 4-1.

Age distribution of U.S. Metro and Nonmetro population, 1996



graduated from high school and began their entry into the labor force in 1982 until the oldest members reach 65 in 2011, the United States has had and will continue to have a favorable balance of people in income-producing age groups. All parts of the country benefit from the current age structure.

A metro area, by definition, must have an urban nucleus of at least 50,000 people, and may include fringe counties that are linked to that nucleus because their workers commute to the central area. All other counties are nonmetro. Because of migration, which consists primarily of young adults and their children, metro areas captured a much higher percentage of the “baby boomers.” The higher metro percentage of working-age adults has been a persistent pattern for most of this century. Metro/nonmetro differences among the youngest and oldest have become increasingly large. In a reversal of previous trends, the birth rates in metro areas in the last 5 years have been greater than in nonmetro areas. In large measure, this reversal is due to the delayed childbearing among women in the large metro baby boom segment. Birth rates for nonmetro women are higher at younger ages, particularly for women in their twenties, an age group not well represented in nonmetro areas.

Increases in life expectancy over the past 50 years and the aging of the large population segment born in the 1920's increased the proportion of elderly between 1970 and 1990. The percentage of the population over age 75 rose dramatically, especially in nonmetro areas. Retirement migration to nonmetro areas, coupled with historically high levels of nonmetro outmigration of young adults and their children, placed a higher proportion of older people in nonmetro areas; the percentage of nonmetro population age 60 or older was 18 percent in 1996, compared with 15 percent in metro areas. For the first time since 1960, metro children under 10 outnumber metro preteens and teenagers. This is not true for nonmetro areas.

In 1990, 8.7 million nonmetro residents belonged to one of four minority groups: Blacks, Hispanics, Asians (including Pacific Islanders), and Native Americans. Blacks made up close to two-thirds of the nonmetro minority population in 1980, but their share declined as other groups grew much faster during the 1980's. Minorities constituted only 14 percent of the total nonmetro population in 1980, but they accounted for 50 percent of the people added during the 1980's. Their 15 percent rate of growth was more than five times the rate for Whites. For all minorities except Native Americans, however, growth rates were even higher in metro areas during the 1980's, so that the share of U.S. minorities living in nonmetro areas declined slightly from 16 to 14 percent. Minorities are still much more likely than Whites to live in metro areas, but their presence in nonmetro areas is increasing.

Table 4-1.

Nonmetro population by race and ethnicity, 1980-1990

Race/ethnic group	Population			Share of U.S. population in nonmetro areas		
	1980	1990	Change 1980-90	Change 1980-90	1980	1990
	<i>Thousands</i>			<i>Percent</i>		
White	46,753	47,863	1,110	2.4	25.4	24.7
Minority	7,624	8,688	1,064	14.0	16.5	14.1
Black	4,770	4,923	153	3.2	18.0	16.4
Hispanic ¹	1,786	2,329	543	30.4	12.2	10.4
Native American ²	759	971	212	27.9	49.5	49.6
Asian	309	465	156	50.5	8.3	6.4

¹Hispanics can be of any race.

²Native Americans include American Indians, Eskimos, and Aleuts.

Source: 1980 and 1990 Censuses of Population.

■ Nonmetropolitan Industry and Job Growth

Goods-Producing Industries

Manufacturing, natural resource-based industries such as farming and mining, and other goods-producing industries have historically been the mainstay of the rural economy. Growth in the number of rural goods producing jobs was stronger during the 1970's than during the 1980's or early 1990's. Much of the growth during the 1970's was attributable to national manufacturing firms that opened branch plants in rural areas and also to booming construction activities. While goods-producing industries normally spring back during economic recovery, in more recent years, over periods of recession and recovery, job growth in these industries has been sluggish. In nonmetro areas during the 1980's, jobs in farming declined by 386,000 (1.8 percent annually) and jobs in mining declined by 119,000 (2.4 percent annually), while manufacturing increased slightly by 15,000 jobs. Nonmetro areas also lost goods-producing jobs during the 1990-91 recession, but have gained jobs in more recent years. For the early 1990's as a whole, the number of nonmetro goods-producing jobs increased

by 230,000, with manufacturing, construction, and agricultural services/forestry/fishing jobs increasing while farming and mining jobs continued to decline.

