Rural America at a Glance

Good afternoon everyone and welcome to our webinar Rural America at a Glance 2015 Edition. My name is Nancy McNiff and I will be your host. Our speaker today is Lorin Kusmin. Lorin is an economist in the Rural Economy Branch in ERS's Resource and Rural Economics Division. Since joining ERS in 1990 his research has focused on rural labor markets. Lorin's areas of research include relative earnings in urban and rural labor markets, factors associated with earnings growth in rural areas, changing skill levels and their return to skills in rural labor markets and employment and unemployment trends in rural areas. I think we're now ready to start so Lorin you can begin your presentation.

Good afternoon this is Lorin Kusmin of the Economic Research Service and today I am going to be talking to you about the 2015 edition of Rural America at a Glance which we released at the end of November. Rural America at a Glance has been published by USDA's Economic Research Service each year since 2002. The six page report summarizes recent trends in rural America focusing on developments in the labor market, patterns of population change and poverty trends. Each report normally also addresses one or two additional topics which vary from year to year. Today's presentation covers most of the materials in this year's report as well as some additional material from our topic pages. Our reporting on rural America in recent years has been largely in the context of the Great Recession of 2007 to 2009. The recession had major effects in both rural and urban areas and we continue to evaluate the extent to which rural areas have recovered from that event. Among the major findings in this year's report we note that rural employment grew substantially in 2014 and early 2015 following several years of very slow growth however it remains well below pre-recession levels. Meanwhile the rural population continues a downward trend that began in the aftermath of the recession. We also find that poverty rates fell slightly in 2014 but remain near their post-recession highs while adult educational attainment continues a long term upward trend in both rural and urban areas. A variety of different criteria are used by different agencies to identify areas as being rural or urban. In preparing Rural America at a Glance and in our other work on rural trends ERS typically uses "rural" as a synonym for non-metropolitan and urban for metropolitan. Hence in most cases the data we are reporting for rural areas reflects trends in those US counties that were not included in any metropolitan area in 2013. Further detail on the definitions and data sources that we use is available in the Rural America at a Glance publication and on the ERS website. Using the criteria I've just described just over 46 million people lived in rural areas of the United States in 2014. This was about 15 percent or slightly more than one seventh of the total US population. As shown in this slide population growth in rural America has been slower than urban areas in all but one year since the early 1980's. Still until the last few years each year saw at least some growth in rural population. However, the rural population has declined by 116,000 over the four years from 2010 to 2014 which was the most recent year for which we have data. This included losses of about 30,000 people in each of the last two years. These losses were small relative to the total size of the rural population less than one tenth of one percent in each

year. However, this was the first period of overall population decline on record for rural America as a whole and it also stands in stark contrast with the urban population which continues to grow by more than two million per year. Despite the overall decline in rural population nearly 700 growing rural counties together added more than 400,000 residents between 2010 and 2014. These areas are shown by the dark red on this map. Many of these counties were located in scenic areas such as the Rocky Mountains or southern Appalachia or in energy boom regions such as the northern Great Plains. The 1,300 rural counties losing population since 2010 are shown here in a lighter red. These were wide spread but many were found in areas dependent on farming, manufacturing or resource extraction. As shown in this slide rural population change reflects two major components, natural change which is the difference between births and deaths as net migration the difference between inmigration and outmigration. Recent rural population declines have reflected a slow rate of natural increase combined with significant net outmigration from rural areas. While substantial rates of net rural outmigration have also been seen in the past as will be seen in the next chart natural increase was sufficient that with the overall populations continued to grow. However, there has been a long term decline in the rate of natural increase in rural areas as shown by the orange line on this chart. As a result, since 2010 the increase in rural population from natural change 230,000 more births than deaths was not enough to match recent losses from net migration as 346,000 more people moved out of rural counties than moved in. About 45 percent of all rural counties actually lost population due to natural change in this recent period. That is there were more deaths than births in these counties. For nearly 300 of these counties this was the first such sustained period of natural decrease on record. This natural decrease has resulted from two separate demographic process. In some areas retiree attraction has led to a more elderly population which can be expected to have more deaths and fewer births and this pattern can be seen in parts of Florida, Arizona and elsewhere in the Sunbelt. In other areas the outmigration of young adults of child bearing age has led to lower birthrates as well as leaving a more elderly population behind. This pattern is seen in many farm depended counties in the Great Plains and Corn Belt. Turning now to rural labor markets this graphic shows that employment grew more than one percent in rural areas in 2014 and early 2015. You can see from the orange line lower down that this was an improvement from several previous years because of very slow growth or decline however rural employment in mid 2015 was still more than three percent below its pre-recession peak in 2007. In contrast urban employment rose nearly two percent in the year that ended in the second quarter of 2015. This continued a trend of consistent urban growth since 2011 and urban employment is now well above its pre-recession peak. Another measure of the health and the labor market is the proportion of all adults who are employed which is shown in this slide. As can be seen here this employment to population ratio has risen somewhat from post-recession lows however it remains three percentage points below pre-recession levels in both rural and urban areas. Part of this decline reflects the aging of the US population as increasing numbers of adults now fall into an age range where most are retired. However, while I do not have a separate chart to illustrate this point today it is important to note that even if we focus on prime age adults that is those who are 25 to 54 years old we find that the proportioned or who are employed nationally is several percentage points below pre-recession levels. This difference largely reflects a post 2007 increase in the proportion who remain entirely outside of the labor markets. While the employment trends shown in the previous slide

