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The State of Rural Minnesota, 2026

The shifts in trends from the pandemic continue in the most recent data release.

March 2026

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Each year, the Center for Rural Policy and Development provides an update on various economic and demographic data pertaining to rural Minnesota. As policy discussions concerning the various regions of the state unfold, it is important to understand the past, present, and potential futures of rural regions. This report provides historical data points illustrating how rural conditions have changed and where they are at now, making for healthy discussions about the current demographic and economic vitality of these areas.

Rural Atlas Online

To supplement and support the annual State of Rural Minnesota report, we also maintain and regularly update the Atlas of Rural Minnesota Online. This collection of interactive maps and charts provides readers with a higher-level analysis of the data, breaking it down in a variety of ways to give a better understanding of Minnesota's demographic, economic, and societal characteristics at the state, county, planning region, and economic development region levels. Visit http://www.ruralmn.org/atlas-2026/ to view the site.

The quick takeaways for 2025

People

Population trends in rural Minnesota continue to be shaped by two competing forces: declining natural change and increasing in-migration, especially internationally. While deaths are rising and births remain low across the state, migration patterns since the late-2010s have helped offset these declines in many rural counties.

- Many rural counties have seen modest population gains since 2020, driven largely by in-migration. In contrast to the previous decade, far fewer counties have been experiencing population loss so far this decade.

- Despite these recent gains, long-term population growth remains unlikely in many rural areas. Aging populations and declining birth rates mean deaths will continue to outpace births across much of the state.
- Population diversity is playing an increasingly important role in rural demographic change. BIPOC populations account for a growing share of residents in many counties and will likely contribute to future population growth.
- Migration patterns vary by age. While many rural counties continue to lose young adults in their 20s, they often gain residents in their 30s and 40s, reflecting a life-cycle migration pattern that has shaped rural population trends for decades. The 2010 and 2020 Decennial Census confirmed this continued pattern.

Economic vitality

Rural Minnesota's economy remains diverse and broadly similar to the rest of the state, although several structural differences continue to shape economic conditions.

- Education and health services remain the largest employment sector in most counties across Minnesota.
- Rural counties tend to have higher shares of employment in government, resource-based industries, and self-employment, while the Twin Cities metro area has a larger share of professional and business services jobs.
- Workforce shortages continue to affect Greater Minnesota more than the Twin Cities metro. Job vacancy rates remain elevated in rural regions, putting pressure on employers and local economies and contributing to rising wages.
- Although median wages and incomes remain lower in rural areas than in the metro, rural regions have experienced some of the largest growth in income over the past two decades.
- When accounting for lower housing and living costs, wages in many parts of Greater Minnesota cover the cost of living as well as or better than in metropolitan areas. However, some regions—particularly the central lakes area and counties north of the Twin Cities—face greater challenges in meeting local costs with local wages.

People

Migration driving changes in population growth rates.

While a majority of the state's most rural counties experienced a steady population *decline* during the 2010s, a shift seems to have occurred in the late-2010s and continued through 2024 (the latest available data).

To highlight this fact, we can examined populations at the beginning and end of each decade. In 2019, 46 counties (all rural) had a lower population than in 2010. So far this decade, only 20 counties have a lower population in 2024 than they did in 2020, and one of those counties is entirely urban (Ramsey). In Greater Minnesota, population growth can typically be found in three types of counties: counties that are considered recreational (central lakes), counties where non-white populations are concentrated (e.g. Nobles), and in metropolitan counties such as Blue Earth and Olmsted. However, since 2017, many counties that don't fit these three categories are experiencing population growth, or at least, very minor declines (Figure 1).

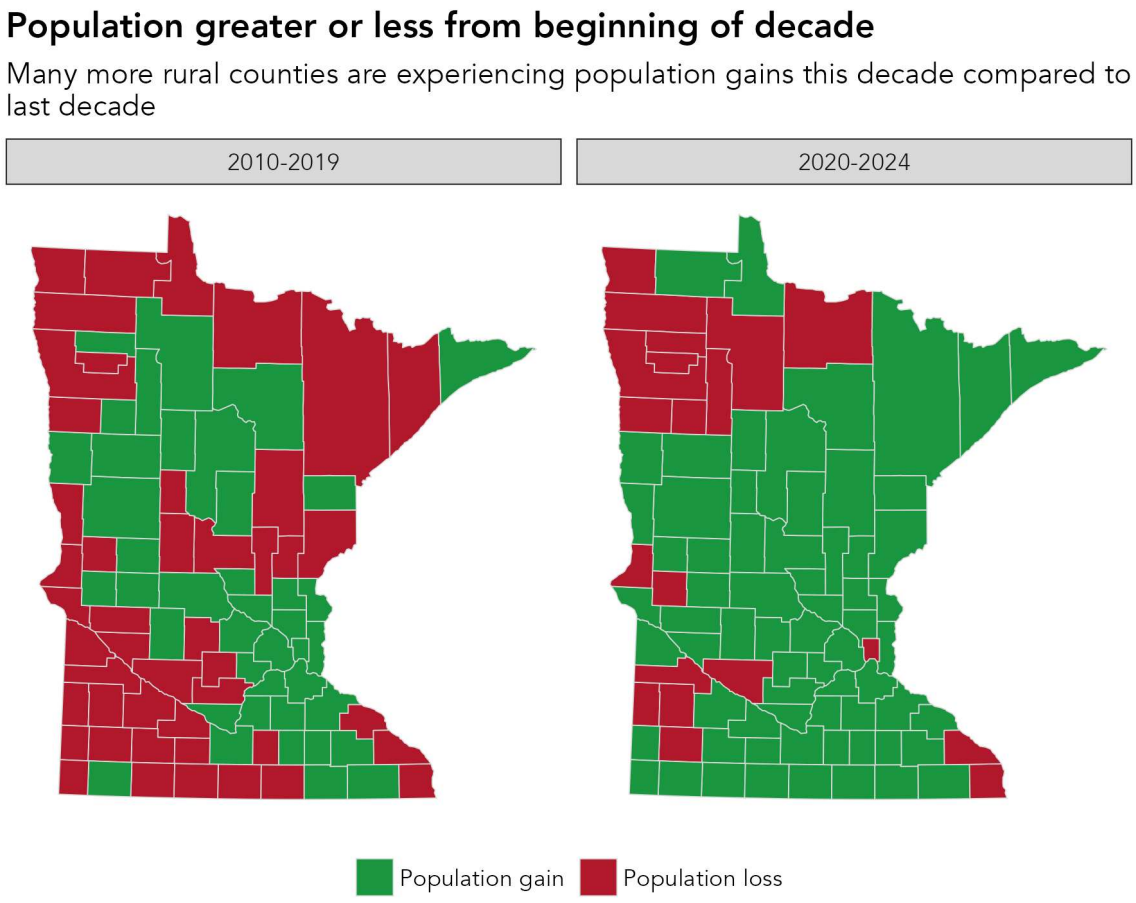

Figure 1: The number of counties that reported population growth during 2020-2024 is significantly higher compared to the previous decade due to shifts in migration patterns. Data: U.S. Census Decennial Census & American Community Survey 5-year

This change has primarily occurred due to the positive shift in migration. Figure 2 shows the trends of the two factors that drive population change: natural change (births minus deaths) and migration (out- and in-migration), highlighting two interesting trends occurring throughout Minnesota.

The first trend is having a negative impact on population across all of Minnesota: the downward trend in natural change. In rural areas, negative net natural change is worsening. Counties that were experiencing positive net natural change are seeing either less positive growth (growing more slowly) or started experiencing negative growth (more deaths than births) in the late-2010s.

