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The State of Rural Minnesota 2018

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Each year, the Center for Rural Policy and Development provides a brief update on various economic and demographic data in rural Minnesota. As policy discussions concerning rural Minnesota unfold, it is important to understand the past, present, and potential futures of our rural regions. This report provides historical data points, illustrating how rural conditions have changed so we can have healthy discussions about the current demographic and economic vitality of these areas.

Summary

The share of Minnesota's population is becoming increasingly urban, and early signs this decade indicate that trend may be intensifying. This trend is exacerbated by three larger statewide trends:

- Minnesota's population growth is slowing;
- only Minnesota's most urban counties are currently experiencing an overall in-migration; and,
- the number of immigrants coming into Minnesota is decreasing and only occurring in very concentrated areas.

Outside of population, there are other positive trends for rural Minnesota. Although incomes are still highest in urban areas, rural areas are closing the gap in terms of per-capita income and median household incomes, particularly during and after the Great Recession.

There is nothing significantly different in employment when comparing urban and rural areas. Education and health services, along with trade, transportation, and utilities employ nearly 50% of the labor force in most of our counties no matter how rural.

Unemployment is at its lowest level since the late 1990s and early 2000s, while labor force participation rates are at their highest levels ever. In fact, some of the highest percentages of 25- to 64-year-olds participating in the labor force are in our most rural counties. The exceptions are the Iron Range and Arrowhead regions, which are experiencing some of the lowest percentages of participation.

Due to the tightening labor market, increasing economic activity, and retirements, job vacancies are at their highest levels since the Minnesota Department of Employment and Economic Development began measuring the statistic. Some of our rural regions have experienced higher growth in the number of job vacancies compared to the Twin Cities region. Across Minnesota, the ratio of unemployed people to job vacancies is about one to one. Although this tight labor market is an issue for all regions, it is significantly more challenging for rural areas that are not experiencing a net in-migration of working adults. On a positive note, wages for these job vacancies are increasing and becoming more competitive with wages in the Twin Cities metropolitan area.

Defining Rural

It is important to understand that there are multiple definitions of “rural” depending on the data source being used. And not only do the definitions themselves change over the years, but the classification of geographic areas can change, which in turn can have a significant impact on specific variables like population.

For example, the USDA uses its Rural-Urban Continuum Code to define each county as either metro or non-metro. This classification scheme distinguishes metropolitan and non-metropolitan counties based on population, level of urbanization, and proximity to a metropolitan area. (To read more, go to their [website](#).) County classifications are updated every ten years based on new census data.

Due to changes in population and other factors, between 1974 and 2013 the USDA reclassified 12 Minnesota counties from “rural” to “metro,” reducing the number of counties classified as “rural” from 72 to 60. This is important when reading and analyzing data, because it means the geographic area classified as rural in Minnesota was much larger before 1974. These changes impact statistics and in a sense punish rural areas for being successful since the counties with the most growth have been taken away from the rural aggregate. If all the counties classified as rural in 1974 were still classified that way today, the state’s rural population would be larger by 352,224 people (Figure 1).

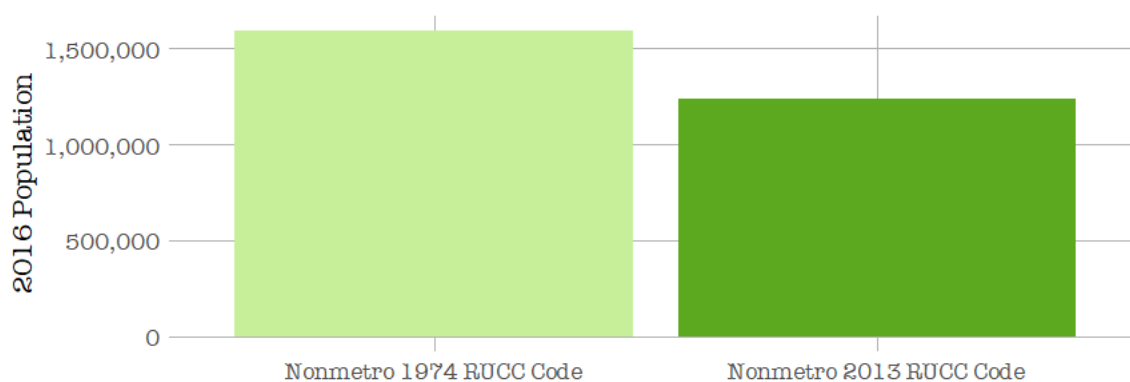


Figure 1: In 1974, the USDA Rural Urban Continuum Code classified 72 Minnesota counties as non-metropolitan. That number dropped to 60 counties in the most recent reclassification (2013). Therefore, statistics for "rural" counties today do not represent the same area they once did. (Data: USDA Economic Research Service, ACS 5-year)

Everyone has their own idea and definition of “rural” based on their perceptions—one person’s small town is another person’s weekend city shopping center. However, anyone traveling across our state can agree that most of Minnesota can’t be categorized as strictly rural or metropolitan. Most places are in between.

To develop a better understanding of trends across Minnesota, this report will highlight trends using two different breakdowns: a) the individual county level, and b) aggregating county-level data into four categories developed by the Minnesota State Demographer. ([Definition of Four County Categories](#) at the end of this report shows how these categories are defined.)

The number of counties within each category are: a) entirely rural: 14; b) town/rural mix: 35; c) urban/town/rural mix: 25; and d) entirely urban: 13 (Figure 2).

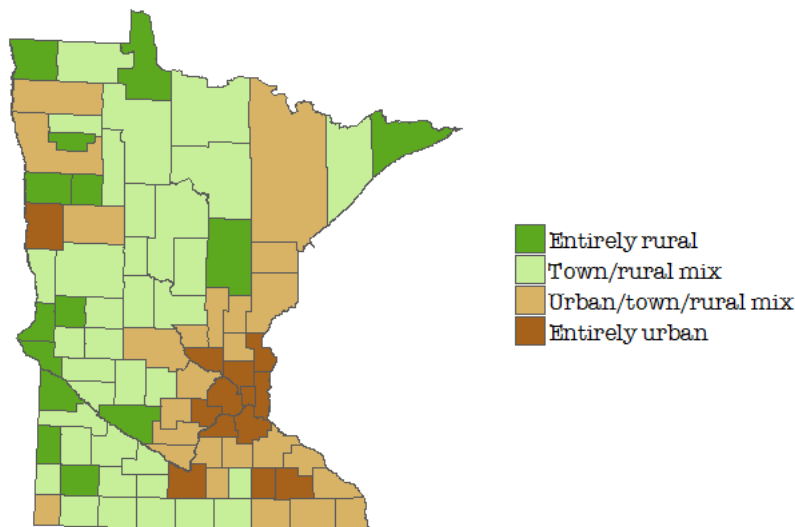


Figure 2: The Minnesota State Demographer analyzed census tracts to determine what type of mix is within each county, providing a more nuanced story for Greater Minnesota when analyzing economic and demographic trends. (Data: MN Demographer's Office)

Population Changes Becoming Less Intense

When looking at the percent share of Minnesota’s population across our four types of counties, one would assume that only our urban counties have experienced population growth since 1900 (Figure 3).

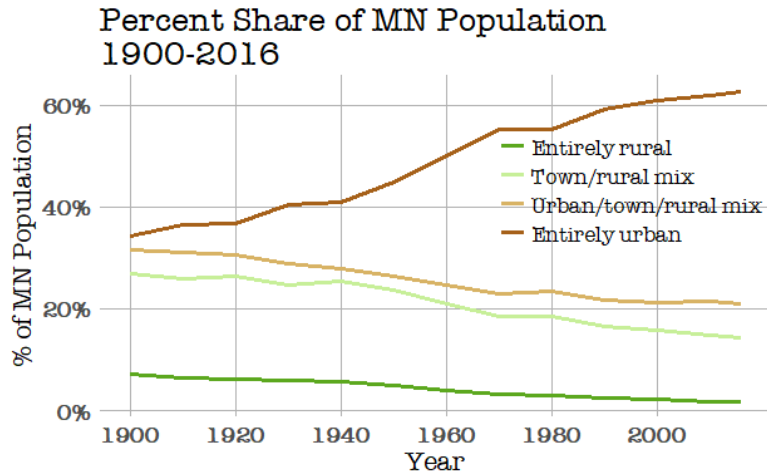


Figure 3: The share of Minnesota's population living within entirely urban counties has grown considerably while the share living in all other types of counties is declining. (Data: Decennial Census & ACS 5-year)

However, most of Minnesota has experienced population gains, just not at the high rate seen in the more urban counties (Figure 4). Our most rural counties, on the other hand, have been experiencing population declines since the 1940s. The population of this group of counties peaked at 162,439 and has declined 41% since that time to an estimated 94,916 in 2016. Currently, about 2% of Minnesota’s population calls these counties home.

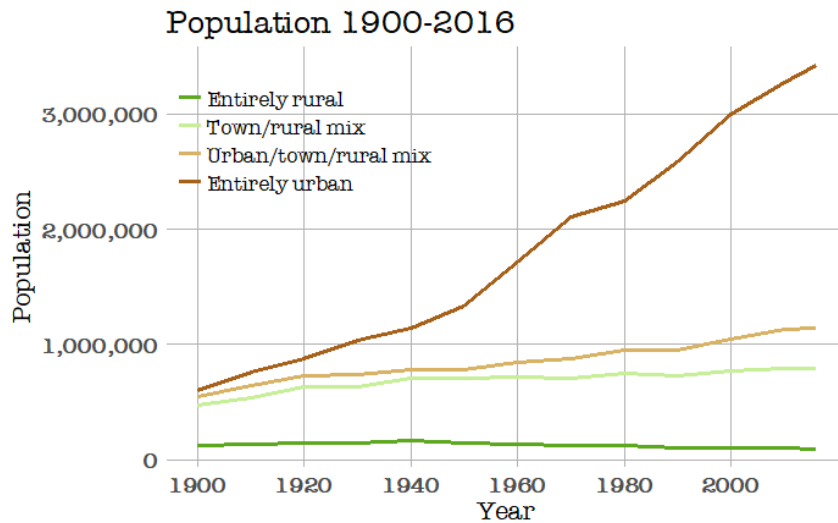


Figure 4: Minnesota's population has increased across most of the state since 1990. Our most rural counties are the only areas to experience declines since 1900, and those declines began in the 1940s. (Data: Decennial Census & ACS 5-year)

Despite these gains and declines, overall population change in Minnesota is slowing. As Figure 5 shows, we are no longer experiencing steep increases or declines in the population—the percent change in all four regions is trending closer to zero. This pattern is projected to continue unless the state makes significant changes to attract more migration from other states or more immigrants. This is especially true for our most rural counties, where they will be competing with urban counties for the same people.

