Rural Iowa at a Glance:
Population Trends and Economic Trends

David J. Peters

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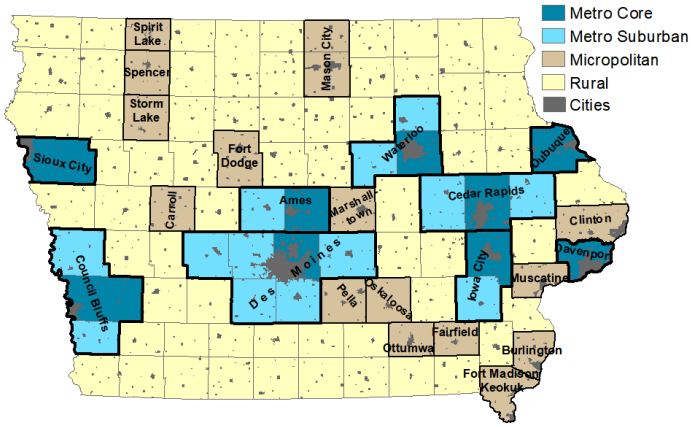
IOWA STATE UNIVERSITY
Extension and Outreach

Rural Iowa at a Glance

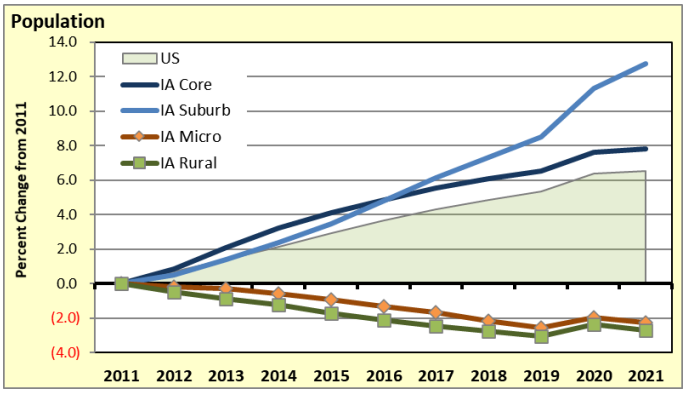
2022 Edition

Population Trends

This publication summarizes current demographic trends in Iowa between 2011 and 2021. It is modeled after the United States Department of Agriculture's *Rural America at a Glance*. Indicators are taken from federal data sources at the county-level. *Metropolitan core* areas include central counties with an urban city over 50,000 people. *Metropolitan suburban* counties include the outlying suburbs of metro cities that are linked by commuting patterns. *Micropolitan* counties have an urban city of at least 10,000 people. *Rural* counties, technically called "non-core", have no urban city of 10,000 or more.

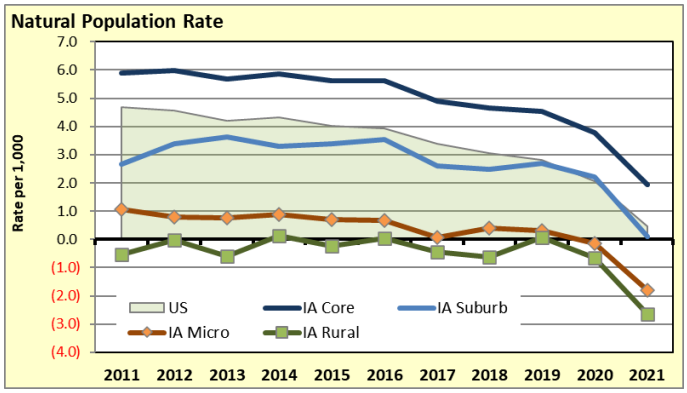


Population



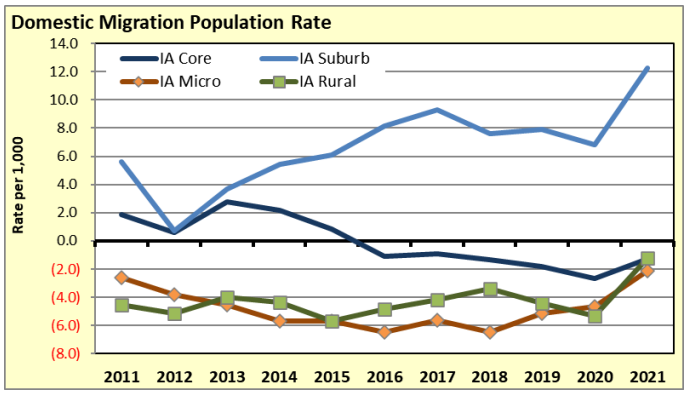
COVID-19 slowed population growth in metro cities, but accelerated it in suburbs. Rural Iowa continues to decline. Rural Iowa contains 23.7% of state's population, and micropolitans are home to 14.7% of our residents. Both areas have continued to lose people since 2011, but losses stabilized during COVID. Metro suburban counties hold 12% of the population and have boomed over the past decade, even during COVID. Suburbs are growing much faster than the U.S. rate. Iowa's metro core contains the majority of the state's population at 49.5%. The urban core has grown fast over the past 10 years, but it leveled off during COVID and is now growing slightly faster than the rest of the nation.