Despite this downward shift, the second trend—the positive shift in net migration—is managing to offset this negative influence. Since the mid-2010s, rural areas have been seeing an increasing in-migration of people.

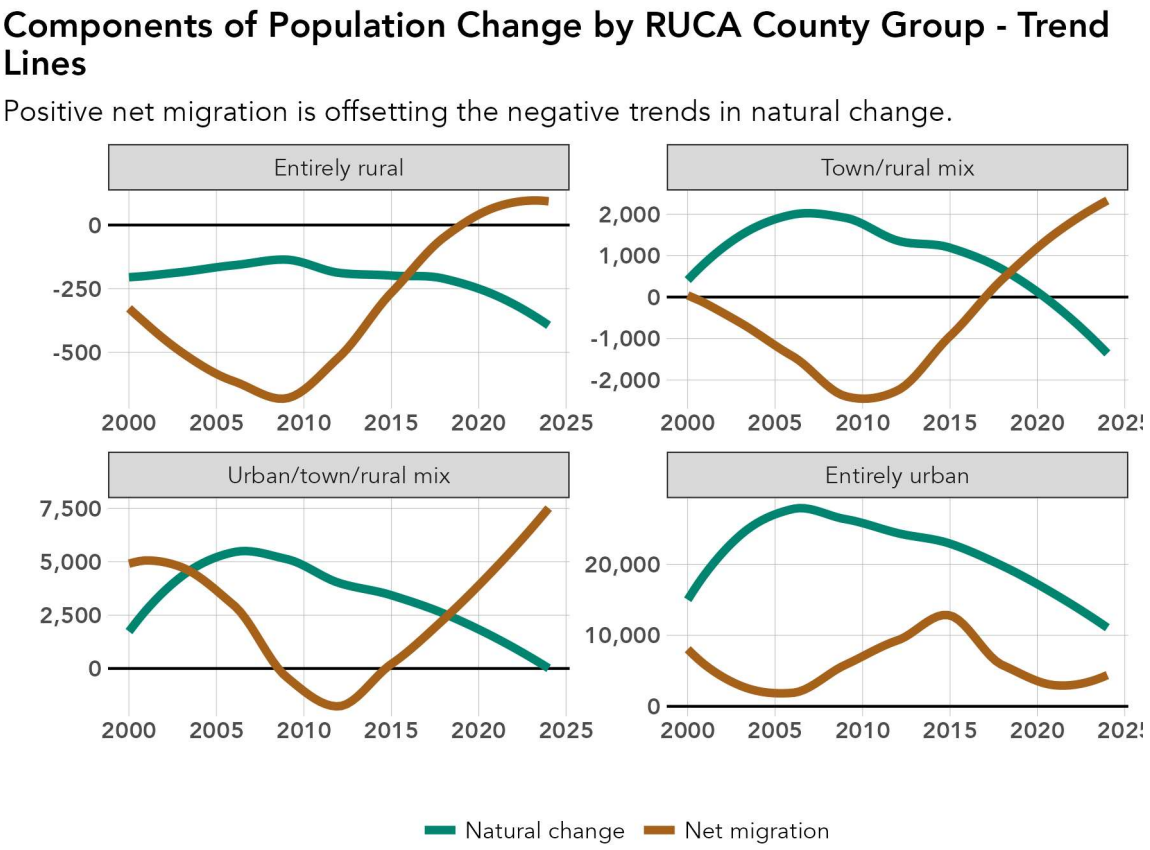

Figure 2: The components of change show two interesting trends. First is the negative trend line of natural change across all of Minnesota due to the large percentage of older adults residing in the state. Second is the migration trends: rural Minnesota is experiencing a net in-migration while the most urban counties of the state are experiencing a net out-migration. Data: U.S. Census Bureau, Population Estimates

Urban areas have experienced a bit more variation, however. Among entirely urban counties, population loss was mostly felt in Ramsey and Hennepin counties during the pandemic and not in the

suburbs or urban areas in Greater Minnesota. Now that we are further removed from the impacts of the pandemic, Ramsey and Hennepin's migration has recovered significantly. Figure 3 looks at just the net migration change by splitting up our entirely urban counties into three groups: entirely urban counties in Greater Minnesota (those counties outside the Twin Cities metro with the largest population centers); the suburbs of the seven-county Twin Cities metro; and Ramsey and Hennepin combined. The chart shows that the core counties of Hennepin and Ramsey took the brunt of the loss due to out-migration—between 2020 and 2023, 87,839 more residents left Hennepin and Ramsey counties than moved into them. In comparison, the suburbs netted an increase of over 134,000 residents, while urban counties in Greater Minnesota gained a net increase of 53,000 residents. However, in 2024 Hennepin and Ramsey bounced back with a net in-migration of about 7,200 people.

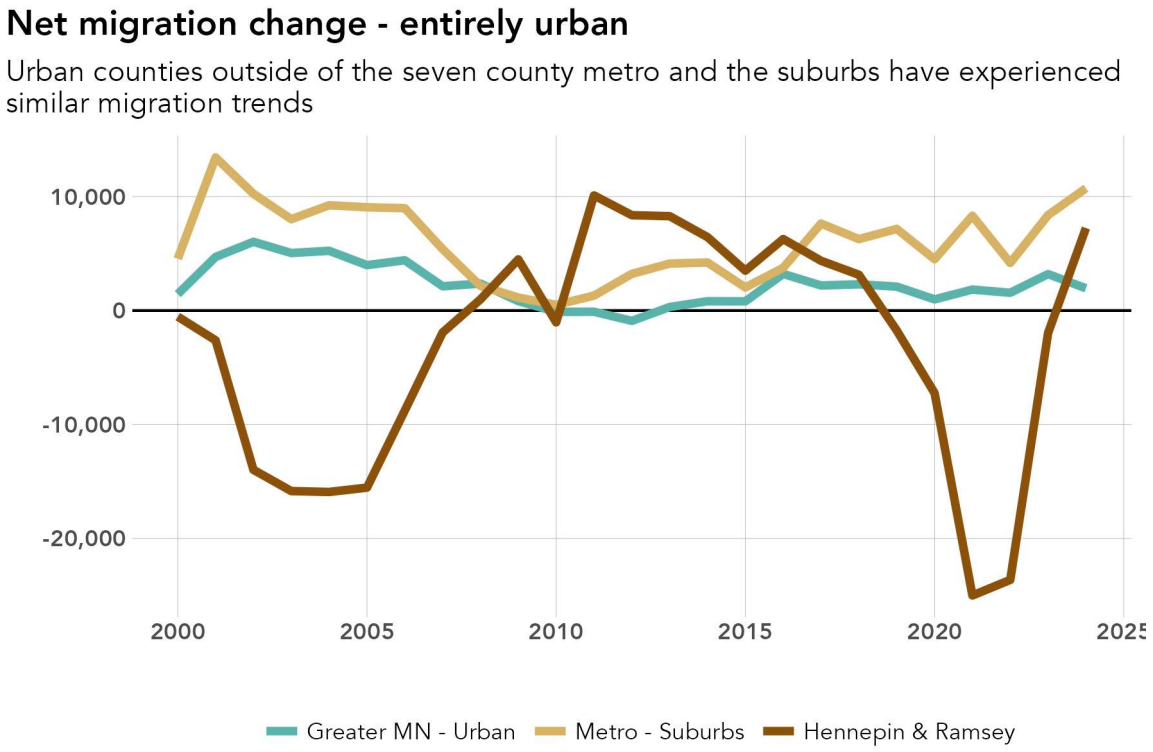

Figure 3: Hennepin and Ramsey counties took the brunt of population loss from 2017 to 2023, while entirely urban counties located in the suburbs and outside of the metro experienced migration trends similar to each other. Data: U.S. Census Bureau, Population Estimates

Now that more time has passed since the impacts of the pandemic, discussions can be more focused on the longer-term trends affecting all of Minnesota—**increasing deaths and declining births.** Figure 2 showed natural change's downward trend; Figure 4 shows why.

