



State of Rural 2019

JANUARY 2019

Contents

Who we are

People

Population growth is slowing throughout Minnesota, while counties with either non-white populations or located in recreational-type areas are expected to grow.

Economic Vitality

The gap in earnings between rural and urban continues to grow, but wages for open jobs are growing in Greater Minnesota as the region feels pressure to fill job vacancies.

Agriculture

While land values are still historically high, average farm income is currently below cost of production.

Who we are

The Center for Rural Policy and Development is a non-partisan, not-for-profit policy research organization dedicated to benefiting Minnesota by providing its policy makers with unbiased information and evaluation of issues from a rural perspective.

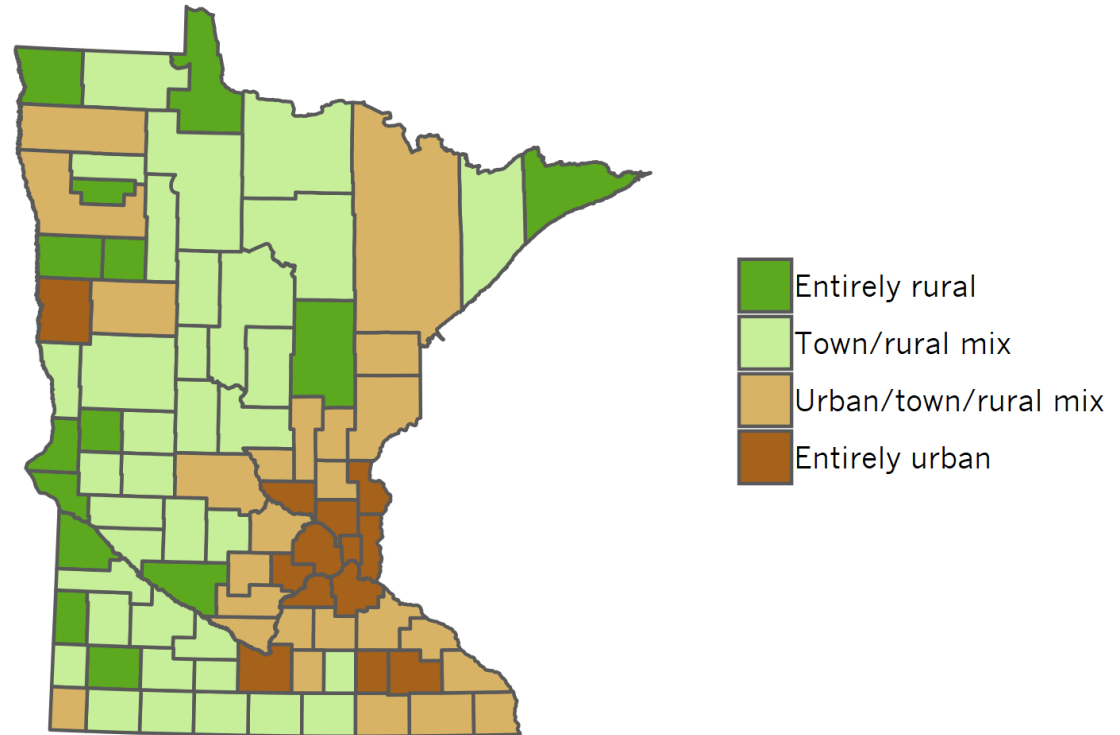


Defining rural

Throughout this presentation we will present information using four county groups developed by the Minnesota Demographic Center using USDA's Rural-Urban Commuting Area codes.

Grouping counties by “ruralness” and “urbanness” instead by location gives us another way to look at the state.

County categorizations based on rural-urban commuting areas

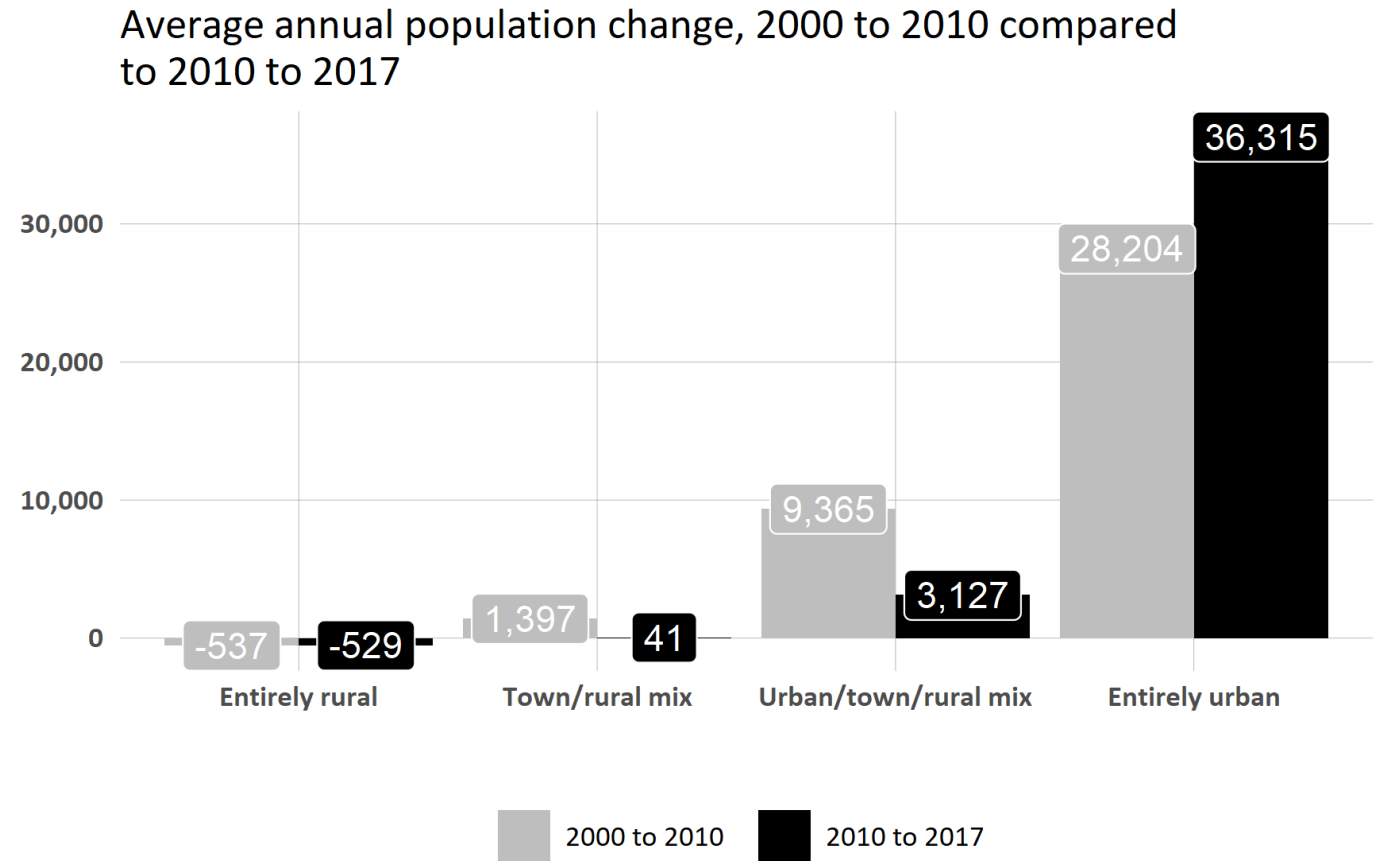


People

POPULATION GAINS SLOWING THROUGHOUT GREATER MINNESOTA
WHILE DECLINES CONTINUE IN THE MOST RURAL AREAS

Earlier population gains in some rural counties are now slowing.

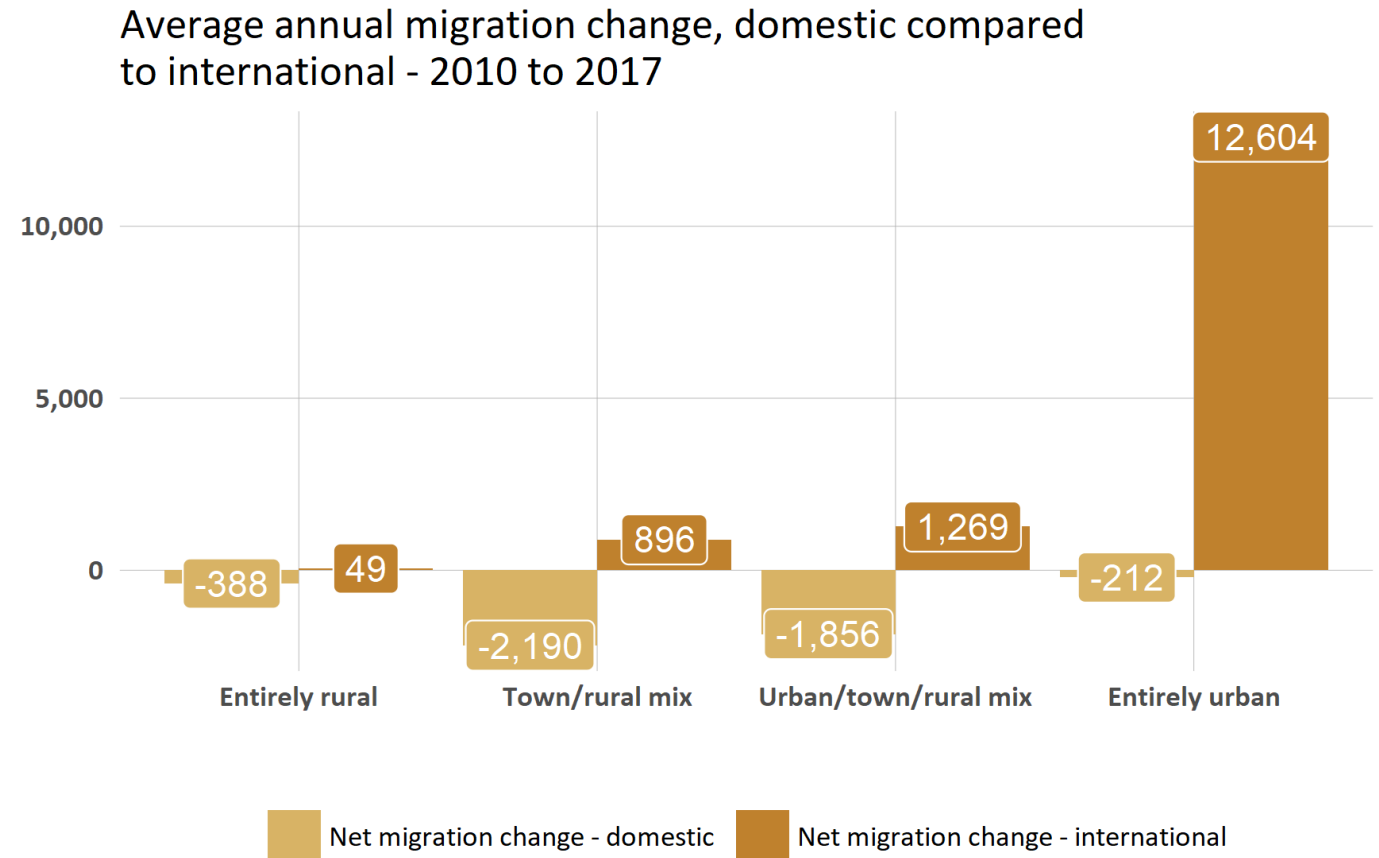
Comparing the population changes between 2000-2010 and 2010-2017 (est.) shows a definite slowing of population growth except in “entirely urban” counties, while “entirely rural” counties continued to lose people at about the same rate.



