Overview

Nonmetropolitan (nonmetro) America encompasses a diverse set of counties, from those that are closely tied to metropolitan (metro) areas with relatively large urban populations, to those that are isolated and sparsely populated. About two-thirds of nonmetro residents (30 million people) live in counties that are adjacent to metro areas, and nearly 14 million of them live in counties with an urban population of at least 20,000 people (“more urban” nonmetro counties). Among the one-third of residents in nonmetro areas that live in nonadjacent counties, about 5 million live in more urban counties. The remaining 11 million nonmetro residents live in nonadjacent counties that have fewer than 20,000 urban residents (“less urban,” having 2,500 to 19,999 urban residents, or “completely rural,” having fewer than 2,500 urban residents).

This report focuses on demographic and socioeconomic trends after the end of the Great Recession in 2009. Varying demographic and socioeconomic trends are evident for different places along the rural-urban continuum. Between 2010 and 2018, population grew in metro counties and in nonmetro areas having more urban population, while population declined in other types of nonmetro counties. Employment grew in all types of counties except for completely rural, nonadjacent counties, but grew more slowly in all types of nonmetro counties than in metro counties. In addition to slower population growth, lower rates of labor force participation in nonmetro areas—due to an older, less educated population that is more likely to be disabled—also contributed to slower employment growth in nonmetro than in metro areas. Poverty rates are highest in the most rural, isolated settings, and the gap between poverty rates in these and other settings has grown. Even so, poverty rates have declined since 2013 in all types of nonmetro counties.

Real personal income per person (PIPP) was significantly higher and grew faster in metro counties than in nonmetro counties during 2010-17. Among nonmetro counties, the levels and changes in PIPP were fairly similar across the rural-urban continuum, although real PIPP declined between 2015 and 2017 in the most rural and remote type of nonmetro counties. Part of the reason for this was the decline in farm income and mining income during the latter part of the study period, since these industries are more prominent in more rural and remote counties. Real PIPP declined in farming-dependent nonmetro counties after 2013, and in mining-dependent nonmetro counties after 2014. Nonmetro recreation counties had the most rapid growth in real PIPP during 2010-17 and the highest level of PIPP after 2013. Other nonmetro county types—manufacturing-dependent, Federal and State Government-dependent, and non-specialized counties—had similarly low levels and slow growth of real PIPP from 2010 to 2017.
Nonmetro counties contained 46.1 million residents in July 2018, 14.1 percent of the Nation’s population, according to the latest estimates from the U.S. Census Bureau. This compares with 46.3 million residents in July 2010, a 0.4-percent decline during this decade. Renewed population growth since 2016 (nonmetro counties added an estimated 54,000 residents during 2016-18) did not offset the loss of 260,000 people during 2010-16, which was the first-ever period of nonmetro population decline. Overall population loss from 2010 to 2018 resulted from a historically low population gain of 272,000 nonmetro residents from natural change (births-deaths), which did not offset population loss of 478,000 from net outmigration (more people moving out of nonmetro counties than moving in).

Rates of population change varied across the rural-urban continuum during 2010-18, from a nearly 7-percent increase in metro counties to a nearly 2-percent decrease in completely rural, nonadjacent counties. The only nonmetro categories that gained population during this decade were the more urban nonmetro counties, both adjacent and nonadjacent to metro counties. In these counties, high rates of natural increase (compared with other nonmetro counties) more than offset population loss from net outmigration. In both categories of less urban nonmetro counties, natural increase was insufficient to offset population loss from net outmigration. Both natural decrease and net outmigration contributed to population loss in completely rural nonmetro counties. Nonmetro net migration tends to fluctuate with the business cycle and often returns from net outmigration to inmigration during periods of economic recovery. In contrast, natural decrease is more closely linked with long-term declines in fertility rates and population aging, and therefore is less likely in any given county to return to previous levels of natural increase.

The nonmetro population has declined since 2010 outside areas with larger towns

Nonmetro employment continues to grow more slowly than metro employment

Employment in both nonmetro and metro counties fell by 5 percent between the end of 2007 and the end of 2009, reflecting the effects of the Great Recession. Between 2010 and 2018, nonmetro employment grew at an average annual rate of 0.4 percent, compared to 1.5 percent per year in metro areas. By the second quarter of 2019, nonmetro employment remained more than 1 percent below the pre-recession level, while metro employment exceeded the pre-recession level by more than 9 percent. This difference in employment growth between metro and nonmetro counties is due in part to slower population growth in nonmetro counties than in metro counties during this period.