Figure 4 provides the number of births and deaths annually by rural-urban commuting area county group. Starting in 2017, all of Minnesota began experiencing a rise in number of deaths, while births slowly began to decline. Before 2017, rural areas essentially "broke even" with about the same number

of births and deaths, keeping their impact on overall population change neutral. However, these areas are now experiencing significantly more deaths than births.

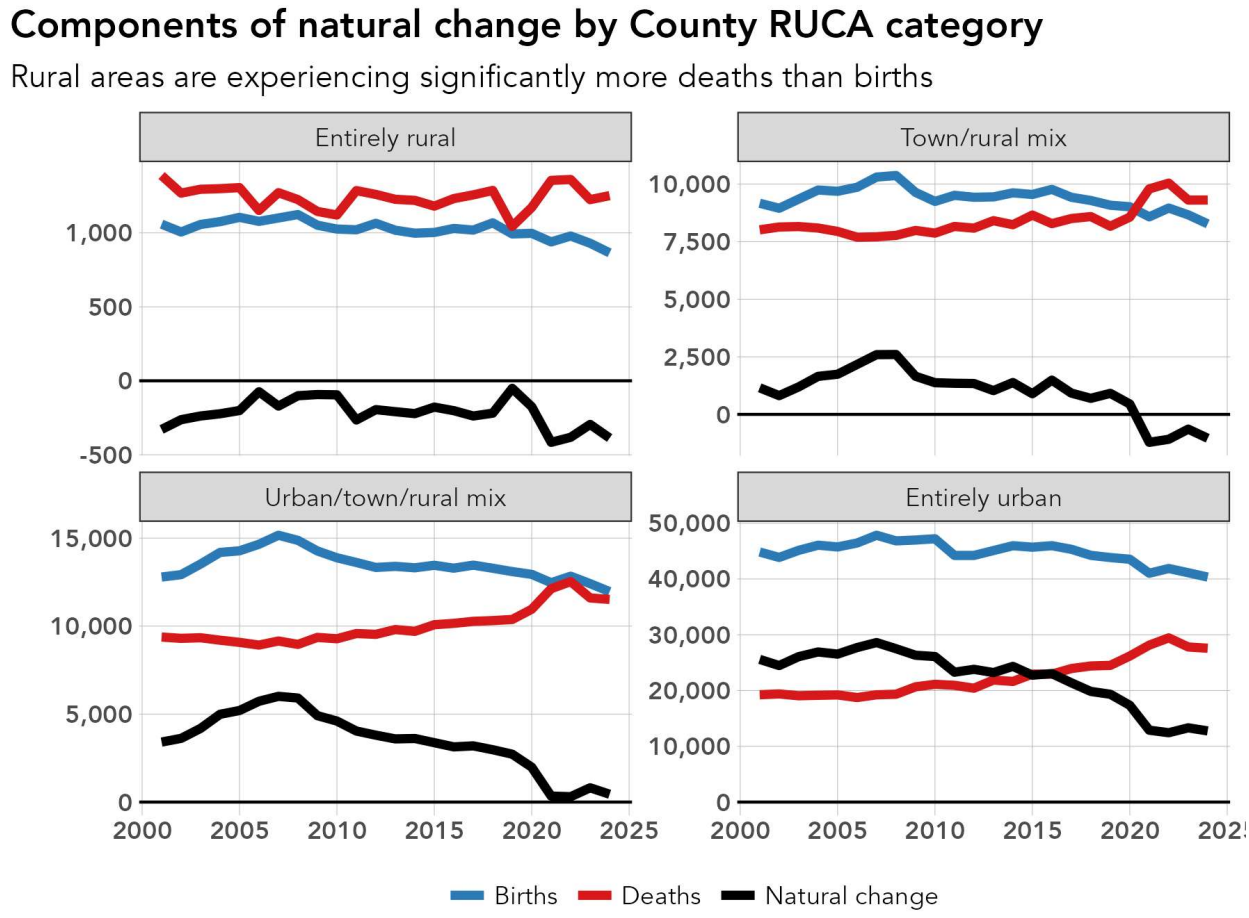

Figure 4: Due to demographic shifts, the pandemic, and other social ills, deaths are increasing across Minnesota while births remain stagnant. In rural Minnesota, there are now significantly more deaths than births. Data: U.S. Census Bureau - Population Estimates

That combination of low birth rates and high death rates hits rural regions particularly hard, where the average population is already older and counties have been experiencing a negative natural change rate for a number of years already. It's here that the surprising amount of in-migration in the last few years may be particularly welcome, but the long-term trend in natural change will only get worse as the Baby Boomer generation continues to age.

Growth in BIPOC populations isn't only occurring in urban areas

Many tend to believe that Black, Indigenous, Hispanic populations and other people of color are largely concentrated in metropolitan counties. However, Greater Minnesota has experienced considerable growth in these populations as well. In fact, three of the top five counties with the highest percentage of

BIPOC populations are outside of the seven-county metro: Mahnomen (55%), Nobles (48%), Ramsey (42%), Hennepin (35%) and Watonwan (32%).