U.S. Census Bureau - Annual Population Estimates

Little international immigration outside of urban counties.

All regions are experiencing an annual net loss in domestic migration, but the loss in urban areas is significantly smaller, and they are overcoming this loss with huge gains in international migration.

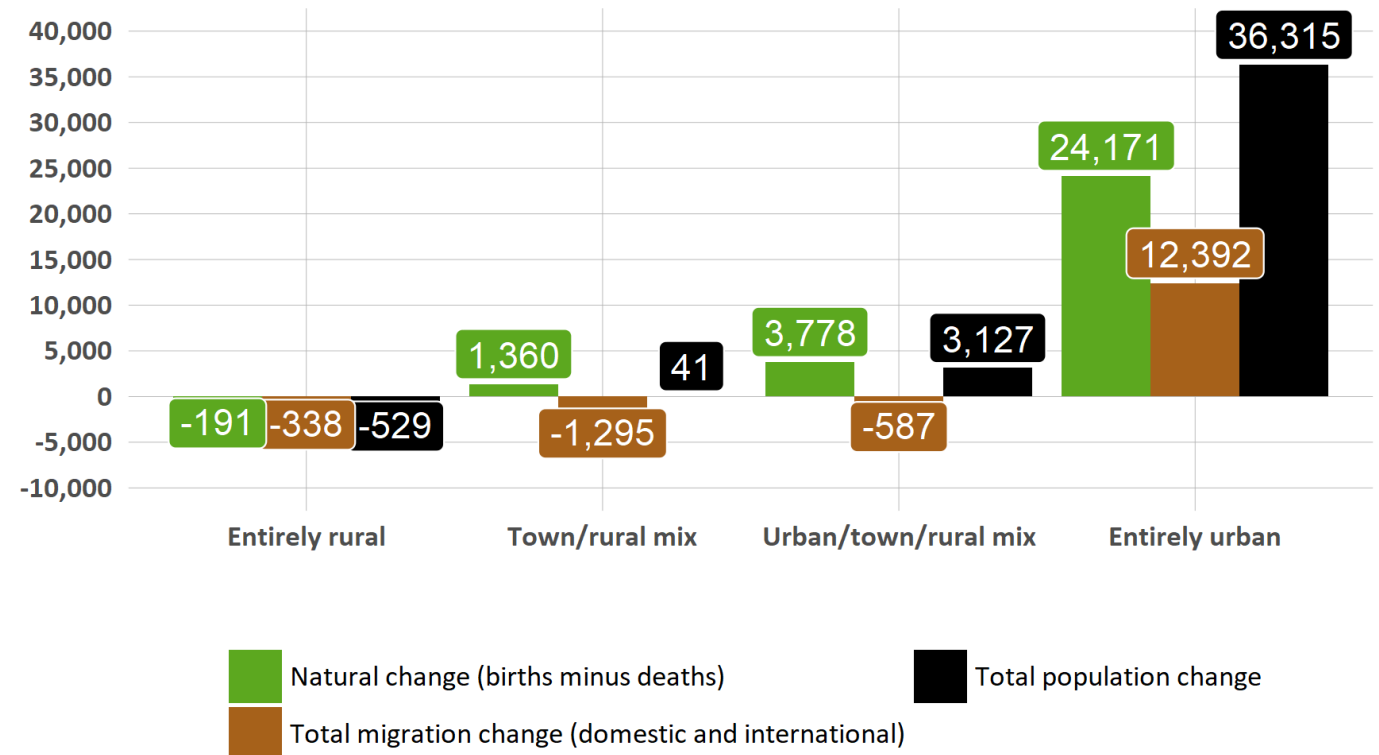


U.S. Census Bureau - Annual Population Estimates

More deaths than births in the most rural counties

In entirely rural areas, there continues to be a negative natural change (more deaths than births). Combined with a net outmigration of local population, these counties on average continue to lose population.

Average annual components of population change, 2010 to 2017

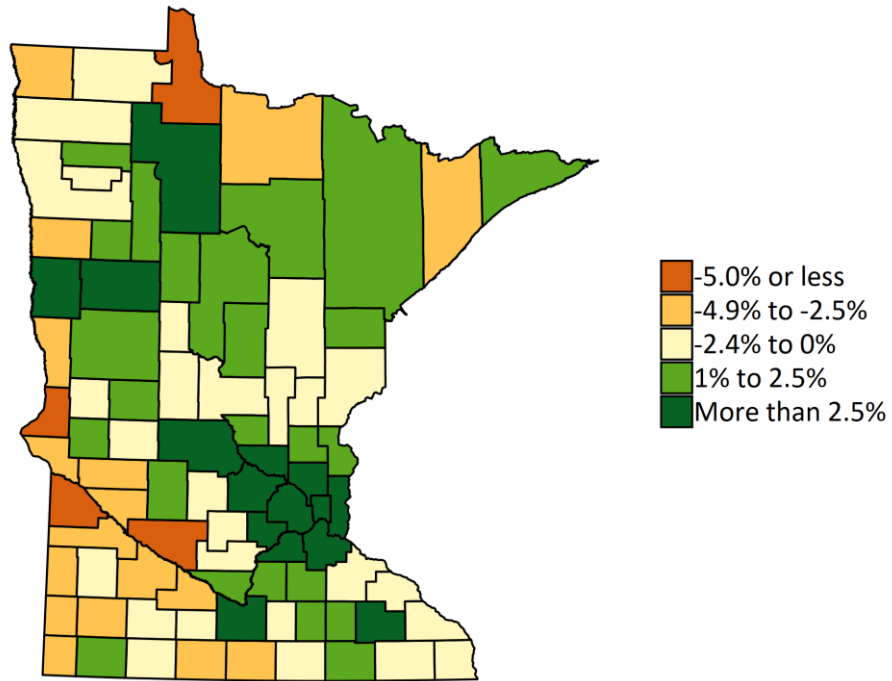


U.S. Census Bureau - Annual Population Estimates

People

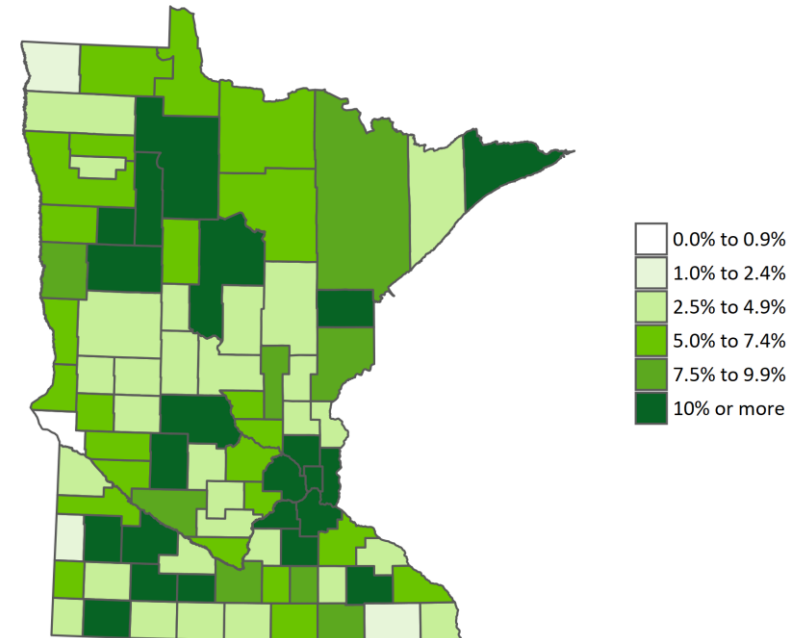
POPULATION PROJECTIONS SHOW GAINS IN COUNTIES WITH
NON-WHITE POPULATIONS AND IN RECREATIONAL-TYPE AREAS