were markedly different for rural and urban areas the employment share trends are similar. This is possible because the higher rate of employment growth in urban areas has been offset by the growth in their adult population. Turning now from employment to unemployment as shown here the unemployment rate has fallen considerably and fairly steadily in both rural and urban areas over the last five years. However, while the declines in unemployment have been similar in rural and urban areas the trends underlying these changes have been somewhat different. Rural areas have seen slight declines in population and little change in the size of the labor force so that even modest growth in rural employment has been reflected in a substantial decline in their unemployment rate. In contrast the faster employment growth we've noted in urban areas has been offset by substantial growth in urban population and labor force to yield a similar change in the urban unemployment rate. Turning next to education levels in rural America this slide illustrates that the educational attainment of people in both rural and urban areas has improved markedly in this century. As shown on the left hand side of this slide the proportion of rural adults without a high school degree or equivalent declined by fully nine percentage points or more than one third between 2000 and 2014. Meanwhile the proportion who had attended at least some college which we get by summing the two right hand categories rose nine points from 40 to 49 percent of all adults. The proportion of rural adults with a completed four year college degree or more also rose pulling up four percentage points between 2000 and 2014. However, this proportion remains far lower in rural areas than in urban ones and the gap has grown even larger over time as can be seen by comparing the left hand and right hand charts. While it is not shown in this chart growth in the urban rural college completion gap has occurred even for young adults between 2000 and 2014 the share of adults age 25 to 34 with Bachelor's degrees grew six points in urban areas from 29 to 35 percent. In rural counties over the same period the college educated proportion of these younger adults rose just four points from 15 to 19 percent the same proportions as we saw for their older peers. It is important however to recognize that these outcomes reflect not only the educational accomplishments of rural youth but also the residential choices of young adults from rural areas. Many college educated young adults from rural America choose to settle in urban areas where the earnings premium for a college degree is generally higher contributing to the patterns we see here. We also find that in minority populations in rural areas have substantially lower levels in educational attainment than do whites as illustrated in this graphic. Focusing on high school completion rates we see that about a quarter of adults 25 and over in the rural Black and Native American or Alaska native population as well as 40 percent of rural Hispanics have not completed high school or obtained a GED. These shares are considerably higher than those for rural whites as can be seen by comparing the dark orange areas at the bottom of each of the four bars. It is likely that the lower high school completion rate seen for Hispanic adults reflect in part the origins and many Hispanic immigrants in countries where high school completion was not a norm. Lower attainment levels for all ethnic minorities may also both reflect and contribute to high rates of poverty. Since poverty and childhood is highly correlated with lower academic success and graduation rates while educational attainment in turn is strongly associated with earnings in adult. Educational attainment can affect both earnings and the likelihood of keeping a job. Among rural residents unemployment rates are much lower for those with more education as shown in this graph. In 2010 in the wake of the recession the unemployment rate for rural adults