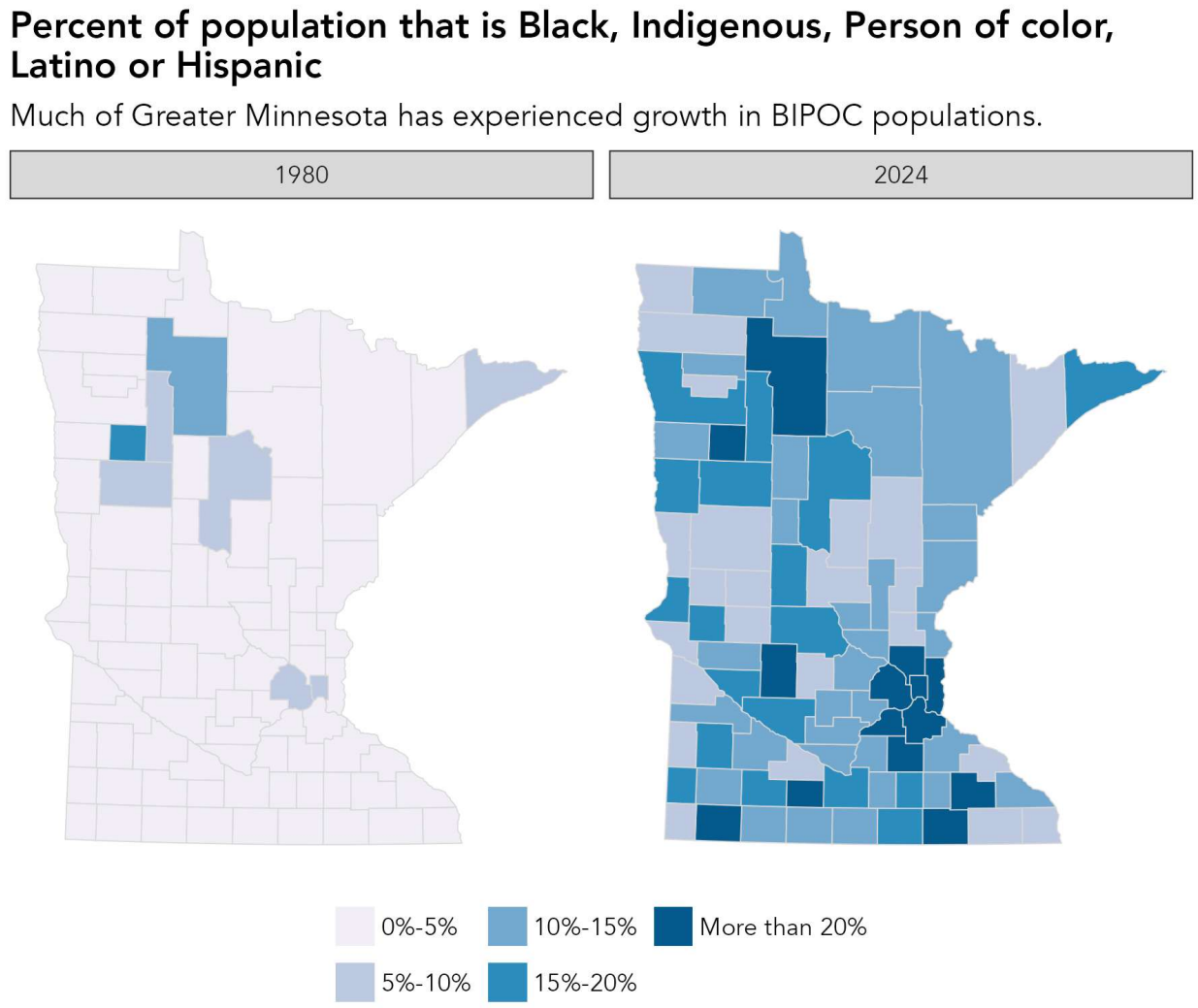

Figure 5: By 2023 many counties in Greater Minnesota have BIPOC populations making up over 10% of their total population. Data: US Census Bureau, ACS 5-year | Decennial Census

People recruitment: In-migration of 30- to 49-year-olds

One aspect of migration data that can be hidden is the trend in migration by age group. Even though most rural areas have been experiencing an overall out-migration, it is not always a loss among all age groups. In fact, many rural counties see an in-migration of people between the ages of 30 and 49. In lake 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 has been well documented by the University of Minnesota Extension[1] and in our report on recruiting workforce.

Figure 6 provides 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 2020 Census will be equal to the number of 15- to 19-year-olds in the 2010 Census—the same people, just ten years older. All conditions do not stay the same, however: 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 in Minnesota. Between 2010 and 2020, almost all rural counties experienced an out-migration of people who would be 25 to 29 years old in 2020 (Figure 6). They had migrated away somewhere in the previous ten years. But while this age group was migrating out, the next older age group, those entering their early 30s in 2020, were migrating into these rural counties. This particular trend has been well-documented since the 1970s and is considered a strength within rural migration trends.

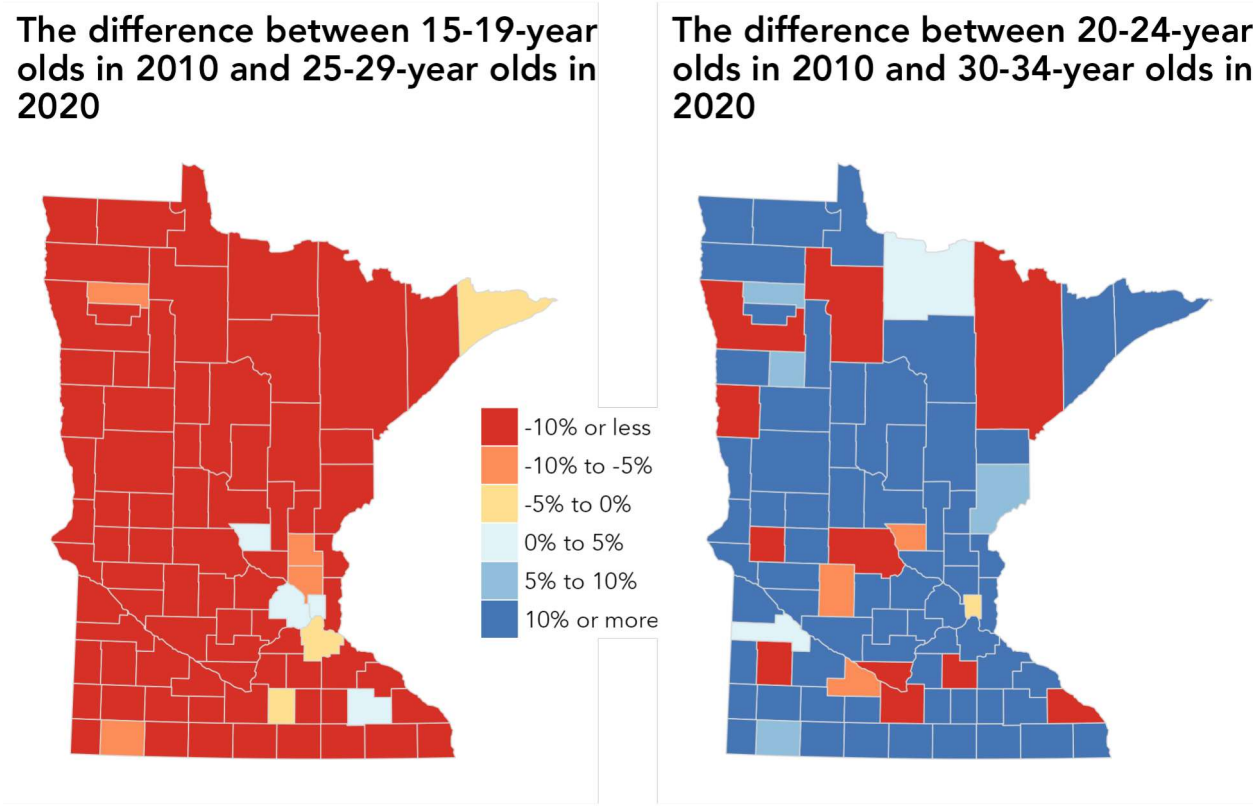

Figure 6: All counties outside the Twin Cities area except Olmsted and Benton saw an out-migration of 25- to 29-year-olds (left), but at the same time, rural counties saw significant in-migration of 30- to 34-year-olds (right). Rural areas tend to see this trend up to 49-year-olds. Data: U.S Census Bureau Decennial Census

[1] Find more on this research at https://extension.umn.edu/economic-development/rural-brain-gain-migration

Economic vitality

Like the state's urban areas, the rural economy is diverse. While the education and health services industry sector is the top employer in most counties, other industries, such as agriculture in the western counties, are also significant.