Service-Producing Industries

Nonmetro service-producing industries grew steadily during 1969-94, creating almost 6.2 million new jobs in the period. Local consumer activities, business services, recreational services, and retailing accounted for most of the job growth in rural areas. Similar to the goods producing industries, the number of rural services-producing jobs grew faster during the 1970's (3 percent annually) than during the 1980's (2 percent annually). But during the early 1990's nonmetro services producing jobs nearly regained their rapid growth rate of the 1970's, adding about 1.7 million jobs during 1989-94 (2.8 percent).

Total Employment

Nonmetro areas gained jobs at a rate comparable to that of metro areas during the 1970's, but fell far behind metro growth during the 1980's. Nonmetro areas suffered more in the two recessions of the early 1980's and benefited less from the 1982-89 recovery than did metro areas. As a result, employment growth was considerably slower in nonmetro (0.9 percent annually) than in metro areas (2.1 percent annually) during 1979-89. More encouraging is the most recent performance of rural areas. In contrast to the 1980's trend, rural areas weathered the 1990-91 recession better than urban areas. In nonmetro areas, total jobs grew at a 1.8 percent annual rate during 1989-94; in metro areas, jobs grew at only a 1.0 percent annual rate. Most of the nonmetro growth was in services producing industries, 1.7 million out of 2.2 million total new jobs. Goods producing industries contributed 230,000 new nonmetro jobs while nearly 1.2 million goods-producing jobs were lost by metro areas.

Table 4-2.

Nonmetro and metro job growth in selected industries, 1969-94

<i>Industry</i>	<i>1969</i>	<i>1979</i>			<i>Change</i>
			<i>1989</i>	<i>1994</i>	<i>1989-94</i>
			<i>Thousands</i>		<i>Percent</i>
Nonmetro total	17,738	21,713	23,849	26,054	9.2
Goods-producing	7,467	8,553	8,227	8,457	2.8
Manufacturing	3,599	4,229	4,244	4,411	3.9
Services-producing	7,107	9,521	11,605	13,299	14.6
Services	2,673	3,567	4,812	5,775	20.0
Government	3,163	3,639	4,018	4,299	7.0
Metro total	73,140	91,250	112,565	118,337	5.1
Goods-producing	22,698	24,610	24,614	23,462	-4.7
Manufacturing	16,944	17,264	15,786	14,614	-7.4
Services-producing	37,523	51,743	71,211	77,548	8.9
Services	13,757	20,153	31,452	36,464	15.9
Government	12,919	14,897	16,740	17,326	3.5

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 4-3.

Nonmetro job growth by industry, 1969-94

Industry	1969	1979	1989	1994	Change
					1989-94
		<i>Thousands</i>			<i>Percent</i>
Nonmetro	17,738	21,713	23,849	26,054	9.2
Goods-producing	7,467	8,553	8,227	8,457	2.8
Farming	2,542	2,355	1,968	1,834	-6.8
ASFF*	165	241	363	470	29.3
Mining	360	549	430	376	-12.5
Construction	801	1,179	1,221	1,366	11.9
Manufacturing	3,599	4,229	4,244	4,411	3.9
Services-producing	7,107	9,521	11,605	13,299	14.6
TCPU**	729	909	987	1,094	10.9
Wholesale trade	426	757	787	843	7.0
Retail trade	2,545	3,235	3,916	4,439	13.4
FIRE***	734	1,053	1,103	1,148	4.1
Services	2,673	3,567	4,812	5,775	20.0
Government	3,163	3,639	4,018	4,299	7.0

*Agricultural services, forestry, and fishing

**Transportation, communication, and public utilities

***Finance, insurance, and real estate

Sources: U.S. Department of Commerce, Bureau of Economic Analysis.

■ Nonmetropolitan Employment and Wages

In 1996, 25.3 million people 16 years old and older were in the nonmetropolitan work force, either at work or looking for work. On average, 5.6 percent or 1.4 million of these workers were unemployed during the year. Unemployment rates are particularly high among nonmetro minorities and teenagers. In 1996, 15.2 percent of teenagers, 12.9 percent of Blacks, and 8.4 percent of Hispanics in nonmetro areas were unemployed. The official unemployment rate excludes those jobless people not actively seeking work, but who indicate they want or are available for work (marginally attached workers), and part-time workers who want full-time jobs. The nonmetro adjusted unemployment rate, which includes marginally attached workers and involuntary part-time workers, was 9.1 percent.