25 and older without a high school diploma peaked at 15 percent as shown by the dark blue line at the top of the graph compared with just four percent for those with Bachelor's degrees and three percent for those with Graduate degrees at the same time. Since then rural unemployment rates have declined across all educational attainment categories but they remain much higher for those with less education. The relationship between educational attainment and earnings is illustrated in this chart. For example, it shows that rural adults with a four year Bachelor's degree have median earnings of more than $40,000 a year compared with less than $27,000 dollars a year for those who have only completed high school. However, the differences in earnings across educational attainment levels are much greater in urban areas. The chart shows that while the median high school graduate earns only $1,600 more in urban as opposed to rural areas the median four year college graduate earns more than $10,000 more in urban areas and the gap for those with Graduate education is even greater. Turning finally to the subject of poverty. Poverty levels are assessed at the family or household level by comparing a measure of money income with the poverty threshold. That threshold varies with the size and composition of the family or household. For example, for a family of two adults and two children under 18 the threshold in 2014 was just over $24,000. As shown in this slide the rural poverty rate in 2014 was an estimated 18.1 percent while the urban rate was 15.1 percent. Both of these values were slightly below the post recession highs at 18.4 and 15.5 percent. However as is visible from the chart there has been little if any long term improvement in the incidents of poverty since the early 1980's. In rural areas poverty rates have raised, ranged from 13.4 to 18.4 percent over the past 30 years and the peak values seen after the most recent recession were similar to those seen after the recession of 1980 to 1982. The urban rates for the most recent period were actually a little higher than those seen in the early 1980's. Family composition has a major bearing on poverty. Families headed by two adults are likely to have more sources of income than single adult families with children and are therefore are much less likely to be poor. Further single adults are more likely to work in occupations that pay low wages and that have a higher risk of unemployment hence they are less likely to earn enough to raise family income above the poverty level. As a result, families with children that were headed by a single female have the highest poverty rate among all family types in 2007 and that rate continued to rise during and after the 2007 to 2009 recession. In 2014 nearly half of all rural families headed by a woman with related children and no spouse present were poor while in contrast fewer than one in 10 rural married coupled families were poor in the same year. There is particular concern in many quarters about poverty among children. The poverty status of children depends on the size, income and composition of their families. Poverty rates are generally higher for children than they are for either working aged adults or seniors. Other things equal families with children are more likely to be in poverty because the income of the adults in the family must be spread among more people and this is particularly true for families with many children. Poverty rates rose substantially for both children and working age adults between 2007 and 2014 as shown by the next graph. As seen from the orange line in this slide the poverty rate for rural children rose more than two percentage points between 2007 and 2009 from just under 22 percent to more than 24 percent and continued to rise during the first years of the recovery. By 2014 the rural child poverty rate was just above 25 percent meanwhile the poverty rate for working age adults in rural areas also rose about three percentage point between 2007 and 2014. While in contrast the

poverty rate for rural seniors who are less affected by changes in current labor market conditions actually fell during the same period. The children of parents without a high school diploma are much more likely to be poor than other children. This reflects both the generally lower earnings found in jobs that area available to less educated adults and their higher rates of unemployment both of which I've mentioned earlier in this presentation. Accordingly, we find that child poverty rates are much higher in those rural counties where more adults have low levels of educational attainment as seen in this chart. Further a comparison of child poverty rates by county for 1999 and the 2009 to 2013 period shows that child poverty also grew more over this period for those counties with immoderate or high share of young adults without a high school diploma. Given these relationships we might expect that the overall improvement in rural educational attainment since 2000 would have been reflected in reduced rates of overall rural poverty and rural child poverty however other factors including the effects of the Great Recession and an increase in single parent families have had countervailing effects. The net result has been an increase in rural child poverty particularly since 2007. Even after the recession ended rural child poverty rates continued to increase due to falling average incomes as well as continuing changes in family structure. ERS researchers are currently working to better disentangle the relative importance of these different factors in accounting for rural child poverty. There is particular interest in the circumstances families in deep poverty with an income less than half of the poverty threshold. Children are significantly more likely to be in such conditions than those in other age groups. For example, in 2007, 9.6 percent of rural children lived in deep poverty and this had risen to 11.3 percent by 2014. While for the rural population of working age the comparable figures were 6.2 percent in 2007 and 7.8 percent in 2014. All racial and ethnic groups in rural areas saw an increase in poverty rates over the course of the Great Recession but the rate for Hispanics increased the most. However, Hispanics were also the only racial ethnic group in rural areas for which poverty has declined during the recovery in fact their poverty rate dropped by more than three percentage points between 2009 and 2014 resulting in a lower rate in 2014 than at the start of the recession as you can see on the far right hand side of this graph. Turning now to a summary of our conclusions in this year’s Rural America at a Glance we've seen that rural areas have had recent improvements in employment and unemployment while declining labor market participation has also contributed to falling unemployment during the period since the Great Recession. Educational attainment rates are rising in rural areas but urban areas are making greater gains in the proportion of adults completing four or more years of college. Meanwhile poverty rates in rural areas began to decline in 2014 but still remain near post recession highs. Child poverty rates also fell in 2014. Family structure, ethnicity, educational attainment and general labor market conditions are also strongly associated with poverty rates and further research is need to better understand the role of these and other factors in contributing to poverty and child poverty. While I am listed as the contact person for Rural America at a Glance it is really a group product. The 2015 addition was prepared by myself and John Pender working with material provided by several other researchers in the Rural Economy Branch of the Resource and Rural Economy Division. These include Tom Hertz and Tim Parker for labor market trends, John Cromartie for population trends, Tracy Farrigan for poverty and child poverty and Alex Marre for material on educational attainment. We now have a question

