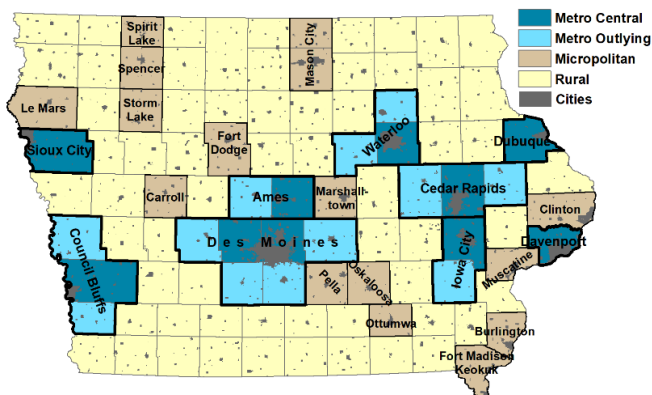


Rural Iowa at a Glance

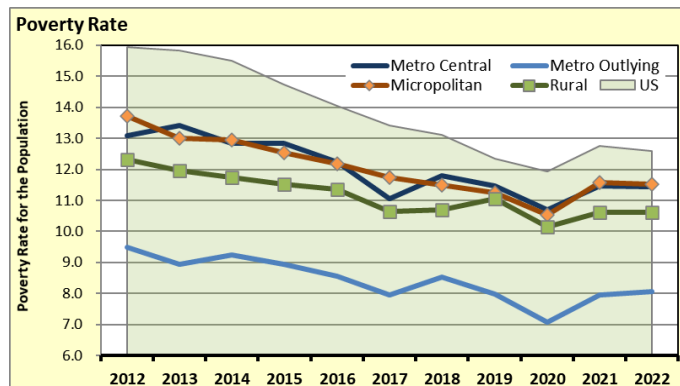
2023 Edition

Economic Trends

This publication summarizes current economic trends in Iowa between 2012 and 2022. 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. Dollar values are inflation adjusted. *Metropolitan central* areas include counties with an urban city over 50,000 people. *Metropolitan outlying* areas include the suburban counties 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.

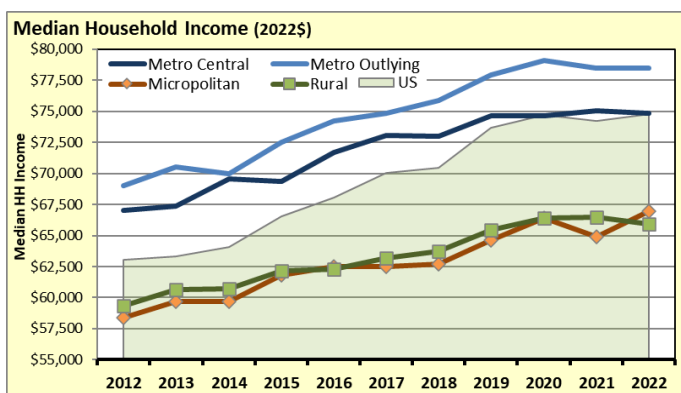


Poverty



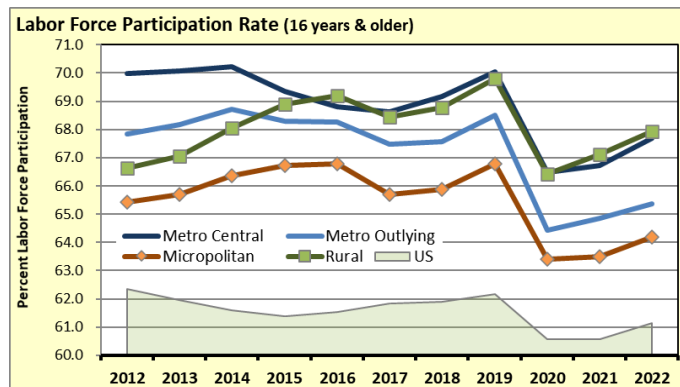
Poverty rose during COVID-19, but is now stable. Poverty is at a 10-year low. In rural Iowa, 10.6% of the population lives in poverty. Micropolitan and central metros have slightly higher poverty at 11.5%, just one point higher. Outlying metros, on the other hand, have the fewest in poverty at only 8.1% in 2022. Poverty had been steadily falling before the pandemic. Large government payments in 2020 pushed poverty down, but rates jumped back up after payments ended and the economic effects of COVID began to be felt.

