Rural counties vary in their economic structure with marked regional differences

- Urbanized areas
- Metro counties
- Nonspecialized (365 counties)
- Farming-dependent (391 counties)
- Mining-dependent (184 counties)
- Manufacturing-dependent (348 counties)
- Federal-State government-dependent (229 counties)

Rural employment has grown slowly in recent years while rural population has declined slightly

Indices (Level in 2000 = 100)

- Rural employment
- Urban population
- Urban population

Data sources
- American Community Survey, Census Bureau, U.S. Department of Commerce
- Local Area Personal Income and Employment Data, Bureau of Economic Analysis, U.S. Department of Commerce
- Small Area Income & Poverty Estimates, Census Bureau, U.S. Department of Commerce

Definitions and additional information

For the 2000 and 2015 definitions of metropolitan and nonmetropolitan areas and as related concepts such as urbanized areas and central cities, see www.census.gov/geo/reference/metro.html and www.census.gov/geo/reference/cbsa.html.

Note: Shaded area indicates Great Recession. Source: USDA, Economic Research Service estimates based on Census Bureau Small Area Income and Poverty Estimates data sets from U.S. Census Bureau.

Rural poverty rates are highest in government-dependent and nonspecialized counties

Aggregate poverty rate (%)

- Nonspecialized
- Manufacturing dependent
- Mining dependent
- Farming dependent
- Recreation

Rural median household incomes were highest in recreation counties

- Median household income (2014 dollars)
- Nongovernment dependent
- Manufacturing dependent
- Mining dependent
- Farming dependent
- Recreation

Notes:

- MediaIs shown as the population-weighted median value of county median household income for the indicated county type. The poverty rate is based on the set of those who live in this type of county in a county with a lower median household income, and one-half in a county with a higher median household income.
- Constant 2014 dollars, deflated by the Consumer Price Index.
- Shaded area indicates Great Recession.

Little change in population and slow growth in employment in rural America

The total population in rural (nonmetro) counties stood at 46.2 million in July 2015, representing 14 percent of U.S. residents in 72 percent of the Nation’s land area. The rural population declined by 136,000, or 0.3 percent, between 2010 and 2014, before leveling off in 2015. (Except where noted, all data for metro and nonmetro areas reported here are based on the metropolitan public area designations established by the Office of the Management and Budget in 2013 based on 2010 Census results.)

Rural employment continued to decline in rural areas in 2015, falling close to levels last seen before the start of the recession in 2007, while rural population overall had relatively high levels of household income and low levels of poverty in 2015. Although earnings in the recreation economy-population/rural-classifications/what-is-rural.aspx

Information on rural America can be found on the ERS website at www.ers.usda.gov/topics/rural- economy-population/rural-classifications/what-is-rural.aspx

The poverty rate was substantially higher in 2014 than in 2007 for all rural county types except mining counties. The highest poverty rates and lowest median household incomes are in those county types not associated with a clear private-sector economic base—that is, nonspecialized and government-dependent counties. While earnings in the recreation sector are low, recreation counties have the lowest poverty rate and highest household income, possibly reflecting the importance of income from assets and transfer payments toward Social Security. Poverty rates and capita incomes are intermediate for farming, mining, and manufacturing counties.

For more information about this chart, refer to the Notes section at the end of this report or visit ERS’s See What’s Going On? website. Nonmetro counties are based on the metropolitan public area designations established by the Office of the Management and Budget in 2013 based on 2010 Census results. For more information, see www.census.gov/geo/reference/metro.html and www.census.gov/geo/reference/cbsa.html.

In 2015, the poverty rate was 14.9 percent, compared with 14.7 percent in 2014. Poverty rates in nonmetro areas have been at or above 14 percent since 2001, when the start of the recession in 2007, while rural population overall had relatively high levels of household income and low levels of poverty in 2015.

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percent. Across many rural regions, slow rates of population growth from natural increase (births minus deaths), together with net population losses from migration, are netting little or no growth in the total rural population, with significant declines in some rural areas. The divergence between rural and urban population growth rates has been more marked since the Great Recession. In the long run, the periodic redefinition of many fast-growing rural counties as urban further contributes to these patterns, making those areas classified as rural less likely to sustain overall population growth.

Rural employment has risen modestly—including an increase of about 1.3 percent between 2013 and 2015—as the national economy has recovered since employment levels bottomed out in 2010. Seasonally adjusted rural employment grew a further 0.5 percent between the end of 2015 and the second quarter of 2016. Still, the overall rural employment level remains well below its pre-recession level. Meanwhile, urban employment has risen more than twice as rapidly in recent years and was 4 percent above its 2007 level by 2015.

**Labor force participation rates rise over long decline**

Labor force participation measures the share of the adult civilian, noninstitutionalized population that is either employed or actively seeking employment. Labor force participation rates in both rural and urban areas have declined markedly since the onset of the Great Recession in 2008. Recent data show labor force participation levels in rural areas are still lagging in urban areas and increasing slowly in rural areas, which may suggest that economic recovery is beginning to draw people into the labor market. The divergence between rural and urban labor force participation rates largely reflects the fact that a larger share of rural adults are older than the typical working age.

