

Corresponding roughly with trends in employment, the seasonally adjusted unemployment rate rose for 2.5 years before peaking in the fourth quarter of 2009, at 9.6 percent in nonmetro areas and 10.1 percent in metro areas. By the second quarter of 2010, unemployment had fallen to 9.4 percent in nonmetro areas and 9.7 percent in metro areas.

Real median household income decreased 1.3 percent nationwide between 2007 and 2008 according to the American Community Survey (ACS), coinciding with the first part of the recession. Income fell in both nonmetro and metro areas. At the same time, the poverty rate increased, rising from 13.0 percent in 2007 to 13.2 percent in 2008 according to ACS data. Nonmetro area poverty remained higher than metro area poverty in 2008. (Poverty data for 2008 are the most recent available as of mid-2010.)

Between July 2008 and July 2009, nonmetro counties grew by 91,000 people, just one-third of the population added during the corresponding 2005-06 period. Population growth from natural increase (births minus deaths) was higher during 2008-09; thus the population slowdown was caused by lower levels of net migration—more residents leaving nonmetro areas (out-migrants) than new residents arriving (in-migrants).

This decline in the nonmetro population growth rate particularly affected nonmetro suburbanizing counties adjacent to metro areas, as well as nonmetro recreation and retirement destinations in counties with scenic amenities. The slowdown in suburbanization since 2006 caused a switch to net out-migration from these nonmetro suburban areas—more people are leaving them than are moving in for the first time since World War II.

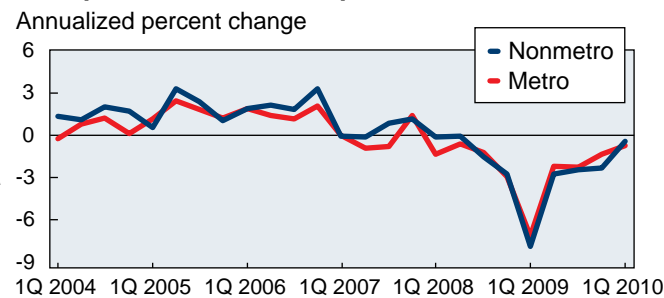
Employment Stabilizes in 2010, After 2 Years of Losses

Both nonmetro and metro areas lost jobs throughout 2008 and 2009. In the first quarter of 2010, however, employment appears to have stabilized.

- Based on preliminary Local Area Unemployment Statistics (LAUS) data, the number of employed people in nonmetro areas fell by 4.9 percent from the fourth quarter of 2007 (the beginning of the recession) to the first quarter of 2010. Employment fell by 5.0 percent in metro areas.

- Preliminary LAUS data for the first quarter of 2010 show slight negative employment changes for both nonmetro and metro areas. This is the fourth quarter in a row that the pace of job loss has slowed.

Other surveys suggest that national employment actually increased in the first 6 months of 2010.



Q = quarter. Source: USDA, Economic Research Service analysis of data from U.S. Bureau of Labor Statistics.

Seasonally adjusted data from the Current Employment Statistics program (which is a survey of employers) indicate that 261,000 nonfarm jobs were added in the first quarter of 2010, and an additional 621,000 were added in the second quarter. This change cannot be calculated separately for metro and nonmetro areas.

The manufacturing and construction sectors accounted for most job losses between the fourth quarters of 2007 and 2009 in nonmetro areas, while employment in educational and health services continued to grow despite the national recession, according to CPS data.

- Manufacturing lost an estimated 642,000 jobs in nonmetro counties over this period, a decrease of 19.3 percent. (By comparison, metro counties lost 2.2 million manufacturing jobs over the same period, a change of 16.3 percent.) Manufacturing now employs fewer people in nonmetro areas than does wholesale and retail trade.

- Nonmetro employment in construction fell by 371,000 over this period, a decrease of 19.0 percent. (For metro counties, the decline was 21.1 percent or 2.1 million jobs.)
- Other industries that lost more than 10 percent of their nonmetro employment over this period were information services (down 14.5 percent, or 52,000 jobs), and finance (down 13.9 percent, 149,000 jobs).
- Educational and health services, which is the largest employment sector in both metro and nonmetro areas, increased employment between the fourth quarters of 2007 and 2009, adding 400,000 jobs in nonmetro areas (8.0 percent) and 903,000 jobs in metro areas (3.4 percent).
- Agriculture, professional/business services, and the leisure/hospitality industries also posted employment gains in nonmetro areas over this period, in contrast to metro areas where all three sectors experienced job losses.