Household Income



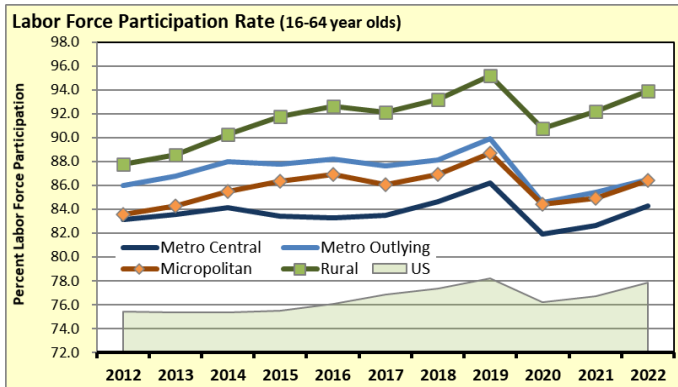
Incomes grew sizably across Iowa, but non-metro households have less money overall. Household income grew by 11% to 15% since 2012, adjusted for inflation. Non-metro incomes are about \$10,000 below metro ones. Rural residents saw incomes fall by 0.8% last year to \$65,900, but incomes are still up 11.1% from 2012. Micropolitan residents saw incomes surge by 3.1% last year to \$66,950, up 14.6% from a decade ago. The highest incomes in the state are in outlying metros at \$78,510 (up 13.7% from 2012) and central metros at \$74,870 (up 11.7%). Incomes fell slightly during COVID-19 and have not grown much since 2019, except in micropolitans.

Labor Force Participation



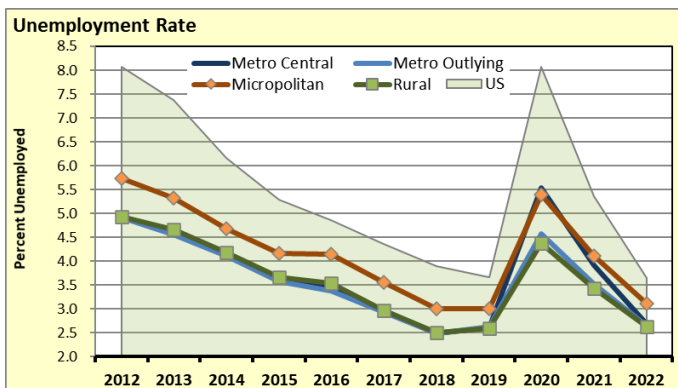
Sharp drops in participation during COVID-19, but rates are rebounding. Micropolitans and outlying metros have lower work participation. Far more lowans are in the labor force compared to the rest of the nation. Labor force participation is the percent of people 16 years and older that are active in the job market. It is a broader measure of unemployment because it includes those not seeking work such as the unemployable, discouraged workers, and those not in the labor force. Rural Iowa and central metros have the highest participation rates at near 68%. Rural areas saw a sharp rise in rates between 2012-2019, likely due to depopulation. Micropolitans and

outlying metros have slightly lower rates between 64% and 65%. COVID shrank work participation by 3.5 to 4 percentage points, but rates are slowly rising as more lowans return to work.



Rural Iowa dependent on older workers. One major issue is the reliance on senior citizens in the workforce. Rural Iowa is especially dependent on older workers. If those 65 years and older were to stop working, labor force participation rates would jump from 68% to 94% in rural Iowa, meaning nearly everyone age 16-64 years would be have a job. Elsewhere, participation rates would rise from 65% to 85%. This would cause major workforce shortages across Iowa.

