The nonmetro area poverty rate was 17.0 percent in 2011 and has remained consistently higher than the metro poverty rate over time. Poverty rose slightly in nonmetro areas from 2010, while falling slightly in metro areas; however, over the longer period from 2006 to 2011, poverty increased less in nonmetro than in metro areas.

The population of nonmetro areas grew just 0.1 percent in the year ending July 2011. Population growth was uneven across rural and small-town America: over half of the 2,053 nonmetro counties lost population, while in over 330 others, population growth was higher than the national average rate of 0.7 percent. While nonmetro and metro population growth rates showed signs of converging in the early 2000s, the gap widened considerably between 2006 and 2011. Recreation and retirement-destination counties and nonmetro counties adjacent to metro areas showed marked slowdowns in population growth during 2006-2011 after growing at rates far above the nonmetro average for several decades.

### Employment growth lagging in nonmetro areas

Nonmetro employment growth slowed in the first half of 2012: after growing by 1.2 percent in 2010 and 0.9 percent in 2011, the level of employment in nonmetro counties rose at a seasonally adjusted annual rate of just 0.1 percent over the first half of 2012. By contrast, metro areas saw the number of jobs rise by 1.1 percent in 2010, 1.4 percent in 2011, and 1.1 percent over the first half of 2012. After 2½ years of job growth, employment in nonmetro areas remained 3.2 percent below its 2007 peak, while employment in metro areas was 2.1 percent below its peak (as of July 2012).

### Average nonmetro unemployment rate is trending down

In addition to measures such as employment growth or the employment-population ratio, the health of regional labor markets is gauged by their unemployment rates—the number of people actively seeking employment as a proportion of all who are either working or seeking work. According to CPS data, nonmetro areas fared better by this measure than did metro areas during the recession.

- At the end of 2007, nonmetro and metro unemployment rates were identical at 4.8 percent.
- Since the third quarter of 2009, however, the nonmetro (seasonally adjusted) unemployment rate has been about 0.5 percent below the metro unemployment rate, and both have followed similar downward trends.
- In the third quarter of 2012, the seasonally adjusted unemployment rate was 7.7 percent in nonmetro areas (8.2 percent in metro areas), almost unchanged from the previous quarter.

### Income inequality widens, high poverty persists

From 2006 to 2011, economic well-being declined across metro and nonmetro areas, and economic inequality widened. Average family income fell for all income quintiles from 2006 to 2011, but particularly for lower income families. Declines for each quintile were smaller in nonmetro than in metro areas.

- The average income of the poorest 20 percent of nonmetro families fell 19.2 percent.
- For the poorest 20 percent of metro families, it fell 19.2 percent.

The nonmetro unemployment rate was 7.7 percent in 2012, and 1.1 percent lower than in metro areas. In some nonmetro areas, the decline was well above the unemployment rate in metro areas. Employment growth lags in nonmetro areas.

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- The average income of the poorest 20 percent of nonmetro families fell 11.9 percent from 2006 to 2011, for the poorest 20 percent of metro families, it fell 19.2 percent.
- The disproportionate decrease in average income for families in the poorest quintile was consistent with the long-term trend toward declining compensation for low-skilled workers, as well as historical patterns of income change in the wake of a recession.

As measured by the ratio of the average real income of families in the poorest quintile to families in the richest quintile, income inequality increased in both nonmetro and metro areas.

- The ratio in the metro areas fell from 0.72 in 2006 to 0.68 in 2011.
- In nonmetro areas, the ratio fell from 0.76 to 0.69.

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- In nonmetro areas, the ratio fell from 0.76 to 0.69.
Recent increases in income inequality are consistent with the long-term trend towards growing inequality since the late 1970s. The nonmetro poverty rate was 17.0 percent in 2011, up from 16.5 percent in 2010 and the highest rate since 1993. In contrast, the metro area poverty rate dropped slightly to 14.6 percent in 2011, equal to its rate in 1993. Metro poverty rates have historically been lower than nonmetro rates.

The 2011 poverty rates reflect changes that took place over the course of the most recent economic recession and subsequent slow recovery, which has had a greater impact on the metro area poverty rate than on the nonmetro area poverty rate.

Between 2006 and 2011, the nonmetro area poverty rate increased by 1.8 percentage points, versus 2.8 percentage points for metro areas.

The change in the nonmetro poverty rate relative to the metro rate decreased the gap between the two from 3.4 percentage points in 2006 to a record low of 1.6 percentage points in 2010; however, in 2011 the gap rose to 2.4 percentage points.

Nonmetro America had just over 51 million residents in July 2011, a 0.11-percent increase in population over the previous year compared with a 0.86-percent increase in metro areas. The rate of population growth in nonmetro America has slowed dramatically since the onset of the housing market crisis in late 2006 and the recession a year later. After nonmetro and metro population growth rates showed signs of converging in the early 2000s, the gap widened considerably between 2006 and 2011.