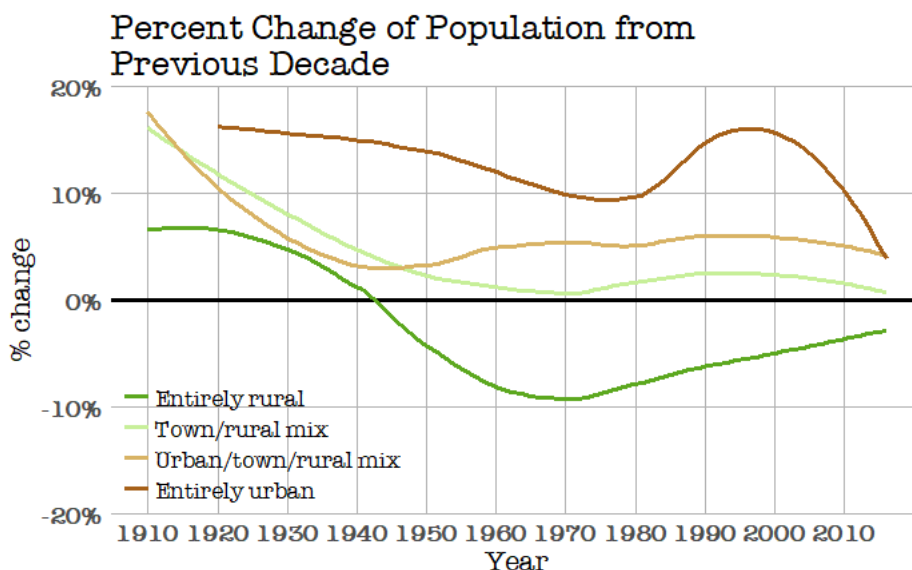


Figure 5: Percent change in population over the previous decade. Population changes, both in terms of declines in rural areas and gains in the more urban areas, are becoming less dramatic. The most rural counties continue to experience population declines, just not at the level of the 1950s and 1960s. (Data: Decennial Census & ACS 5-year)

% of Population Change 2010 - 2016

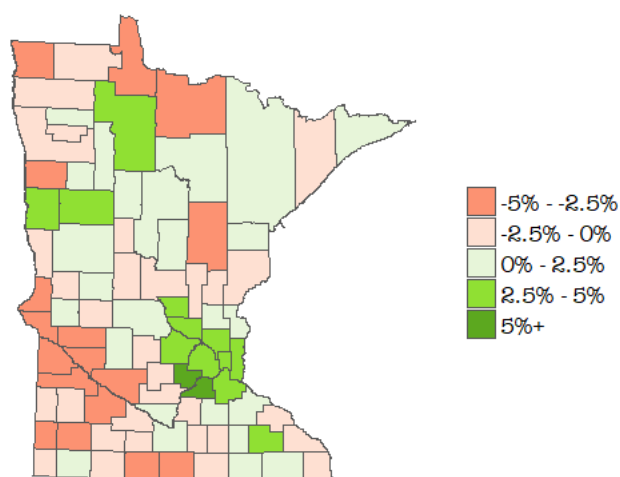


Figure 6: Our most urban counties experienced the highest population gains from 2010 through 2016 while the rest of Minnesota experienced either slight gains or light to severe declines. (Data: ACS 5-year)

Migration to Urban Areas May Be Intensifying

There are early signs that migration into our entirely urban counties is intensifying while our more rural counties are experiencing less in-migration. Figure 7 and Figure 8 show the average annual population change caused by natural changes (births minus deaths) and migration changes.

Between 2000 and 2010, the annual migration change was highest in the rural/town/urban mixed counties at 4,486 people. The more rural counties experienced modest annual migration declines, while the most urban counties experienced modest increases due to migration (Figure 7).

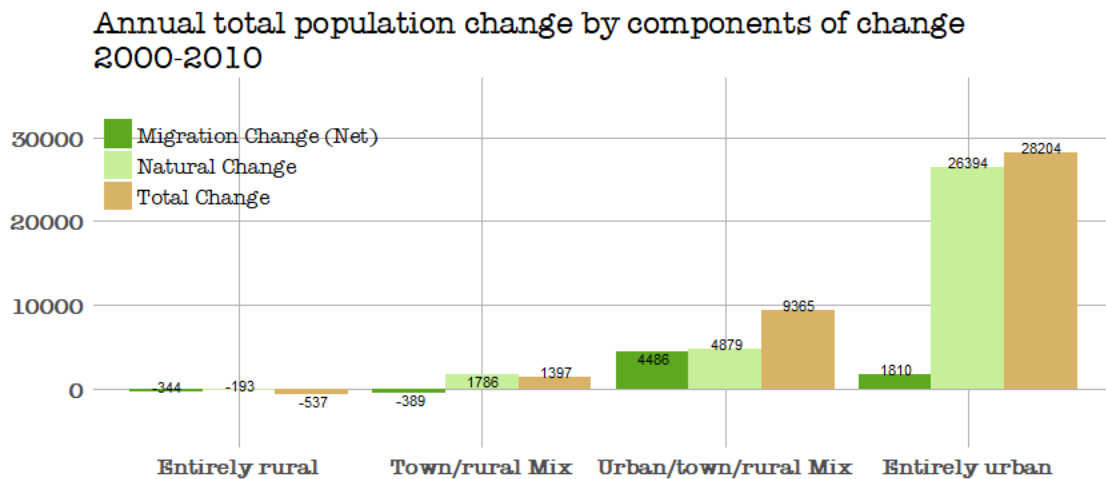


Figure 7: Population change occurs through migration and natural change (births and deaths). Our most rural counties experienced declines in both natural and migration change while other counties saw significant growth in population through natural gains. (Data: U.S. Census Population Estimates)

Compared to 2000–2010, positive migration to urban/town/rural counties turned negative between 2010 and 2016, and they are now experiencing annual out-migration. In addition, out-migration in our other non-urban counties has intensified, while in-migration to the entirely urban counties has increased by 460% (Figure 8).

Annual total population change by components of change 2010-2016

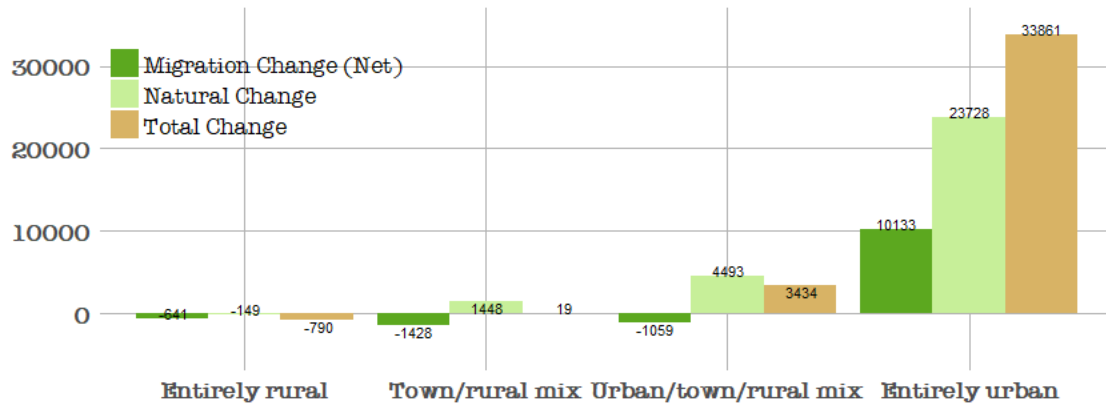


Figure 8: A major change occurring this decade was an increase in in-migration in entirely urban counties. Currently, these counties are the only group experiencing positive migration change. (Data: U.S. Census Population Estimates)

One aspect of migration data that can be hidden is the trend in migration by age group. Even though our rural areas experience an overall out-migration, that doesn't mean it is a loss among all age groups. In fact, most of our rural counties see an *in-migration* of people between the ages of 30 and 49. In lakes regions, that age range extends out to include even older households as they retire and move to lake homes.

Many rural development organizations, county boards, and municipal organizations are participating in “people recruitment” strategies to take advantage of this migration pattern, which is well documented by the [University of Minnesota | Extension](#).

Figure 9 and Figure 10 provide a glimpse into this trend. For any location in the state, it can be expected that—if all conditions stay the same—the number of 25- to 29-year-olds counted in the 2010 census would be equal to the number of 15- to 19-year-olds counted in the 2000 census—the same people, just ten years older. All conditions do not stay the same, however, and we find that at the end of that ten-year period there may be more or fewer people than would be expected for that age group—hence an in-migration or out-migration.

Such is the case for Minnesota. Between 2000 and 2010, almost all rural counties experienced an out-migration of people who were 25 to 29 years old in 2010 (Figure 9)—they migrated away somewhere in the previous ten years. Looking at the next age group up, however, shows that those entering their early 30s in 2010 were migrating *into* these rural counties (Figure 10).

Migration: % Higher or Lower of Expected 25- to 29-Year-Olds (2010)

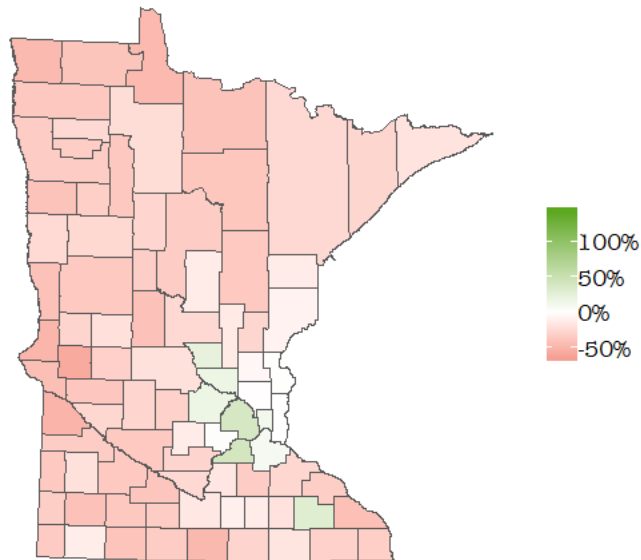


Figure 9: The actual number of 25- to 29-year-olds (2010 U.S. Census) as a percentage of the expected number of 25- to 29-year-olds based on the 2000 U.S. Census. All of the counties outside the Twin Cities metropolitan area (except Olmsted and Benton) saw an out-migration of 25- to 29-year-olds. (Data: Decennial Census)

Migration: % Higher or Lower of Expected 30- to 34-Year-Olds (2010)

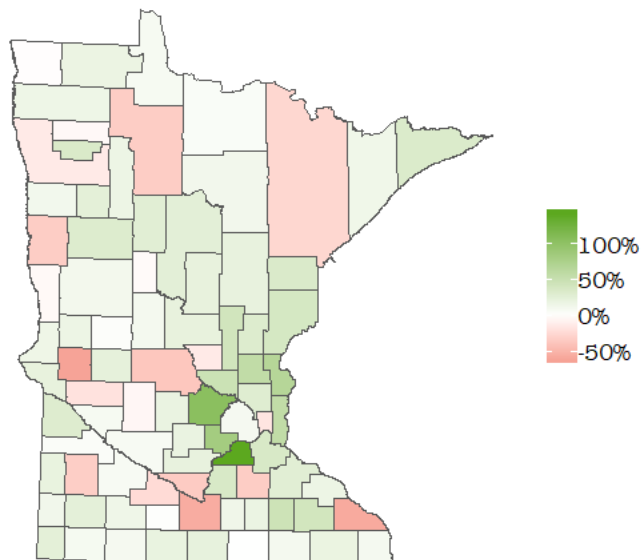


Figure 10: The actual number of 30- to 34-year-olds (2010 U.S. Census) as a percentage of expected 30- to 34-year-olds based on the 2000 U.S. Census. In contrast to the out-migration of 25- to 29-year-olds, rural counties see significant in-migration of 30- to 34-year-olds. Rural areas tend to see this trend up to 49-year-olds. (Data: Decennial Census)

Minnesota is Aging—a Bit Faster in Rural Areas

Our more rural counties have had higher median ages and a larger percentage of their population 65 or older throughout the second half of the 20th century. With the combination of increasing out-migration of younger people to urban areas and an in-migration of older people to rural counties, the median age of our most rural areas is increasing faster than in urban ones.