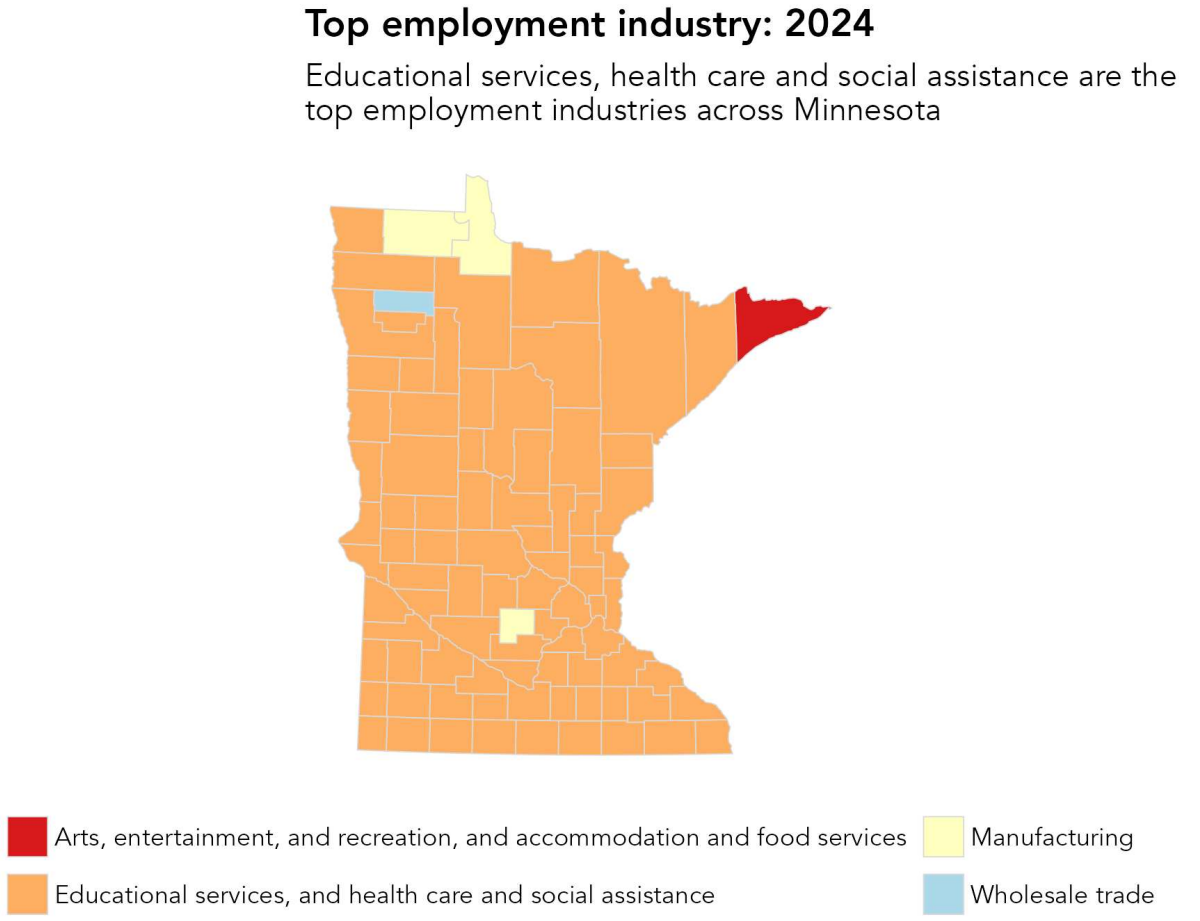

Figure 7: The top employment industry across nearly all of Minnesota is in the educational services, health care and social assistance industry sector. Data: U.S. Census Bureau – ACS 5-year

Where do people work?

Note: One issue that arises when looking at jobs and employment in rural areas is that many data sources only capture workers covered by unemployment insurance, which does not include most farms and other resource-extractive jobs. In previous years, we were able to avoid this issue by using data from the Bureau of Economic Analysis. Unfortunately, that data is no longer provided; therefore, we are

using data from the American Community Survey, which will, unfortunately, undercount workers who are not covered by unemployment insurance (i.e. farm employment).

Besides education and health services, the top industries around the state in terms of employment include manufacturing; arts, entertainment, and recreation and accommodation and food services; construction; retail trade; agriculture, forestry, fishing and hunting, and mining; and finance and insurance, and real estate and rental and leasing (Table 1).

Table 1: 2024 top five employment industries by RUCA group. Includes percent of total employment in each industry. Data: U.S. Census Bureau – ACS 5

Rank	Entirely rural	Town/rural mix	Urban/town/rural mix	Entirely urban
1	Educational services, etc...: 38%	Educational services, etc...: 38%	Educational services, etc...: 40%	Educational services, etc...: 37%
2	Manufacturing: 17%	Manufacturing: 22%	Manufacturing: 21%	Manufacturing: 18%
3	Agriculture, forestry, fishing and hunting, and mining: 16%	Retail trade: 17%	Retail trade: 16%	Professional, etc...: 18%
4	Retail trade: 16%	Construction: 12%	Construction: 13%	Retail trade: 15%
5	Construction: 13%	Arts, recreation, etc...: 10%	Professional, etc..: 11%	Finance and insurance, etc...: 12%

Besides private industries, another major employer around the state is the government, although the percentage of a population employed by the government can vary quite a bit. It is a major employer in many rural counties, where the need for a baseline of services can be disproportionate to the population. That share of total jobs has been slowly trending downward since 2002, however. In 2024, 27% of total jobs in the entirely rural county group were in government, 18% in the town/rural group, 17% in the urban/town/rural group, and 12% in the entirely urban county groups (Figure 8).

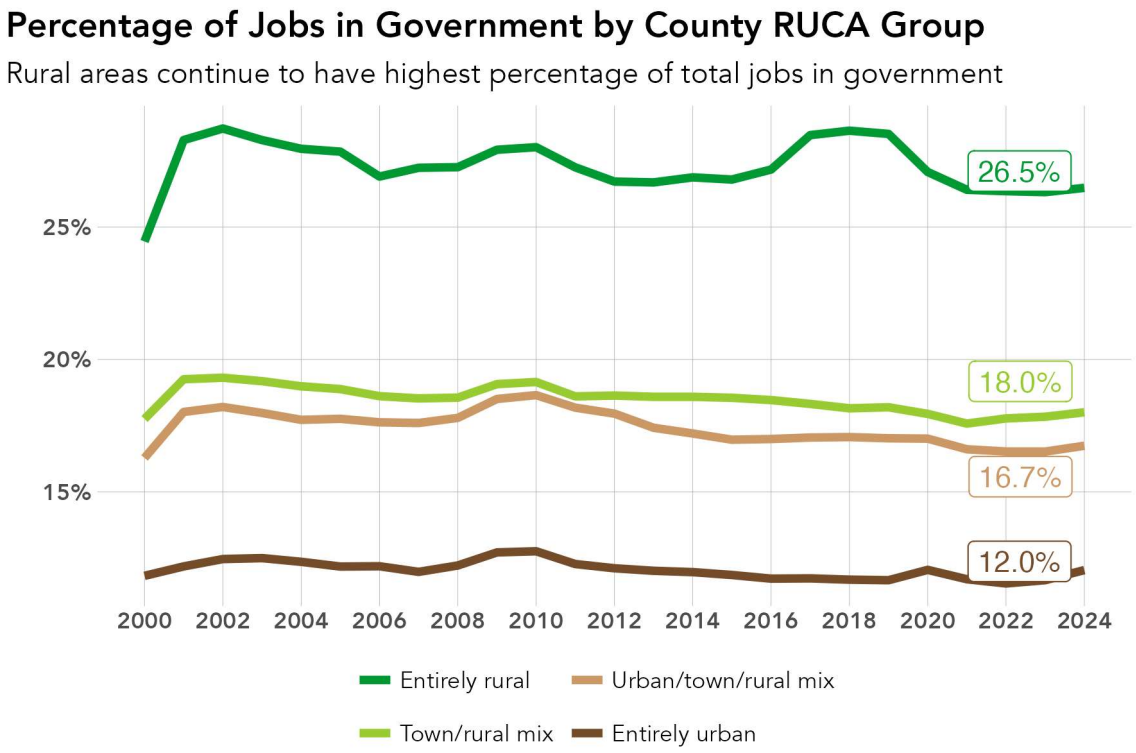

Figure 8: Government jobs include the executive, legislative, judicial, administrative, and regulatory activities of federal, state, and local governments and the military, plus government enterprises, which are government agencies that cover a substantial portion of their operating costs by selling goods and services to the public. These types of jobs make up a significantly higher percentage of the jobs outside of the entirely urban areas. Data: MN DEED, QCEW