The rate of nonmetro employment loss between the fourth quarters of 2007 and 2009 also varied geographically, with the largest declines occurring in the East North Central region (the Great Lakes) and the East South Central (Mississippi, Alabama, Tennessee, and Kentucky), both of which lost 8.2 percent of their nonmetro employment. The least affected nonmetro areas were in the West South Central region (Texas, Oklahoma, Arkansas, and Louisiana), which lost an average of just 0.1 percent of employment over the period. Overall regional patterns were similar for metro areas.

Unemployment Levels Off in Both Nonmetro and Metro Areas

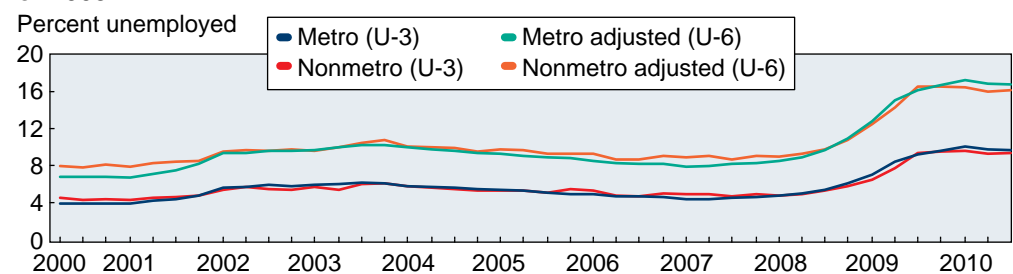
After rising for 2.5 years, the seasonally adjusted official unemployment rate (U-3) peaked in the fourth quarter of 2009, at 9.6 percent in nonmetro areas and 10.1 percent in metro areas. These rates were the highest since 1983.

Since then, rates have shown some improvement: in the second quarter of 2010, the nonmetro unemployment rate was 9.4 percent, and the metro rate was 9.7 percent. An estimated 2.2 million people in nonmetro areas and 12.7 million in metro counties remain unemployed.

A broader measure of unemployment (U-6) includes “discouraged” workers (those who have given up actively seeking employment but are available and wanting to work) as well as those who are working part time but would prefer to work full time if full-time work were available. This measure also leveled off in 2010. In the second quarter of 2010, the U-6 unemployment rate in nonmetro areas was 16.2 percent, and 16.8 percent in metro areas. These numbers correspond to 3.8 million unemployed or underemployed people in nonmetro counties, and 22.3 million in metro counties.

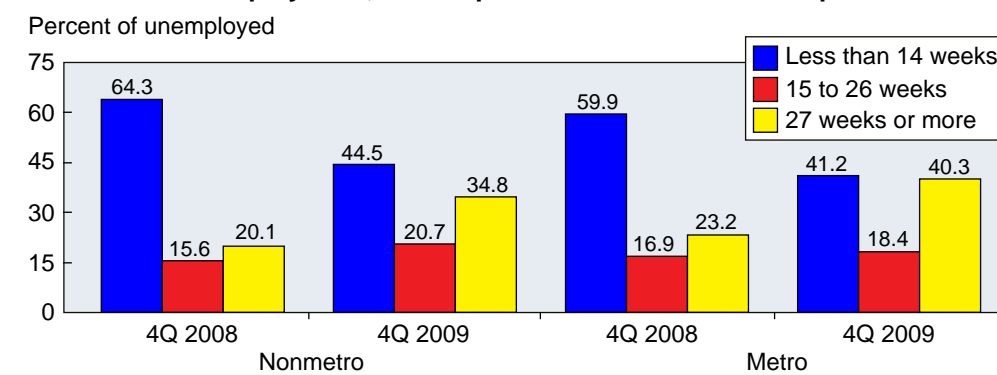
The average duration of unemployment for nonmetro workers (using the U-3 definition) was 26.5 weeks in the fourth quarter of 2009, up from 17.8 weeks in the same quarter in the previous year. For metro workers, the search for a job was somewhat longer, averaging 29.2 weeks in the fourth quarter of 2009 compared with 20.0 weeks in the previous year. This is the longest average duration of unemployment ever recorded by the Bureau of Labor Statistics, which has tracked this outcome since 1948.

Nonmetro and metro unemployment rates leveled off in the fourth quarter of 2009



Note: The metro/nonmetro status of some counties changed in the third quarter of 2005. These changes can affect comparability with data for prior periods. See text for definition of U-3 and U-6. Source: USDA, Economic Research Service analysis of data from U.S. Bureau of Labor Statistics, Current Population Survey.

Duration of unemployment, fourth quarter 2008 versus fourth quarter 2009



Q = quarter. Source: USDA, Economic Research Service analysis of data from U.S. Bureau of Labor Statistics, Current Population Survey.