Employment growth between 2010 and 2018 has been fastest (totaling more than 4 percent over the 8-year span) in more urban nonmetro counties. Less urban and completely rural nonmetro counties, especially those not adjacent to a metro county, generally saw slower employment growth. In fact, completely rural nonadjacent counties experienced a slight decline (-0.4 percent) in employment between 2010 and 2018.
These differences in employment growth rates across the rural-urban continuum may be related in part to differences in population growth across these settings. The slowest employment growth occurred in the same areas that had negative population growth—i.e., less urban or completely rural nonmetro counties. Employment growth since 2010 was faster than population growth in all groups of counties, indicating that a rising share of the population was employed.

Employment has grown more rapidly in metro than nonmetro areas since the Great Recession

Employment has grown more rapidly than population since 2010 across the rural-urban continuum, but has declined in the most isolated rural areas

Declining labor force participation in nonmetro areas contributes to slower nonmetro employment growth

Besides population growth, two other factors that affect differences in employment growth between metro and nonmetro areas are changes in labor force participation (the share of the adult population that is in the labor force; i.e., either employed or actively seeking employment) and changes in the demand for labor. Although it is difficult to isolate the independent effect of each of these factors, it is clear that labor force participation rates have been slower to recover in rural than in urban areas. In 2018, labor force participation was only 58 percent in nonmetro counties, compared to 64 percent in metro areas, a larger gap than in 2010. A decomposition analysis reveals that about half of the current participation gap can be explained by the fact that residents of nonmetro areas are older, on average, and more likely to be retired. Another quarter of the gap reflects the fact that, on average, residents of nonmetro counties have slightly lower levels of education. The remaining one-quarter of the participation gap can be explained by the higher rates of disability reported by residents of nonmetro counties.
An older population, lower educational attainment, and a greater share of the population with disability account for lower labor force participation in nonmetro areas

<table>
<thead>
<tr>
<th>Metro</th>
<th>Nonmetro</th>
<th>Difference</th>
<th>Amount each factor contributes to participation gap</th>
<th>Share of total gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>LF participation rate, 2018</td>
<td>63.7%</td>
<td>57.6%</td>
<td>6.1%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Average age</td>
<td>46.1</td>
<td>48.9</td>
<td>3.3%</td>
<td>55%</td>
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<tr>
<td>Median education category</td>
<td>Some college, no degree</td>
<td>High school</td>
<td>1.4%</td>
<td>23%</td>
</tr>
<tr>
<td>Share with disability</td>
<td>10.9%</td>
<td>16.5%</td>
<td>1.5%</td>
<td>25%</td>
</tr>
<tr>
<td>Other factors</td>
<td>-0.2%</td>
<td>-3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LF = Labor Force.
Note: The contribution of each factor is assessed using the Oaxaca-Blinder decomposition method. “Other factors” refers to the unexplained component of that method.


The decline in the unemployment rate since 2010 has been similar in metro and nonmetro areas—falling in metro areas from an average of 9.7 percent in 2010 to 3.9 percent in 2018, and in nonmetro areas from 9.2 percent to 4.2 percent. While part of this decline is the result of job creation, much is also due to declining labor force participation rates—or a drop in the number of people who have or want a job—especially in nonmetro areas. Declining labor force participation explains two-thirds of the drop in the nonmetro unemployment rate, compared to one-third in metro areas.

Falling labor force participation rates are partly the result of an aging population, but other forces are at work as well. One way to see this is to focus on the participation rate for those between the ages of 25 and 54, the prime working-age population. Studies suggest that, nationally, the remaining shortfall in the prime-age labor force participation rate (compared to pre-recession levels) is driven not by demographic or other structural factors but by the lingering effects of the recession itself, particularly for less educated workers. For metro areas, as of 2018 the prime-age participation rate has recovered to within 0.7 percentage points of its 2007 level. This suggests that continued economic growth could restore the metro prime-age participation rate to its pre-recession levels. Whether this conclusion holds for nonmetro areas is unclear; the prime-age labor force participation rate in nonmetro areas remains 3.0 percentage points below its pre-recession rate.