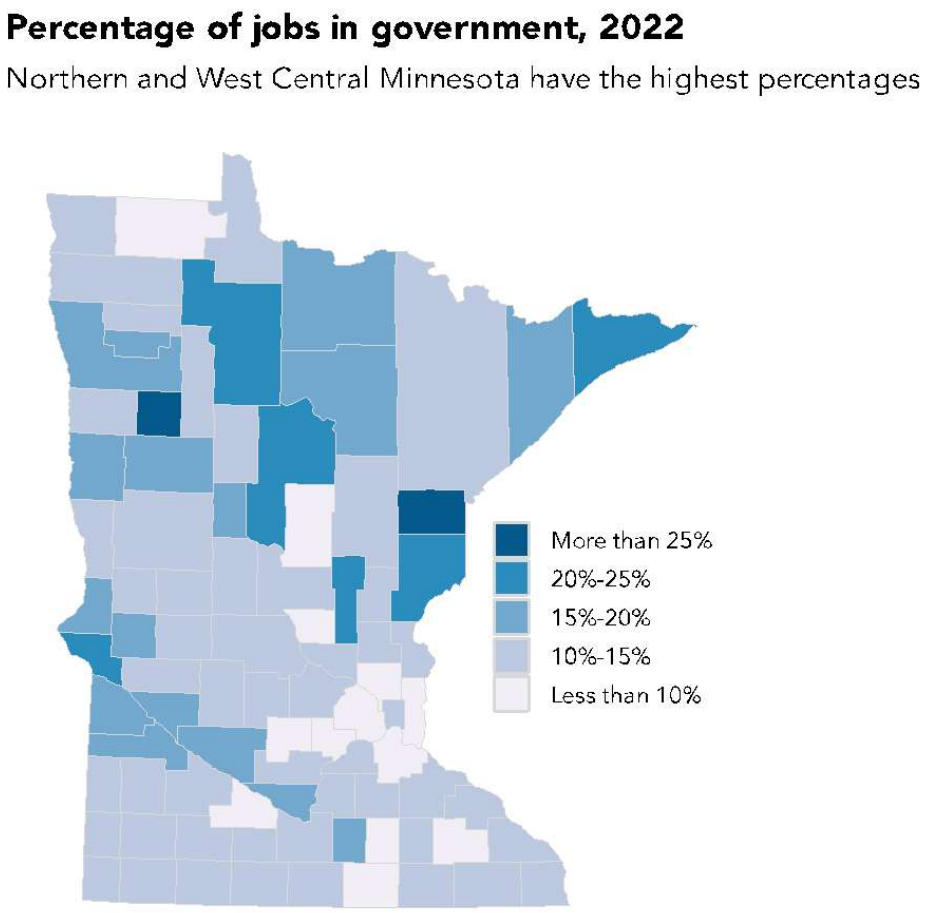

Figure 9: The highest percentage of jobs in government is in northern and western Minnesota. Data: MN DEED - QCEW

It's worth noting that these higher percentages are likely overestimating the role of government in total employment. The percentages represent the share of "jobs" which are tracked through employment records, and doesn't count people who are self-employed, own a business, do contract work, farmers, and others that don't show up in this recording process.

Although likely under-represented here, the share of jobs that are linked to resource extraction (farming, mining, forestry) is still impressive. These jobs are most prevalent in the western counties of Minnesota. The largest share is in Traverse County, where 19% of employment is in agriculture, hunting and fishing, and mining industries (Figure 10).

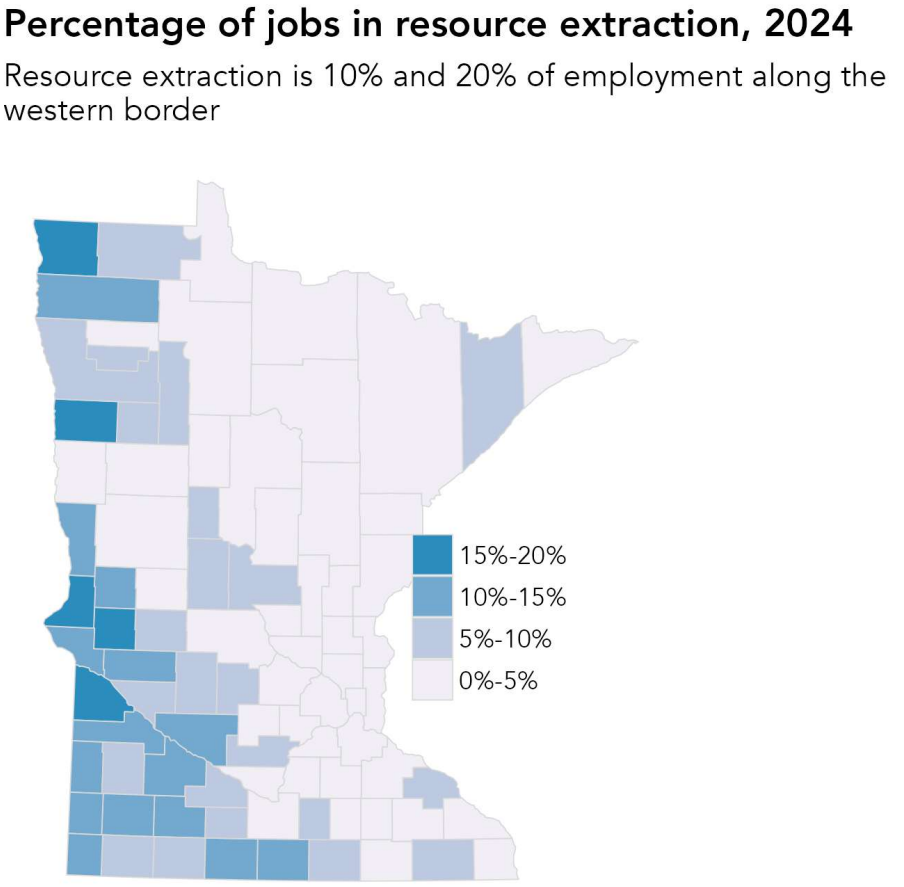

Figure 10: Extractive resources include agriculture, fishing, hunting, timber and mining industries. Data: U.S. Census Bureau, ACS 5-year

Another notable characteristic of employment in rural regions is the number of non-employers and self-employed. The state's most rural regions have a higher percentage of these entities in relation to total jobs compared to more urban regions (Figure 11). The share of jobs is particularly high in northern counties, where non-employers and self-employed can represent 15% to 20% of total jobs. The highest percentage is in Lincoln, Norman, Cook, and Hubbard counties with 30% (Figure 12).

