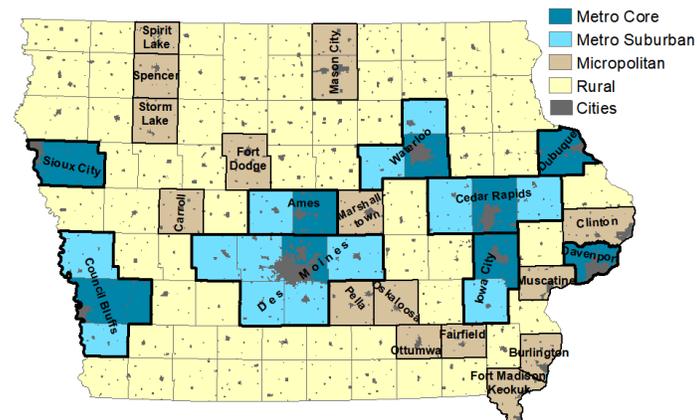


Rural Iowa at a Glance

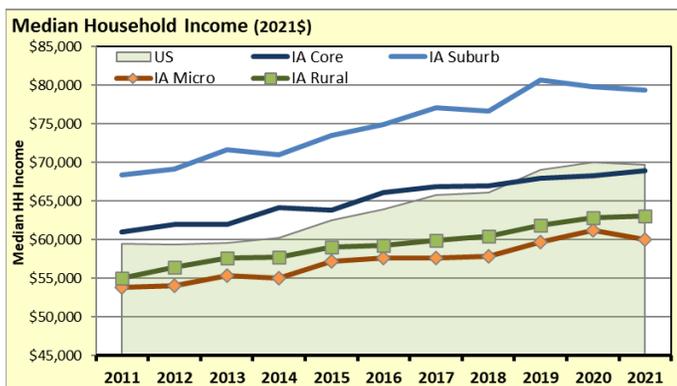
2022 Edition

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.



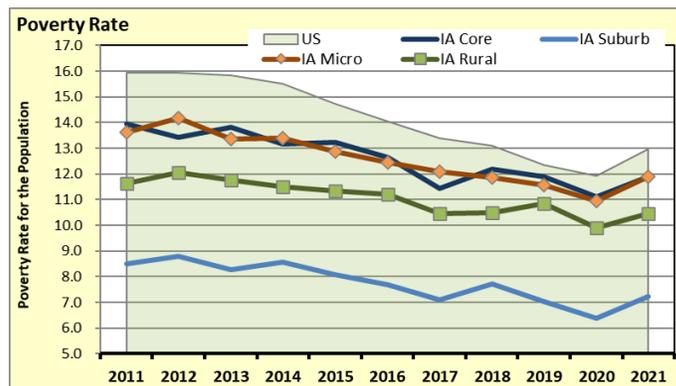
Household Income



Non-metro incomes are lower than those in metro core and suburban areas. Households in micropolitan counties have the lowest 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% last year. The highest incomes in the state are in

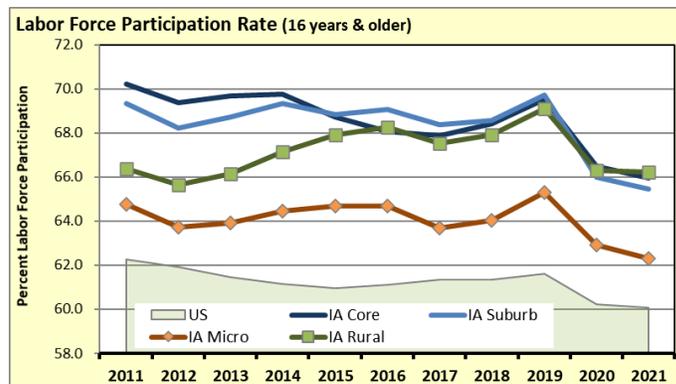
suburban Iowa at \$79,390. Although incomes fell slightly during COVID, over the past decade suburbs have become prosperous with income gains of 16.1% since 2011.

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.