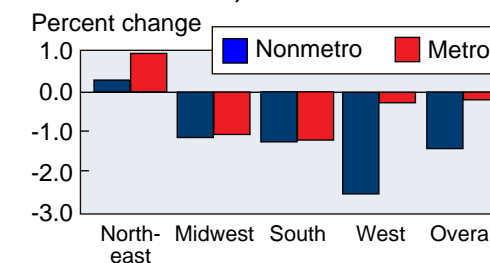
In the second quarter of 2010, nearly 43 percent of unemployed workers in nonmetro areas, and 46 percent in metro areas, had been out of work for more than 6 months (26 weeks).

Nonmetro Poverty Increases With Widespread Declines in Income

Real median household income declined 1.3 percent nationwide between 2007 and 2008, according to data from the American Community Survey. Both nonmetro and metro areas and all regions except the Northeast experienced the decline, which was greatest for nonmetro residents in the West (down 2.5 percent) and for metro residents in the South (down 1.2 percent). The decline was also evident among most nonmetro subpopulations. The median declined from 2007 to 2008 for all nonmetro household age groups and for all nonmetro racial/ethnic groups except for American Indian and Alaskan natives.

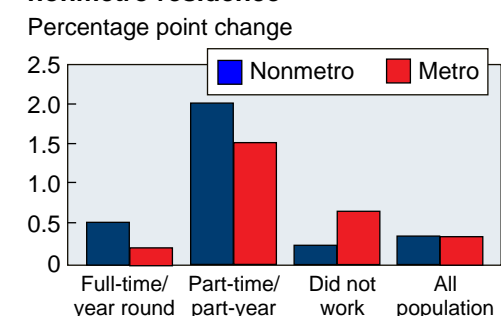
The declines in median household income are reflected in the poverty rate, which increased nationwide from 13.0 percent in 2007 to 13.2 percent in 2008. Nonmetro area poverty remained higher than metro area poverty in 2008, at 16.2 percent (15.8 percent in 2007) versus 12.6 percent (12.4 percent in 2007).

Percent change in real median household income, metro and nonmetro areas, 2007-08*



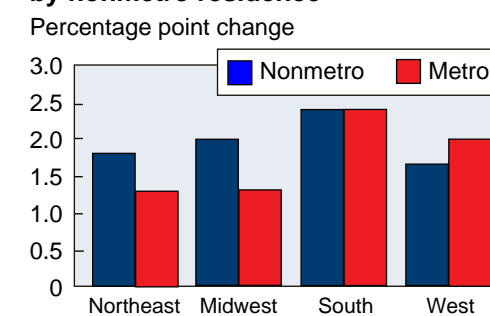
* Income adjusted for inflation. Source: USDA, Economic Research Service analysis of data from U.S. Department of Commerce, U.S. Census Bureau, American Community Survey.

Change in poverty rate between 2007 and 2008 by work experience and nonmetro residence¹



¹Population ≥ 16 years old. Source: USDA, Economic Research Service analysis of data from U.S. Department of Commerce, U.S. Census Bureau, American Community Survey.

Change in regional poverty rate 2007-08, part-time/part-year workers by nonmetro residence¹



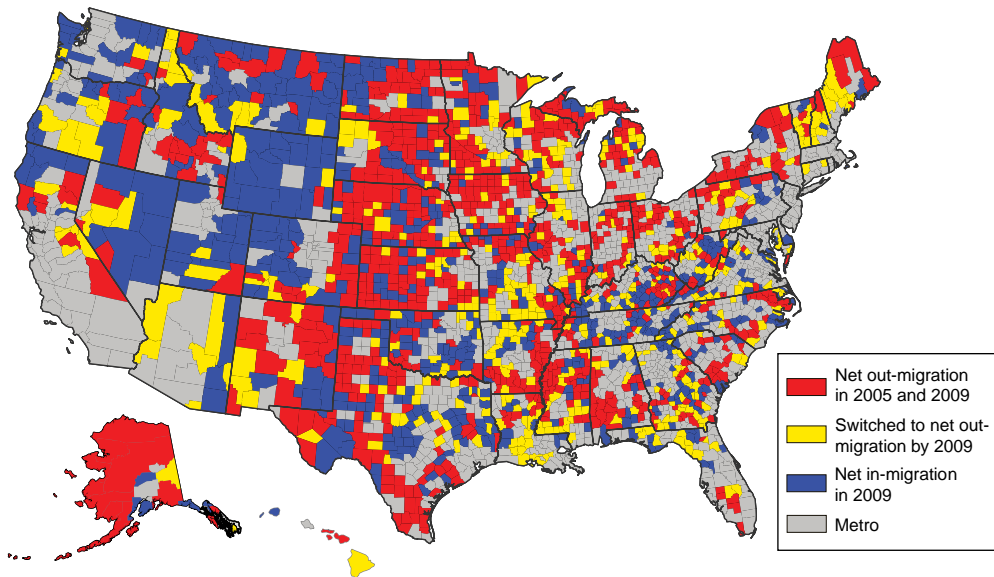
¹Population ≥ 16 years old. Source: USDA, Economic Research Service analysis of data from U.S. Department of Commerce, U.S. Census Bureau, American Community Survey.