In 1980, the average median age in our entirely rural counties was 34 compared to 27 in our entirely urban counties (a gap of 7 years). In 2016, the average median age in our entirely rural counties increased to 47 while the entirely urban counties had an average median age of 36 (a gap of 11 years) (Figure 11).

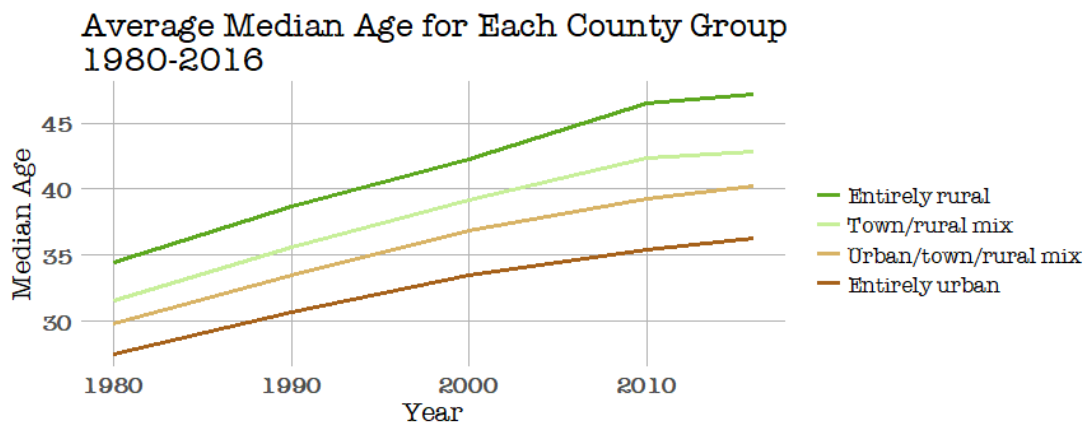


Figure 11: Our more rural counties have had a higher average median age throughout the second half of the 20th century. Due to migration shifts, however, the median age in rural areas is increasing faster than other areas of the state. (Data: Decennial Census & ACS 5-year)

Median Age 2016

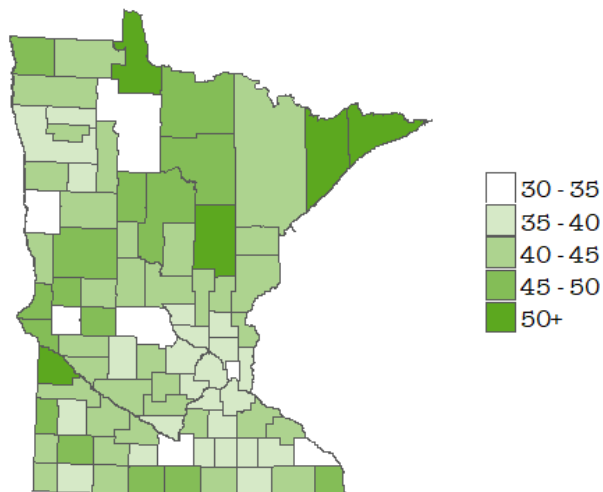


Figure 12: Outside of counties with four-year universities, rural areas generally have higher median ages than the Twin Cities metropolitan region. The Central Lakes and Arrowhead regions have some of the highest median ages. (Data: ACS 5-year)

Nonwhite and Latino Population Growth Concentrated in Urban Counties

Although our nonwhite or Latino population has increased across all of Minnesota since 1970, that population has exploded in our entirely urban counties, from 2% of the population in 1970 to 22% in 2016. It has increased to around 7% in our other counties (Figure 13).

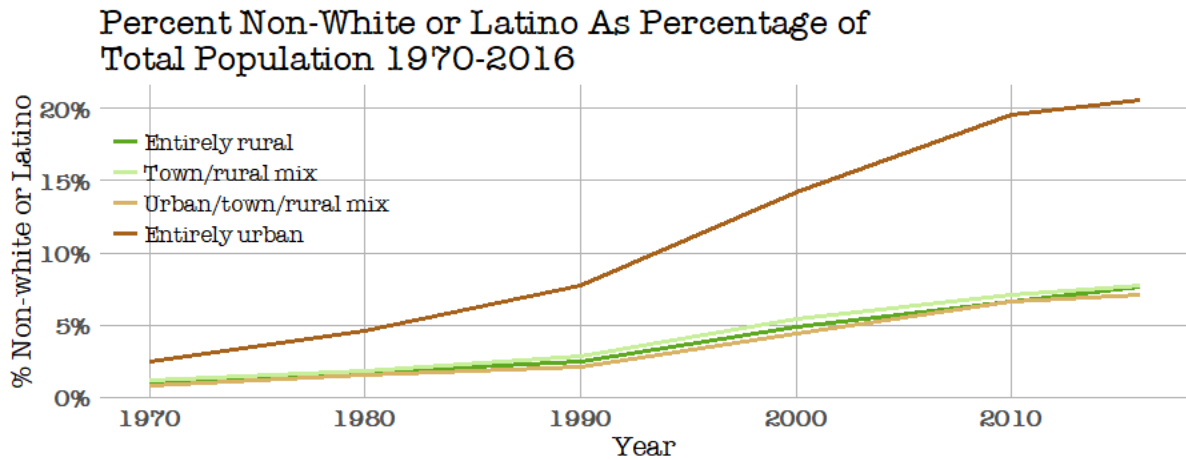


Figure 13: The percentage of the population that is nonwhite or Latino has grown significantly in the entirely urban counties while other counties have experienced modest growth. (Data: Decennial Census & ACS 5-year)

In rural Minnesota, nonwhite and Latino populations are concentrated in a few areas such as Willmar, St. Cloud, Worthington, and Rochester, while the demographics in the remaining areas stay largely unchanged. Counties in northern Minnesota have higher percentages of nonwhite populations due to the higher population of Native Americans (Figure 14).

% Nonwhite or Latino 2016

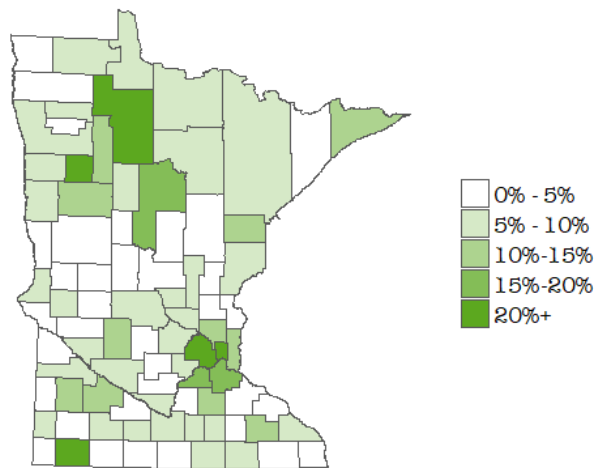


Figure 14: Nonwhite and/or Latino populations are concentrated in a few areas across Minnesota. (Data: ACS 5-year)

Migration and Immigration Trends Equal Population Declines in Rural Areas

As Figure 15 shows, the growth (and decline) rates in population are trending toward zero for all county groups. An aging demographic, intensifying migration to urban areas, smaller households, and lack of immigration into our rural areas means the current population trends will continue if nothing changes. In fact, the only counties expected to see continued population growth, albeit slower growth, are in the entirely urban counties.

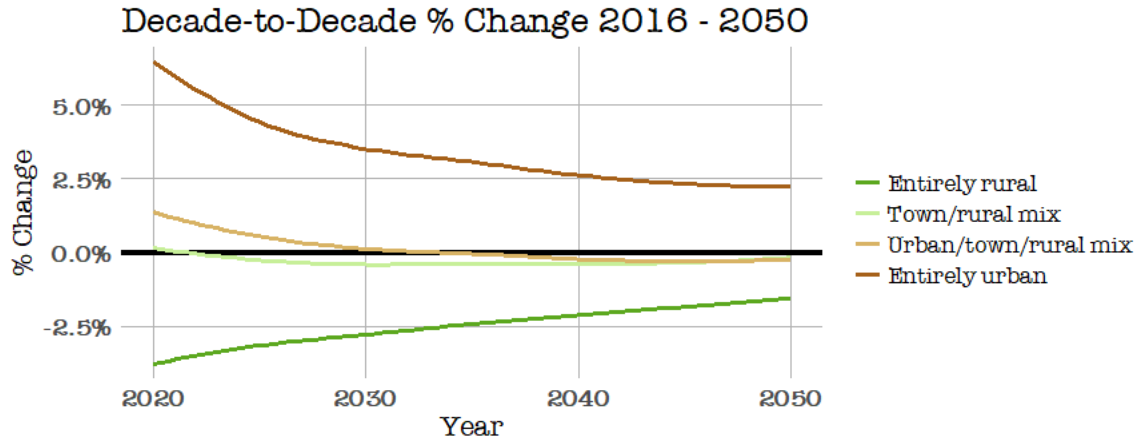


Figure 15: Projected rates of population change from the previous decade. If migration and immigration trends continue as they are today, the entirely urban counties are the only areas expected to continue seeing population increases each decade out to 2050, although rates in all regions are trending toward zero. (Data: MN State Demographer's Office)

Average Decade-to-Decade % Change in Population Projections 2016 - 2050

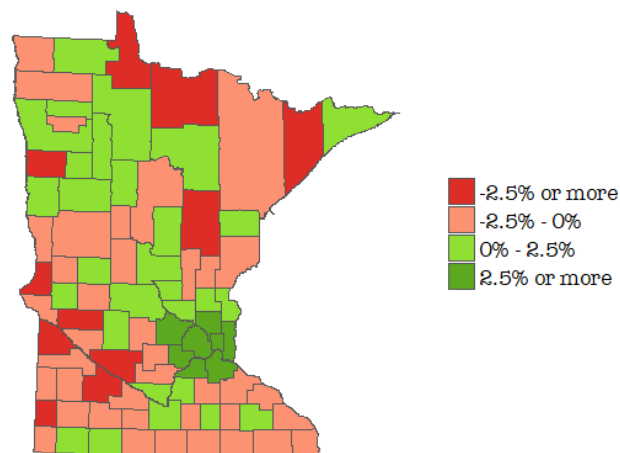


Figure 16: The largest population increases are projected to occur in the Twin Cities metropolitan region. Increases in rural counties are largely confined to counties with lakes and recreation and where there are already larger percentages of nonwhite and Latino populations. (Data: MN State Demographer's Office.)