Nonmetro unemployment fell from 7.2 percent in 1992 to 5.6 percent in 1996, as rural areas participated in the continuing national economic expansion. During the 1980's, unemployment rates were consistently higher in nonmetro areas than in metro. Although the nonmetro rate dipped below the metro rate for a few years after the 1990-91 recession, metro and nonmetro unemployment rates were similar in 1996 (5.4 and 5.6 percent, respectively). The nonmetro adjusted unemployment rate has remained higher than the metro rate throughout the 1990's. In 1996, the nonmetro unadjusted rate was 9.1 percent, slightly above the 8.8 percent metro rate.

Nonmetro earnings failed to keep pace with inflation during the 1980's. The inflation-adjusted, average nonmetro weekly earnings for wage and salary workers fell 12.5 percent between 1979 and 1990, from \$472 to \$413 (1996 dollars). Average metro weekly earnings fell a smaller 1.3 percent between 1979 and 1993. As a result, the metro/nonmetro average weekly earnings gap grew by 74.3 percent, increasing from \$70 to \$122 (1996 dollars). From 1990 to 1996, however, nonmetro weekly earnings increased 4.8 percent, to \$432 (1996 dollars), while metro earnings continued to fall. About half the widening of the metro/nonmetro earnings gap that occurred in the 1980's closed after 1990.

Table 4-4.

Average weekly earnings for metro and nonmetro wage and salary workers, 1979-96

<i>Year</i>	<i>U.S.</i>	<i>Metro</i>	<i>Nonmetro</i>	<i>Rural Wage Gap</i>
			<i>1996 dollars</i>	
1979	521	542	472	70
1990	510	535	413	122
1996	510	527	432	95
			<i>Percent</i>	
1979-90 change	-2.1	-1.3	-12.5	74.3
1990-96 change	0.0	-1.4	4.8	-22.1

Source: Current Population Survey, Bureau of the Census

Table 4-5.

Unemployment rates among various metro and nonmetro groups, 1996

	<i>Nonmetro</i>	<i>Metro</i>	<i>United States</i>
		<i>Thousands</i>	
Civilian labor force	25,318	108,540	133,943
Total employment	23,904	102,656	126,708
Unemployed	1,414	5,883	7,236
		<i>Percent</i>	
Unemployment rate:			
All civilian workers	5.6	5.4	5.4
Men	5.4	5.4	5.4
Women	5.8	5.4	5.5
Teenagers	15.2	17.3	16.8
White	4.7	4.1	4.2
Black	12.9	10.3	10.6
Hispanic	8.4	9.0	8.9
Adjusted unemployment rate ¹	9.1	8.8	8.9

¹Unemployment rate adjusted to include marginally attached workers and workers employed part-time for economic reasons.

Source: Current Population Survey, Bureau of the Census.

Table 4-6.

Median household income by race and Hispanic ethnicity
 Rural household income is well below that in urban areas, and rural minorities experience substantial economic disadvantage.

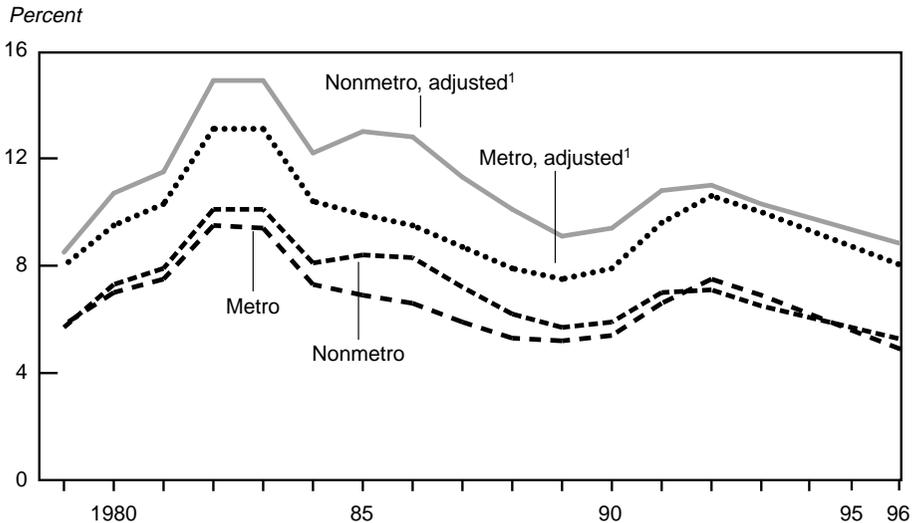
Race-ethnicity	Household income 1994		Nonmetro- metro gap*	Real change	
	Nonmetro	Metro		Nonmetro 1993-94	Nonmetro 1990-94
	Dollars		Percent		
Total	26,280	34,518	23.9	1.6	-2.1
White non-Hispanic	27,746	38,286	27.5	2.4	-2.9
Black	15,780	22,220	29.0	NA	NA
Hispanic	18,759	23,917	21.6	NA	NA