Most population subgroups (age, education, race/ethnicity, and employment status) witnessed moderate increases in poverty nationwide, with some variation between nonmetro and metro areas. The increase in poverty (for persons 16 years and over) was greatest for those who worked part-time or part of the year. That rate rose from 17.2 percent in 2007 to 19.2 percent in 2008 in nonmetro areas and from 14.1 percent to 15.6 percent in metro areas. By region, the largest increases occurred in the South, where poverty among part-time and part-year workers rose by 2.4 percentage points in both nonmetro and metro areas.

Nonmetro Population Trends Affected by Drop in Nationwide Migration Rates

The percentage of Americans moving between counties dropped to historic lows between 2006 and 2009, reducing the rate of population growth throughout rural and small-town America, especially in areas that had previously been attracting large numbers of new residents (in-migrants). The change reflected a constellation of developments that inhibited retirement migration and other discretionary moves: a decline in wealth as home values and stock market values fell; the increased difficulty of financing home purchases in the wake of the mortgage crisis; a decline in speculative real estate construction; and falling incomes and declining job opportunities as the economy moved into recession. Between July 2008 and July 2009, the nonmetro population grew by 91,000, just a third of the population that was added during the corresponding 2005-06 period. Between 2005-06 and 2008-09, the number of nonmetro counties losing population rose from 995 to 1,123. Much of that population loss occurred in suburbanizing counties adjacent to metro areas, as well as in counties with scenic amenities.

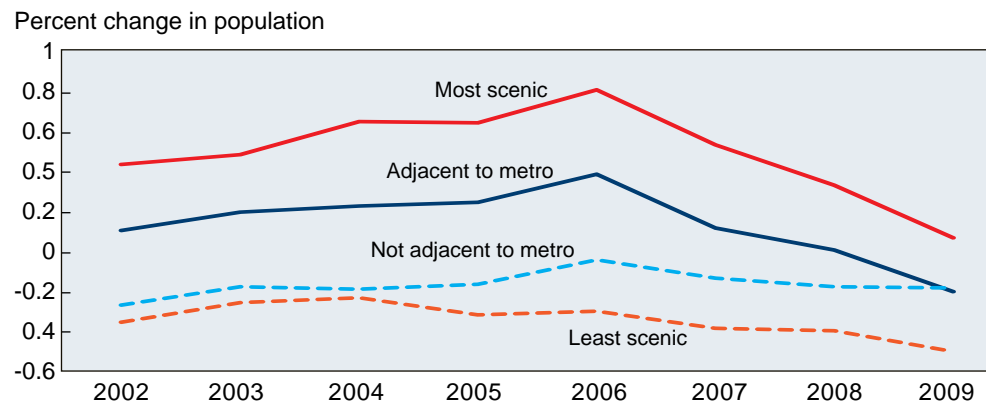
Nonmetro counties that switched to net migration loss between 2005-06 and 2008-09



Source: USDA, Economic Research Service analysis of data from U.S. Bureau of Labor Statistics.

- Population growth from natural increase (the difference between births and deaths) increased slightly in nonmetro areas between 2006 and 2009. Thus, the slowdown in the pace of nonmetro population growth, from 0.57 percent during 2005-06 to 0.18 percent during 2008-09, was caused exclusively by lower levels of net migration—the difference in people moving to and from nonmetro areas.
- The overall slowdown in U.S. population mobility caused a convergence in population growth rates among different types of counties, as fewer people moved into those counties that previously had the highest rates of growth. The slowdown in nonmetro suburbanization since 2006 was the first significant break in this trend since World War II. The previously consistent wide gap between adjacent and nonadjacent nonmetro counties in their rates of net migration to metro areas disappeared altogether in 2008-09.

Nonmetro net migration, by type of county, 2002-09



Note: Scenic classifications based on top and bottom quartiles of the ERS Natural Amenities Index. Source: USDA, Economic Research Service analysis of data from U.S. Department of Commerce, U.S. Census Bureau.