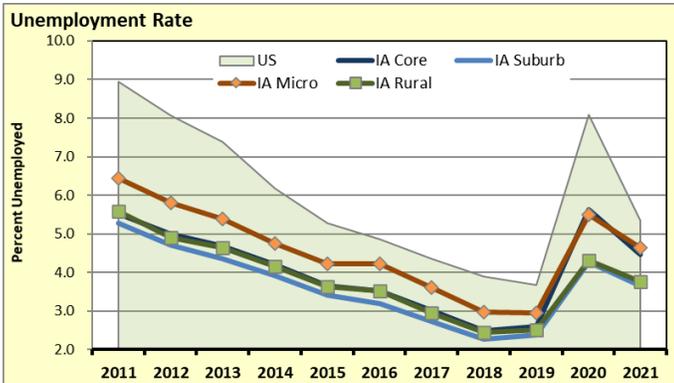
Labor Force Participation



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.

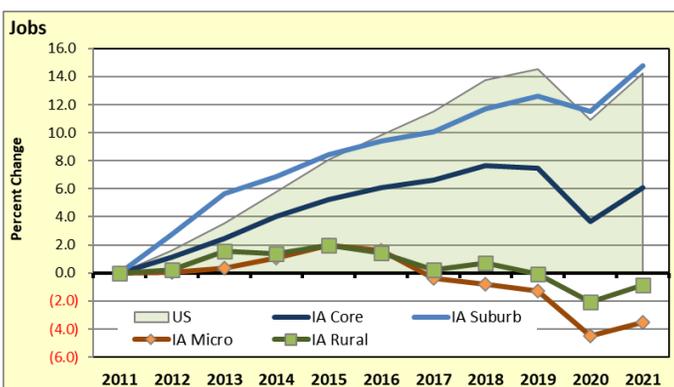
Unemployment



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

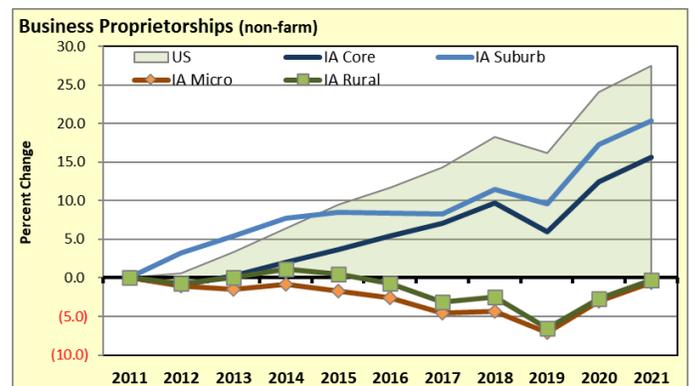


COVID eliminated many jobs statewide, but rebounded in 2021.

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.

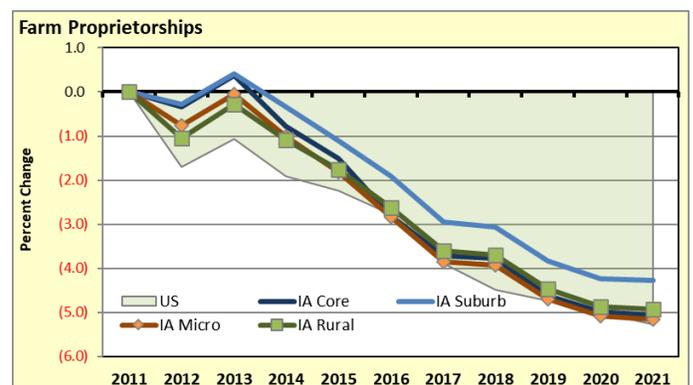
Self-Employed Businesses



Self-employed businesses are booming in metros, but struggling in non-metros.

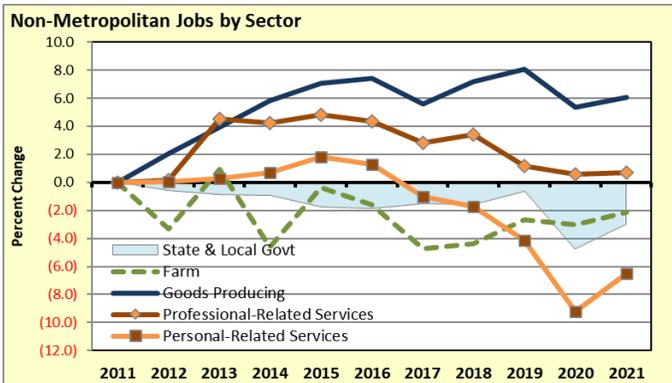
Self-employed businesses include sole proprietors or general partners engaged in non-farm activities. About 61% of self-employed small businesses are in metro areas, with 47.6% in core counties alone. Metro Iowa has seen small businesses grow by 15% to 20% since 2011. In non-metro Iowa, small businesses 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