Note: Nonmetro-metro difference is statistically significant in each race ethnic category. Change in nonmetro income is statistically significant only for white non-Hispanics from 1990-94. Sample sizes are too small to reliably estimate change over time for Blacks and Hispanics.

*Percent by which nonmetro income is lower than metro.

Figure 4-2.

Unemployment rates by residence, 1979-96



¹Separate metro and nonmetro estimates are not available for 1994 and 1995.

Table 4-7.

Median household income by household type

Household type	1994 household income		Nonmetro-metro gap*
	Nonmetro	Metro	
	Dollars		Percent
Married-couple household	35,535	49,490	28.2
Male householder with family	26,357	32,277	18.3
Female householder with family	15,962	21,156	21.7
Male living alone	11,192	16,556	32.4

Note: Nonmetro-metro difference is statistically significant in each category.

*Percent by which nonmetro income is lower than metro.

Source: prepared by ERS using U.S. Bureau of the Census Current Population Survey data.

■ Rural Income and Poverty

Rural median household income was \$26,280 in 1994, up 1.6 percent from 1993 after adjusting for inflation, but still slightly below the median at the beginning of the decade. Median rural household income continues to fall short of that in urban areas by nearly 24 percent. Incomes were substantially lower for rural minorities, for families headed by women, and for women living alone.

The poverty rate in rural America was 16.4 percent in 1994. The rural urban poverty gap, at 2.4 percentage points, was as small as it has been since poverty statistics have been calculated. Although the decrease of nearly a percentage point in the rural poverty rate from 1993-94 was not statistically significant, the trend of gradually increasing poverty observed during the previous years appears to have stopped. Over half of the rural poor (52 percent) live in the South, a disproportionate concentration compared with the South's 44 percent of the total rural population.

Families headed by women experienced the highest poverty rates of all family types (45.0 percent in rural areas and 36.8 percent in urban), and a high proportion of rural women living alone were also poor (33.0 percent). Nearly one-fourth of rural children lived in poor families.

Poverty among Blacks in inner cities receives much more public attention than does that among rural Blacks, yet the 1994 poverty rate for rural blacks (36.4 percent) was comparable to that for central-city Blacks (33.6 percent). And nearly half of all rural Black children (48.2 percent) lived in families with below-poverty-level income.

■ Rural Public Services

Rural local governments face special problems in providing services for their citizens. The following are rural characteristics that affect ways in which rural local governments provide services:

- **Isolation**, the geographic separation of rural areas from metropolitan centers, leads to low utilization rates for rural public services, inadequate response times for emergency services, and the detachment of service delivery professionals from their colleagues.