and answer period you are also welcome to contact any of us with follow up questions if they occur to you later, thank you for listening.

Thank you Lorin very much now is the time to put in questions into the chat feature if you would like some answers to your questions. I'm going to start off though with a question about slide 24 on poverty rates for racial and ethnic groups. Can you explain why has the poverty rate for Hispanics fallen since the recession?

Yes, I spoke with my colleague Tracy Farrigan about this and she explained that there seems to have been some change in the mix of Hispanics in the labor force in particular in recent years. Those who have been entering the labor force are typically younger more likely to have been born in this country more highly educated and also more fluent in English and as a result they have fared better in the labor market and they are, there are very big successes that have contributed to a decline in the Hispanic poverty rate.

We have another question, what percentage of children are in those single parent families you talked about and does it differ between urban and rural areas?

Sure, overall about one third of all children are in single parent families and that number is very similar in urban and rural areas about 35 percent are in single parent families in rural areas versus 34 percent in urban areas. If we look specifically at children in poverty it turns out that nearly two thirds of them are in single parent families and that number is virtually the same for rural and urban areas.

Okay, we have a couple of questions on rural versus non-rural designations and I'll ask them in turn. So one of the questions is about why does USDA use only county data? This person is I guess trying to figure out why we use certain data to define what rural is.

Sure, well the primary reason for that is data availability. There's a great deal of data that we can access at the county level and so a lot of our analysis takes advantage of that in order to, to describe what we call rural versus urban areas. There are certainly interesting differences between the county level analysis and something at a sub-county level but it would be very difficult to get a handle on poverty for instance at a sub-county level and so we've been using the county level data over a long period of time. There may be more possibilities in the future of doing sub-county analysis given that we have the American community surveyed data available in recent years although even that is difficult to apply for single year analysis for, for small or non-metro counties many of which have a relatively sparse population.

Okay, the second question has to do with did any of the counties change from rural to non-rural designation during your, the period you were looking at, the time period?

Sure, well certainly they have. In most cases we do analysis that takes that into account and looks for changes within a group of counties that have been defined as urban or rural at a particular time. Most of our analysis in this year's Rural America at a Glance refers to counties that were deemed rural after the updated metropolitan area designations from the Office of Management and Budget in 2013. There are a few cases where we are not able to maintain that sort of comparability and we've attempted to indicate that if not in the presentation then in Rural America at a Glance or on the website.

Okay, are there any geographic patterns to poverty and do we have at ERS a map that might depict a poverty rate by county?

I believe we do have such work we didn't focus on geographic patterns this year but we have looked at those more closely in past years. Typically, I think we find that the poverty rates are relatively high in the rural south and that's probably the most striking large scale geographic pattern that at smaller scales there are particular areas both in and outside of the south that are, have had higher poverty rates over a long period including portions of Appalachia, the Mississippi Delta and some southwestern and other western counties with large rural Native American populations. So there are I believe some maps that would describe that available on our ERS website or if you're not able to find what you want there you're certainly welcome to contact us and we'll try to help you find what is publicly available.

Okay thanks, we have another question about the decline in rural employment. You're showing a decline in rural jobs or rural employment is there any indication of what kinds of jobs they were or in what industry, wage levels and where has the growth in jobs been recently?

Well those, those are very good questions we had a limited ability to look at that in the most recent period because most of our employment trend data is coming from the local area unemployment statistics and those do not break down the characteristics of jobs to a very great extent. You can get a lot more insight into that from current population survey data or, or other surveys but we've had some issues with the trend data that we've gotten from those for the most recent year or so and so in describing the trends we have focused on the local area unemployment statistics. I think if you wanted to get somewhat more insight into this I would

suggest following up with one of my colleagues perhaps Tom Hertz who has done a lot of work on the labor markets.

