

# Rural Population Loss and Strategies for Recovery

BY ALEX MARRÉ

**R**etaining and attracting new residents is vital to the economic success of rural communities. Population loss translates into fewer customers and workers for local businesses and a diminishing tax base for public services. What do we know about the factors behind past rural population trends? What are current rural population trends in the Fifth District? And what strategies could rural communities pursue to attract new residents?

By definition, rural areas are sparsely populated. Those that grow fast enough become metropolitan areas — that is, counties with 50,000 or more people and outlying counties with at least a quarter of workers commuting to or from the central counties. But rural counties still characterize about 70 percent of our nation’s land mass, and many rural communities in those counties want to retain existing residents and attract new ones. Why? Population growth — along with productivity growth — is a key component of economic growth, development, and a rising standard of living.

Rural areas that lose population face a number of problems. One is a shrinking workforce, making it more difficult for businesses to find workers who match their needs. Another problem is that of an aging population with an increasing need for health services, the provision of which is already a struggle as rural hospitals and other care facilities close. (See “Rural Hospital Closures and the Fifth District,” *Econ Focus*, First Quarter 2019.) Then there is the problem of a shrinking tax base, which puts pressure on government budgets to fund essential services, such as infrastructure and public schools, that may help attract businesses and workers. In short, as people leave, the people and businesses that remain are generally worse off.

Population decline is a problem for many rural communities across the nation. The Fifth District states of Maryland, North Carolina, South Carolina, Virginia, and West Virginia are not immune. The quest to understand the underlying reasons for the changes in the rural population has led to a body of research that looks at the factors behind locational choices of individuals and households and what factors attract people to rural areas. The answers help determine the choices available to rural communities that hope to grow their population and economy.

## Rural Population Loss: A Historical View

The two components of population change are natural change and net migration. Natural change is the number of births minus the number of deaths in a place over a period of time. Net migration is the number of people moving to a place minus the number of people moving

out. The factors underlying trends in natural change are less volatile than those behind net migration. Birth and death rates — also called fertility and mortality rates — may be influenced by short-term economic conditions to some degree, but longer-term societal factors, educational attainment, and access to health services all play a role too. In contrast, changes in net migration rates are more likely to be driven by short-run changes in economic conditions and longer-term quality of life factors, such as opportunities for outdoor recreation, a favorable climate, and good schools.

Urbanization has always been a factor in rural population growth in the United States. Since the 19th century, various forces — declining employment in agricultural and extractive industries, the globalization of manufacturing, and economic growth in urban areas — have led many people to leave rural communities for cities and suburbs. Rural population growth slowed for decades, with two rebound periods in the 1970s and 1990s. Economic factors, sometimes termed “regional restructuring,” were advanced as an explanation for the partial recovery of rural populations during both periods. Increases in suburbanization were partly responsible for the 1970s and 1990s rebounds, with rural areas that were closer to urban areas benefitting from an increase in demand for housing and an increase in out-commuting. In addition, during the 1970s, the transformation of the urban economy away from industry toward services and a boom in extractive and manufacturing industries in rural areas drew workers to rural areas. In the 1990s, the rebound was aided by an increase in the availability of jobs in rural areas and the advent of telecommuting. The 1990s rebound was also associated with an increase in retiree in-migration and an overall increase in in-migration to rural areas with many natural amenities.

More recently, rural population loss has become more acute. Between 2010 and 2016, rural areas lost population in absolute terms for the first time. In the past, natural increase more than compensated for the number of people moving from rural areas to urban areas. But declines in the number of births and increases in mortality rates for some rural populations have contributed to a bleaker population outlook for rural communities. These trends are likely to continue, meaning that reversing the population decline for rural communities will require working on reducing out-migration and increasing in-migration.

## Rural Population Loss in the Fifth District

In many ways, the Fifth District states reflect national trends in rural population decline and rural-to-urban

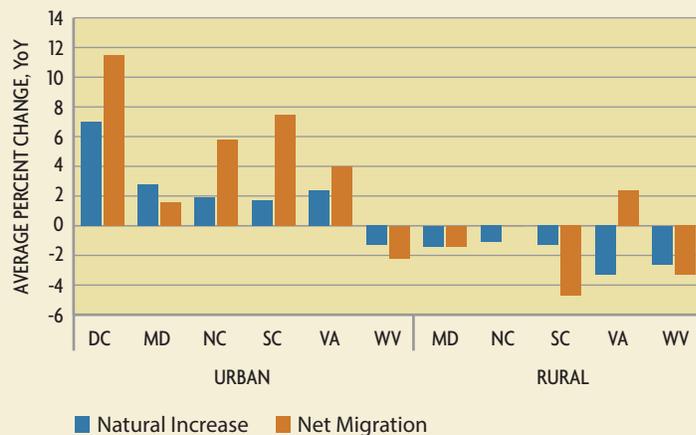
### Most Rural Parts of the Fifth District Lost Population in the 2010s

Population change, 2010 - 2018



SOURCE: U.S. Census Bureau annual population estimates

### Both Declining Natural Increase and Growing Out-Migration Contributed to Rural Population Loss



NOTES: Values are average county natural increase and net migration rates, year over year, 2011-2018.