Income

Although incomes in areas outside of the Twin Cities metropolitan area continue to be lower, the last 10 years are largely a story of weathering the recession and making gains in the more urban areas.

Figure 17 and Figure 18 show the per-capita incomes and median household incomes by county groups. Both indicate that our more rural areas are making gains, although increases in median household incomes are more modest.

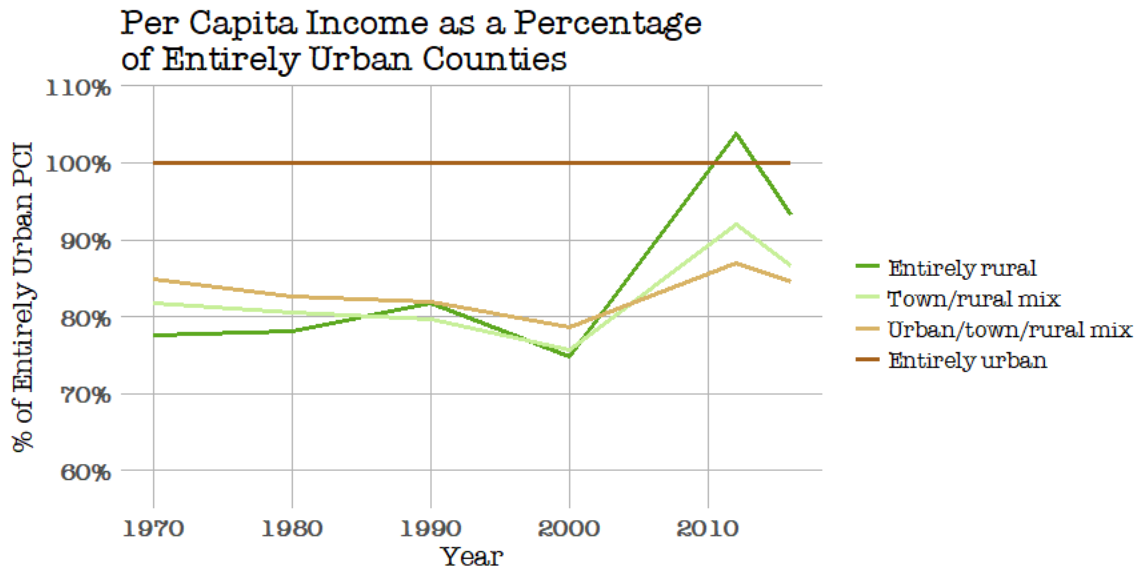


Figure 17: The per-capita income of our entirely rural, rural/town mix, and rural/town/urban mix counties as a percentage of the entirely urban counties. Per-capita income has increased over the past ten years, with a significant spike in 2012. (Data: Bureau of Economic Analysis)

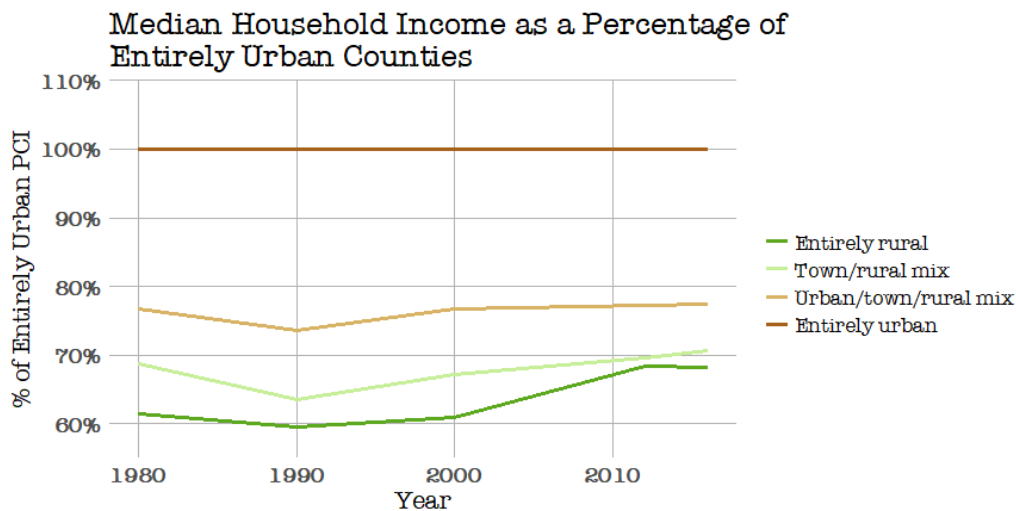


Figure 18: Average median household income as a percentage of average median household income in entirely urban counties shows gains made by the entirely rural counties, although these gains appear more modest compared to per-capita income. (Data: MN DEED)

Why is there such a significant difference between the per-capita and median household incomes in relation to urban counties? The biggest reason is that median household income doesn't capture income earned from farming and farm-related activities, which can be a significant driver in our most rural counties. With those earnings, median income begins to look more like per-capita income in comparison to urban areas.

To illustrate how significant farm earnings are in our most rural counties, Figure 19 shows farm income as a percentage of total income in each county group. The spike in 2012 directly mirrors the spike in per-capita income for entirely rural counties. The spike is significantly less for the rest of the state.

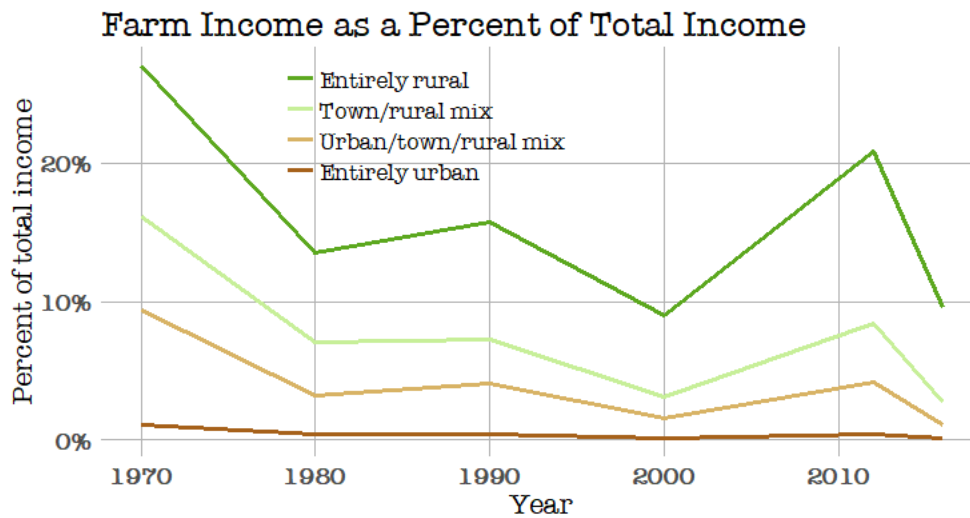


Figure 19: Farm earnings represent between 10% and 20% of all income earned in rural counties. Since agricultural commodities can be volatile, the impact of changes in these markets is often felt more in rural areas than in other parts of the state. (Data: Bureau of Economic Analysis)

A great deal of focus has been given to how much incomes in rural areas continue to lag behind their urban counterparts. What gets missed in this discussion, however, is how much incomes have grown in rural areas. In fact, per-capita income in non-metropolitan areas has grown faster than in metropolitan areas of Minnesota over the last ten years (Figure 20).

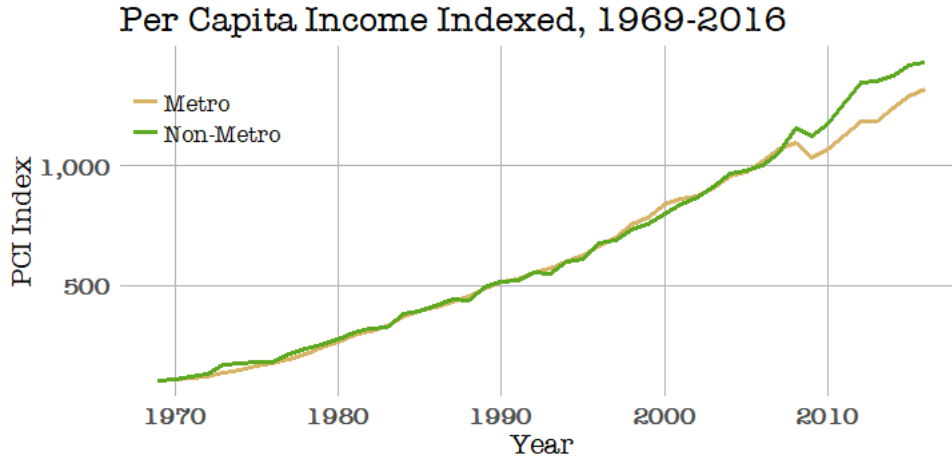


Figure 20: The per-capita index is calculated by dividing the per-capita income of each year by the per-capita income in 1969 and multiplying by 100, providing a base on which to measure growth. Income growth in non-metro areas has kept pace with metropolitan regions and experienced more growth during and since the recession. (Data: Bureau of Economic Analysis)

Growth of median household incomes in our more rural counties has been even stronger than growth in per-capita incomes (Figure 21). Growth continued at a steady rate in our rural counties while the recession had a larger impact on the rest of the state.

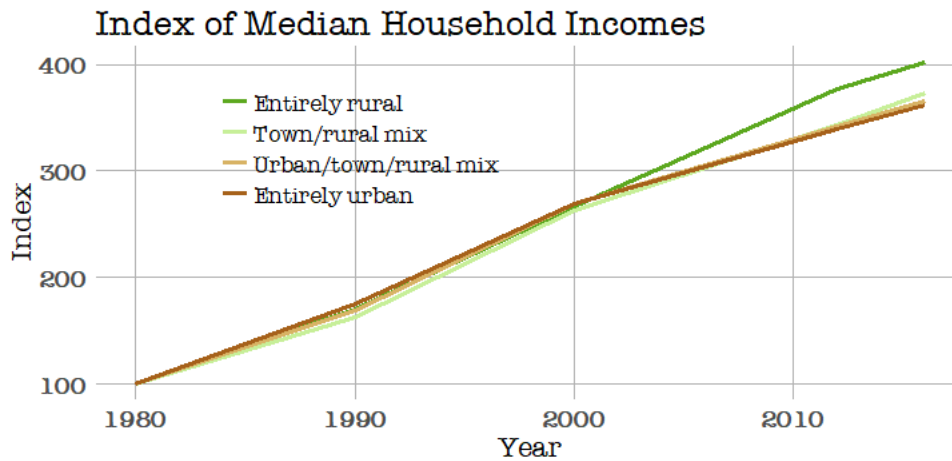


Figure 21: Indexing median household incomes to 1980 shows that entirely rural counties have grown faster in terms of income than the more urban county groups. (Data: MN DEED)

Poverty

Another success story in rural Minnesota is the decrease in poverty over the last 40 years. Rural poverty rates were the highest in the state during the 1970s with those counties averaging 20% of their population in poverty. In comparison, entirely urban counties were at 7%. By 2016, the average percentage in poverty in our most rural

counties dropped to 12%, while the rate in urban counties had increased to 10% (Figure 22).