Population change from 2010 to 2017



U.S. Census Bureau - Decennial Census & ACS 5-year

Non-white and Latino population as a percent of total population



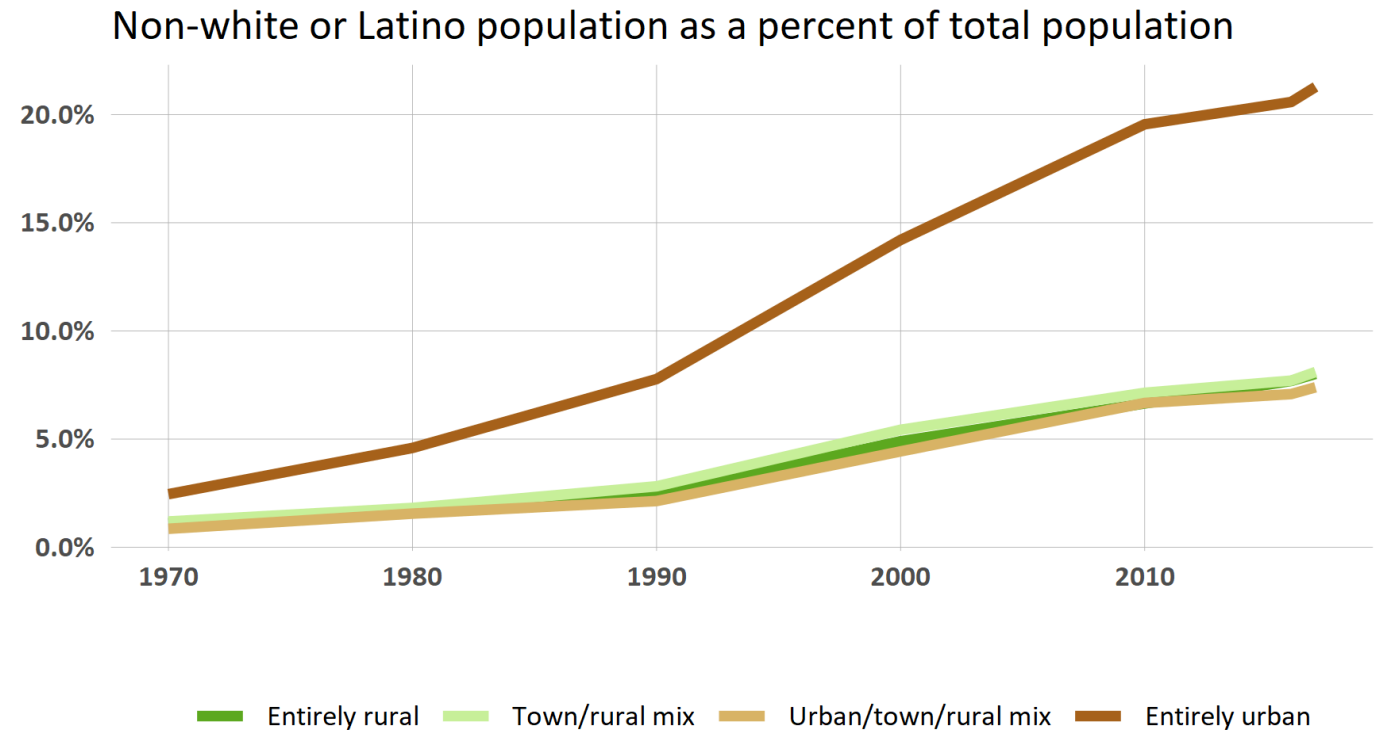
U.S. Census Bureau - Decennial Census & ACS 5-year

- Counties in Greater Minnesota with population gains show one or two key attributes:
- Located in “recreational-type” county (i.e. north central lakes region).
 - A higher percentage of non-white populations (with the exception of SW Minnesota).

Rural areas see modest growth in non-white and Latino populations

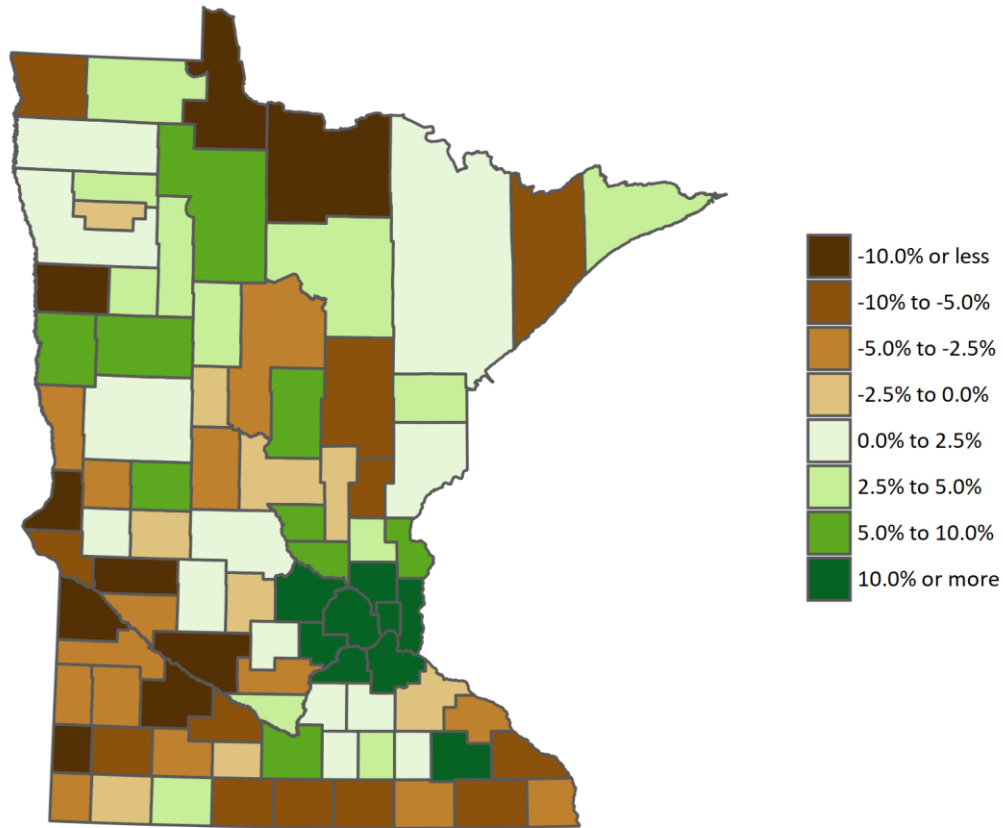
Although the non-white or Latino populations have increased across all of Minnesota since 1970, that population has exploded in entirely urban counties, from 2% of the population in 1970 to 22% in 2017.

Across the other county groups, the share of total population currently averages between 7% and 8%.



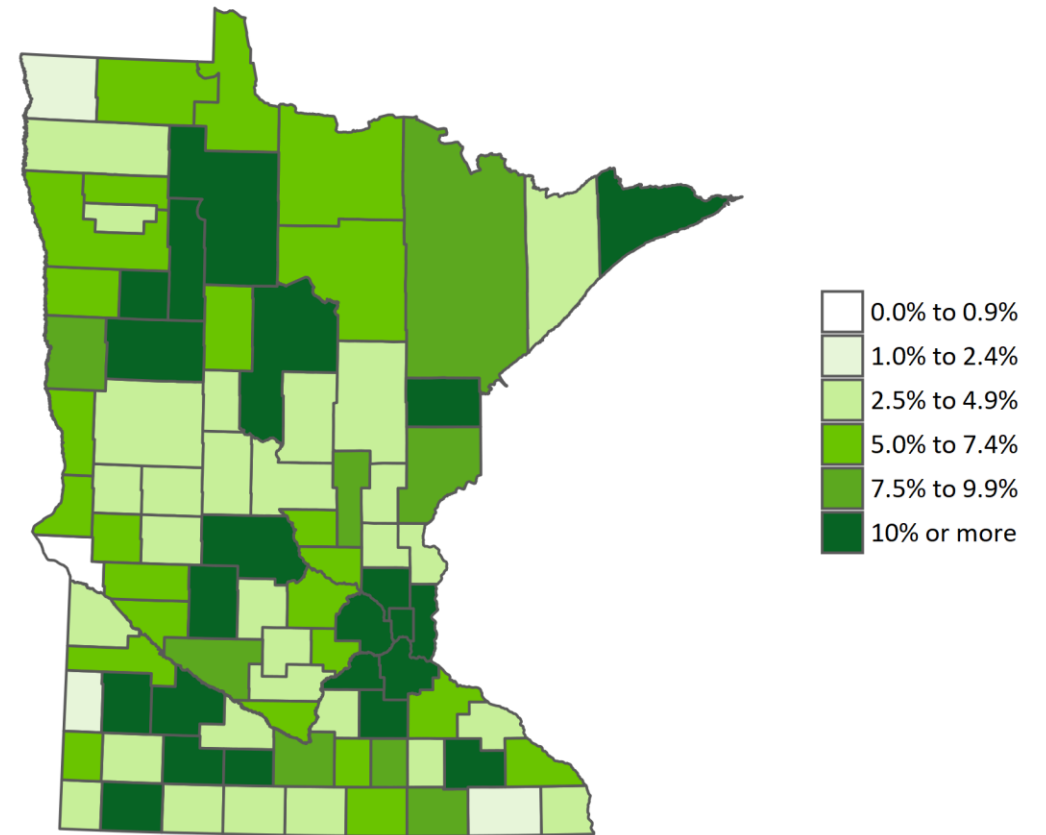
U.S. Census Bureau - Decennial Census & ACS 5-year

Projected population change
from 2017 to 2030



MN State Demographic Office

Non-white and Latino population
as a percent of total population



U.S. Census Bureau - Decennial Census & ACS 5-year

Population projections show gains in counties with non-white populations with a few exceptions.

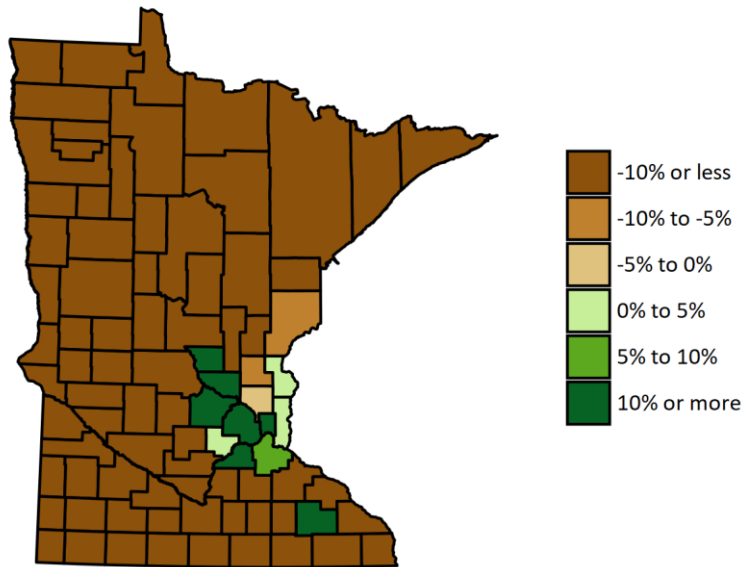
People

IN- AND OUT-MIGRATION VARIES BY AGE GROUP

Returning 30- to 49-year-olds

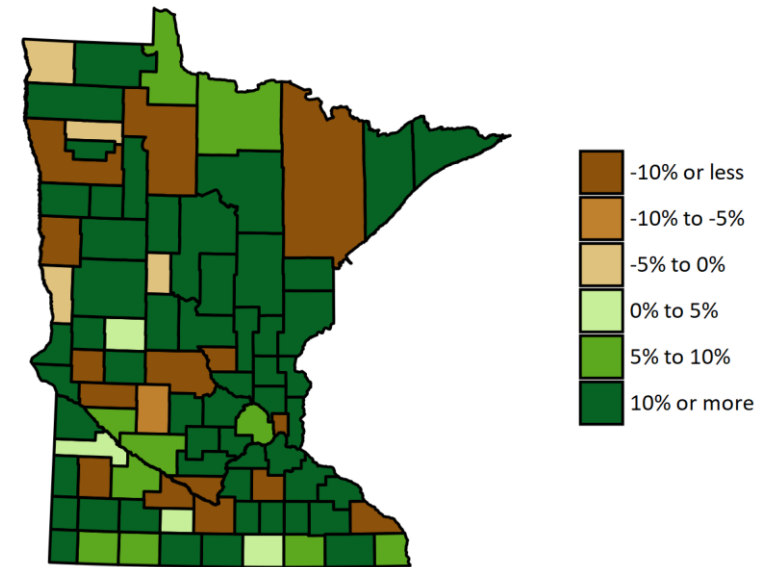
Almost all rural counties experienced an out-migration of people 25 to 29 years old between 2000 & 2010. However, those in their early 30s were migrating into these same rural counties