Natural Change



COVID-19 slowed natural gains across Iowa. Rural Iowa lost 2.7 people per 1,000 residents in 2021, where deaths exceeded births. Natural change was stable between 2011-2020, but is now losing people due to COVID. Micropolitan Iowa saw slow natural gains between 2011-2017, then went flat between 2018-2020. COVID resulted in natural losses of 1.8 people per 1,000 residents, where deaths exceeded births. Suburban metros saw fast natural gains over the past decade, but COVID slowed growth to zero, where deaths now equal births. Core metros experienced a baby boom until 2016, after which gains slowed down. COVID reduced natural gains, but births still exceed deaths for a 1.9 person gain per 1,000 residents.

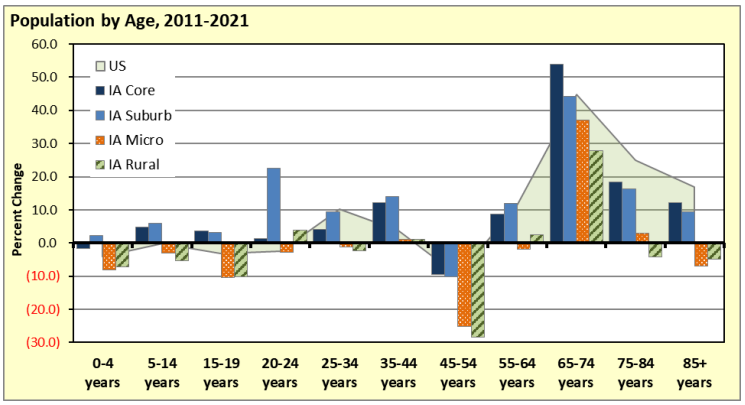
Net Migration



COVID-19 slowed out-migration in rural Iowa and metro cities, but suburbs saw rapid in-migration. After a decade of sizable out-migration in rural and micropolitan areas, COVID stopped this outflow

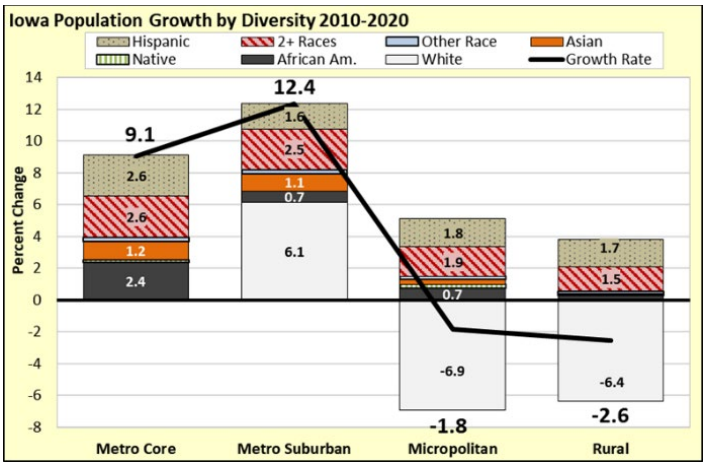
as people did not move. Out-migration rates fell from 4 to 6 per 1,000 people during the 2010s, to only 1.2 to 2.1 people in 2021. Out-migration also slowed in Iowa's metro cities. However, suburban metros saw massive in-migration during COVID, continuing a decade-long trend. Suburbs gained 12.3 per 1,000 in 2021 as many people relocated to these rapidly growing communities.

Age Structure



Metros gained children and younger workers, while rural areas lost them. Over the past decade, school age (e.g. K-12) children have declined in both rural and micropolitan areas (down 3-10%), but in metros school age children increased (up 3-6%). There were sharp gains in college age people 20-24 years old in suburban metros (up 23%) and small gains in rural areas (up 4%), but micropolitans experienced declines (down 3%). Among working age adults 25-44 years old, there were no gains in rural and micropolitan areas. However, metro core and suburban areas saw growth, especially among 35-44 year olds. Among older workers, non-metro Iowa lost nearly 30% of people age 45-54 years old, while metros saw smaller losses of 10%. Only metros had gains in 55-64 year olds. *Boom in seniors age 65-74 statewide, but elderly moving to metros.* There were fast gains in seniors age 65-74 years statewide due to Baby Boomers. The elder population 75 years and older also saw gains in metros, but posted losses in rural and micropolitan areas.

Persons of Color



Minority growth avoided sizable population losses in rural Iowa. In non-metro Iowa, the white non-Hispanic population fell by 6.5% to 7.0% since 2010. Losses were offset by gains in Hispanics and those of multiple or other races, lessening the impact of population losses to only 2% and 3%. By contrast, in suburban Iowa the white population grew by 6.1%, as did people of multiple races, Hispanics, and Asians. As a result, suburban metro populations boomed by 12.4% over the past decade. In core metro counties the white population was stable, and the overall 9.1% population gain was entirely driven by people of color.