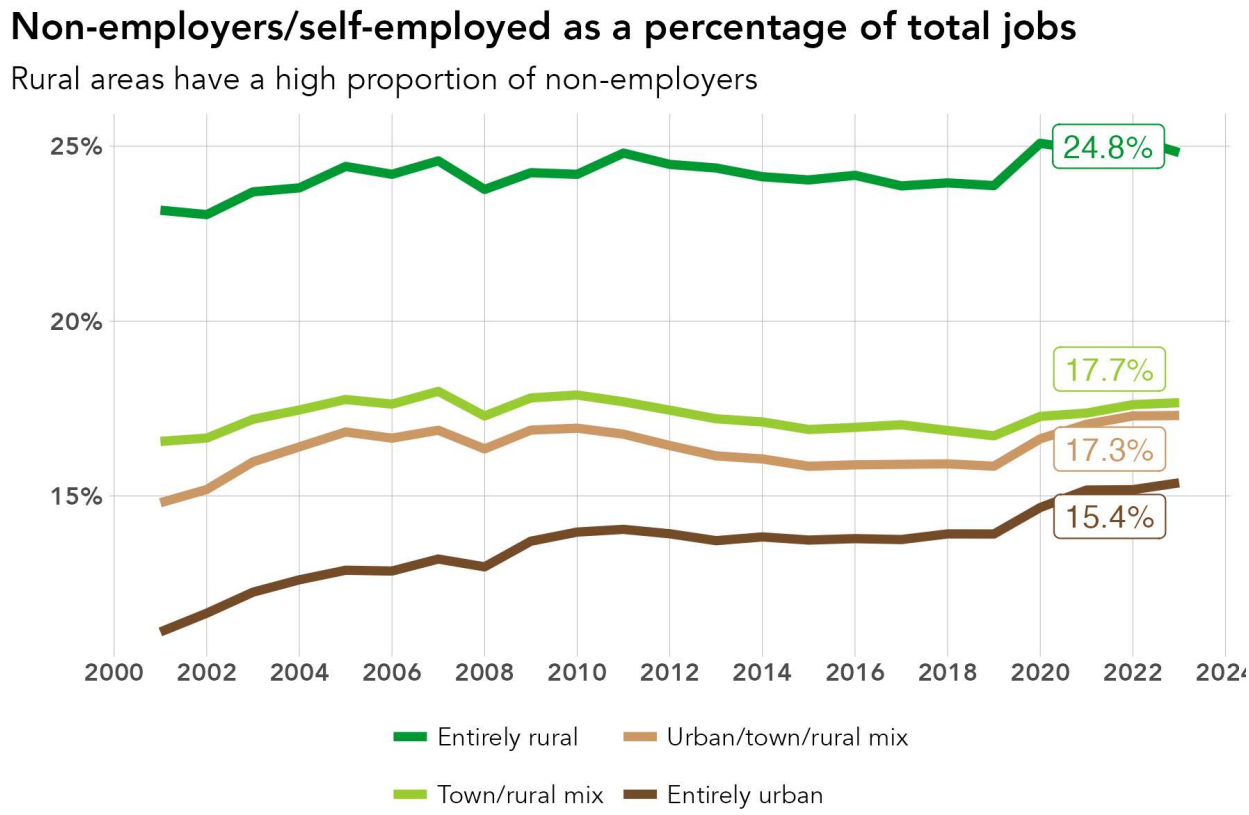

Figure 11: The percentage of the workforce recognized as operating non-employer businesses is significant in most rural areas of Minnesota. Being a non-employer means an individual operates a non-farm business with no employees, has annual business receipts of at least $1,000, and is subject to federal income tax. Data: Census Bureau, Non-Employer Statistics | MN DEED - QCEW

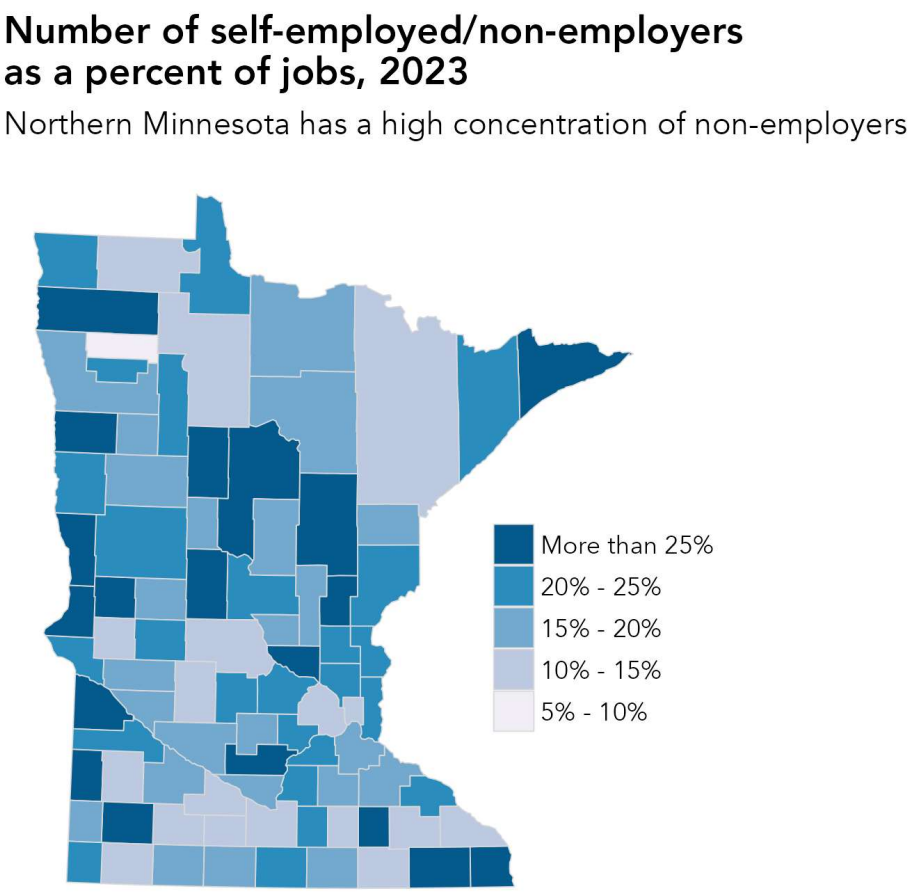

Figure 12: The highest number of self-employed and non-employers as a percentage of total jobs are in northern Minnesota. Data: U.S. Census Bureau, Non-Employer Statistics | MN DEED - QCEW

Lower wages but lower cost of living

The gap in wages between rural and metro regions garners a lot of attention. Policy makers and other leaders continue to point at this gap as cause for concern. Although the gap in earnings persists, however, it's important to note that when factoring in the lower cost of living, earnings and wages in our rural areas can be quite competitive with metropolitan areas.

Let's start by examining the gap in median household incomes and their change. Figure 13 shows the median household income in 2024. It's easy to see that the largest incomes are in the seven county metro, where they range from $100,000 to more than $120,000, while rural areas are less than $80,000. However, the largest growth in median household incomes has occurred in rural areas. Along the western border, counties have seen their median household incomes grow by 100% to 140% since 2000, compared to less than 100% in many high median household-income counties.