Migration: % higher or lower
of expected 25- to 29-year-olds (2000-2010)



U.S Census Bureau - Decennial Census

Migration: % higher or lower
of expected 30- to 34-year-olds (2000-2010)



U.S Census Bureau - Decennial Census

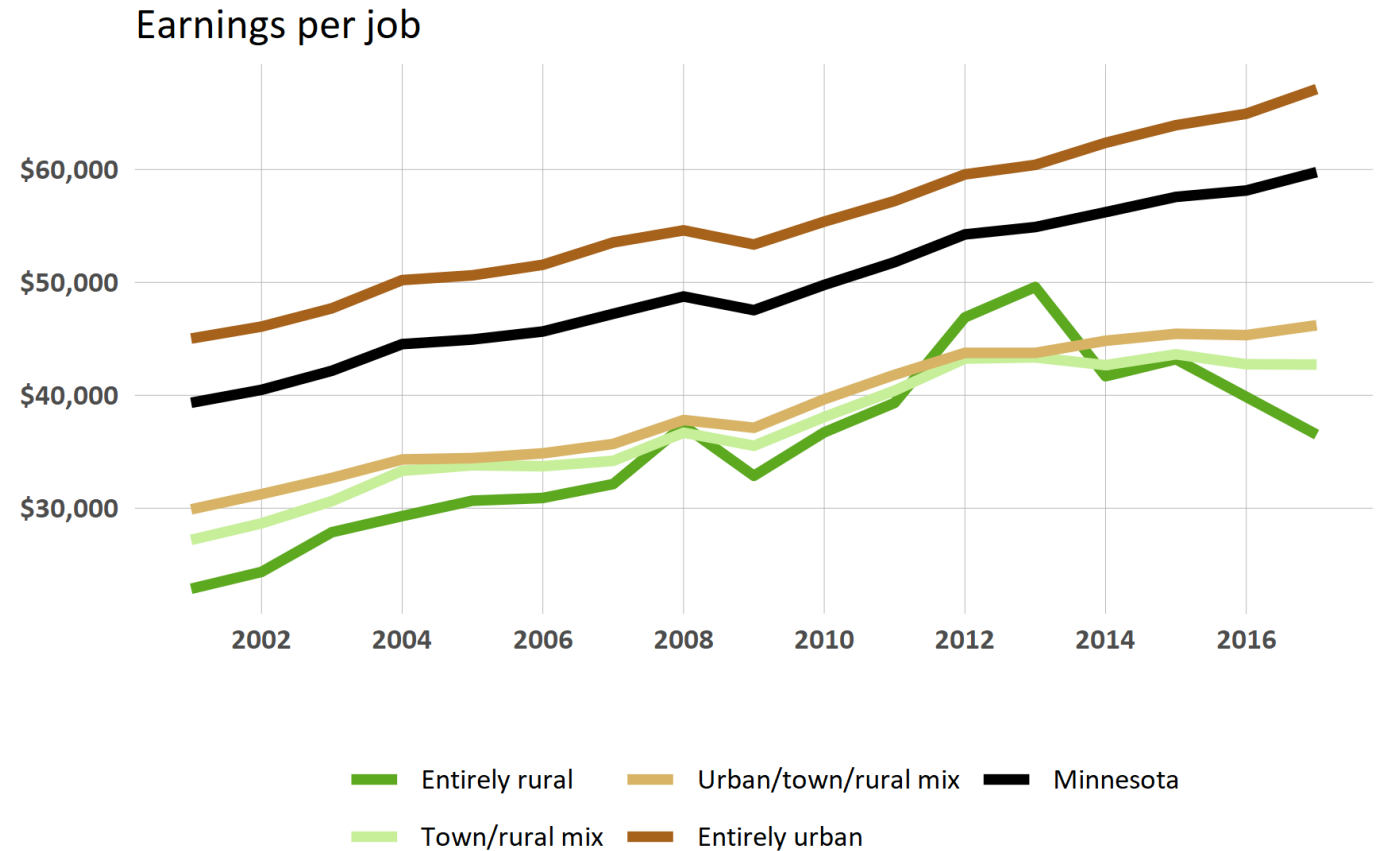
Economic Vitality

GAP IN EARNINGS CONTINUES TO GROW

Earnings outside of urban areas flattening and declining

Despite the continuing gap in earnings between the entirely urban counties and the rest of Minnesota, the highest growth in earnings per job since 2001 continues to be in Greater Minnesota.

In 2017, earnings per job in the entirely rural group grew 59% over 2001 but remain volatile due to the ag economy. The other groups saw similar but somewhat smaller gains.



Bureau of Economic Analysis - Local Area Personal Income and Employment

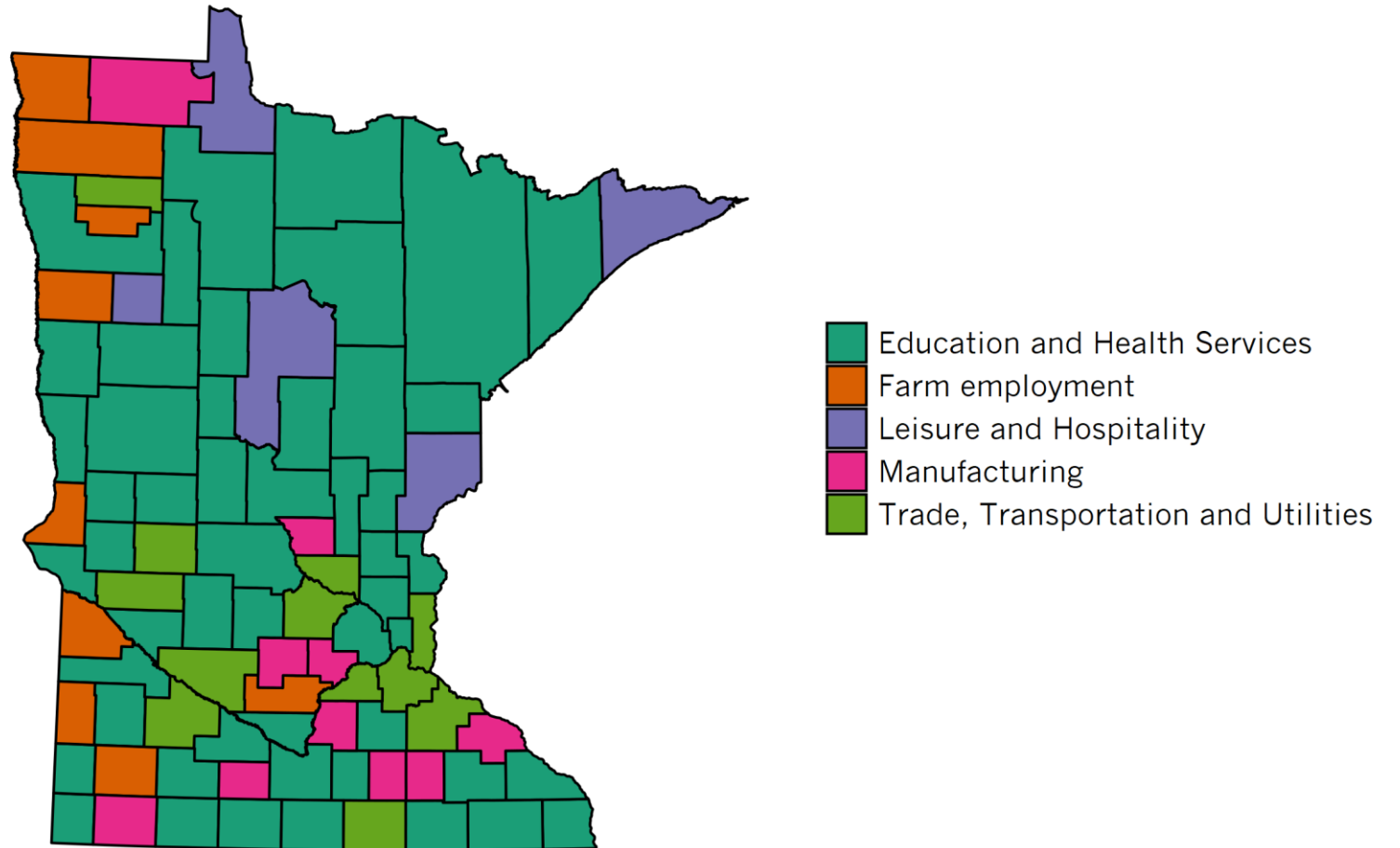
Economic Vitality

RURAL AREAS HAVE A HIGHER PERCENTAGE EMPLOYED IN
GOVERNMENT, AGRICULTURE, AND SELF-EMPLOYED

Top employment industries

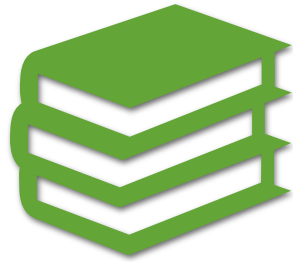
While the highest percentage of employment across Minnesota continues to be in the education and health services industry, farm employment is prominent in western counties, leisure and hospitality in a few northern counties, and manufacturing in southern Minnesota.