Summary

In micropolitan and rural Iowa – what we call non-metro Iowa – population losses have slowed due to fewer people migrating out of small towns and cities. However, rural areas shrank overall as deaths far exceed births. Rural Iowa continues to lose school-age children and working age adults. In metro cities, the population grew more slowly as natural gains fell and in-migration slowed. Suburbs, on the other hand, grew sizably due to massive in-migration as people moved into less populated areas outside cities. These population trends are likely caused by the COVID-19 pandemic where deaths spiked, birth rates fell, and people did not move. Non-metro Iowa has rapidly diversified over the past decade. Rural and micropolitan areas would have shrunk by 7% over the past decade as the white population left. Gains in people of color offset those losses, so that small cities and towns only shrank by 2% since 2010. In the future, people of color will be an important part of non-metro Iowa's future students, workers, and customers. Natural declines and out-migration in non-metros will hamper future population and economic growth, which will likely result in further school consolidation and exacerbate existing rural workforce shortages.

Acknowledgements

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Data sources and methods can be found at https://smalltowns.soc.iastate.edu/2022/10/14/rural-iowa-at-a-glance-2022/

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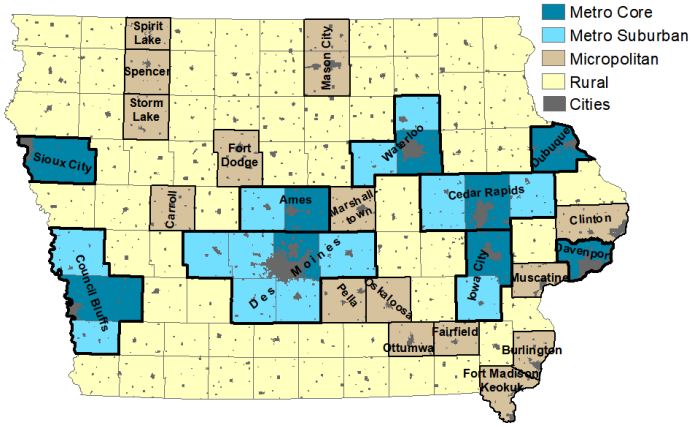
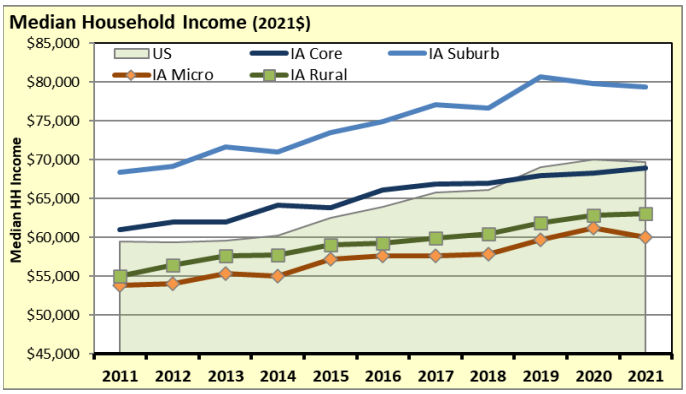
Economic Trends

This publication summarizes current economic trends in Iowa between 2011 and 2021. It is modeled after the United States Department of Agriculture's *Rural America at a Glance*. Indicators are taken from federal data sources at the county-level. Incomes are inflation adjusted. *Metropolitan core* areas include central counties with an urban city over 50,000 people. *Metropolitan suburban* counties include the outlying suburbs of metro cities that are linked by commuting patterns. *Micropolitan* counties have an urban city of at least 10,000 people. *Rural* counties, technically called "non-core", have no urban city of 10,000 or more.