Labor force participation of the prime working-age population is lower in nonmetro than metro areas, and the gap has grown since the recession

![Labor force participation rate, 2007-18, ages 25-54](chart)


Poverty rates have been decreasing since 2013, but are higher in more rural and more isolated nonmetro areas

The official poverty rate has historically been higher for nonmetro than metro residents, and this remains true. From 2010 to 2017 (the most recent estimates available), the nonmetro poverty rate fell from a high of 18.5 percent in 2011 and 2013 to a low of 16.4 percent in 2017. The metro poverty rate fell from a high of 15.5 percent in 2011 and 2012 to a low of 12.9 percent in 2017.
Nonmetro poverty rates and their changes from 2010 to 2017 varied across the rural-urban continuum. In 2017, poverty rates were higher in more rural and remote counties. Poverty rates peaked during 2011-13 and have declined between 1.7 percentage points and 2.3 percentage points across all types of nonmetro counties. The decline in poverty rates was smaller in more remote and rural counties, indicating a growing poverty gap between more remote/rural areas and other nonmetro areas.

Poverty rates are highest in the most isolated and rural nonmetro areas

Poverty rates across the rural-urban continuum, 2010-2017 (percent poor)

Note: Nonmetro adjacent counties are physically adjacent to one or more metro counties and have at least 2 percent of their workers commuting to metro counties. “More urban” nonmetro counties have an urban population of 20,000 to 49,999, “less urban” nonmetro counties have an urban population of 2,500 to 19,999, and “completely rural” nonmetro counties have an urban population of less than 2,500.


Personal income per person is lower and growing more slowly in nonmetro areas

In 2017, personal income per person (PIPP) was nearly $54,000 in metro areas but less than $40,000 in nonmetro areas. The gap in PIPP between metro and nonmetro areas has grown since 2010, as real (adjusted for inflation) PIPP grew 13.5 percent in metro areas between 2010 and 2017, versus 9.7 percent in nonmetro areas. Among metro areas, PIPP is highest and growing most rapidly in the largest metro areas—those with populations of at least 1 million. Among nonmetro areas, the levels and changes in PIPP have been fairly similar across the rural-urban continuum, although real PIPP declined between 2015 and 2017 in completely rural, nonadjacent counties.

Real personal income per person is higher and growing more rapidly in metro areas than in non-metro areas

Real personal income per person across the rural-urban continuum (2017 $)

Note: Nonmetro adjacent counties are physically adjacent to one or more metro counties and have at least 2 percent of their workers commuting to metro counties. “More urban” nonmetro counties have an urban population of 20,000 to 49,999, “less urban” nonmetro counties have an urban population of 2,500 to 19,999, and “completely rural” nonmetro counties have an urban population of less than 2,500.


Real personal income per person has declined in recent years in farming-dependent and mining-dependent nonmetro counties

One reason that real PIPP has declined in more rural/remote nonmetro counties is that farm income and mining income—which are more important in more rural and remote nonmetro counties—have declined in recent years after peaking earlier in the decade. After net farm income peaked in 2013 at $137 billion, it declined 52 percent by 2016 (to $66 billion) and remained 41 percent below the 2013 level ($81 billion) in 2017, driven by falling agricultural commodity prices. Similarly, mining sector value-added declined 48 percent from a peak of $413 billion in 2012 to $214 billion in 2017.
billion in 2014 to a low of $216 billion in 2016, driven largely by declining oil and gas prices, and remained 35 percent below the 2014 level in 2017.

Corresponding to these declines in farming and mining income were declines in personal income per person in farming-dependent and mining-dependent nonmetro counties. In farming-dependent nonmetro counties, real PIPP declined by 5.1 percent between 2013 and 2017; in mining-dependent nonmetro counties, real PIPP declined by 7.8 percent between 2014 and 2017.

In nonmetro counties other than those dependent on farming or mining, real PIPP grew slightly between 2010 and 2013, then more rapidly after 2013. The greatest growth over the entire 2010-17 period occurred in recreation counties, which by 2014 (and subsequently) had the highest average PIPP among all economic types of nonmetro counties. The other three nonmetro economic types—manufacturing-dependent, Federal and State Government-dependent, and nonspecialized counties—all experienced similarly low levels of, and slow growth in, real PIPP over the period. Although real PIPP declined after 2013 and 2014 in farming- and mining-dependent counties, PIPP was still higher in these counties in 2017 than in all other economic types, except recreation counties.

In nonmetro areas, real personal income per person grew the most and was highest in 2017 in recreation counties.

Data sources

Small Area Income and Poverty Estimates, Census Bureau, U.S. Department of Commerce.
Regional Economic Accounts, Bureau of Economic Analysis, U.S. Department of Commerce.

Definitions and additional information

For more on the 2013 definitions of metropolitan and nonmetropolitan areas as well as related concepts such as urbanized areas and central counties, visit the ERS “What Is Rural?” topic page.