Top employment industry, 2017

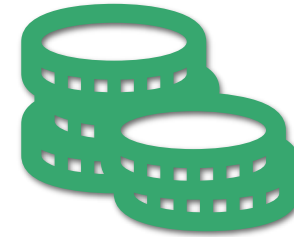


Bureau of Labor Statistics - Quarterly Census of Employment and Wages
Bureau of Economic Analysis - Local Area Personal Income and Employment

Major employment industries



Top employment industry across all regions of Minnesota: Education and health services



Typically rounding out the top 5 employment industries

Trade, transportation and utilities

Leisure and hospitality

Manufacturing

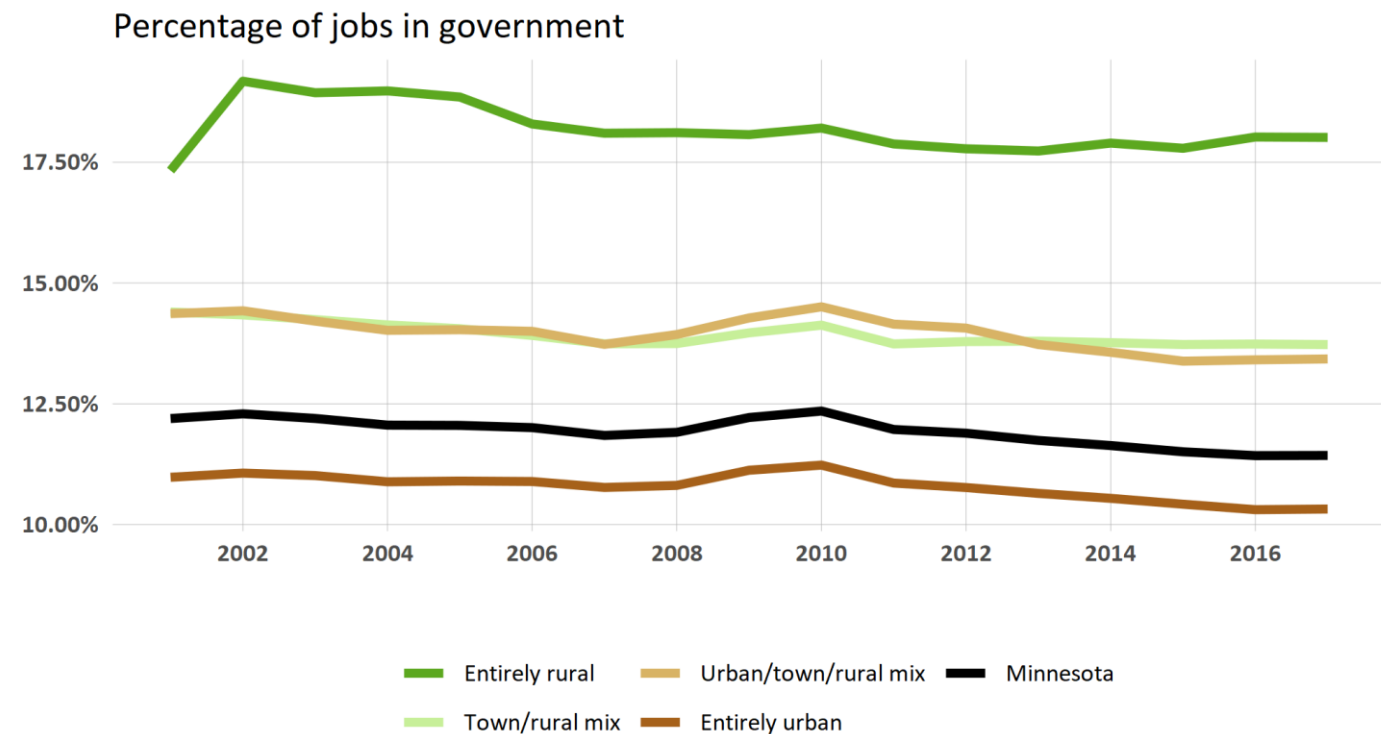
Construction

Farm employment

Professional and Business Services

Percentage of jobs in government significantly higher in rural areas

Government is a major employer in many rural counties where the baseline of required services is disproportionate to the population.



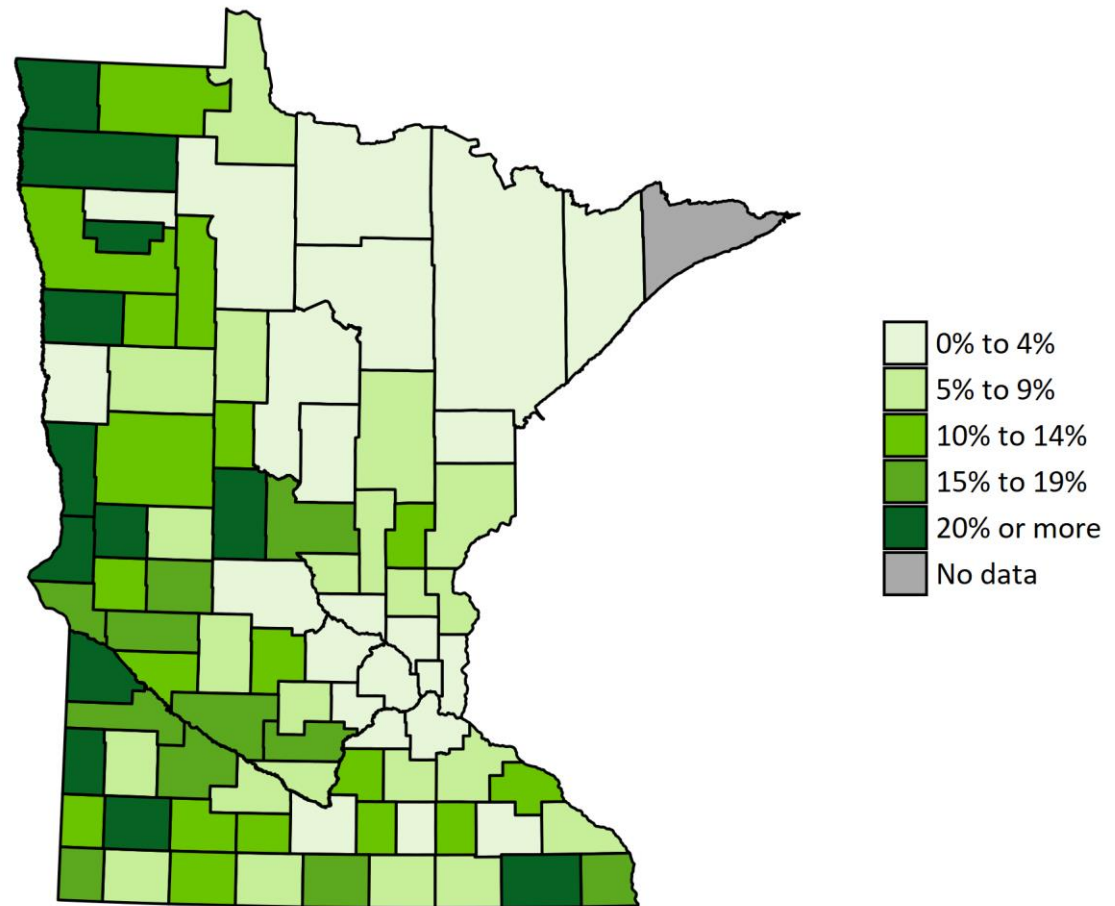
Bureau of Economic Analysis - Local Area Personal Income and Employment

Agriculture-related jobs highest in rural counties

It's no surprise that farming is a significant source of employment for the more rural areas of the state.

Western counties have the highest percentage of employment in agriculture, with many over 20%.

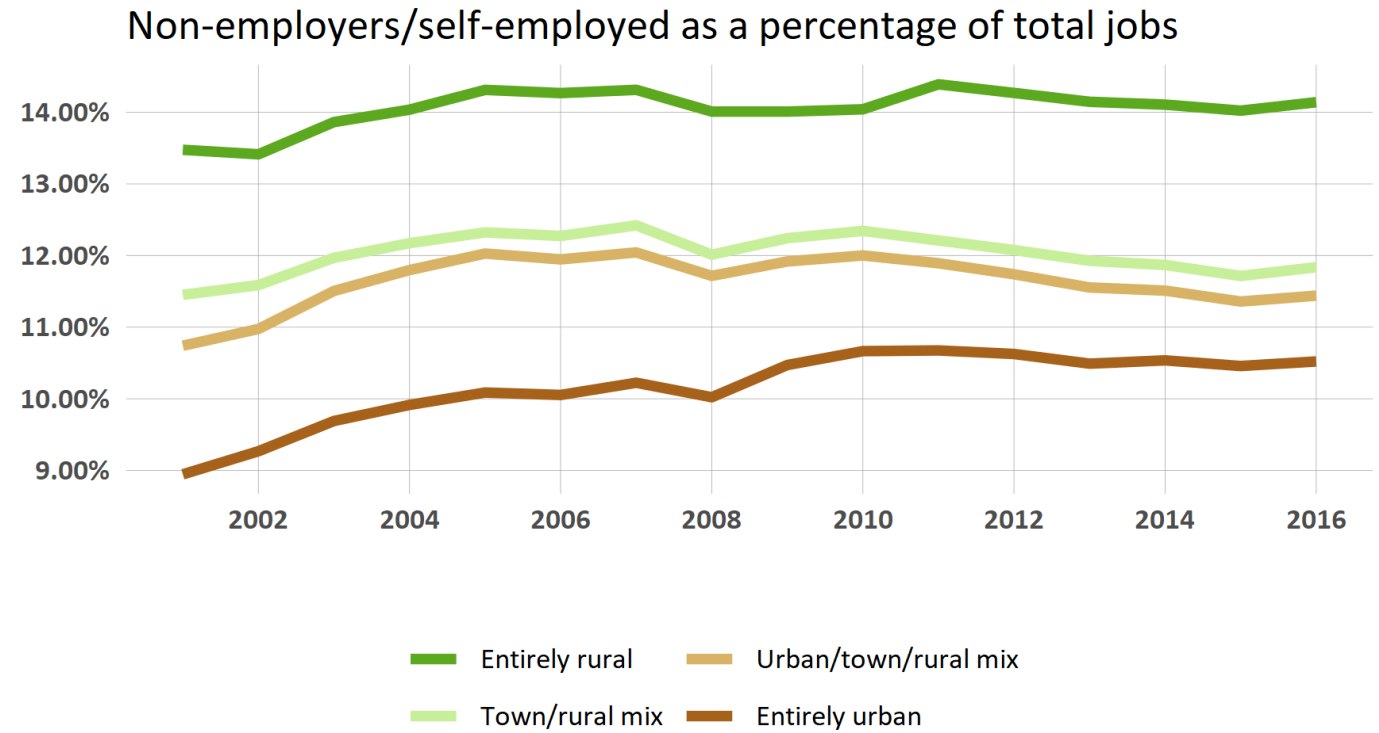
Farm employment as percentage of total employment, 2017



Bureau of Labor Statistics - Quarterly Census of Employment and Wages
Bureau of Economic Analysis - Local Area Personal Income and Employment

Non-employers are a larger share of jobs in rural areas.

Another surprising employment fact in rural regions is the number of non-employers and self-employed.



