Much of rural Midwest has lower jobless rates, but also declining workforce

By
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Stateline Midwest ~ March 2013 [3]

One sign that the economy continues on a path to recovery is the continuing decline in unemployment rates since 2010. But in some parts of the rural Midwest, rates never hit high levels even during the depths of the recession. Instead, another question about the labor force is being asked: Why is it dwindling, and what can be done to bring workers back?

Historically, rural unemployment rates have exceeded unemployment in urban areas by between 2 and 3 percent, but that has been changing since the recession. Nationally, the unemployment rate at the beginning of 2013 in rural and exurban counties stood at 7.3 percent and 6.8 percent, respectively, compared to 7.4 percent in urban counties. (Exurban counties are rural in character, but are in metropolitan areas, within easy commuting distance of urban centers.)

In the western portion of the Midwest — Iowa, Kansas, Minnesota, Nebraska, North Dakota and South Dakota — unemployment rates have dipped below 4 percent in many rural counties.

These low jobless rates are seemingly good news for the rural Midwest, but research done by Bill Bishop of the online publication Daily Yonder [4] points to another piece of workforce data that is a cause for concern among policymakers: In more than half of the nation’s rural counties, the number of people working or looking for work is on the decline.

Several reasons have been cited as potentially contributing to the declining workforce in rural areas: the retirement of older workers, for example, or a rise in the people who imply quit looking for work. Indiana Republican Rep. Bill Friend points to a third factor that he sees occurring in his rural north-central Indiana district.

Younger people are moving to exurban and urban areas, he says, at least in part because of a greater array of employment opportunities.

“State job creation efforts seem to focus on the cities, and the donut [exurban] areas around them feel the benefits as well,” he says. “But when you get out to the next tier, these rural counties are often left out of the equation, whether it’s economic development efforts or infrastructure maintenance.”

The concern for state lawmakers such as Friend is that the loss of workers will limit the ability of rural areas to grow and
diversify their economies.

With the U.S. Bureau of Labor Statistics predicting a decrease in agriculture employment over the next decade due to increased automation on the farm, the Midwest’s rural counties will need to attract a greater variety of jobs.

One potential area for growth is the manufacturing sector. Jobs in this sector have long been a vital source of employment in rural counties, and they are making a comeback in the Midwest.

Federal data show that more than a half-million U.S. manufacturing jobs have been newly created since 2010, and six Midwestern states ranked in the top 10: Michigan (one), Indiana (two), Ohio (three), Illinois (five), Wisconsin (seven) and Iowa (10). In 2012, the number of manufacturing jobs in rural counties grew by more than 133,000.

Some states, meanwhile, are considering new ways to bring young people back to bolster the rural workforce. In Kansas, the Legislature passed SB 198 two years ago to create the Rural Opportunities Zone program. The program offers full income tax rebates for up to five years and pays up to $15,000 in student loan debt ($3,000 per year) for people who move to one of 50 rural counties in the state. Eligibility is open to young people recently out of school as well as out-of-state residents.

More than 628 people have applied since the program’s inception. While many of the applications have come from recent in-state graduates, 322 came from people who moved to Kansas from 38 other states.

Tags:
Policy Area [6]·Economics and Finance [7]·Labor and Employment [8]