SOURCE: U.S. Census Bureau annual population estimates

population shifts. Between 2010 and 2018, the population of the district's most urbanized jurisdiction — the District of Columbia — grew the fastest. Urban areas in the rest of the Fifth District, except in West Virginia, grew much faster than rural areas. Rural populations in four of the Fifth District's five states declined, with a slight gain in North Carolina. (See chart.)

What components of population change mattered most? In the District of Columbia, net migration grew faster than natural increase, although both rates were relatively high in comparison to other jurisdictions in the Fifth District. Other distinct patterns emerge too. The draw of cities in the Carolinas is apparent, likely buoyed by strong job growth in those cities during this period. But those jobs may also have been a draw for residents of South Carolina's rural counties, which saw a fairly sizeable decline in net migration. In rural Virginia, growth in net migration partially counteracted declines in natural

increase, while rural Maryland and North Carolina saw declines in both natural increase and net migration. In West Virginia, rural and urban counties both saw declines in natural increase and net migration. (See chart.)

Not shown in these numbers are the characteristics of those who leave. One of the defining characteristics of out-migration from rural areas is age: Young people are the most likely to leave rural areas as they seek new opportunities elsewhere. For many, the new opportunities are going to college or enlisting in the military. For others, it could be seeking employment in more densely populated areas where the jobs are more plentiful. As these younger adults age, they find that urban areas offer an earnings premium over rural areas, especially for those with a college degree. (See chart on next page.) For rural communities, this means that reversing the tide of out-migration entails offering opportunities for young adults to stay and also attracting middle-aged and older adults.

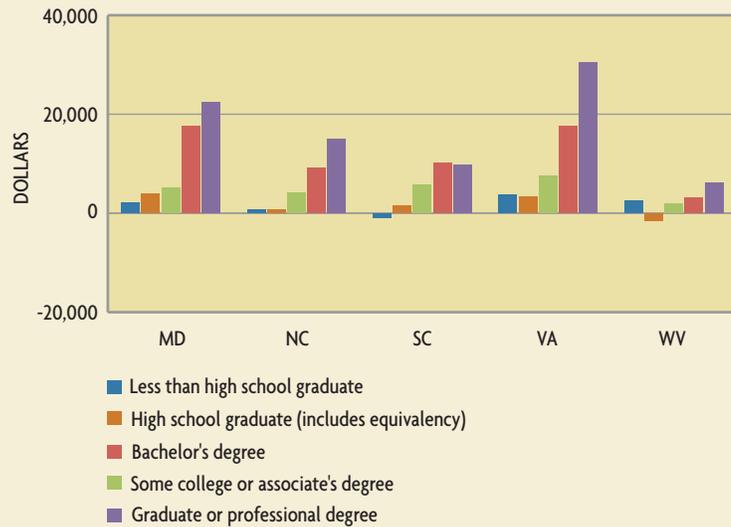
### Attracting People to Rural Areas

Local economic conditions play a significant role in attracting new residents. A dynamic, growing job market can attract new people to rural communities in search of work. The reverse is also true, though: Places that attract people are also more likely to be creating jobs. Therefore, isolating the effects of economic conditions on in-migration is a difficult task. A 2015 study by Anil Rupasingha of the U.S. Department of Agriculture, Yongzheng Liu at Renmin University of China, and Mark Partridge of Ohio State University published in the *American Journal of Agricultural Economics* used statistical methods designed to help mitigate the issue. They found that rural counties with higher salaries and job growth were especially effective in attracting workers from urban areas, with local economic conditions having a larger effect for short distance moves. Natural amenities — think scenic landscapes and pleasant climates — matter more in remote rural places for attracting urban residents.

Another strategy is to focus on people's attachments as a way of keeping existing residents and drawing back those who have left. Family ties and attachment to place are strong factors that can oftentimes outweigh strictly economic characteristics when people are deciding where to live. A 2015 qualitative study by John Cromartie of the U.S. Department of Agriculture's Economic Research Service and Christiane von Reichert and Ryan Arthun of the University of Montana used interviews at rural high school reunions to learn why some attendees decided to return to the rural community they grew up in and others did not. The reunions were in 21 towns across the country, resulting in 300 interviews. Most returnees cited family reasons for

## Earnings Premium in Urban Areas

Annually by state and level of education



NOTES: Values are in 2018 dollars. Values are differences in median annual earnings by educational attainment for adults ages 25 and older with any earnings.

SOURCE: U.S. Census Bureau, 2018 American Community Survey

returning home. Most were too young to need to care for aging parents, but many returnees decided to move back after becoming parents. Nonreturnees were more likely to be single or married with no intention to have children in the future. Another commonly cited family factor among returnees was the desire to help their parents run a family business. That being said, many people who returned had to accept lower wages and dual-earner couples had trouble finding job matches.