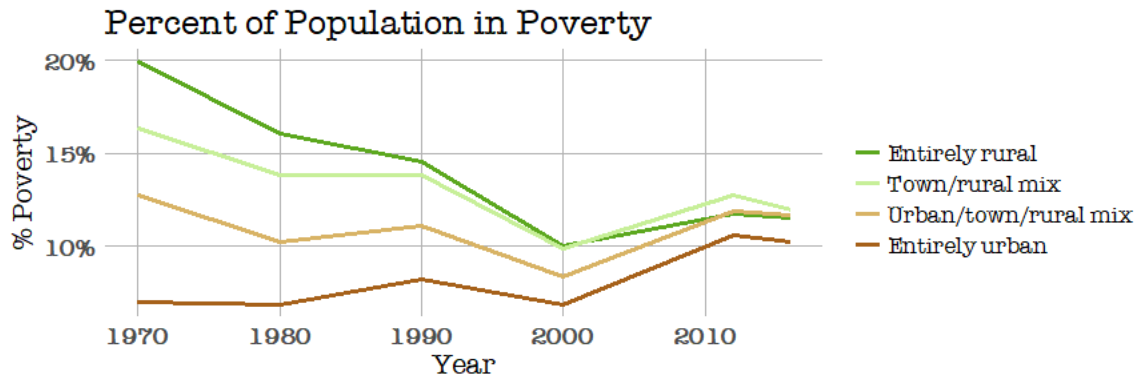


Figure 22: The percentage of the population in poverty has dropped in all areas of the state except for our most urban counties. (Data: Decennial Census & ACS 5-year)

One area that has continued to experience high rates of poverty is northern Minnesota, where the extraction industry has declined, reducing the supply of high-wage jobs in the region (Figure 23).

Percent of Population in Poverty, 2016

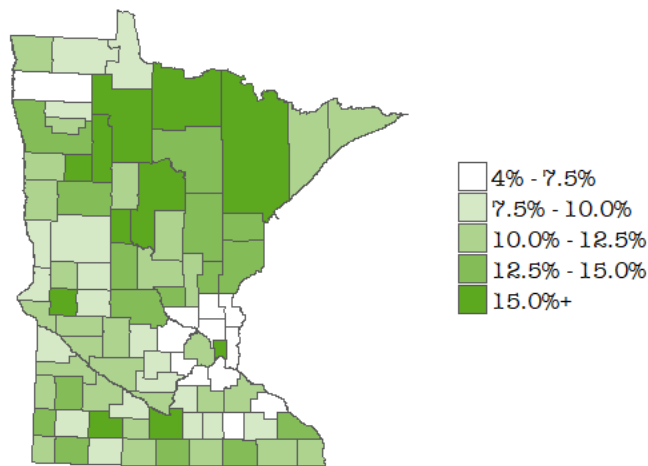


Figure 23: The lowest rates of poverty are in the suburbs around the Twin Cities and along the western and southern borders of the state. Northern Minnesota has some of the highest rates. (Data: ACS 5-year)

Employment

Government employment cuts across industries and covers local, county, state, and federal employees. Government continues to be a significant source of employment in

rural counties for a few reasons (Figure 24). Through the second half of the 20th century, the private sector has declined across rural areas, driving that sector’s employment lower. However, there is still a high need/demand for public-sector services in these areas. Also, some of the public-sector employment is geography-based, and therefore low population density doesn’t equal less of a need for services. The following sections discuss employment by industry. It’s important to understand that any industry, such as “health and education services” (i.e. teachers), includes government employment.

Percent Employed by Government 2016

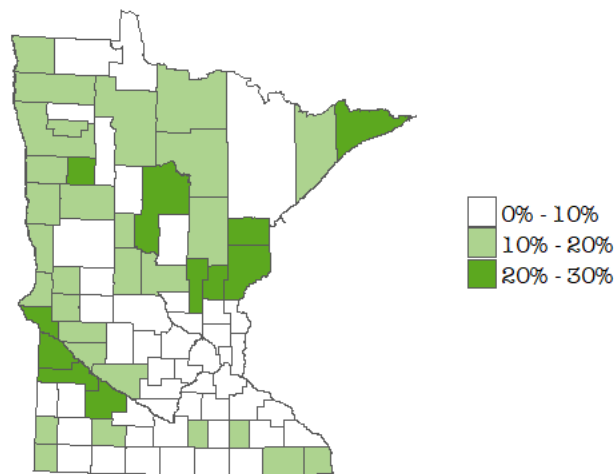


Figure 24: The share of employment provided through government positions in our most rural counties is significantly higher than in other areas of the state, largely due to the fact that a certain level of services must be maintained in each county regardless of population density. (MN DEED)

The top employing industries are strikingly similar across all of Minnesota. The highest percentage of employment continues to be in the education and health services industry. The one significant difference between the regions is the high employment in the professional and business services in the entirely urban counties (Figure 25).

Percent of Employment by Industry 2000 - 2016

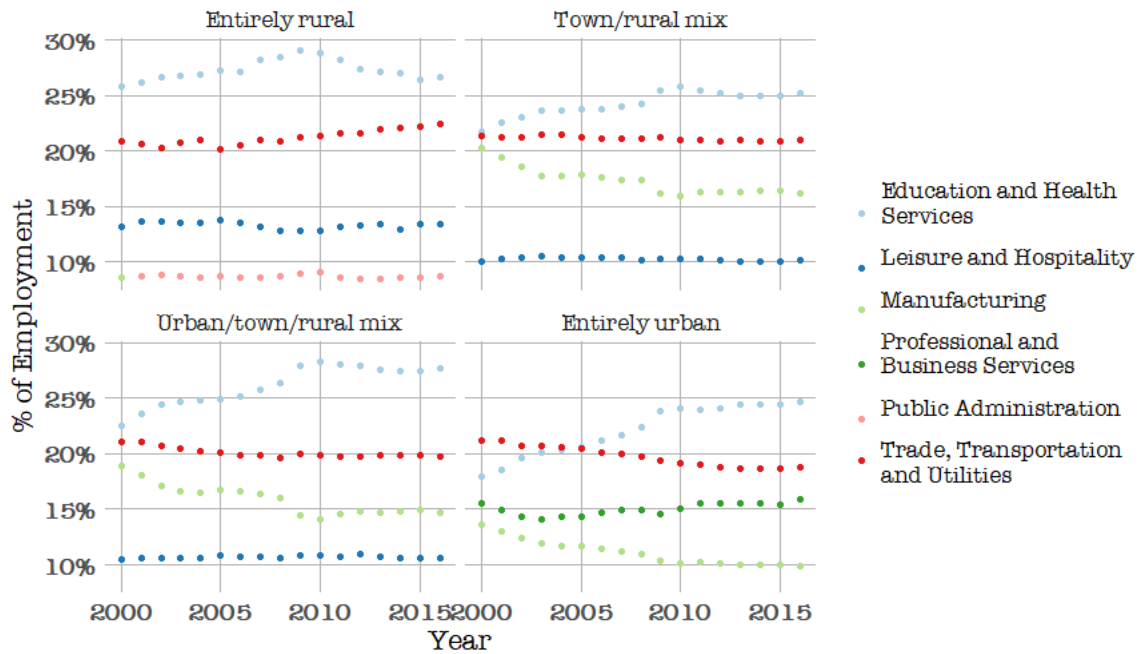


Figure 25: The four industries with the highest share of employment in each county group are strikingly similar. (Data: MN DEED)

There are a few other measures of employment that are prominent in rural areas. In general, employment is measured through surveys of “covered” industries (i.e., industries that pay unemployment insurance), leaving out farmers and self-employed individuals. Both of these groups, though, are significant sources of employment in rural areas.

Using the American Community Survey, we can get a sense of the percentage of the labor force that works in agriculture or as a farm operator. Not surprisingly, agriculture would be in the top five employment industries for many of our western counties (Figure 26). The highest percentage of the workforce employed in ag, fishing and forestry or as a farm operator or farm worker was 16% in Big Stone County.

Percentage of Workforce Employed by the Ag Related Industry, 2016

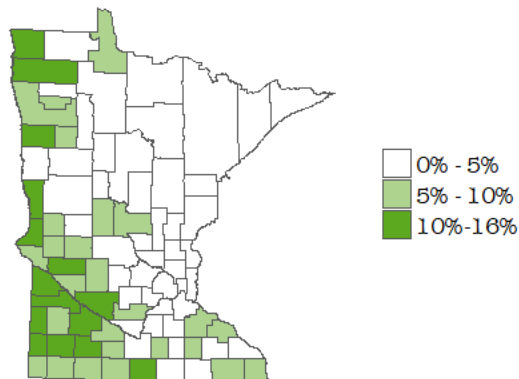


Figure 26: Here, “farm employment” includes farm operations as well as people employed in the ag, fishing and forestry industry sector. (Data: ACS 5-year)

A significant percentage of the workforce in the more rural parts of the state also operate as *non-employers*, meaning they have a non-farm business with no employees, have annual receipts of \$1,000 or more, and are subject to federal income taxes—what we generally think of as self-employed (Figure 27). When considering economic development strategies, it’s important to keep in mind the needs of these types of businesses, which typically operate from a home or small office.

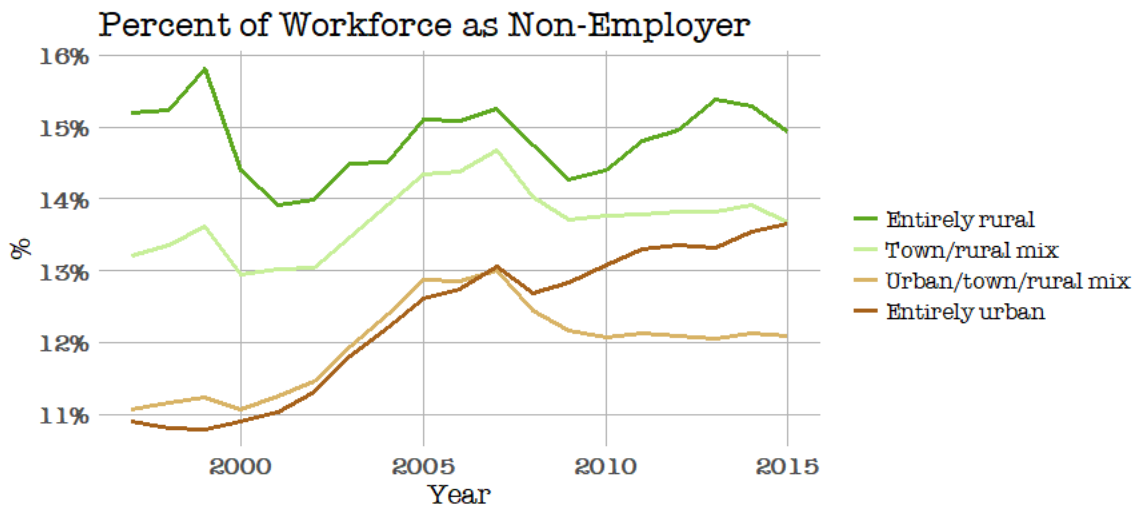


Figure 27: The percentage of the workforce recognized as operating non-employer businesses is significant in our most rural areas of Minnesota. Being a non-employer means an individual operates a non-farm business with no employees, has annual business receipts of at least \$1,000, and is subject to federal income tax. (Data: Census Bureau – Non-employer Statistics)

Unemployment

Throughout the 1990s, unemployment was highest in our most rural counties. However, that began to change in the mid-2000s, and in fact the most rural counties weathered the Great Recession better than the other county groups, largely due to the healthy state of agriculture at the time. With the economy picking up again, all regions have recovered from their recession levels (Figure 28).