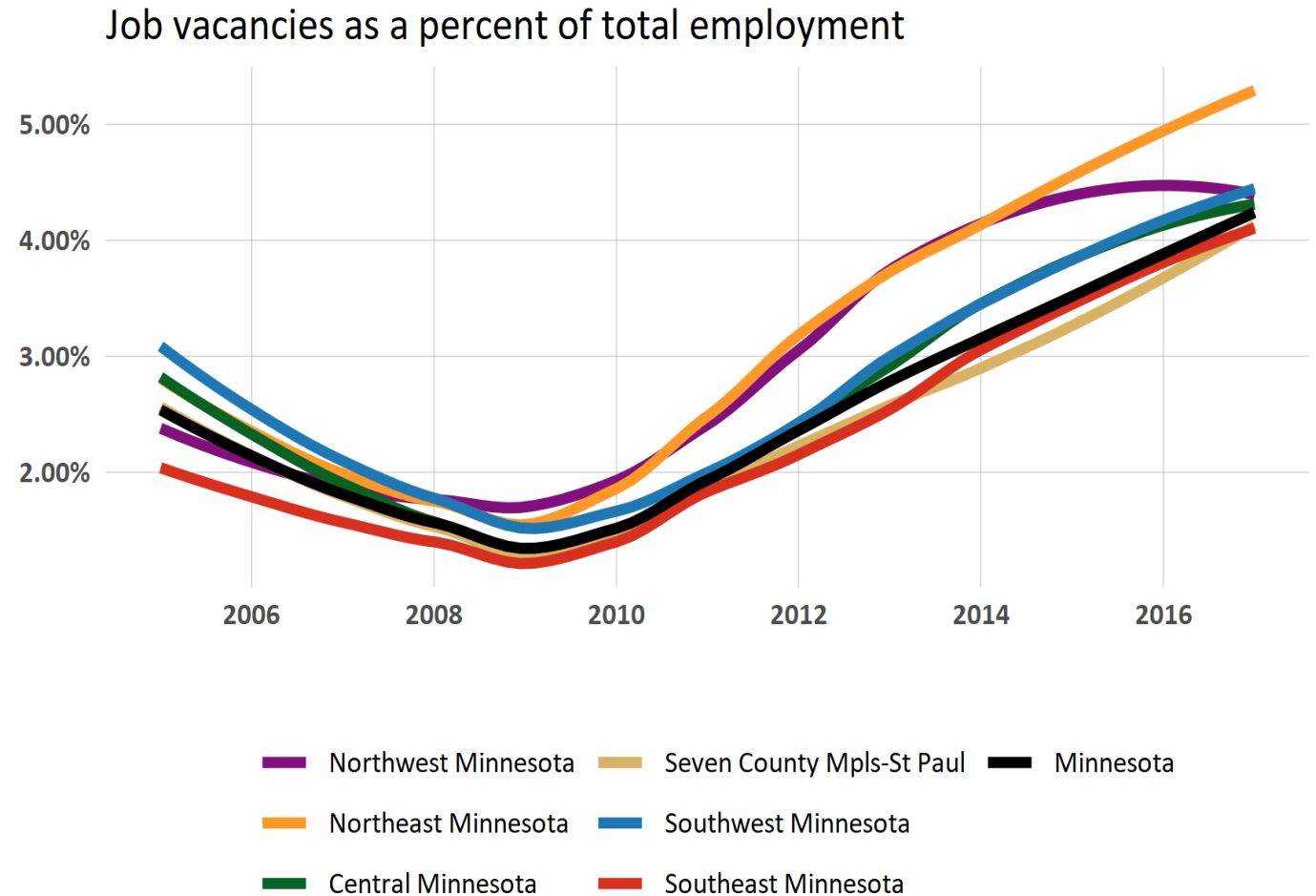
U.S. Census Bureau: Non-employer Statistics

Economic Vitality

GREATER MINNESOTA FEELING PRESSURE TO FILL JOB VACANCIES

The job vacancy rate is higher in Greater Minnesota

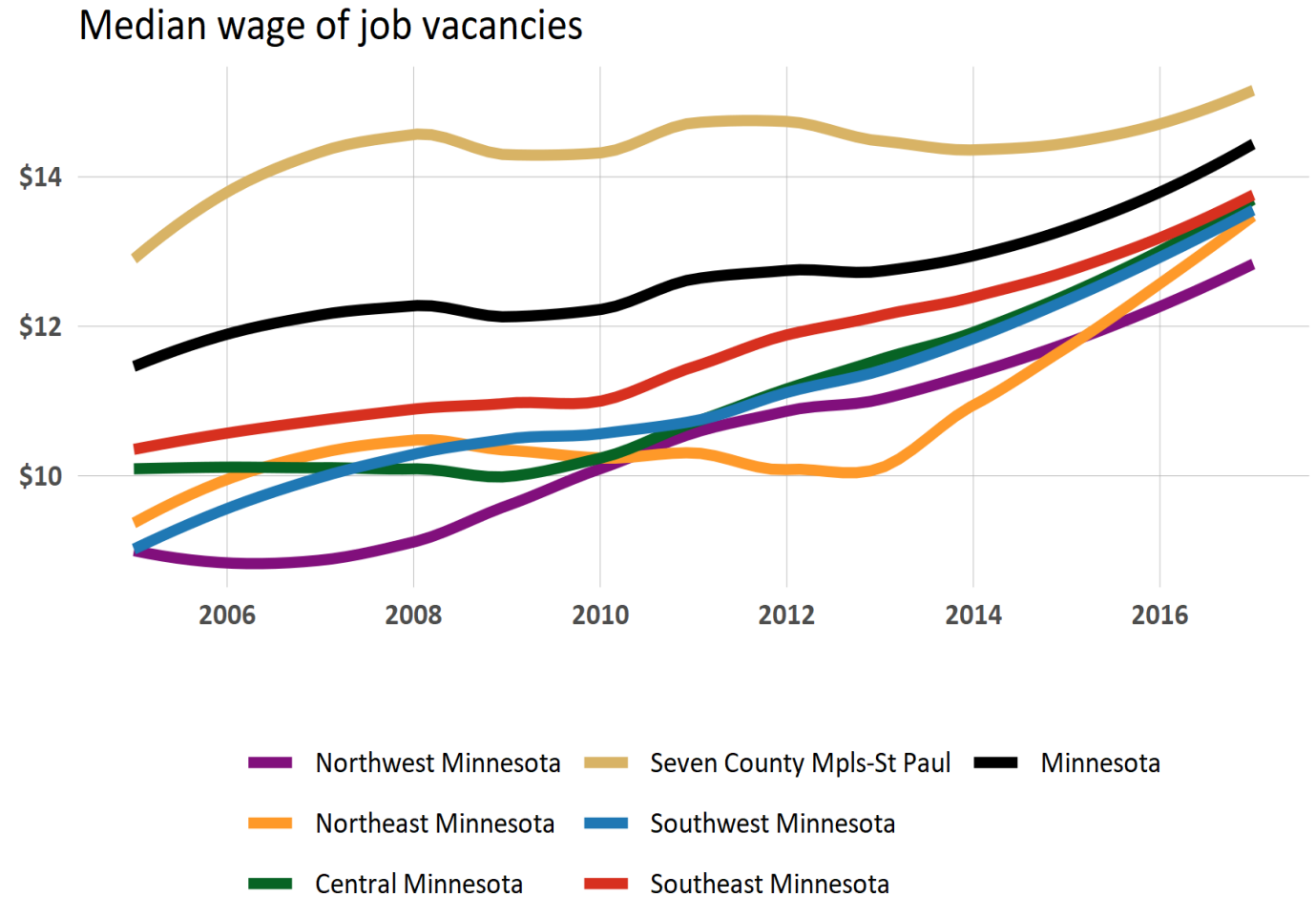
The job vacancy rate reflects the average quarterly number of job vacancies each year as a percentage of total jobs in the region. The higher the percentage, the more challenging it is to fill the positions. The highest rates exist in regions outside of the seven-county metro.



MN DEED - Job Vacancy Survey

Largest growth in wages for job vacancies is in Greater Minnesota

Although the median wages for all job vacancies continue to be lower in Greater Minnesota than in the seven-county metro area, the largest increases in wages have occurred in Greater Minnesota.



MN DEED - Job Vacancy Survey

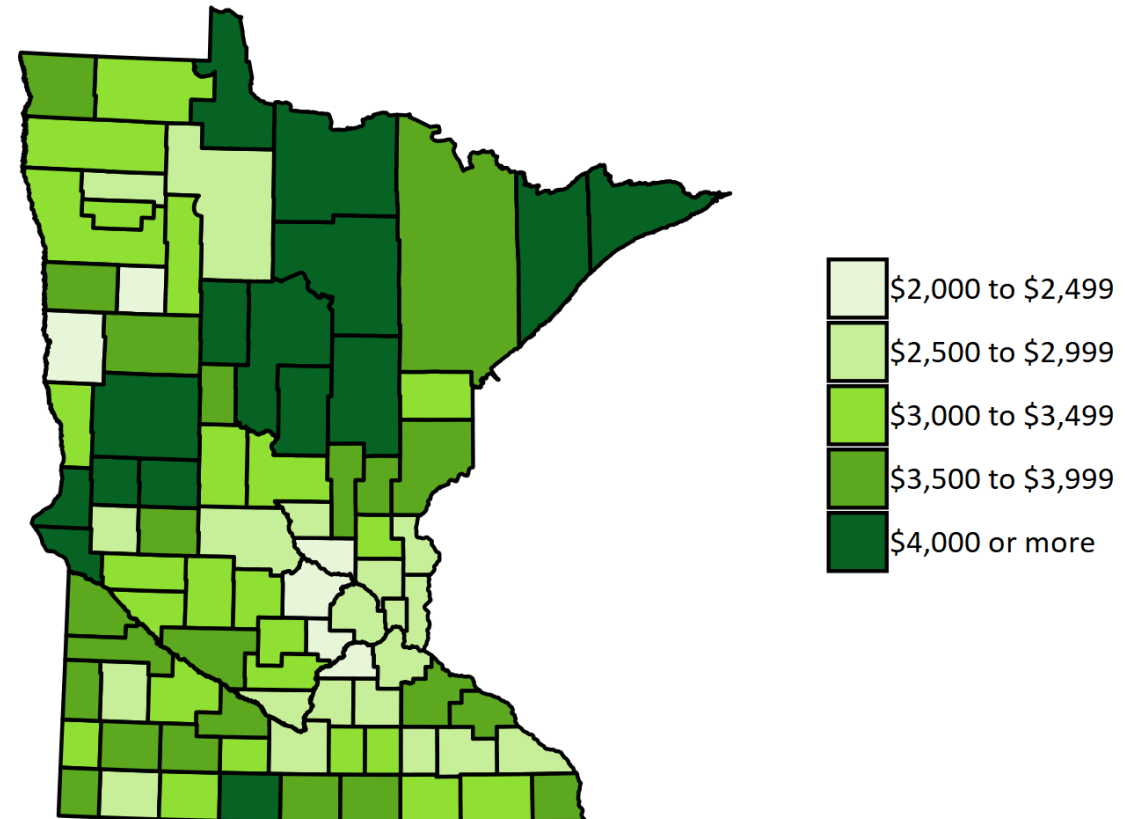
Economic Vitality

GREATEST USE OF PUBLIC ASSISTANCE IN THE MOST RURAL AREAS

Social security per capita continues to be highest in rural areas

The distribution of Social Security payments by dollar amount from county to county is largely a reflection of the distribution of senior citizens. Due to this, we expect the highest per-capita payments to be in our most rural areas, where median ages are the highest.