**Median earnings are lower but rising in rural areas**

Median earnings are substantially lower in rural areas than in urban areas, although this share small decline in rural-urban population-growth cost estimates. Both rural and urban median annual earnings (for adults with earnings) fell markedly during the Great Recession, but the decline in rural earnings was much smaller and relatively short-lived. In 2015, rural median earnings rose by more than 2 percent and exceeded their 2007 level. In contrast, urban (metro) earnings continued to fall in most years since the recession. Despite an increase of 1.6 percent in urban median earnings are still more than 7 percent below pre-recession levels. As a result, the ratio of rural earnings to urban earnings rose from 77 percent in 2007 to nearly 84 percent in 2015. Because median earnings are calculated only among the employed, changes over time and rural-urban differences are strongly affected by changes in the numbers of employed or in the occupational composition of employment.

**Poverty declines in 2015 as employment rebounds**

Rural unemployment nearly doubled during the Great Recession, rising from 5.2 percent in 2007 to 10.8 percent in 2010. Over the same period, the urban unemployment rate more than doubled. Both rural and urban unemployment rates have fallen since rural unemployment from 9.9 percent in 2010 to 5.7 percent in 2015 and urban unemployment from 9.6 percent to 5.2 percent. By the second quarter of 2016, seasonally adjusted unemployment was slightly above 2007 levels.

Although the number of people working has increased since 2010, declines in the unemployment rate have also reflected fewer people seeking work. If participation rates in 2015 had been identical to 2010, then the unemployment rate in 2015 would have been an estimated 8.2 percent in rural areas and 7.4 percent in urban areas, well below recessionary peaks but far above the levels expected in prosperous times.

Both unemployment and poverty rates rose throughout the Great Recession. Poverty rates continued to rise until 2011 in urban areas and until 2013 in rural areas. Poverty has been slow to abate in the wake of other recessions since the 1980s. Poverty rates in both rural and urban areas fell slightly in 2014 and more markedly in 2015—by 0.9 percentage point in rural areas and 0.8 percentage point in urban areas—but remain well above pre-recession levels. Rural poverty rates have been higher than urban rates since 1960, when the rates were first recorded. However, the Supplemental Poverty Measure, which adjusts for geographic differences in housing costs (among other adjustments), estimates a higher poverty rate in rural areas.

**The rural economy depends more on goods production**

Many of the differences between the rural and urban economies reflect differences in their industrial compositions. Service industry accounts for the largest share of jobs and earnings in both rural and urban areas, rural areas are more dependent on goods production. The primary goods production industries—farming, forestry, fishing, and mining—are more important in rural areas. For example, manufacturing employment in rural areas is significantly higher, accounting for 6.7 percent of all earnings in rural areas and just 9 percent in urban areas. The composition of the service sector is also very different in rural and urban areas. Within the producer services category, 52 percent of urban employment is managerial and professional, compared with just 39 percent of rural employment in that sector.

**Producers services play a larger role in rural employment today**

In 2015, overall, producers services—finance, insurance, and real estate; and professional/related services—comprised 27 percent of rural employment and 22 percent of urban employment. Of the 537 counties with substantial oil and natural gas production, 444 are rural and 93 are urban. Over 2001-14, the much larger producer services sector has seen employment growth of more than 20 percent in both rural and urban areas. Between 2001 and 2010, manufacturing employment fell by close to 30 percent in both rural and urban areas, reflecting the impacts of trade competition, rising labor productivity, and the Great Recession. While manufacturing employment in 2010, it remains well below the levels of the early 2000s. The greatest rural-urban difference in jobs growth is in recreation employment, which has risen markedly faster in urban areas; this may reflect both overall population growth in urban areas and their success in attracting younger adults.

**Median earnings generally higher in urban areas**

Earnings are generally higher in urban areas, but the rural disparities vary greatly by sector. In 2013, overall, median coded earnings were 15 percent lower in rural areas, but the gap was much larger in the producer services sector (finance, insurance, and real estate; and professional/related services). Producer service firms in urban areas employ more professional and managerial workers, accounting for the earnings premium that accrues in urban areas.

**Rural labor force is more diverse**

Rural employment has grown more rapidly than in urban areas since the 1980s, with significant changes in industry mix and the share of female workers. Both rural and urban employment has recovered since employment levels bottomed out in 2010. Seasonally adjusted rural employment grew a further 0.5 percent between the end of 2015 and the second quarter of 2016. Still, the overall rural employment level remains well below its pre-recession level. Meanwhile, urban employment has risen more than twice as rapidly in recent years and was 4 percent above its 2007 level by 2015.

**Industry dependence is reflected in local economic trends**

Rural America is economically diverse, and while most rural counties offer employment in a variety of industries, they differ in their industry mix. Here we compare rural counties based on the industry that most supports their economies. The 2015 ERS County Typology Codes classify all U.S. counties according to six mutually exclusive categories of economic dependence: farming, mining, manufacturing, Federal/state government, recreation, and non-specialized counties. Local economies are more sensitive to economic trends that have a pronounced effect on their leading sectors. For example, the recent boom in U.S. oil and natural gas production is a major impact on many mining-dependent counties, although lower oil and gas prices have led to reduced oil exploration and economic activity in these counties. Trends in agricultural prices have a disproportionate impact in farming.