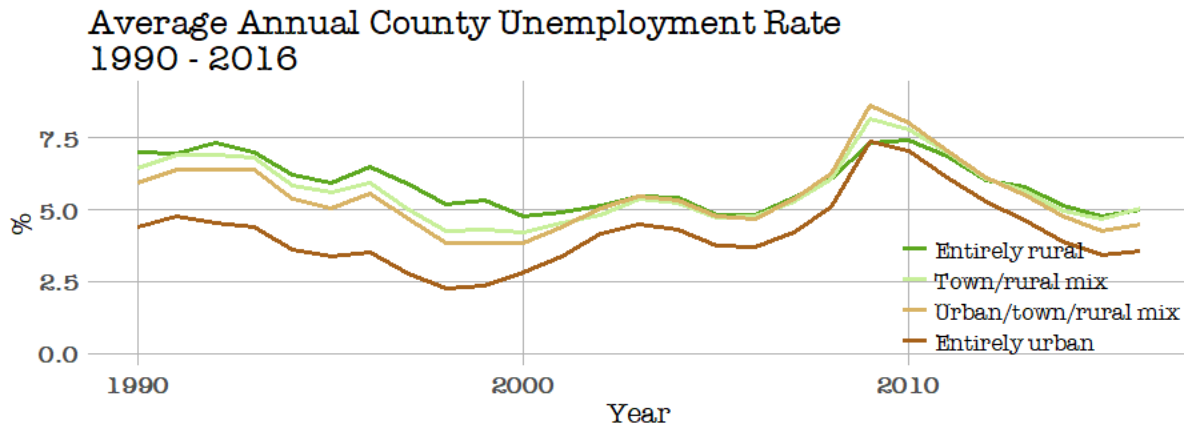


Figure 28: Annual unemployment rate by county group. (Data: MN DEED)

Unemployment in the northern half of our state continues to be an issue (Figure 29). The resource extraction industries' high-paying jobs of previous decades have been replaced with low-paying service industry jobs. In fact, the industries with the highest demand for workforce are health care and social assistance; administrative and waste services; and arts, entertainment, and recreation. The median wages of those job vacancies are between \$9.95 and \$13.78 per hour.

Annual Unemployment Rate 2016 (Minnesota Rate = 3.8%)

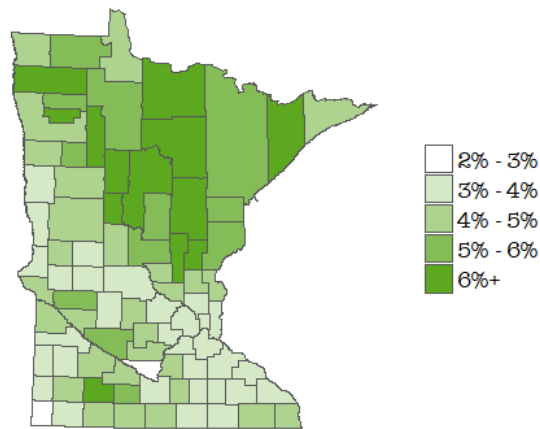


Figure 29: In 2016, northern Minnesota was still struggling with high annual unemployment rates. (Data: MN DEED)

Minnesota has experienced significant increases in the percentage of 25- to 64-year-olds participating in the labor force since 1970 (Figure 30). The largest increases have occurred in our more rural counties, where the labor force participation rate increased by 17 percentage points.

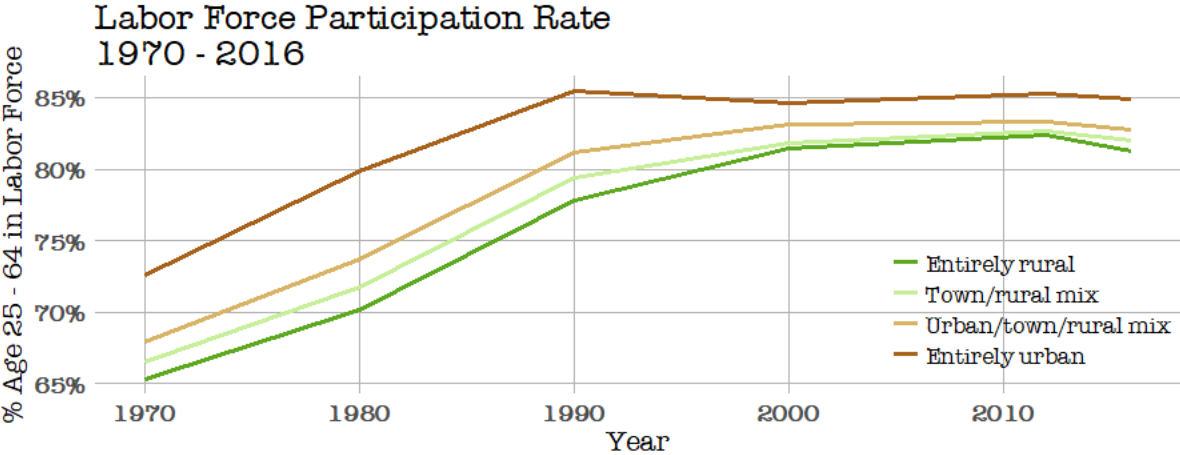


Figure 30: The labor force participation rate went up steadily between 1970 and 1990 and has since plateaued. Labor force participation rate is the percentage of population between the ages of 25 and 64 participating in the workforce as either employed, owning a business, going to school, active in the military, or actively looking for employment. (Data: Decennial Census & ACS 5-year)

As unemployment is highest in northern Minnesota, the region also has the lowest labor force participation rates. Some of the highest participation percentages are in southern and western Minnesota (Figure 31).

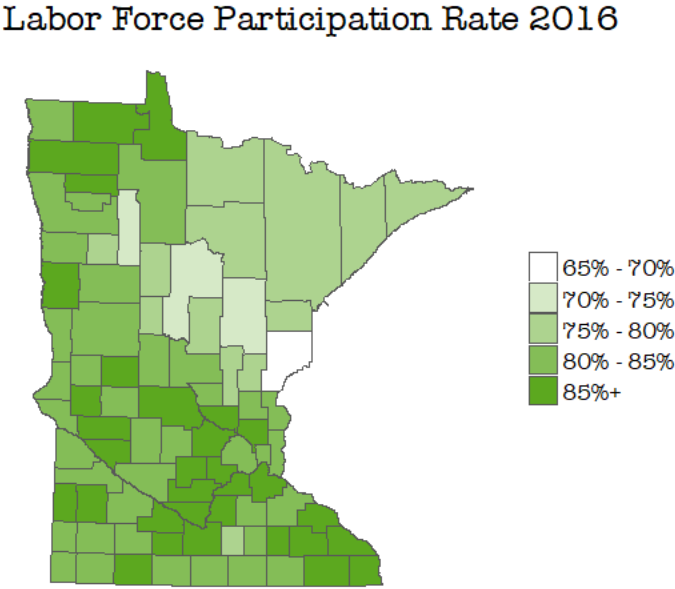


Figure 31: The labor force participation rate in 2016 was fairly high across all of Minnesota except in the northeastern region. (Data: ACS 5-year)

Job Vacancies Increasing in Rural Areas

The job vacancy rate, which is a measure of the demand for workers in a particular occupation, in general, has recovered from the recession and now surpasses 2005 levels. Some rural regions have experienced the largest growth in vacancy rates since 2012. The top three economic development regions with the highest growth in job vacancy rates from 2012 to 2016 were EDR2–Headwaters, EDR6W–Upper Minnesota Valley, and EDR3–Arrowhead (Figure 32).

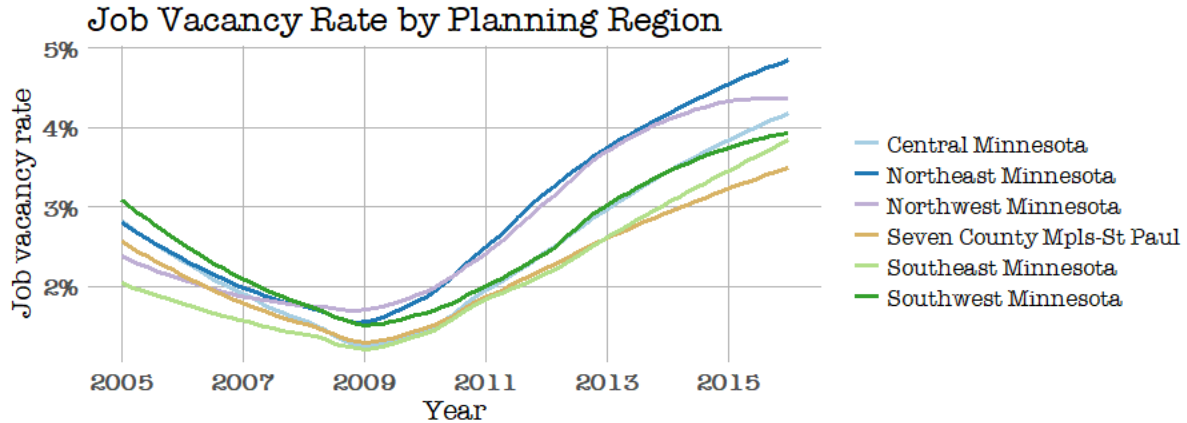


Figure 32: The job vacancy rate is the ratio of vacant job positions to all jobs. A high vacancy rate indicates a relatively strong demand for workers. (Data: MN DEED)

The tension for rural development organizations is that vacancy rates are increasing not necessarily because of job growth since the Great Recession but probably due more to the growing number of retirements and lack of growth in the labor force. Figure 33 provides an index of the cumulative number of vacancies since 2005. On this chart, the number of job vacancies before the recession was significantly less compared to post-2012, when the index lines take on a much steeper curve. Northwest, northeast, and southeast Minnesota have experienced the highest cumulative growth in job vacancies.