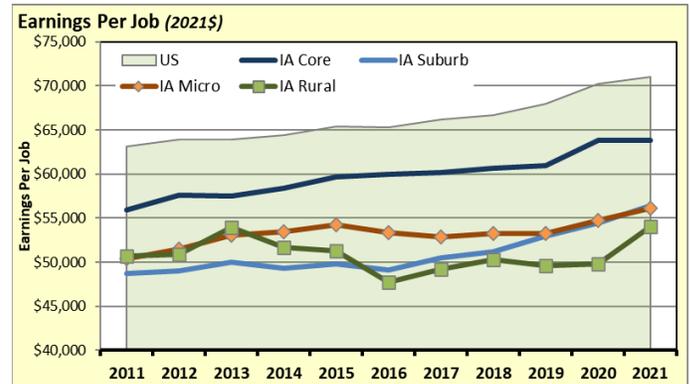


Good job opportunities in goods-producing industries. Half of jobs are in the services sector, but are in decline. The bright spot of the non-metro economy is the goods-producing sector (includes manufacturing and construction). This sector employs a large number of Iowans (24%) and jobs have grown by 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).

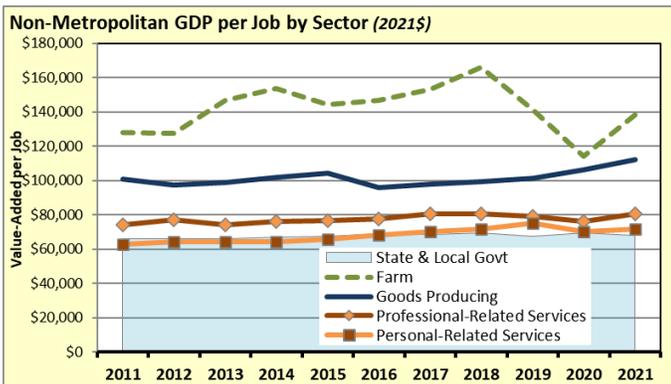
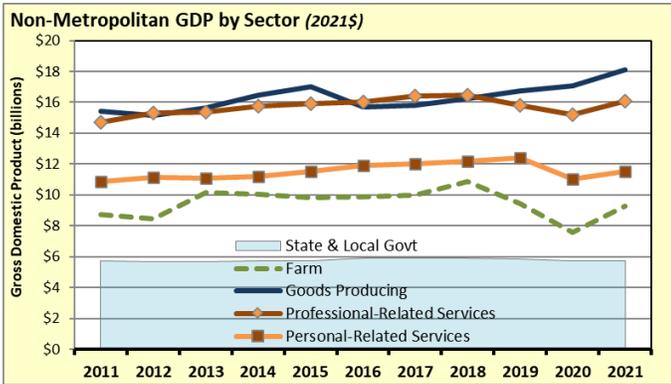


Non-Metropolitan Earnings by Sector

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



Manufacturing, farming, and professional services drive the non-metro economy. 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. This translates into the second highest in value-added per job at \$111,980. The farm sector has the highest GDP per worker at \$138,570, but only accounts for 15.3% (\$9.3 billion) in rural value-added. Farm GDP jumped by 21% last year after sizable losses since 2018. Professional services are also a large part of the rural economy at 26.5% or \$16.1 billion of GDP, but value-added per worker is lower at \$80,780. Personal services and retail trade accounts for a smaller share of rural GDP at 19%, translating to only \$71,600 per job. Government activities account for the smallest share of GDP at 9.4% and value-added per worker at \$68,160.

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 entrepreneurship 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 21% 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 sources and methods can be found at <https://smalltowns.soc.iastate.edu/2022/10/14/rural-iowa-at-a-glance-2022/>

This work was supported by the Iowa Agriculture and Home Economics Experiment Station. Iowa State University is an equal opportunity provider. For the full non-discrimination statement or accommodation inquiries, go to www.extension.iastate.edu/diversity/ext.

