Rural Labor Markets Assessment and Prospects

Robert Gibbs
rural labor markets assessment and prospects

Robert Gibbs
Economic Research Service -- USDA
• assessment…
  – of employment (job availability)
  – of earnings (job quality)

• prospects…
  – for industrial structure
  – for human capital growth
  – for more vulnerable workers
employment trends in the 90s: a decade of steady improvement
Change in jobs by metro status, 1979-2001

Year-to-Year Percent Change

Source: ERS from data produced by the Bureau of Economic Analysis
Unemployment rates by metro status, 1979-2001

Source: ERS from data produced by the Bureau of Labor Statistics
Nonmetro unemployment and labor force participation rates, 1979-2001

Source: ERS from data produced by the Bureau of Labor Statistics
Nonmetro unemployment and employment rates, 1979-2001

Source: ERS from data produced by the Bureau of Labor Statistics
Nonmetro employment rates 1990 and 2000

Percent of working-age population

Women
- 1990: 47.5%
- 2000: 50.7%

Men
- 1990: 64%
- 2000: 61.6%

Total
- 1990: 55.4%
- 2000: 56%

Produced by ERS with data from the 2000 Census summary file 4
Unemployment rates and employment change

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All nonmetro</td>
<td>5.3</td>
<td>10.9</td>
</tr>
<tr>
<td>Adjacent to metro</td>
<td>5.3</td>
<td>11.1</td>
</tr>
<tr>
<td>Less urban and nonadjacent</td>
<td>5.4</td>
<td>9.6</td>
</tr>
<tr>
<td>Persistent poverty</td>
<td>7.4</td>
<td>9.1</td>
</tr>
</tbody>
</table>

Produced by ERS with data from the Bureau of Labor Statistics
Unemployment rates and employment change

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Nonmetro</td>
<td>5.3</td>
<td>10.9</td>
</tr>
<tr>
<td>Farming-dependent</td>
<td>5.1</td>
<td>5.3</td>
</tr>
<tr>
<td>Manufacturing dependent</td>
<td>5.5</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Produced by ERS with data from the Bureau of Labor Statistics
earnings rose…

along with education levels
Average weekly earnings by metro status, 1979, 1990, and 2000

Produced by ERS with data from the Current Population Survey
Nonmetro average weekly earnings by educational attainment, 1990 and 2000

Produced by ERS with data from the Current Population Survey
Share of experienced wage and salary workers earning low wages, 1979-2002

Produced by ERS with data from the Current Population Survey
Summary

- Workers in rural America prospered in the 1990s: Job growth moderate but steady. Unemployment rates fell.
- Labor force participation fell slightly--source seems to be lower employment rates among prime-age males.
- Low unemployment and moderate job growth was geographically widespread. Historically distressed counties experienced positive growth and lower unemployment, although improvement was below the nonmetro average.
Summary

• The rise in rural earnings during the 1990s was a departure from slow wage growth in 1980s.

• Nonmetro earnings continue to lag metro earnings, but nearly equivalent among high school dropouts.

• Metro-nonmetro gap likely to continue due to urban concentration of highly-specialized professional and technical jobs, and administrative and managerial positions within large organizations.
What’s next for rural labor markets?

• Shift from agriculture expected to continue at a steady pace

• Shift from manufacturing likely to be higher in this decade than in the 1990s due to the employment declines since 2000.
Nonmetro change in total and manufacturing employment 1991-2003

What's next for rural labor markets?

• Quickening wave of “baby boom” retirement near the end of this decade may slow employment growth.
What’s next for rural labor markets?

- Increase in educational attainment of prime working age adults likely to slow
Nonmetro educational attainment by age
2000

Share of population in age group

25-34 35-44 45-64 65 and over

College graduates
High school and some college
Less than high school

Produced by ERS with data from the 2000 Census summary file 4
What’s next for rural labor markets?

- Manufacturing decline has not demonstrated strong net effect on less-educated workers so far--but tight labor markets are key.
Nonmetro change in total and manufacturing employment
1991-2003

Manufacturing’s employment and earnings share among nonmetro workers with less than a high school diploma

Produced by ERS with data from the 2000 Census summary file 3
Earnings by sector among nonmetro workers with less than a high school diploma

Produced by ERS with data from the Current Population Survey
In Summary...
Conclusions

- Traditional rural sectors are projected to continue gradual employment decline.
- Slower overall employment growth likely as “baby boomers” retire, compounding lagging sectoral growth.
- Educational attainment among rural workers will increase less briskly.
- Industrial restructuring has not had strong impact on less-educated workers due to overall wage growth--macro conditions are key in short run, education and training in long run.