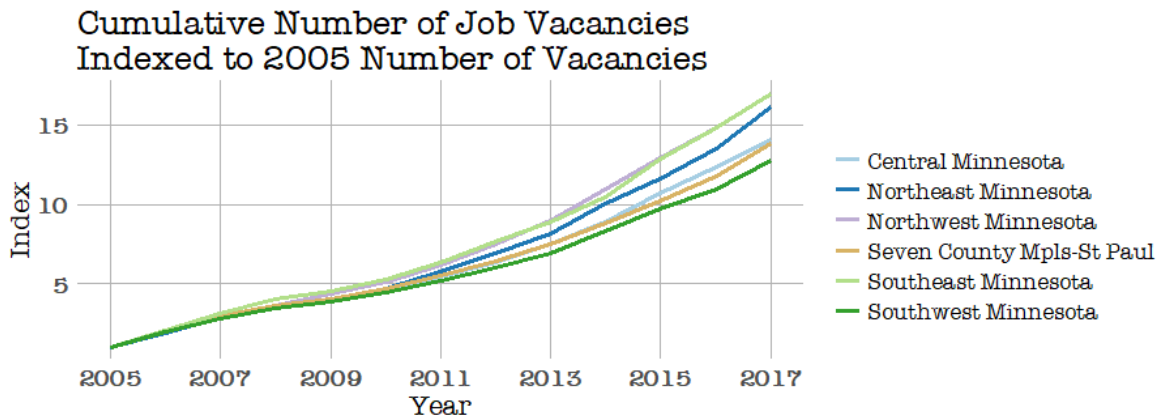


Figure 33: Since 2005, most of the non-metro regions have shown faster growth in job vacancies than the Twin Cities area. The job vacancy index provides a way of measuring growth by dividing the accumulated number of job vacancies since 2005 by the number of job vacancies in 2005. (Data: MN DEED)

To get an idea of how many job vacancies are due to job growth rather than replacing an employee leaving the job, we can divide the change in the number of employees each year by the average annual number of job vacancies from the previous year. Coming out of the recession, regions in the southern half of Minnesota experienced a higher percentage of job vacancies due to job growth. In the past few years, though, all areas are trending toward having more job vacancies due to loss of employees (Figure 34).

The chart also indicates that job vacancies in the Twin Cities metropolitan region are more likely caused by job growth than employee replacement.

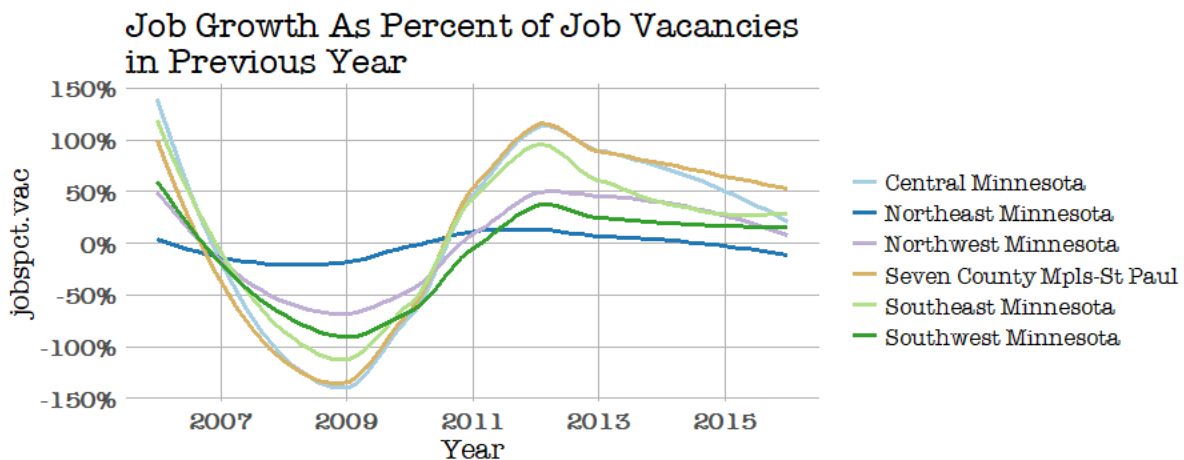


Figure 34: To get an idea of how many job vacancies are due to job growth rather than replacing an employee, divide the change in the number of employees each year by the average annual number of job vacancies in the previous year. (Data: MN DEED)

The number of unemployed per job vacancy has also decreased significantly. Most of the regions are similar in that there is about one unemployed person per job vacancy (Figure 35).

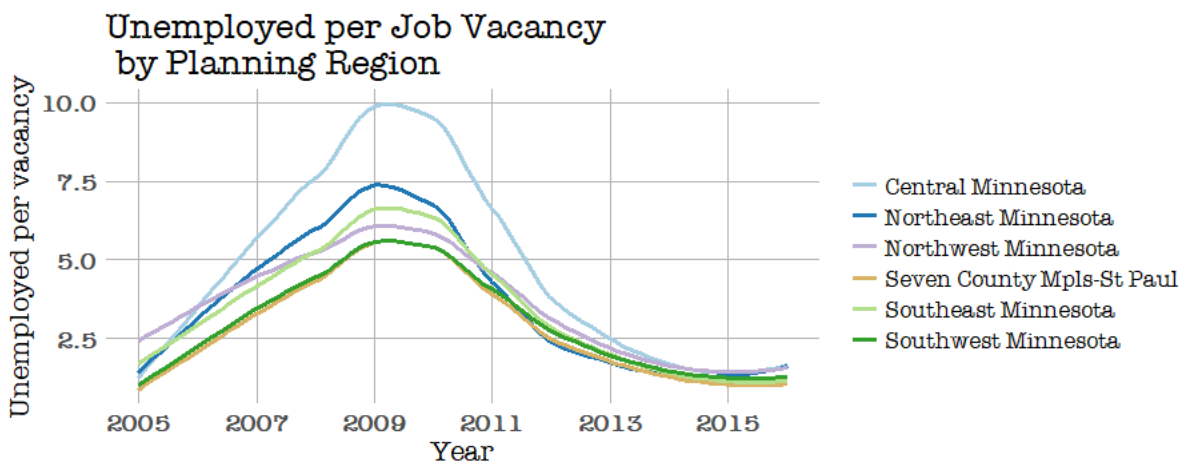


Figure 35: The number of unemployed people per job vacancy is about 1:1 in each region across Minnesota. (Data: MN DEED)

It is important to keep in mind that a large number of job vacancies are part-time. In fact, prior to the recession, regions outside of the Twin Cities metropolitan area experienced a significant decrease in the percentage of vacancies that represent full-time jobs and still have not regained their 2005 levels (Figure 36).

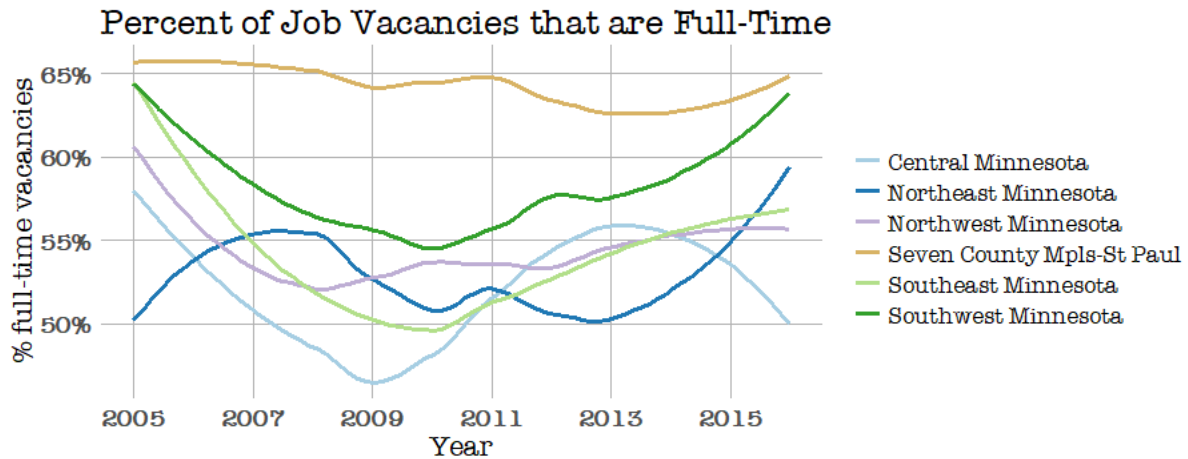


Figure 36: The share of full-time job vacancies in each region have not fully recovered to their 2005 level except in northeast Minnesota. (Data: MN DEED)

Despite regions outside the Twin Cities having few job vacancies offered as full-time, median wages for all job vacancies are increasing, closing the gap between the Twin Cities region and the rest of the state (Figure 37).

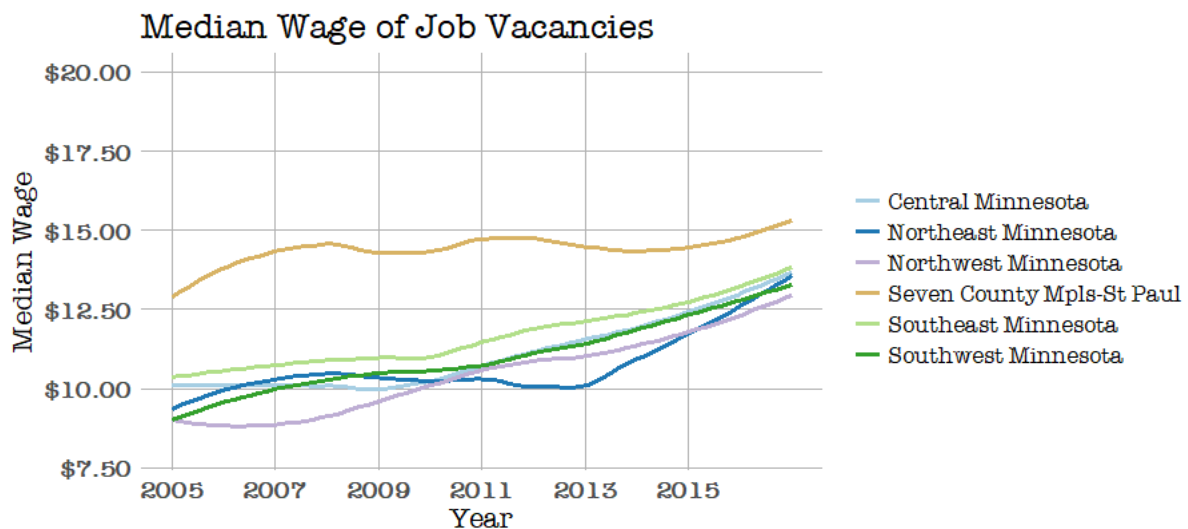


Figure 37: The median wages of all job vacancies in regions outside the Twin Cities are increasing steadily. (Data: MN DEED)

Except for southeast and northwest Minnesota, wages for full-time job vacancies in the regions outside of the Twin Cities are increasing. Some of the regions, such as the Northwest and Southwest, have experienced significant wage increases since 2005 (Figure 38).