Okay, how do you think the downturn in the farm economy may effect rural employment in the next few years?

Well it certainly is never helpful in rural areas when a particular sector is not doing as well as in the past however it's important to be aware that farm employment is at this point in our history only a fairly modest share of non-metro or rural employment. I believe the figure that I've seen recently was around six percent and so that may not have a profound affect. Also farm incomes vary a great deal from one year to the next. That does not necessarily imply comparable swings in farm employment. The returns into farming can vary a great deal over time but people don't move in and out of farming nearly as quickly.

Okay, there's a question about using county level statistics so would you feel better at cap, which do you feel better at capturing rural community characteristics at, at geographies below the county level census designated places or census tracts?

Well I think there's a couple different issues. One is that there are different ways of thinking about what we mean by rural. The metropolitan area concept focuses on areas that either are city like or that has strong community and economic ties to cities and those can include areas that are relatively rural in appearance. There are other definitions that focus more on population density and land use and in those cases some areas may be designated as rural based on low population densities or you know how the land is being used even though they have quite a bit of commuting into the city so those are just two different ways of thinking about this. The other dimension which I was eluding to before of looking at counties versus sub-counties and it's just that for certain areas particularly in the far west counties can be quite large and they're not ideal units for discriminating between urban and rural areas. We are limited by the data so that we while we can talk about urban and rural or even metropolitan and non-metropolitan unofficially at a more disaggregated level there's a lot less that we can say about those areas and it requires more intensive work to do that analysis.

Okay, will any additional topics such as access to healthcare, transportation, those kinds of things be explored in the future to assess the disparities between rural and urban areas as part of the Rural America at a Glance study in the future?

As I mentioned we do look at different topics typically each year in addition to those that we follow up consistently year after year hopefully over the next two years we will be able to focus on some of those. Really over in the recent past I think we have had a particularly strong focus on some of those macroeconomic trends because of the tremendous impact of the recession and so that has taken up a lot of our available space. ERS does also put out some other "At a Glance" publications and certainly there is the possibility for "At a Glance" type publications to be done in specific issue areas that are of concern in addition to those that are already out there or on the way.

This is sort of a related question about whether gender studies and internet, how the internet has affected education and, and, and employment rates in rural areas versus urban areas.

Well I know there's been work done here on access to internet and broadband. My colleague Peter Stenberg has been involved with a lot of that recently. I was active in that area a number of years ago but I'm not as much up on those recent findings. Certainly internet access to the internet is important for full access to the economy in, in the modern world but I would hesitate to say more without going back to look at what we have published in that area.

And I guess the other question had to do with more female versus male populations in rural areas. Is it mostly just households?

Most of the work that we've done and has, has not focused on a gender I mean I think that is an interesting area because certainly employment trends, occupational trends, education trends are not the same for men and women that has not been a primary focus of our work but we you know we may be doing some things in the future that address that to a greater extent.

Okay, is there any data available that shows a correlation between, this is sort of an internet question again, a correlation between broadband investment and changes in migration, poverty and employment?

I would say I'm not specifically aware of those again I think the person at ERS that has done the most recently on broadband issues and internet issues would be Peter Stenberg. He didn't directly provide input to this he has done a couple of iterations of a publication called Rural Broadband at a Glance so I would recommend that you follow up with him if you have you know more internet specific questions.

Okay, and one last question, is there any, any correlation between mortality rates in rural areas in the ongoing, the ongoing national trend of hospital closures in these areas? Do you know anything about that?

I don't know about that in the context of hospital closures I know I do have a colleague who has been doing some work on hospitals I don't think it's in the context of mortality but in the context of changes in hospital location and economic trends and that isn't something that we have focused on particularly in "At a Glance". I know you know from some other sources that there are issues in rural areas particularly relatively you know sparsely populated and remote areas that access to medical care can affect mortality rates you know independent of their health, general health conditions but that's again that's not an area that I've really focused on so I wouldn't want to say too much about that.

Okay thank you Lorin that was the last question. Thank you all for joining us I just wanted to let everyone know that this presentation has been recorded and we will hopefully post it on our website in about a week at www.ers.usda.gov/multimedia and if you have further questions feel free to email Lorin or myself. My email address is nmcniff@ers.usda.gov and I guess that's, that's it, thank you all for joining us and have a great afternoon.