Annual social security payments per capita, 2017

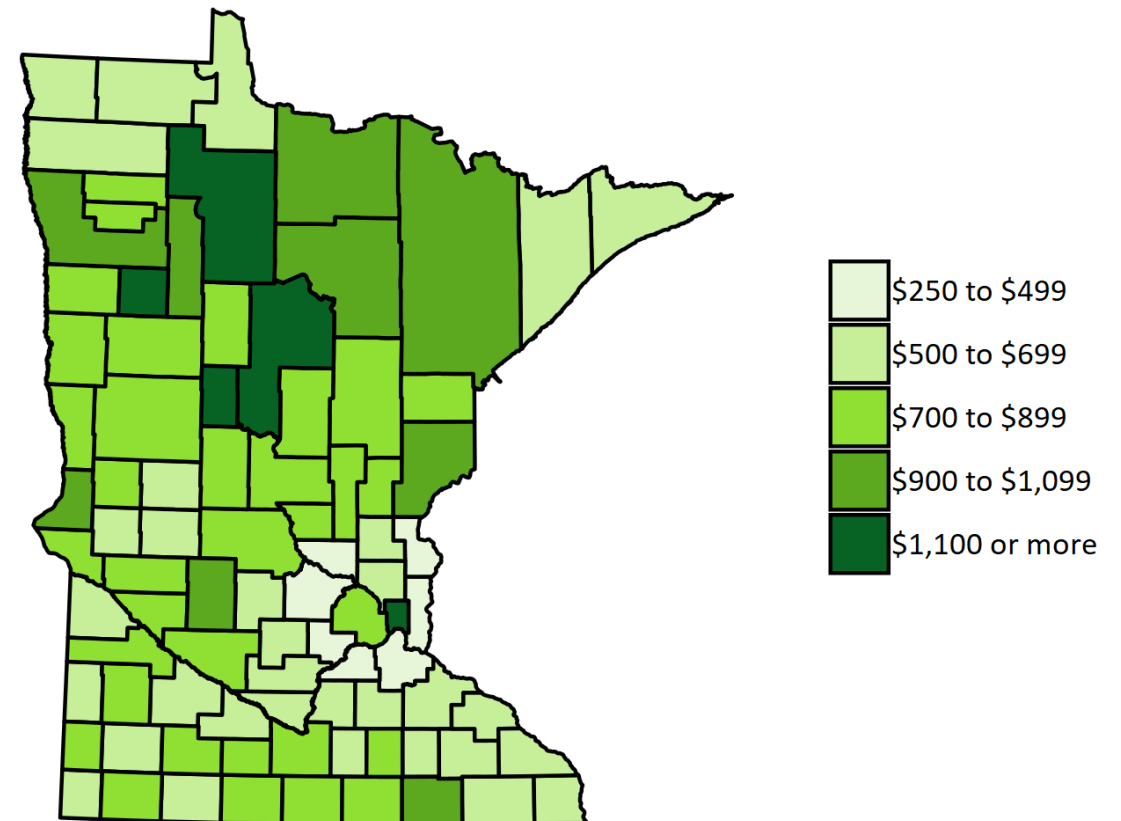


Bureau of Economic Analysis - Local Area Personal Income and Employment

Highest income maintenance per capita is in northern Minnesota

The highest income maintenance benefits per capita continue to be in the more rural areas. A few counties in northern Minnesota, where poverty rates tend to be higher, have some of the highest per-capita payments, where they exceed \$1,000 per person.

Annual income maintenance benefits per capita, 2017



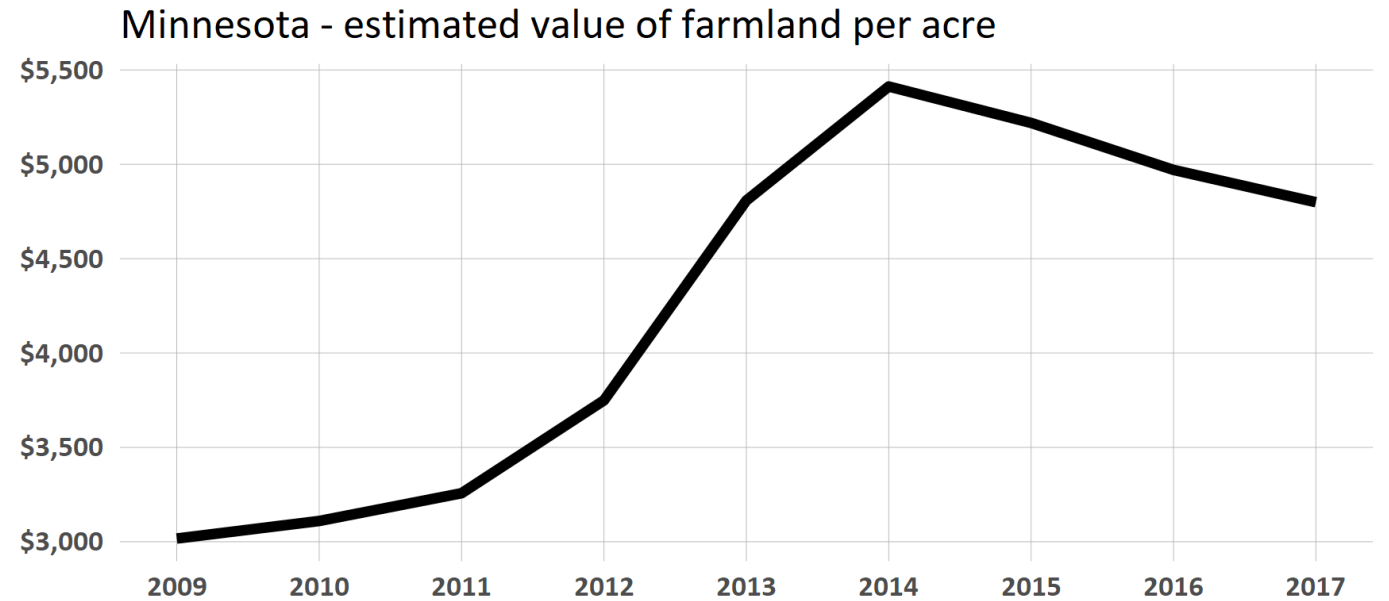
Bureau of Economic Analysis - Local Area Personal Income and Employment

Agriculture

LAND VALUES STILL HISTORICALLY HIGH BUT BEGINNING TO DECLINE
SINCE PEAKING IN 2014

Land values on a slow decline

Land value estimates from the University of Minnesota Land Economics department show a continued decline in agriculture land values. The average for Minnesota in 2017 was \$4,799 per acre, down 11% from a high of \$5,412 in 2014.

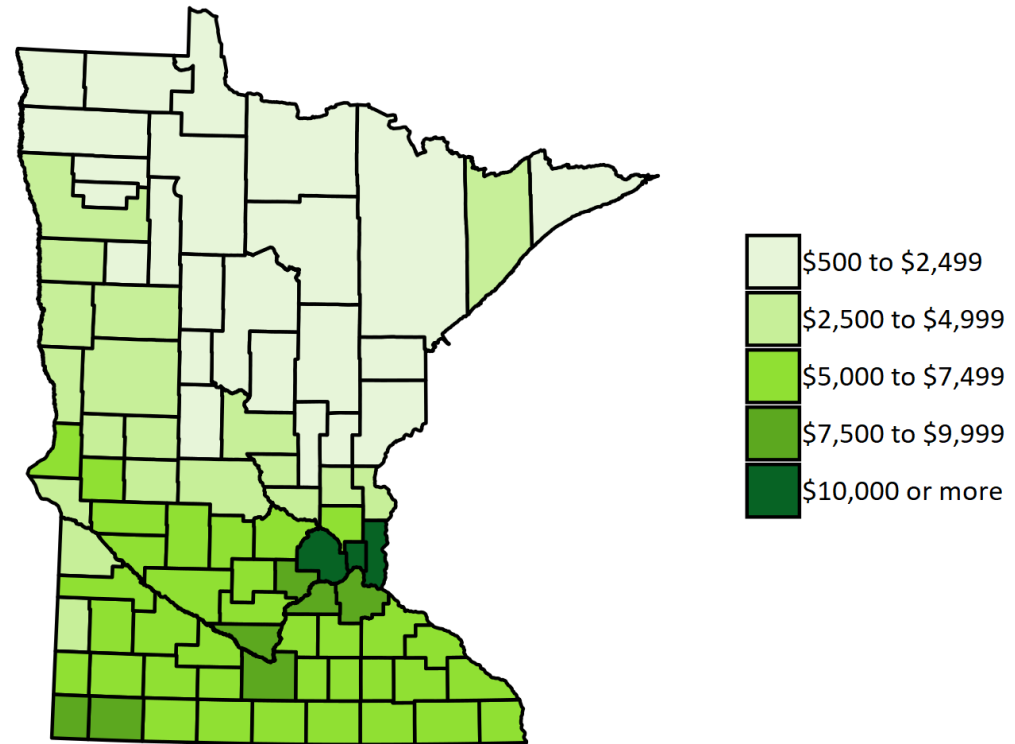


University of Minnesota - Land Economics

Past farm returns and current development drive up land values

Land value estimates by the University of Minnesota Land Economics department reflect in part the high returns from farming between 2008 and 2012, but demand for farmland for residential and commercial development has also driven up values, as can be seen in the urban and suburban counties of the Twin Cities.