Unemployment

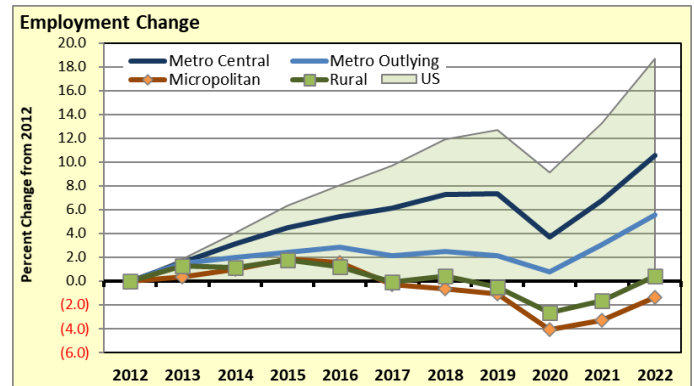


Sharp spike in unemployment due to COVID-19, but rates have fallen to near 10 year lows. The unemployment rate is the percent of people not having a job that are actively looking for one. It is a narrow measure because it excludes the unemployable, discouraged workers, and those not in the labor force. It measures unemployment only among people actively seeking work. Unemployment has fallen sharply post-pandemic, with low rates of 2.6% to 2.7% across most of the state – roughly half of the 5% to 6% rates found in 2012. The exception is micropolitan Iowa, which has a slightly higher unemployment of 3.1% in 2022.

Jobs

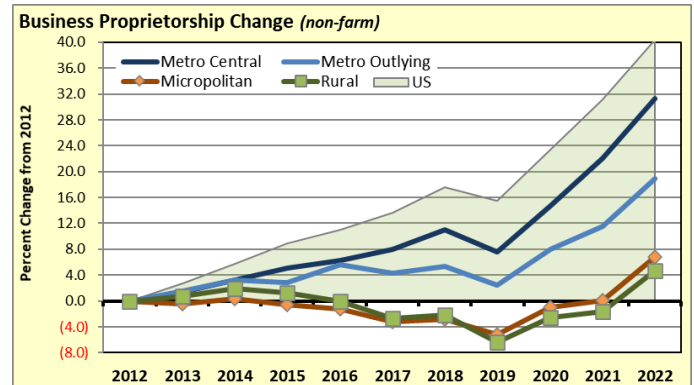
Metro job gains have strongly rebounded post-COVID, while non-metros have seen weaker recovery. Despite COVID-19 losses, the number of jobs grew by 10.6% in central and by 5.5% in outlying metros between 2012-2022. However, non-metros struggle to keep pace, even with strong job gains the past two years. The number of

rural jobs in 2022 is the same as it was in 2012, meaning no net growth. In micropolitans, there are 1.4% fewer jobs today than a decade ago. Looking at the past year (2021-2022), job counts are up 3.5% in central and 2.4% in outlying metros, and also up about 2% in micropolitan and rural Iowa.



Central metros are the job creation engines of the state. A stunning 57.3% of Iowa's jobs are located in central metros with another 6.3% in outlying metros, accounting for nearly 64% of all jobs statewide. Rural Iowa is home to 21.9% of jobs, while micropolitans have the smallest share at only 14.4%. Job counts include both full-time and part-time positions, including self-employed, for all economic sectors (private, government, and farm).