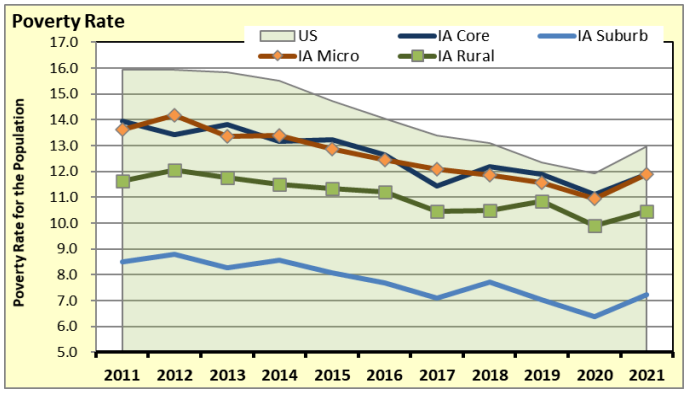


Household Income



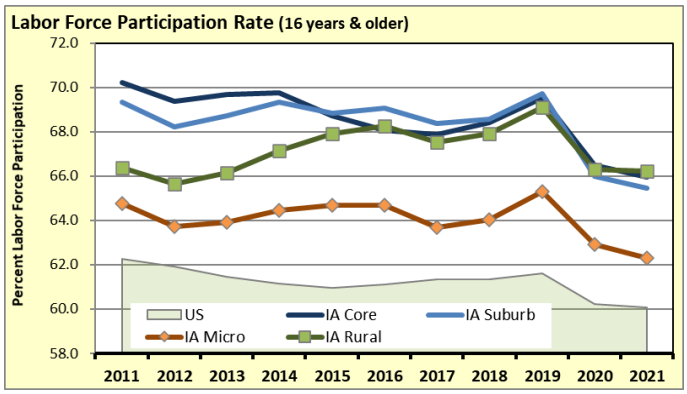
Non-metro incomes are lower than those in metro core and suburban areas. Households in micropolitan counties have the low an shrinking incomes, falling by 2% last year to $59,980 per household in 2021. However, micro incomes are still up by 11.4% (inflation adjusted) since 2011. Rural incomes are higher at $63,020 and saw a 0.4% gain last year, placing them 14.6% higher than a decade ago. Core metro counties have incomes of $68,890 that grew by nearly 1% least year. The highest incomes in the state are in suburban Iowa at $79,390. Although incomes fell slightly during COVID, over the past decade suburbs have become prosperous with income of gains of 16.1% since 2011.

Poverty



More Iowans fell into poverty during COVID-19, but rates are still at a 10-year low. In rural Iowa, 10.5% of the population lives in poverty. Micropolitan and core metro areas have the highest poverty rates at 11.9%. Suburban areas, on the other hand, have the fewest in poverty at a rate of only 7.2% in 2021. Overall, poverty rose by nearly 1 percentage point in metro, suburban, and micropolitan counties. Rural Iowa also experienced gains, but at half the rate of urban areas.

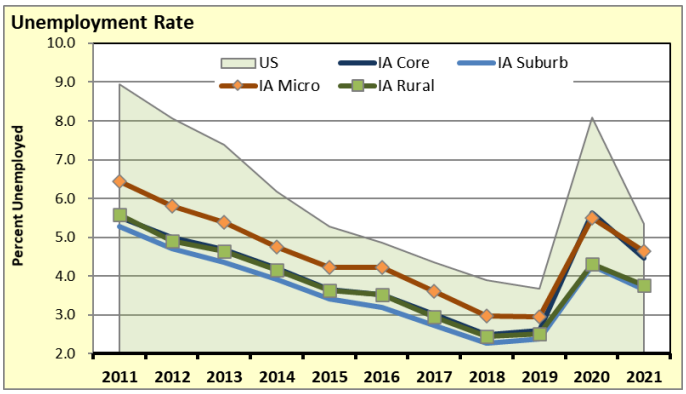
Labor Force Participation



Sharp drops in participation due to COVID-19, but higher than U.S. rates. Micropolitans have low participation. Far more Iowans are in the labor force compared to the rest of the nation. Labor force participation is the percent of people 16 years and older that have a job. It is a broad measure of unemployment because it includes those

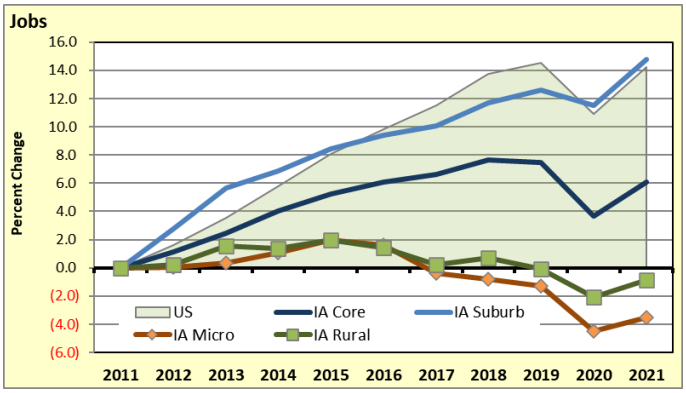
not seeking work such as the unemployable, discouraged workers, and those not in the labor force. Across most of Iowa, the participation rate is 66%, but in micropolitan counties it is slightly lower at 62.3%. Rural Iowa was more resilient to declines in labor participation due to COVID, being essentially unchanged from 2011. This was likely due to the worker shortage and that many businesses remained open during the pandemic. By contrast, COVID reduced participation by 3 to 4 percentage points since 2011 in micropolitans and metros, as many businesses faced partial closures.