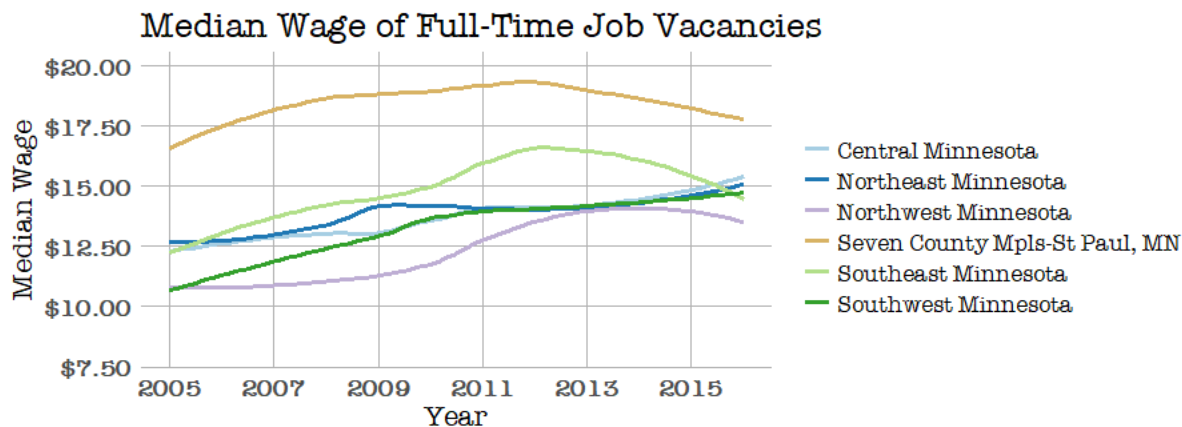


Figure 38: The median wages offered for full-time job vacancies are increasing in most regions of the state. (Data: MN DEED)

Although wages are increasing for job vacancies, rural areas still see low wages in the industries with the highest demand. Within the Twin Cities seven-county area, the industries with the most consistently high job vacancy rates since 2012 all have median wages over \$20.00 per hour. Most of the top industries in regions outside of the Twin Cities have median wages that barely reach \$15.00 per hour (Figure 39).

EDR 1 - Northwest	EDR 2 - Headwaters	EDR 3 - Arrowhead
Accommodation and Food Services (\$10.01)	Accommodation and Food Services (\$10.4)	Health Care and Social Assistance (\$13.78)
Educational Services (\$17.8)	Transportation and Warehousing (\$14.49)	Administrative and Waste Services (\$11.72)
Public Administration (\$15.37)	Health Care and Social Assistance (\$20.23)	Arts, Entertainment, and Recreation (\$9.95)
EDR 4 - West Central	EDR 5 - North Central	EDR 6W- Upper Minnesota Valley
Manufacturing (\$13.99)	Manufacturing (\$12.9)	Educational Services (\$15.49)
Public Administration (\$11.34)	Health Care and Social Assistance (\$14.62)	Public Administration (\$10.17)
Accommodation and Food Services (\$10.09)	Public Administration (\$15.78)	Manufacturing (\$14.56)
Health Care and Social Assistance (\$13.43)		Transportation and Warehousing (\$14.95)

EDR 6E- Southwest Central	EDR 7W- Central	EDR 7E- East Central
Health Care and Social Assistance (\$14.19)	Educational Services (\$16.78)	Accommodation and Food Services (\$10.28)
Retail Trade (\$10.92)	Transportation and Warehousing (\$25.01)	Transportation and Warehousing (\$19.23)
Transportation and Warehousing (\$14.2)	Administrative and Waste Services (\$12.62)	Educational Services (\$15.67)
		Public Administration (\$18.05)
EDR 8 - Southwest	EDR 9 - South Central	EDR 10 - Southeast
Health Care and Social Assistance (\$11.34)	Administrative and Waste Services (\$11.99)	Arts, Entertainment, and Recreation (\$11.94)
Manufacturing (\$14.56)	Agriculture, Forestry, Fishing & Hunting (\$12.63)	Construction (\$14.86)
Public Administration (\$12.61)	Educational Services (\$19.52)	Finance and Insurance (\$17.57)
	Health Care and Social Assistance (\$12.96)	Information (\$10.8)
	Management of Companies and Enterprises (\$18.76)	Management of Companies and Enterprises (\$21.52)
	Manufacturing (\$14.02)	Utilities (\$30.17)
		Accommodation and Food Services (\$11.11)
EDR 11 - 7 County Twin Cities		
Educational Services (\$20.81)		
Information (\$28.77)		
Management of Companies and Enterprises (\$26.06)		

Figure 39: The above tables show the top industries for job vacancies in each economic development region and their average wage. (Data: MN DEED)

Education

Since 1990, rural areas have seen impressive growth in the percentage of the population age 25 or older with at least a high school diploma, increasing that measure by over 20 percentage points between 1990 and 2016, the largest amount of any of the county groups (Figure 40).

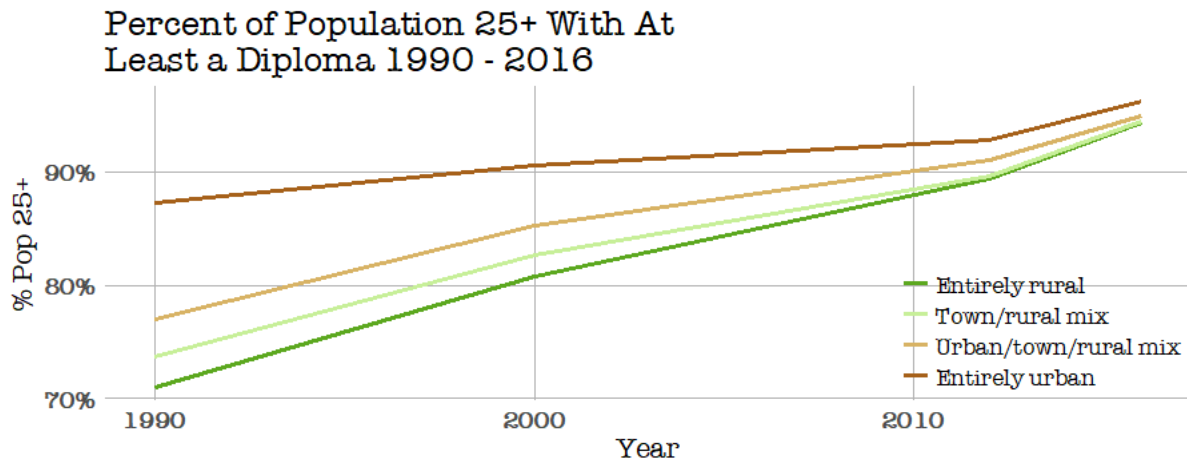


Figure 40: Percentage of the population age 25 or higher that has attained at least a high school diploma. (Data: Decennial Census & ACS 5-year)

At the aggregate level, metro, regional center and rural school districts have all experienced enrollment declines since the mid-2000s and have only recently begun seeing increases (see [Definition of the Types of School Districts](#)). Both metropolitan districts and regional center districts have recovered from those declines and were 1% and 3% above their 2006 numbers respectively (Figure 41).

Compared to 2006, student enrollment in our rural school districts is 3% lower, although, the 2017 school year saw the first increase in enrollment for those districts since 2006.

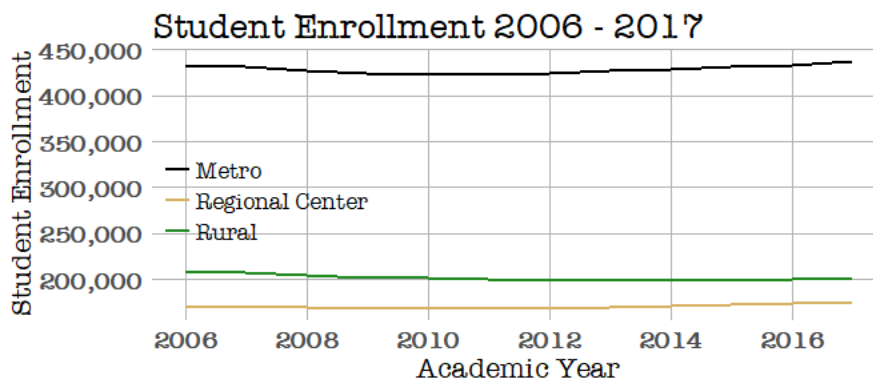


Figure 41: K-12 school enrollment, 2006-2017. (MN Department of Education)

Summary of trends

- The share of Minnesota's population is increasingly urban. That trend may be intensifying due to migration trends and lack of immigration.
- Rural incomes continue to improve relative to urban incomes.
- Southern Minnesota has the lowest unemployment rates while northern Minnesota has the highest.
- Southern Minnesota has some of the highest workforce participation rates while northern Minnesota has some of the lowest.
- Job vacancies are increasing due to growing economic activity and retirements.
- Wages for these vacancies are rising, closing the gap between Greater Minnesota and the Twin Cities.
- Rural regions have made great strides in increasing the percentage of population with at least a high school diploma. At the same time, enrollment in rural school districts continues a slow decline.

As this year's State of Rural Minnesota report shows, Minnesota continues to be not one homogeneous state but many different regions experiencing different trends in population change, job growth, wages and student enrollment. That being the case, a look at each of the regions makes it apparent that the most rural counties are still struggling with the impact of a shrinking population, while everyone faces slowing population growth and an aging population, two factors that will influence a great deal of state policy going forward. At the same time, however, the population in a large part of Greater Minnesota is growing, while employers are making progress in wages and job growth and dedicated residents work on ways to attract people to their communities.

Appendix: Definition of four County Categories

The Minnesota State Demographer's four categories uses the U.S. Census *rural-urban community area (RUCA) codes*. You can find the definition in their report *"Greater Minnesota: Refined & Revisited."* The State Demographer's Office analyzes the census tracts in each county to determine the type of "mix." Each county is then categorized.

Urban Definition

- 1 Census tract is situated at the metropolitan area's core and the primary commuting flow is within an urbanized area of 50,000 residents or more.

- 2 Census tract is within a metropolitan area and has higher primary commuting (30% or more) to an urbanized area of 50,000 residents or more.

- 3 Census tract is within a metropolitan area and has lower primary commuting (10-30%) to an urbanized area of 50,000 residents or more.

Large Town Definition

- 4 Census tract is situated at a micropolitan area's core and the primary commuting flow is within a larger urban cluster of 10,000 to 49,999 residents.

- 5 Census tract is within a micropolitan area and has higher primary commuting (30% or more) to a larger urban cluster of 10,000 to 49,999 residents.

- 6 Census tract is within a micropolitan area and has lower primary commuting (10-30%) to a larger urban cluster of 10,000 to 49,999 residents.

Small Town Definition

- 7 Census tract has a primary commuting flow within a small urban cluster of 2,500 to 9,999 residents.

- 8 Census tract has higher primary commuting (30% or more) to a small urban cluster of 2,500 to 9,999 residents.

- 9 Census tract has lower primary commuting (10-30%) to a small urban cluster of 2,500 to 9,999 residents.

Rural Definition

- 10 Census tract has a primary commuting flow outside of urban areas and urban clusters.

The number of counties within each category are; i) entirely rural: 14; ii) town/rural mix: 35; iii) urban/town/rural mix: 25; and iv) entirely urban: 13.

Definition of the Types of School Districts

In this chart, school districts are split into three types:

Metro: School districts coded as 1, 2, or 3. N=49

Rural: School districts coded as 4, 5, or 6, and are not regional centers. N=236

Regional Centers: School districts coded as 4, 5, or 6, and are categorized as metropolitan or micropolitan by the U.S. Census, OR, have commercial and industrial properties with total value of \$50 million, OR, have a commercial to residential property ratio of 1:2 - 1:7. N=48 (High C&I Ratio: 26 school districts; Metropolitan: 6 school districts; Micropolitan: 16 school districts) - special thanks to the Minnesota Rural Education Association for the data.