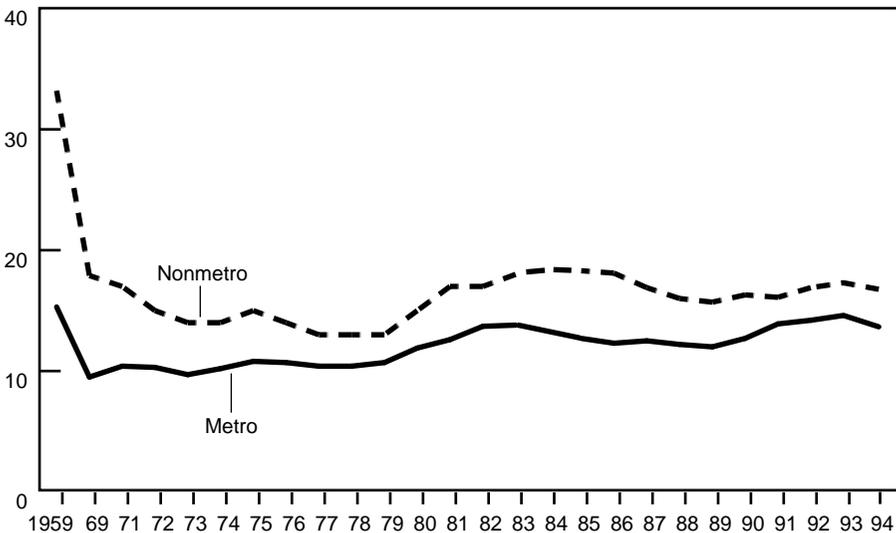
- **Low population density** means higher per unit costs of some services and the inability to supply specialized help (for example, for the handicapped) because the area cannot support the services for so few clients.
- **Lack of fiscal resources** puts many rural communities in a financial squeeze with resulting service deprivation for local residents.
- **The lack of an adequate supply of trained personnel** has several implications for service delivery in rural communities. Critical functions may go understaffed, scarce employees are often overworked, service quality and quantity suffer, and long-range planning becomes difficult.

Isolated rural communities often suffer from medical services and facilities that are of lower quality than those found in metro areas. Even if medical care services were evenly distributed across the Nation, and were of equal quality, it is likely that nonmetro residents with chronically low incomes would still have serious difficulty receiving adequate care in a complex medical system where access is based mainly on the ability to pay.

Because many rural communities are small and isolated, and lack financial resources and trained personnel, similar problems are encountered in the provision of

Figure 4-3.
Poverty rate by residence, 1959-1994

Percent poor



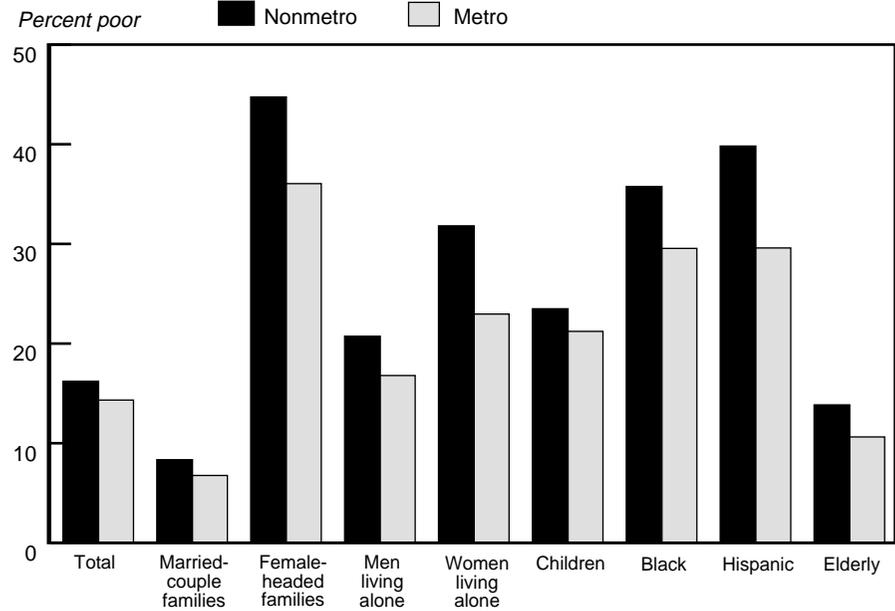
* Poverty rates for 1985 to 1994 are based on the 1983 metropolitan area delineations.

Source: Prepared by ERS using data from U.S. Bureau of the Census P-60 series 1974-1994 and Current Population Survey data March 1995.

Figure 4-4.

Poverty rates by population group, 1994

Nonmetro residence increased poverty risk for all groups.