Unemployment



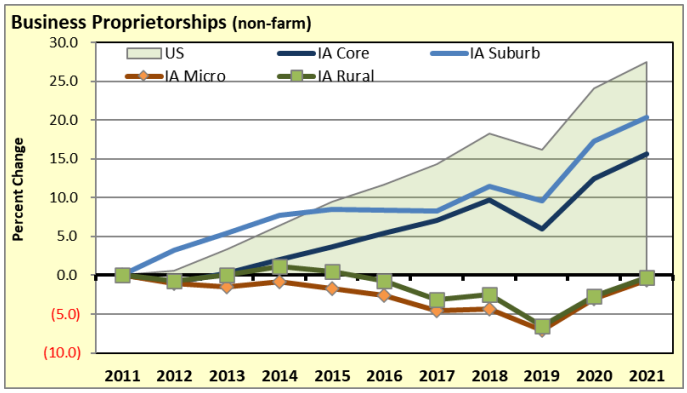
Sharp spike in unemployment due to COVID, but below U.S rates. Unemployment is a problem in metro cities and micropolitans. Despite the pandemic, unemployment has been falling over the past decade. The unemployment rate is the percent of people not having a job that are actively looking for one. It is a narrow measure because it excludes the unemployable, discouraged workers, and those not in the labor force. Unemployment is low in suburban (3.6%) and rural (3.8%) Iowa in 2021, but even during the peak of the pandemic in 2020 unemployment only reached 4.3%, far below the U.S. rate of 8.1%. On the other hand, unemployment rates are 4.5% to 4.7% in core metros and micropolitans, with rates one year ago being one percentage point higher.

Jobs



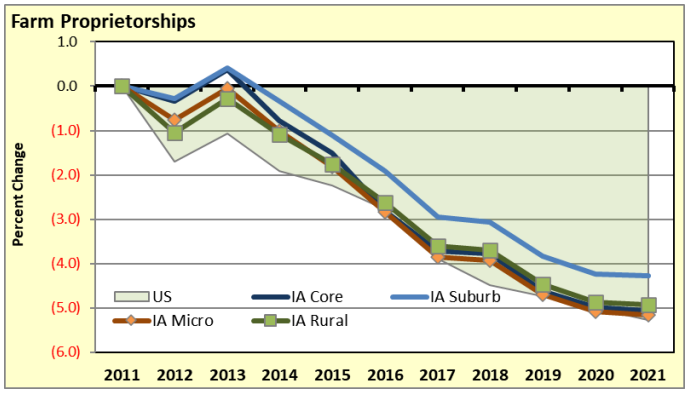
COVID eliminated many jobs statewide, but rebounded in 2021. Over the past year, suburban areas saw job gains of 2.9% and core metros gains of 2.3%, indicating a robust recovery from COVID. However, non-metros saw slower gains of only 1% since 2020, indicating a slower recovery. Job counts include both full-time and part-time positions, including self-employed, for all economic sectors (private, government, and farm). *Metros are the job creation engines of the state, but non-metro Iowa has a job creation problem.* Over half of Iowa's jobs are located in core metros (53.6%), and despite COVID jobs grew by 6.1% since 2011. Suburbs only account for 9.6% of the state's job base, but employment has grown by a stunning 14.8% over the past decade. Rural Iowa is home to 22.4% of jobs, while micropolitans have the smallest share at only 14.4%. Non-metro jobs began to decline in 2016. Counting COVID losses, rural Iowa had 1% fewer jobs today than in 2011, and micropolitan jobs were down 3.5% from what it was a decade ago.

Self-Employed Businesses



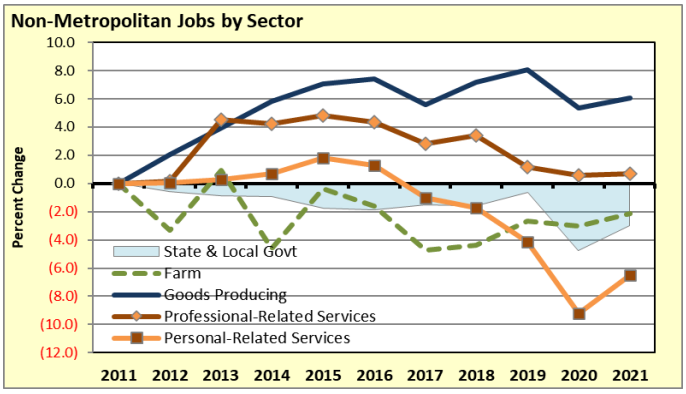
Self-employed businesses are booming in metros, but struggling in non-metros. Self-employed businesses include sole proprietors or general partners engaged in non-farm activities. About 61% of self-employed small businesses are in metro areas, with 47.6% in core counties alone. Metro Iowa has seen small businesses grow by 15% to 20% since 2011. In non-metro Iowa, small businesses declined between 2015-2019, but posted gains during COVID. Despite the recent uptick, there are slightly fewer self-employed businesses in non-metro Iowa today than there was a decade ago in 2011. In short, rural Iowa is falling behind in terms of small business growth.