• The nonmetro population grew by fewer than 50,000 between July 2010 and July 2011, after increasing by over 250,000 during the same 12-month period 5 years earlier. Part of this sharp drop-off reflects a slowdown in U.S. population growth overall due to dramatically lower immigration rates since 2007. Experts believe net immigration from Mexico is now zero or negative. Nonmetro counties have also experienced lower rates of natural population change (births minus deaths) and domestic net migration.

• As usual, population growth was uneven across rural and small-town America during 2010-2011. Over half of the 2,055 nonmetro counties lost population, some from net out-migration, some from natural decrease (more deaths than births), and some from both. At the same time, population growth was higher than the national rate of 0.7 percent in over 350 nonmetro counties during 2010-11.

• There were significant regional shifts in population growth patterns during the past decade. Nonmetro areas in the Great Plains showed a rebound in population since 2007 after lagging most other areas for several decades. This demographic turnaround largely reflects renewed growth in the energy sector affecting many communities in the region. After average population declines of roughly 13,000 people a year in the first half of the 2000s, the nonmetro Great Plains has gained over 18,000 people a year since 2007.

• Recreation-retirement destinations and nonmetro counties adjacent to metro areas showed marked slowdowns in population growth during 2006-2011 after growing at rates far above the nonmetro average for several decades. Population growth in the nonmetro West, where many retirement and recreation counties are located, fell from 1.6 percent in 2005-06 to 0.3 percent in 2010-11. In the 10 years before 2006, high rates of population growth in high-amenity and metro-adjacent counties went hand-in-hand with a housing-market boom driven by debt-financed consumption and subprime mortgage lending, so these counties were especially vulnerable to the housing market decline.

• The Northeast, Great Lakes, and Corn Belt regions showed steadily declining annual population growth rates since 2000 and lost nonmetro population over the past 4 years. Many nonmetro counties in these regions have an aging population and continue to lose young adults through out-migration to nearby metro centers and Sun Belt destinations.

### Data Sources and Definitions

**Data sources:**
- Calculations by the Economic Research Service, using data from the U.S. Census Bureau.

**Definitions and additional information:**
- For more on ERS county types, such as farm-dependent and retirement destination counties, see [http://www.ers.usda.gov/data-products/county-type-locode-codes.aspx](http://www.ers.usda.gov/data-products/county-type-locode-codes.aspx).
- For more on the Local Area Unemployment Statistics program, see [http://www.bls.gov/laus/home.htm](http://www.bls.gov/laus/home.htm).
- For more on the definition and measurement of poverty, including the identification of poor individuals and households, see [http://www.census.gov/hhes/www/poverty/](http://www.census.gov/hhes/www/poverty/).

### Nonmetro population growth slows in recent years

Poverty rates were even higher in 2007 for nonmetro children under age 18, at 22.5 percent, versus 12.5 percent, has exceeded the national poverty rate for prime working-age adults has changed little since 2010. Employment growth in nonmetro areas has been slowed by lagging nonmetro employment trends in the manufacturing, education, and health, and leisure/hospitality sectors.

The nonmetro unemployment rate has fallen steadily since peaking at 9.5 percent in late 2007, falling to 7.7 percent in the third quarter of 2012, and has remained lower than the metro rate for the past 3 years, despite slower nonmetro employment growth. Unemployment declines reflect not only growth in employment, but also the departure of discouraged jobseekers from the labor force, as well as delayed entry into the labor force by many young people, in the wake of the recession and slow recovery, the long-term unemployment rate has reached the highest level since the Great Depression.

Weak labor demand has put downward pressure on hourly wages. Real hourly wages grew through 2000, but fell in 2010 and 2011, in both nonmetro and metro areas. Income inequality grew in both nonmetro and metro areas between 2006 and 2011, but the increase in inequality was much less in nonmetro areas. Income declines were also lower in nonmetro areas for all income quintiles.

### ERS Web Site and Contact Person

Information on rural America can be found on the ERS website at [www.ers.usda.gov/topics/rural-economy-population](http://www.ers.usda.gov/topics/rural-economy-population). For more information, contact Lorin D. Kusmin at likusmin@ers.usda.gov or 202-694-5429.

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### Rural America At A Glance

2012 Edition

After 2 years of economic recovery, improvements in nonmetro labor markets remain limited. While the 2007-09 recession was less severe in nonmetro areas, the subsequent economic recovery appears to be slower than in metro areas. Employment in nonmetro areas remains 3 percentage points below its 2007 peak, and the nonmetro employment-to-population ratio for prime-working-age adults has changed little since 2010. Employment growth in nonmetro areas has been slowed by lagging nonmetro employment trends in the manufacturing, education, and health, and leisure/hospitality sectors.

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