Self-Employed Businesses

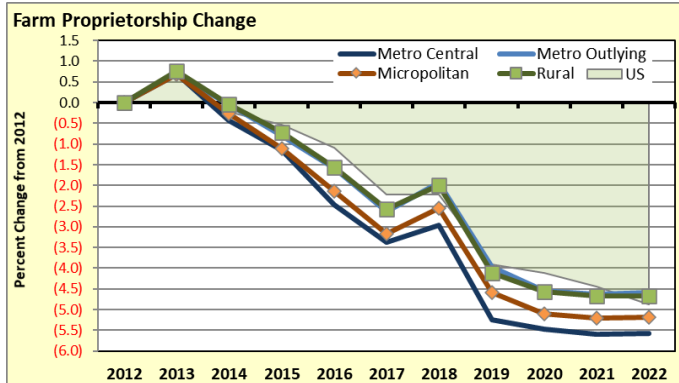


Self-employed businesses are booming in metros, but are only starting to take-off in non-metros. Self-employed businesses include sole proprietors or partners engaged in non-farm activities. About 62% of self-employed small businesses are in metro areas, with 53% in central counties alone. Metro Iowa has seen small businesses grow by 29% since 2012. In non-metro Iowa, small businesses grew more modestly by 5% to 7% over the last decade, with most new start-ups happening after 2019. Statewide, small business creation accelerated during and after the pandemic, but rural and micropolitan Iowa are falling behind the largest metros.

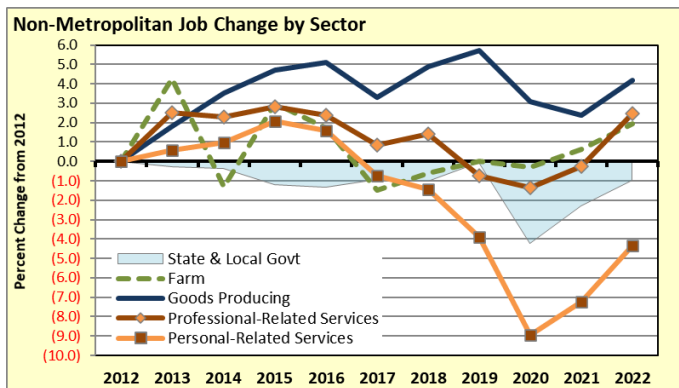
Farm Businesses

Sizable loss of farm businesses across Iowa, but have stabilized since 2020. Rural Iowa is home to 59.2% of the state's farm businesses. Micropolitan counties contain 15.7% of farms; and

metros have the smallest shares at around 12%. Farm businesses have been in sharp decline over the past 10 years, except for a brief jump in 2018, with about 5% fewer farms today than in 2012. Iowa trends mirror national farm trends. Farm businesses are sole proprietors or non-corporate partnerships engaged in agricultural production activities of \$1,000 or more. It does not include farm laborers.