Farm Businesses



Sizable loss of farm businesses across Iowa since 2013. Rural Iowa is home to 60% of the state's farm businesses. Micropolitan and suburban counties each contain about 14.5% of farms; and core metros have the smallest share at 10.9%. Farm businesses have been in sharp decline since 2013, with about 5% fewer farms than in 2011. Iowa trends mirror national farm trends. Self-employed farm businesses are sole proprietors or non-corporate partnerships engaged in agricultural production activities. It does not include farm laborers.

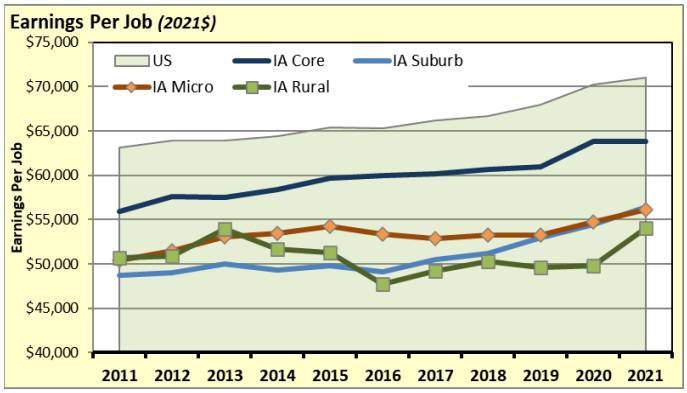
Non-Metropolitan Jobs by Sector



Good job opportunities in goods-producing industries. Half of jobs are in the services sector, but are in decline. The bright spot of the non-metro economy is the goods-producing sector (includes manufacturing and construction). This sector employs a large number of Iowans (24%) and jobs have grown by 6.1% since 2011, providing more opportunities for rural people. Turning to services, just under 30% work in professional services (includes professional, finance, real estate, telecom, business, and health services), but jobs have fallen by 3.5% since 2016 and have barely grown over the past decade. The situation is more grim for the 24% working in personal services (includes entertainment, recreation, lodging, food, and personal care) and retail trade. These jobs are down 7.7% from 2016 and down 6.5% from 2011, meaning fewer job opportunities. Despite long-term losses, personal and retail jobs grew the fastest last year at 3%. Government and farm jobs have also declined, but these sectors employ fewer rural Iowans. The government accounts for 12.5% of jobs and has shrunk by 3% since 2011 (includes state, city, and county government; and public education). The farm sector employs about 10% as both farm owners and laborers, but jobs fluctuate with commodity prices.

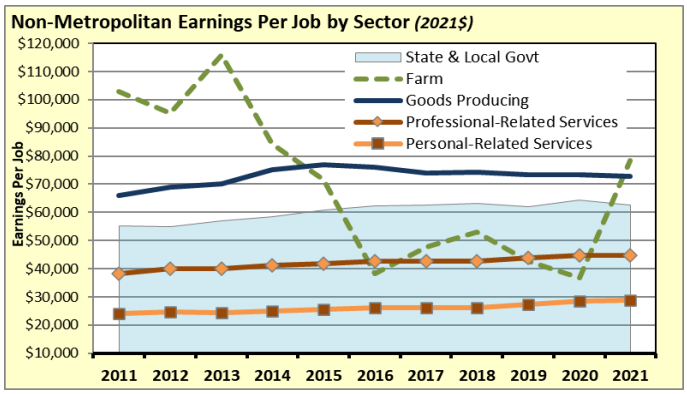
Earnings Per Job

Earnings boost statewide. Best paying jobs are in metro cities. Earnings have been growing statewide during COVID, reflecting pay increases for those still employed. Rural Iowa posted the lowest earnings per job in 2021 at $54,070. Rural earnings have experienced highs and lows over the past decade, but earnings grew by a fast 8.7% since last year, the fastest in the state. Micropolitan and suburban workers have slightly higher earnings at around $56,200 per job. Suburban earnings have grown rapidly since 2011, likely due to population growth in formerly rural counties. In metro cities, workers earn $7,600 more, with earnings per job at $63,830. Metro earnings have consistently grown since 2011, except during COVID when wage gains were flat. Earnings include wages, salaries, and self-employment income from employment in all economic sectors (private, government, and farm).