Yet another strategy is to attract retirees. Like many potential movers to rural communities, retirees are pulled by a pleasing climate, such as mild winter temperatures and beautiful views. Unlike for other movers, though, local labor market conditions are less likely to be a factor since retirees no longer need to find work. In a 2016 article in the *Journal of Regional Science*, Jeffrey Dorfman of the University of Georgia and Anne Mandich of Airbnb, then at the University of Georgia, studied senior migration patterns and pointed out that the scenic places retirees are seeking do not always have the health care services that are available in metropolitan areas. They found that health care access measures, such as the number of hospital beds and doctors, are also a draw for retirees. Increasing hospital capacity and hiring more surgeon specialists and general practitioners all had positive effects. Rural communities can position themselves well, therefore, by finding ways to improve access to and quality of health care.

### Quality of Life Plays a Role

A bright spot for rural areas are those places with high natural amenities — a catch-all term used to describe various

aspects of the natural environment. Many studies have confirmed the importance of amenity-driven migration to rural places. Those communities with scenic vistas and recreational opportunities tend to fare better with population growth than other rural communities, all else equal.

But are there strategies that rural places without desirable climates or scenic vistas can pursue? Schools and workforce development is one such strategy area for rural communities to consider. The high school reunion study found that returnees thought highly of their local public schools. Research at the Richmond Fed and the U.S. Department of Agriculture by Anil Rupasingha and me confirmed this pattern. In a 2020 article in the *Journal of Regional Science*, we used test score and high school dropout data and found that increases in public school quality increased the number of new residents moving in to rural counties, even after taking into account natural amenities in the area.

Moreover, the effect of schools doesn't end at K-12: Community colleges and vocational colleges can also play an important role. In their 2009 book *Hollowing Out the Middle: The Rural Brain Drain*

and *What It Means for America*, sociologists Patrick Carr and Maria Kefalas argued that a better linkage between high school students with vocational training and local jobs would help compensate for the loss of college-bound rural youth. The idea has appeal in that it would at least partially counteract the sense that some rural youth have that there is no opportunity in their hometowns.

Garrett County, in the western part of Maryland, is an example of a place that is trying to accomplish just that. The county established a scholarship program for all resident high school graduates to cover any remaining cost of tuition and fees at the local community college — Garrett College — after taking into account all other grants



Garrett County in western Maryland has established a scholarship program that helps resident high school students with tuition and fees for Garrett College, the local community college.

and scholarships. Since then, the program has been expanded to cover noncredit certificate programs and dual enrollment students. In West Virginia, the PROMISE Scholarship Program gives merit-based aid to residents of West Virginia who attend an in-state college or university. Whether at the county or state level, these types of scholarships can encourage young people to stay for their education and increase the likelihood that they will put down roots in the region.

### What Does the Future Hold?

Early signs suggest that the population loss experienced in rural America over the 2010s has abated. A 2019 report by John Cromartie and Dennis Vilorio of the U.S. Department of Agriculture's Economic Research Service showed the rural population decline that started in 2010 eventually turned around and ended with an increase of 33,000 people between 2016 and 2017, driven by a slight increase in migration from urban to rural communities. An improving economy helped some rural areas succeed in drawing in more people. But the problem of population

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loss will likely remain for many rural communities. Cromartie and Vilorio also noted that despite the gains some rural areas have made recently, many rural counties actually experienced declines in net migration.

They were mostly in “low-density, remote areas in the Nation’s Heartland, in Appalachia from Eastern Kentucky to Maine, and in high-poverty areas in the Southeast and border areas of the Southwest.”

While regional conditions vary, the strategies outlined above can help rural communities attract new residents. The economic forces incentivizing out-migration to urban areas will remain, but for reasons that are not fully understood, Americans are moving less frequently than they did historically. It remains to be seen if the trend toward staying in place will help stem the tide for many rural communities. Another potential factor at play is the expansion of broadband in rural areas. If access to broadband is made available to rural communities, opportunities for remote work and increased access to critical educational and health services may tip the scale in many peoples’ minds to move to the country. **EF**

### Our Related Research

“Understanding Geographic Inequality,” *Econ Focus*, Fourth Quarter 2019

“In Tourism, Old Stories and New Opportunities,” *Econ Focus*, Fourth Quarter 2019

“Community Colleges in the Fifth District: Who Attends, Who Pays?” *Econ Focus*, Fourth Quarter 2019

“The Young Adult Homeownership Gap: Evidence from Fifth District HMDA Data,” *Regional Matters*, Nov. 7, 2019

“On Regional Borrowing, Default, and Migration,” Working Paper No. 19-04, February 2019

“Rural Hospital Closures and the Fifth District,” *Econ Focus*, First Quarter 2019

“Connecting Rural Households to Broadband: Barriers and Models for Public Intervention,” 5th District Spotlight, Issue 1, 2019

“Definitions Matter: The Rural-Urban Dichotomy,” *Econ Focus*, Third Quarter 2018