Source: U.S. Bureau of the Census Current Population Survey

other rural public services. Various approaches have been taken to deal with these problems:

- Some communities contract with private-sector firms to provide services. For example, 36 percent of rural localities contract out legal services to for-profit firms rather than perform such services themselves.
- Some communities that want to attract new residents and businesses may find it beneficial to cooperate with other towns and share in the cost of furnishing services they cannot afford by themselves. Rural communities can work together in a variety of ways, and mutual aid is one way. Such an approach is commonly used for fire and police protection.
- Another approach is for one community to sell a particular service to another. About 23 percent of isolated rural governments contract with other governments for solid waste disposal, about 19 percent for the operation of libraries, and 18 percent for tax assessing.
- Still another method of cooperation is joint action, especially for large projects such as building and operating hospitals or airports. Various methods of dividing costs and creating joint committees or governing boards are worked out for such projects.

Although most rural community residents do not enjoy the same level of public services available to urban area residents, much progress has been made in improving some rural services over the last 30 years. Rising incomes and increased aid from

higher level governments have made possible more and better programs for rural governments.

The management capacity of rural governments to plan and carry out these programs has improved. For example, in the 1960's and 1970's a nationwide system of multicounty substate regional agencies was developed to help rural communities plan for and manage their new population growth.

Still, the institutional base of rural governments is more fragile than that of urban areas, and these isolated governments remain more vulnerable to external changes than do metropolitan governments.

■ Federal Funding for Rural Area Development

In 1994, Federal funds reaching nonmetro counties averaged \$4,469 per person, while funding to metro counties averaged \$5,261 per person.

Federal funding includes grants, loans, and other payments to support agriculture, forest management, housing, transportation, education, health, public assistance, Social Security, veterans' benefits, defense, energy, and so on. Figures on the metro-nonmetro distribution of funds are based on the share of Federal funds that can be reliably traced to county levels. Interest on the national debt has been excluded for analytic purposes.

Nonmetro counties received a much larger share of their funds from income security programs, especially retirement and disability programs. About 40 percent of nonmetro funds were for such programs, compared with 30 percent of the metro funds. However, significant regional differences exist. The nonmetro Midwest received the least amount of Federal funds, \$4,304 per person, while the nonmetro Northeast and South received only slightly higher amounts per person. The nonmetro West received the highest amount of Federal funds, \$4,833 per person. The nonmetro West received the highest amounts of per capita loans, salary and wages, and procurement contracts from the Federal Government. However, the nonmetro West received only about 35 percent of its Federal funds per person for income security programs, compared to about 40 percent for the nonmetro Northeast, 41 percent for nonmetro Midwest, and 42 percent for the nonmetro South.

Table 4-8.

Federal funds per capita, FY 1994

<i>Object class of funds</i>	<i>All counties</i>	<i>Metro counties</i>	<i>Nonmetro counties</i>
		<i>Dollars</i>	
All Federal funds, including loans	5,100	5,261	4,469
Salaries and wages	643	712	371
Procurement contracts	669	771	273
Direct Payments to individuals	2,530	2,494	2,669
For retirement and disability	1,643	1,601	1,807
Other than retirement	887	893	862
Other direct payments	44	16	154
Grants	645	641	663
Loans	568	627	338
Direct loans	59	43	123
Guaranteed loans	509	584	215
All expenditures, excluding loans	4,532	4,634	4,131

Note: Details may not add due to rounding.

Source: Prepared by the ERS/RED staff using data from the U.S. Bureau of the Census.

Table 4-9.

Distribution of Federal funds per capita in the nonmetro regions, FY 1994

<i>Object class of funds</i>	<i>Northeast Region</i>	<i>Midwest Region</i>	<i>South Region</i>	<i>West Region</i>
			<i>Dollars</i>	
All Federal funds, including loans	4,453	4,304	4,463	4,833
Salaries and wages	457	309	324	576
Procurement contracts	308	164	235	535
Direct Payments to individuals	2,712	2,669	2,760	2,382
For retirement disability	1,801	1,769	1,878	1,688
Other than retirement	911	900	882	694
Other direct payments	13	269	111	138
Grants	663	541	736	701
Loans	229	353	297	501
Direct loans	62	157	122	99
Guaranteed loans	167	196	175	402
All expenditures, excluding loans	4,224	3,954	4,166	4,332

Note: Details may not add due to rounding.

Source: Prepared by the RED/ERS staff using data from the U.S. Bureau of the Census.