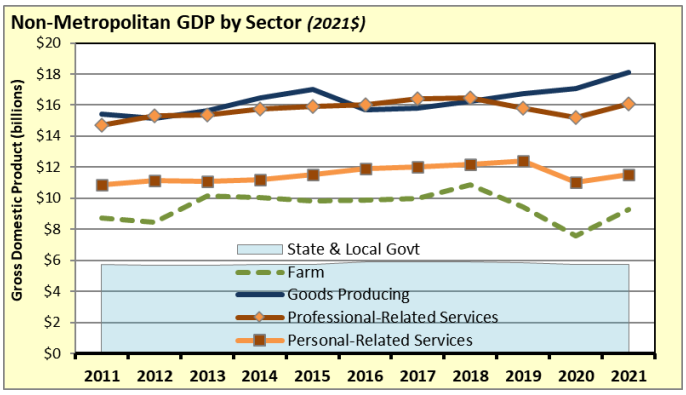


Non-Metropolitan Earnings by Sector

Jobs in goods-producing industries and government are the best paid. Personal services jobs are the lowest paid. Iowans working in the goods-producing sector are the highest paid in non-metro counties, earning $72,900 per job in 2021. Although wages fell slightly last year, earnings are up 10.3% from 2011. Non-metro jobs in state and local government (including public education) are the next highest paid at $62,700. Earnings fell by 2.8% last year, but have grown by 13.4% over the past decade. Earnings in the professional services sector are $44,730 per job and have seen robust gains of 16.4% since 2011. One concern is the sizable pay gap compared to metro workers, who earn 44% more at $65,310. By contrast, jobs in personal services and retail trade pay the lowest at $28,930, but many jobs tend to be part-time and part-year. On a positive note, wages grew by 1.6% last year and are up nearly 20% from ten years ago. *Farm boom!* After several years of modest earnings, farm workers saw their pay double during the past year, rising from $36,810 in 2020 to $78,370 in 2021. However, farm earnings are still 23.8% below records highs set in 2011.



Non-Metropolitan Gross Domestic Product



Goods production and professional services drive the non-metro economy. Farm sector boom last year. Gross domestic product (GDP) is the value-added to the economy in the form of compensation paid to employees, taxes paid to government, and profits accumulated by businesses. In non-metro Iowa, the goods-producing sector is the largest and fastest growing part of the economy. Manufacturing and construction account for nearly 30% of GDP, or about $18.1 billion in value-added. GDP in this sector grew by 6.1% last year, and is up 17.7% over the past decade. Professional services are also a large part of the rural economy at 26.5% or $16.1 billion of GDP, but growth since 2011 has been slower at 9.4%. Personal services and retail trade accounts for a smaller share at 19%, with GDP growth rates slightly slower than professional services. The farm sector generates $9.3 billion or 15.3% in valued-added to the rural economy. Farm GDP jumped by 22.5% last year, but is only 6.1% higher than a decade ago. Government activities account for the smallest share of GDP at 9.4%, which has been stable since 2011.

Summary

The pandemic eliminated many jobs statewide, but the effects were more strongly felt in non-metro Iowa, where there are fewer jobs today than there was in 2011. As a result, labor force participation rates fell sharply and unemployment rates rose rapidly in 2020. Recent job gains in 2021 have improved employment rates, suggesting Iowa is starting to recovery from the economic impacts of COVID. However, employment participation is still low in micropolitan cities, suggesting that many people have stopped looking for work or have dropped out of the labor market.

Despite more encouraging job numbers, income and poverty are points of concern. Household income growth has been slow and poverty rates have risen across the state, although rural Iowa has fared better. However, income from work (called earnings) has grown statewide, with a major boost in rural Iowa. Earnings growth is likely attributable to wage gains given to workers during the pandemic, but also to a strong farm economy in rural Iowa. Higher earnings should help blunt the impact of inflation on Iowa households, but only for those currently employed. Iowans on fixed incomes (like retirement or disability) will likely struggle with higher prices.

Some of the best job opportunities in non-metro Iowa are in the goods-producing sector, primarily manufacturing and construction. There are large numbers of jobs, there has been steady job growth over the past decade, and these jobs pay the highest wages. Further, the goods-producing sector generates the most economic activity in rural Iowa, in terms of GDP. Employment in professional services is also plentiful, but there has been little job growth over the decade and wages are lower. The personal services sector in non-metro Iowa continues to struggle. The number of jobs fell by nearly 7% over the past 10 years and the pay is a very low – although earnings in these part-time and seasonal jobs is up by 20% since 2011. Growing the rural economy through self-employment or entrepreneurism faces major challenges as the business numbers are still below what they were in 2011. This is likely due to fewer customers, less discretionary income, and worker shortages in rural areas. By contrast, most self-employed businesses are located in metro Iowa and are growing rapidly.

The farm economy was very profitable in 2021, although it is a smaller part of the non-metro economy. Farm GDP rose by over 22% last year; and these gains doubled earnings for farm proprietors and laborers, whom are now the highest paid workers in non-metro Iowa. However, farm profitability has only created a 1% increase in farm jobs and no gain in farm businesses. In short, gains in farm income does not create large numbers of farm jobs in rural areas.

Acknowledgements

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Data and Methods

County data are aggregated into ***metropolitan core*** (counties with an urban center over 50,000 people, plus outlying suburbs linked by commuting patterns), ***metropolitan suburban*** (outlying counties of a core metro county that are linked by commuting patterns), ***micropolitan*** (counties with an urban center of between 10,000-49,999 people, plus outlying counties linked by commuting patterns), and ***rural/non-core*** (counties having no urban center of 10,000 or more) areas based on 2021 Core-Based Statistical Areas delineated by the U.S. Office of Management and Budget. Rural and non-core are used interchangeably, but rural has a specific definition not used in this bulletin (rural officially defined as places under 2,500 people or the countryside). Income data between 2011 and 2021 are ***inflation-adjusted*** to real dollars using the U.S. Bureau of Economic Analysis personal consumption price indexes.