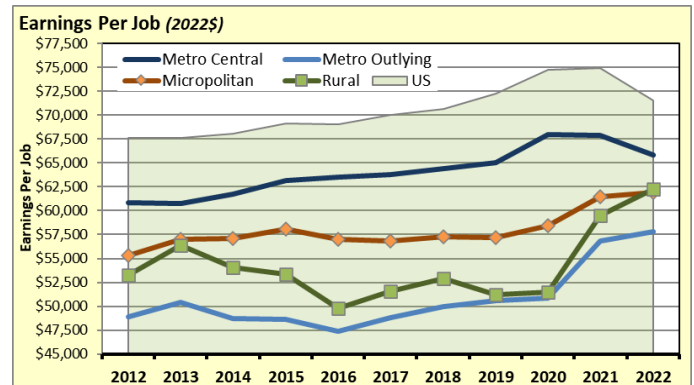
Non-Metropolitan Jobs by Sector



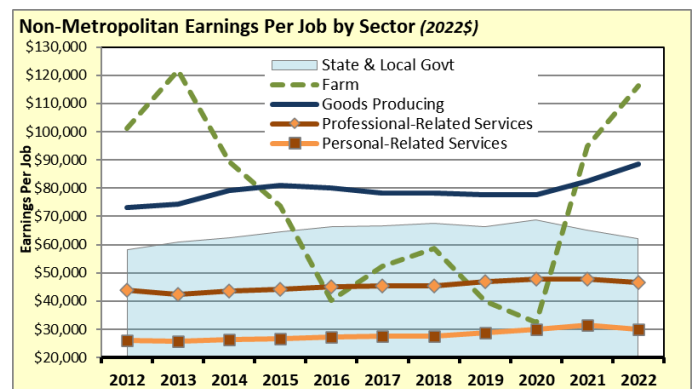
Resiliency in goods-producing industries. Over half of jobs are in services, but recovery is mixed. The bright spot of the non-metro economy is the goods-producing sector (includes manufacturing and construction). This sector employs a large number of lowans (23.7%) and jobs have grown by 4.2% since 2012, despite the pandemic, providing stable opportunities. However, nearly 54% of non-metro lowans work in the services sector. About 30% work in professional services (includes professional, finance, real estate, telecom, business, and health services) where jobs are up 2.5% over the past decade, despite taking sizable job losses during COVID. The situation is more dire for the 24% working in personal services (includes entertainment, recreation, lodging, food, and personal care) and retail trade. These jobs are down 4.3% from 2012, with COVID hitting these businesses and workers hard. There are signs of recovery, however, as personal services and retail jobs are up 5.1% since 2020 and up 3.2% from just last year. State and local government (including public education) accounts for 12.5% of jobs, but has shrunk by 1% since 2012. The farm sector employs just under 10% as both farm owners and laborers, but jobs fluctuate with commodity prices.

Earnings Per Job

The rural-urban pay gap is narrowing. Earnings are up in rural Iowa, while they fell in central metros. Adjusted for inflation, earnings have been growing statewide, reflecting pay increases and longer working hours for those with jobs. Pay for rural lowans jumped by 21% between 2020-2022, posting earnings of \$62,270 per job in 2022. Despite highs and low over the past decade, rural earnings are up 16.8% since 2012. Micropolitan workers also saw a pay raise, growing by 11.9% over the past 10 years to \$61,880 per job. This narrowed the pay gap between non-metro and metro workers from around \$10,000 between 2016-2020 to only \$3,500 by 2022. By contrast, earnings for central metro workers fell by 3.1% to \$65,810. However, metro pay is still the highest in the state, and earnings grew by 8.2% over the past decade, adjusted for inflation. Earnings include wages, salaries, and self-employment income from employment in all economic sectors (private, government, and farm).



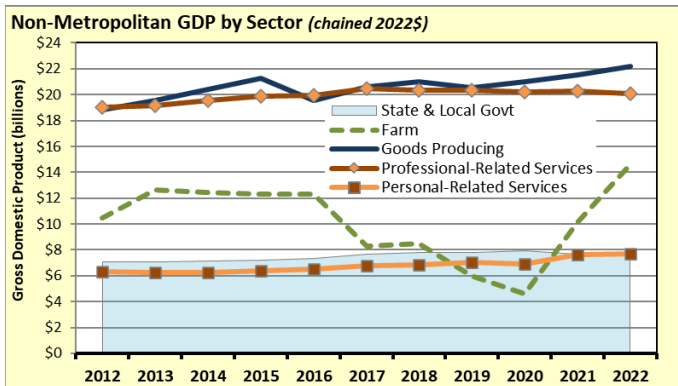
Non-Metropolitan Earnings by Sector



Jobs in goods-producing industries are the best paid. Personal services jobs are the lowest paid. The goods-producing sector has the consistently highest paid workers in non-metro Iowa, earning \$88,650 per job in 2022. Inflation-adjusted wages rose by 7.3% last year, and are up 21.3% from 10 years ago. Jobs in state and local government (including public education) are the next highest paid at \$62,180, which is 6.6% higher than in 2012, although earnings fell last year. Jobs in professional services pay \$46,720 per job, but have experienced sluggish growth. Wages fell 2.3% last year, but workers still earn 6.1% more than they did a decade ago. One concern is the sizable pay gap compared to professional metro workers, who earn

43% more at \$66,980. By contrast, jobs in personal services and retail trade pay the lowest at \$30,130, but many jobs tend to be part-time and part-year. Earnings are nearly 15% higher than in 2012, but workers did see their wages fall by 4.4% last year. **Farming paid out in 2022!** After several years of modest earnings, farm owners and workers saw their earnings jump up 22.7% last year. Since 2012, earnings grew by 14.9% to \$116,370, close to the decade high set in 2013.

