Defining and Serving Rural Communities
Road Map

Defining Rural

Rural Performance

Rural Opportunity

https://headwaterseconomics.org
Defining Rural

Definition based on what Rural lacks:

- population, limited institutional capacity, geographic isolation, limited access to services (e.g. health care, education).

OMB Statistical Areas Designation by Population Size

Metropolitan and Micropolitan Statistical Areas of the United States and Puerto Rico

July 2015

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Defining Rural

USDA Economic Research Service County Typologies (Shared Characteristics)

Definition based on what Rural *is*:

county typologies focused on agriculture, energy, recreation, demographics that define shared characteristics of rural places.
Defining Rural

“Three Wests” Classification Based on Economic Opportunity

**METRO**
- Higher wages
- Less volatility
- More high-wage services
- Fastest-growing
- Younger, More educated

**CONNECTED** (via airports)
- Over time, perform like METRO

**RURAL & ISOLATED (3% Pop, 50% Area)**
- Lowest wages
- Most volatility
- Few high-wage services
- Slowest-growing
- Older & aging
- Less well-educated

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Rural Performance

U.S. Economy is Growing

Monthly change in jobs

Source: Bureau of Labor Statistics
Growth is Uneven and Unequal

20 cities are responsible for 50% of all new business formations since the Great Recession

Economic Innovation Group Distressed Communities Index Series, May 2018
Rural Performance

Changing Economic Geography

Since 2000
75% of new jobs created in 5 Montana counties
## Rural Performance

95% of New Jobs in U.S. in **SERVICES**

<table>
<thead>
<tr>
<th>Industry</th>
<th>New Jobs 2000-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care &amp; social assistance</td>
<td>6,056,400</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td>3,226,000</td>
</tr>
<tr>
<td>Real estate &amp; rental &amp; leasing</td>
<td>3,178,800</td>
</tr>
<tr>
<td>Professional &amp; technical services</td>
<td>2,971,100</td>
</tr>
<tr>
<td>Administrative &amp; waste service:</td>
<td>2,419,400</td>
</tr>
<tr>
<td>Other services, except public admin.</td>
<td>1,960,600</td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td>1,845,100</td>
</tr>
<tr>
<td>Educational services</td>
<td>1,650,700</td>
</tr>
<tr>
<td>Transportation &amp; warehousing</td>
<td>1,125,300</td>
</tr>
<tr>
<td>Arts, entertainment, &amp; recreation</td>
<td>1,123,900</td>
</tr>
<tr>
<td>Government &amp; government enterprises</td>
<td>991,000</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>891,200</td>
</tr>
<tr>
<td>Mining</td>
<td>696,200</td>
</tr>
<tr>
<td>Management of companies &amp; enterprises</td>
<td>642,500</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>552,200</td>
</tr>
<tr>
<td>Forestry, fishing, &amp; related activities</td>
<td>160,500</td>
</tr>
<tr>
<td>Construction</td>
<td>132,200</td>
</tr>
<tr>
<td>Utilities</td>
<td>-27,300</td>
</tr>
<tr>
<td>Farm employment</td>
<td>-418,000</td>
</tr>
<tr>
<td>Information</td>
<td>-671,200</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-3,830,400</td>
</tr>
</tbody>
</table>

[https://headwaterseconomics.org](https://headwaterseconomics.org)
New Jobs Clustered in Cities

“In the twentieth century, competition was about accumulating physical capital. Today it is about attracting the best human capital.”
Rural Performance

Most Important New Jobs Are In “Innovation”
Productivity Gains Shed Jobs in Traditional Sectors

Low-value manufacturing (textiles, autos) sent offshore. High-value manufacturing remained in U.S. and automated.
Beginning around 1970, productivity gains no longer translate to higher wages & income.
Rural Performance

Resource Dependence ≠ Future Performance

County performance on various measures of growth and prosperity predicted by trajectory in 1990

- Proximity to Metro / Industry Diversity
- Amenities / Quality of Life
- Education
- Community Vision / Adaptability

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Rural Opportunity

Theory of Rural Development

Agriculture, resource extraction & tourism

Transportation, infrastructure, community capacity

Diverse economy:
Agriculture, resource industries, tourism, plus …
high-wage services, investment income, retirement, construction, health care, retail, etc.

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Rural Opportunity

Improve in Access to Markets

Where:
- I-15
- Rail
- Southern Utah University
- Workforce
- Technology
- Ideas

...Connect

Cedar City/Iron County Economic Development

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Rural Opportunity

Leverage recreational and natural amenities
Rural Opportunity

Use resource endowments to reinvest in workforce and institutions

Senators eye funding fix for Secure Rural Schools

Kellie Lunney, E&E News reporter
Published: Friday, September 7, 2018
RANCH OWNERSHIP & COMMUNITY IN PETROLEUM COUNTY, MONTANA

578,479 private acres
105 ranch properties

1.4

On average, each ranch property supports 1.4 families

87 are “Winnett”-based

22 ABSENTEE OWNERS

33% unclear

18% of the county's private ranch land is owned by individuals whom locals could not recognize in the grocery store

Will the property be in agricultural use in 15 years?
Only a crisis - actual or perceived - produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable.
Thank You or Questions?