Population and ***age*** counts are intercensal estimates between the official decennial censuses. Natural change is the difference between births and deaths; and net migration is the difference of those who moved in versus those who moved out. Both are reported as a rate per 1,000. ***Persons of color*** is the population self-identifying as both a race and Hispanic status. Source: Population Estimates and Decennial Census, U.S. Census Bureau.

Median household income includes wages, self-employment, capital gains, transfers (retirement, Social Security, welfare) and all other income from persons in the household; and is reported as the income at the 50th percentile of households (median). Medians are used instead of means because they are less affected by very high incomes. Source: Small Area Income and Poverty Estimates, U.S. Census Bureau. The ***poverty rate*** is calculated as the percent of people living in households whose income (from earnings, capital gains, and transfers) falls below the poverty income line for their household size. It excludes people living in institutions or group quarters such as prisons, military bases, nursing facilities, and college dormitories. Source: Small Area Income and Poverty Estimates, U.S. Census Bureau.

The ***labor force*** is the number of people available for work, counting those employed plus those jobless but looking for work. The labor force participation rate used in this publication is the labor force divided by total the population 16 years and older. It measures the percent of people participating in the job market, and by extension the broader economy. It is similar to the unemployment rate except it includes those not seeking work such as the unemployable, students, homemakers, and retirees. Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics. The ***unemployment rate*** is the number of people unemployed divided by the labor force (those employed plus the jobless who are looking for work). The unemployment rate measures the percent of people not having a job that want one; and is a narrow measure of unemployment because it does not count the unemployable, discouraged workers, and those not in the labor force. Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics.

Jobs include both full-time and part-time positions such as wage and salary jobs, farm and non-farm proprietors, and general partners for all economic sectors (private, government, and farm). It measures jobs, not employed persons, so one person may have multiple jobs. ***Earnings*** include wages and salaries, supplements to wages or salaries, and proprietors' income earned from jobs as previously defined. ***Gross domestic product*** is the gross output of an industry or a sector, less its intermediate inputs, and is the contribution of that industry/sector to gross domestic product (GDP). GDP measures value added by the industry, which is the sum of compensation of employees, taxes on production and imports less subsidies, and gross operating surplus. Economic sectors are defined using the North American Industry

Classification System (NAICS). The ***farm sector*** includes farm proprietors and farm workers. The ***goods-producing sector*** includes construction and manufacturing. The ***professional-related services sector*** includes information/telecom, finance and insurance, real estate and rentals, professional services, management of companies, administrative support services, private educational services, and private healthcare and social services. The ***personal-related services sector*** includes entertainment and recreation services, accommodation and food services, repair and maintenance services, other personal services, and retail trade. The ***state and local government sector*** includes state agencies, city and county government, public K-12 education, and public higher education. ***Self-employed businesses*** include sole proprietorships or individual general partners for non-farm activities. ***Self-employed farms*** include farm sole proprietors and farm non-corporate partners engaged in agricultural production activities. Source: Regional Economic Accounts, U.S. Bureau of Economic Analysis.

USDA's Economic Research Service classifies farms according to occupation and gross cash farm income (GCFI). These data exclude corporate-owned farms. ***Retirement Farms*** are those operated by a retired person with a GCFI under $350,000. ***Residence Farms*** are those either operated by someone whose primary occupation is not farming, or a farm operation with a GCFI under $150,000. ***Small Farms*** are those operated by a farmer with a GCFI of $150,000 to $349,999. ***Midsize Commercial Farms*** are farmer-operated with GCFI of $350,000 to $999,999. ***Large Commercial Farms*** are farmer-operated with GCFI of $1 million or more. ***Net farm income*** (NFI) includes net cash income (farm sales less expenses) plus value of inventory change and non-money incomes, but deducts depreciation and labor costs. ***Farm household income*** counts all income from farm and non-farm sources for all earners in the household (such as spouses), and is only reported for farm families and not corporate farms. It includes net farm income plus all other off-farm income sources (salaries and wages, non-farm self-employment, dividends and rents, retirement and Social Security, and cash public assistance). The ***debt-to-asset ratio*** is defined as total liabilities divided by total assets; and measures the risk associated with the operation's financial structure. Assets include current ones that will be realized in cash, sold or consumed in the production process within one year; and non-current ones such as farm real estate and working assets that support the farm. Liabilities include current debt (paid within one year) and non-current debt (payable after one year) owed by the farm. The ***debt repayment capacity utilization*** (DRCU) is the percent of current farm debt over the maximum feasible debt (assuming 10% interest rates) the farm can cover from regular income streams, which measures debt utilization and the farm's ability to take on additional debt. Source: Agricultural Resource Management Survey, Economic Research Service and National Agricultural Statistics Services, USDA.