Non-Metropolitan Gross Domestic Product



Non-Metropolitan GDP per Job (chained 2022\$)

	2012	2017	2022
Farm	\$158,360	\$126,845	\$216,664
Goods Producing	\$120,824	\$127,942	\$136,536
Professional-Related Services	\$94,418	\$100,530	\$97,236
Personal-Related Services	\$36,566	\$39,797	\$46,751
State/Local Government	\$82,202	\$89,815	\$89,042

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 and professional services sectors are the largest parts of the economy. Manufacturing and construction accounts for 31% of GDP or about \$22.2 billion. This translates into the second highest in value-added per job at \$136,540. Professional services are also a large part of the rural economy at 27.8% or \$20.1 billion of GDP, but value-added per job is much lower at \$97,240. The farm economy has boomed the past few years, resulting in the highest GDP per job at \$216,660. However, farming only accounts for 20.2% (\$14.6 billion) of rural value-added. Personal services and retail trade accounts for a small share of rural GDP at 10.7% (\$46,470 per job). Government activities is also a small part of GDP (10.5%), but value-added per worker is much higher at \$89,040.

Summary

Iowa's economy continues to recover from the COVID-19 pandemic. In metro Iowa, the economy has rebounded with strong gains in jobs and small businesses. However, non-metros have seen weaker recovery. Rural Iowa finally recovered the jobs lost during the pandemic, but this means there has been no net job growth since 2012. Micropolitans have yet to recover their job losses, but are on

pace to do so in the coming years. COVID accelerated small business creation statewide, but the number and growth of new start-ups is much lower in non-metro Iowa. There is a growing workforce shortage in both central metros and in rural Iowa. In large cities, shortages are caused by job growth outpacing population growth. In rural areas, labor is scarce because sizable population losses mean there are not enough people to fill existing jobs. As a result, the rural labor force is dependent on senior citizens who work.

The robust job recovery has not led to increases in household income or declines in poverty post-pandemic. Although incomes are up over 11% from ten years ago, there has been next to no income gains since 2020. Poverty also rose during and after COVID, but is now stable and at a 10 year low. One bright spot is the rapid gain in earnings for non-metro workers. Rural earnings grew at a fast clip since 2020 from a strong farm economy, as did micropolitan earnings from manufacturing. By contrast, earnings fell for central metro workers. This narrowed the rural-urban pay gap to its lowest level in a decade.

Manufacturing, professional services, and farming drive the non-metro economy. The goods-producing sector, primarily manufacturing and construction, has been resilient to COVID-19. It is a large share of the rural job base, has steady job growth, and pays some of the highest wages – all of which contributes to rural prosperity. Further, this sector generates the most economic activity in non-metro Iowa in terms of GDP. Professional services is the largest employer in non-metros and the second largest in terms of GDP. This sector has finally recovered jobs lost during the pandemic due to strong job gains in recent years. However, wages are much lower than in manufacturing and workers can earn much higher wages in metro areas, which limits recruitment and retention of skilled workers. The farm economy was very profitable in 2022, with double-digit gains in earnings and GDP, making farm jobs the highest paid in non-metro Iowa. However, these gains have not resulted in large numbers of new farm jobs, as agriculture remains the smallest sector in terms of employment. The farm economy generates more economic activity in other sectors, stimulating non-farm job opportunities across Iowa.

Acknowledgements

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