- A similar trend toward convergence showed up among counties with and without scenic amenities. The 20 percent of nonmetro counties scoring lowest on the ERS natural amenities scale already had more out-migrants than in-migrants in 2005-06, and their further drop in net migration was relatively modest. In contrast, the top-rated scenic counties showed a steeper decline from a net in-migration rate above 0.8 percent in 2005-06 to near zero in 2008-09.
- Among the nearly 500 nonmetro counties that switched from net in-migration to net out-migration during this period were many with recreation- or tourism-based economies in New England, along the South Atlantic coast, in the Ozarks, and throughout the intermountain West. Baby boomers have led much of the amenity-based migration in recent years, as many had moved to high-amenity nonmetro destinations as they retired or in anticipation of retirement. However, the expected upswing in migration to rural areas by the aging baby boom cohort did not materialize in 2008-09, dampened perhaps by declining job security and loss of wealth, especially home equity wealth.

Data Sources and Definitions

This report draws upon the work of researchers at USDA's Economic Research Service (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 2008 to 2010.

For more on the 2003 definitions of metropolitan and nonmetropolitan 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 recreation and retirement destination counties, see <http://www.ers.usda.gov/Briefing/Rurality/Typology/>.

For the definition of adjacency to a metro area, see <http://www.ers.usda.gov/Briefing/Rurality/RuralUrbCon/>.

For more on the definition of poverty and the identification of poor individuals and households in the American Community Survey, see <http://www.census.gov/hhes/www/poverty/poverty-cal-incs.pdf/>.

For current and past poverty thresholds, see <http://www.census.gov/hhes/www/poverty/data/threshld/index.html/>.

For more on the standard and alternative measures of unemployment (U-3 and U-6), see <http://www.ers.usda.gov/Briefing/LaborAndEducation/employment.htm/>.

ERS Web Site and Contact Person

Information on rural America can be found on 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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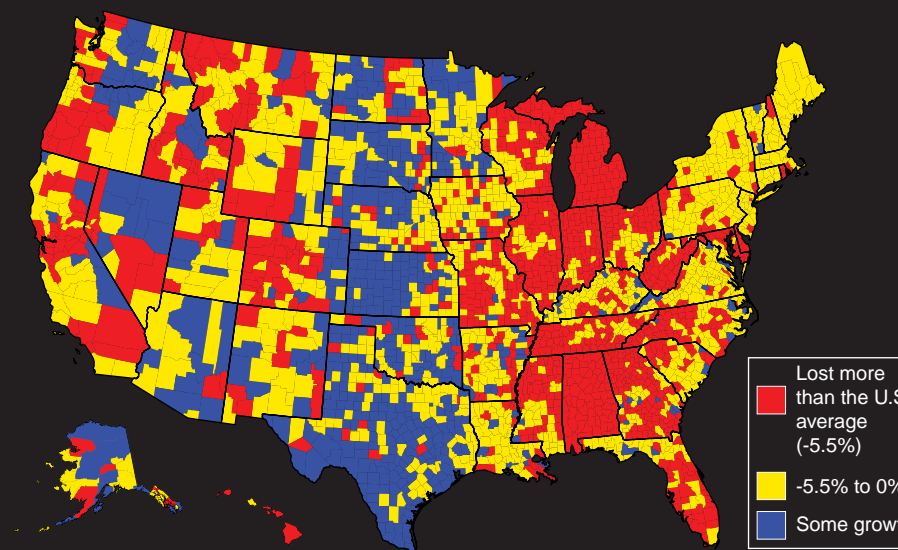


Developments in the rural economy during 2009 and early 2010 were largely driven by national economic trends. The recession that began at the end of 2007 and continued into 2009 was associated with depressed housing sales and values, a stock market slump, and a widespread bank credit crisis as well as declines in employment and output, and all of these had effects in rural areas.

Both nonmetro and metro areas lost jobs throughout 2008 and 2009. Since the start of the recession in the fourth quarter of 2007, employment has decreased by almost 1 million jobs in nonmetro areas, while 7.1 million jobs were lost in metro areas. At the national level, the percentage employment decline was the largest seen in a recession since World War II. The manufacturing and construction sectors accounted for most of the job losses in nonmetro areas. The average duration of unemployment for nonmetro workers was 26.5 weeks in the fourth quarter of 2009, up from 17.8 weeks in the same quarter in the previous year.

By the first quarter of 2010, however, employment appears to have stabilized. Some data for the first quarter show minimal employment declines for both metro and nonmetro areas, while other data suggest that national employment actually increased in each of the first two quarters of 2010.

Employment change, fourth quarter 2007 to fourth quarter 2009



Source: USDA, Economic Research Service analysis of data from U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.