Value of agricultural land per acre, 2017

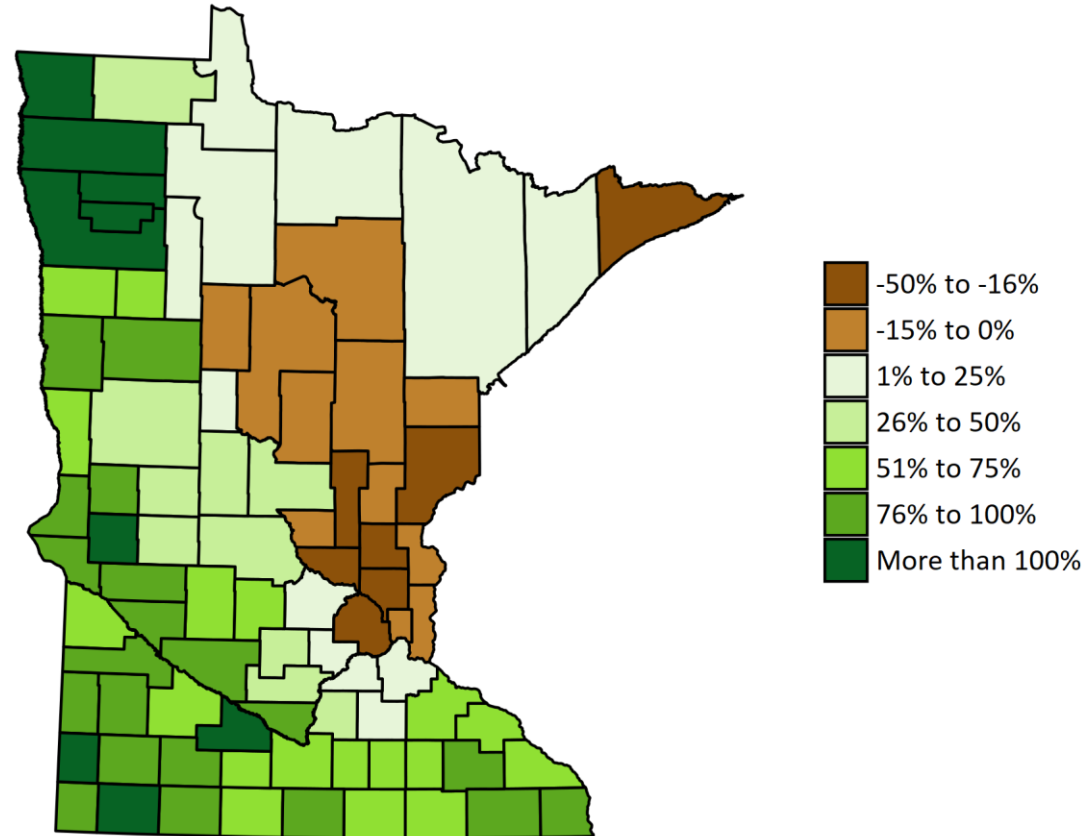


University of Minnesota - Land Economics

Largest increases in agricultural land values in rural areas.

While the average value of farmland statewide is falling slowly, the change in value varies greatly depending on location. Value per acre has increased the most in northwest and southwest Minnesota. Despite have the highest value of agricultural lands, the current value in Hennepin and Ramsey counties and the northern suburbs are below their 2009 values.

Percent change in value of agricultural land
per acre since 2009



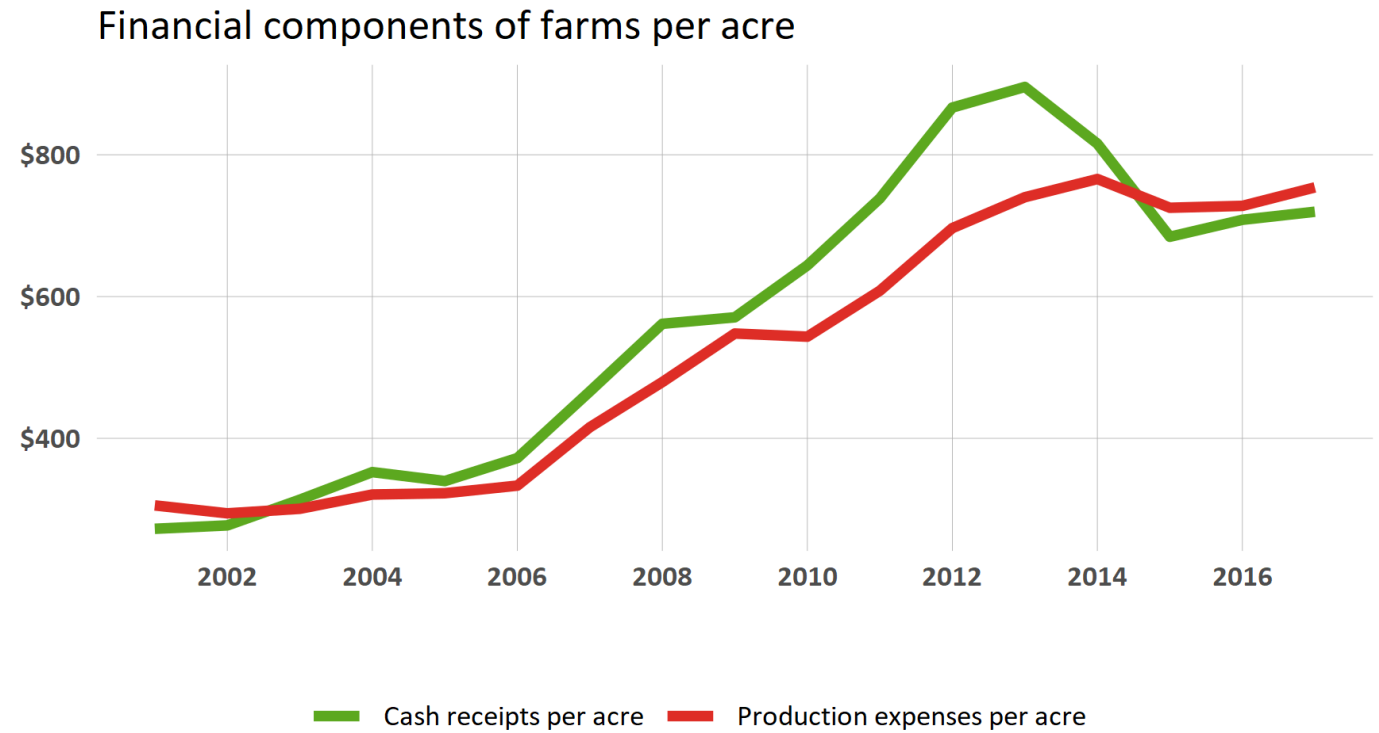
University of Minnesota - Land Economics

Agriculture

FARM INCOME BELOW COST OF PRODUCTION

Farming income below costs of production

Starting in 2015 and continuing into 2017, the cost of production has exceeded cash receipts for farmers in Minnesota. In 2017, the cost of production was \$754 per acre while cash receipts were only \$720 per acre.

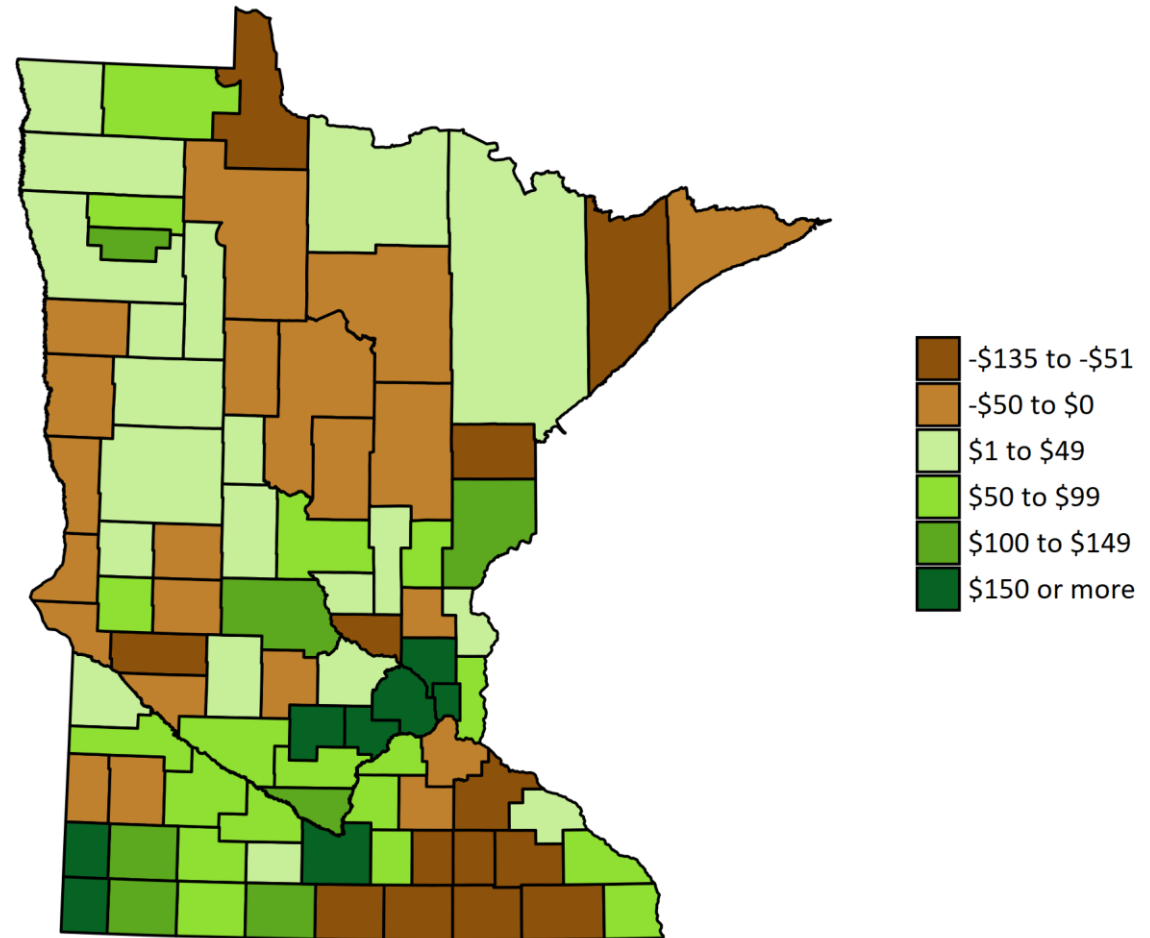


Bureau of Economic Analysis - Local Area Personal Income and Employment

Many farmers in rural counties having very low or negative net incomes

Even including government payments, income still isn't enough to cover the cost of production for many farmers. The highest net income for farms exist in the seven-county metro and southwest Minnesota.

Net income per farm land acre, 2017



Bureau of Economic Analysis - Local Area Personal Income and Employment



Questions?

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