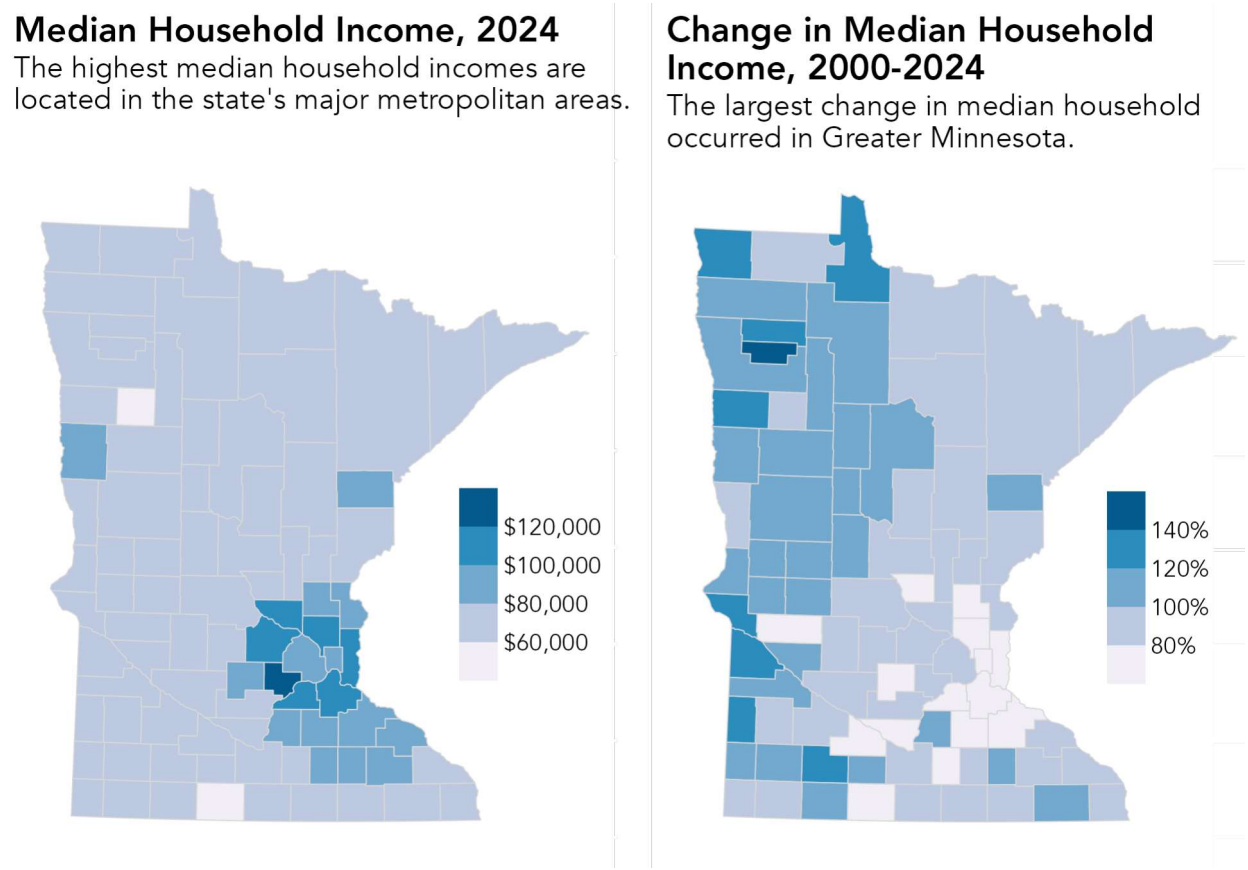

Figure 13: Earnings per capita show a persistent gap between entirely urban counties and the rest of the state. Data: Bureau of Economic Analysis, Regional Personal Income and Employment

We can also see this when examining earnings from the Bureau of Economic Affairs. This particular data includes not only wages earned, but also transfer receipts (i.e. social security), proprietors' income, rental income, interest earned and other forms of personal income earned and unearned. This can be an insightful way to explore income for rural areas since many households rely on many forms of income, and one of the major components—farm income—isn't included in wages.

Figure 14 shows that there remains a $20,000 gap in personal income per capita between entirely urban counties and all other county groups. However, the highest growth in personal income per capita continues to occur in our rural areas. Between 2000 and 2024, the entirely rural group saw the largest growth in earnings per capita at 166%, while town/rural mix counties grew by 158%. In comparison, the more urban county groups grew at lower rates.

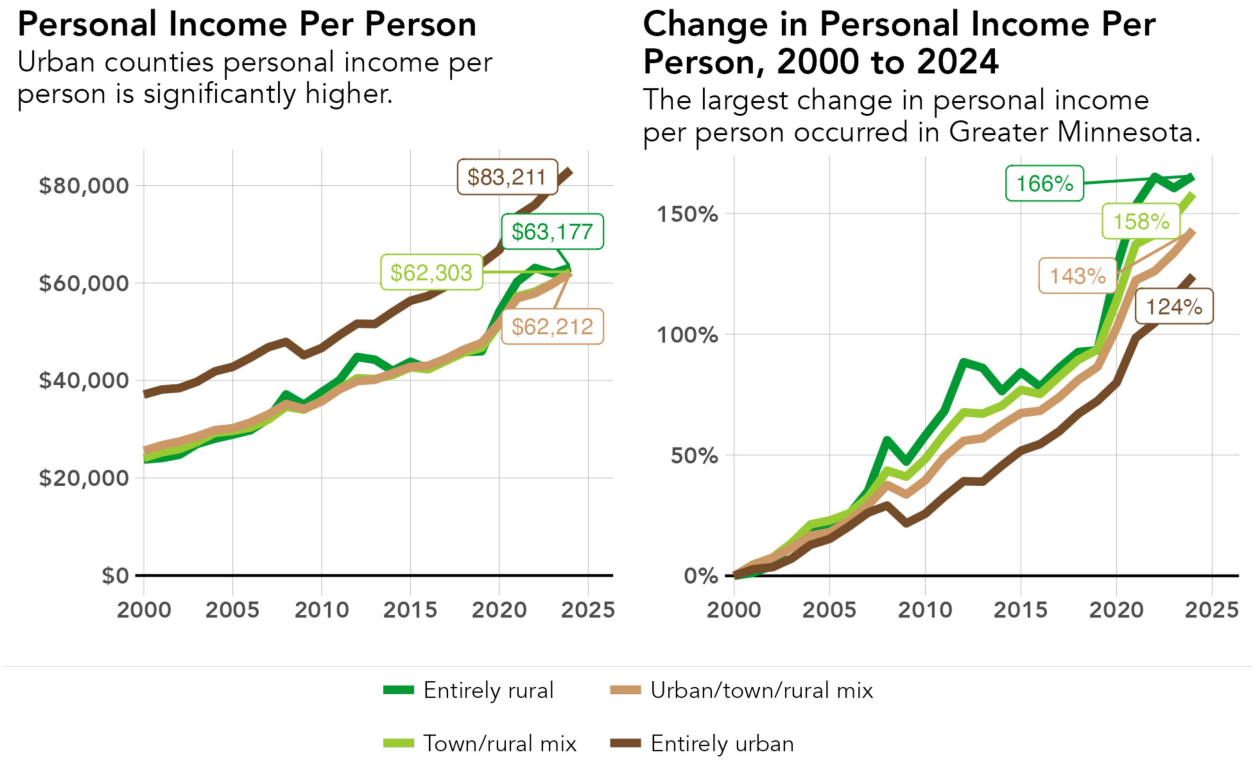

Figure 14: Increases in earnings among rural counties have outpaced those in urban areas. Data: Bureau of Economic Analysis, Regional Personal Income and Employment

An often-overlooked aspect of Greater Minnesota's economy is the variation in the cost of living from region to region. Part of the narrative surrounding the gap in wages is the assumption that lower earnings will make it harder to make ends meet. This is not necessarily true, however, making the other half of the equation, the cost of living, just as important to consider.

In Figure 15, the map highlights three data points for each county: the median wage, the median cost of living, and the percentage of the cost of living covered by its median wage. The cost of living is calculated by MN DEED and assumes a three-person household, one person working full-time and another working part-time, with one child needing childcare. As the map shows, even though wages tend to be lower in Greater Minnesota, cost of living tends to be also, and therefore the wages cover the local cost of living in most parts of Greater Minnesota. Much of that difference among counties is due to the difference in housing costs. There is also some variation around Greater Minnesota, particularly in

the central lakes area and north of the Twin Cities metro. Residents there are experiencing more challenges in meeting the cost of living with their lower wages.

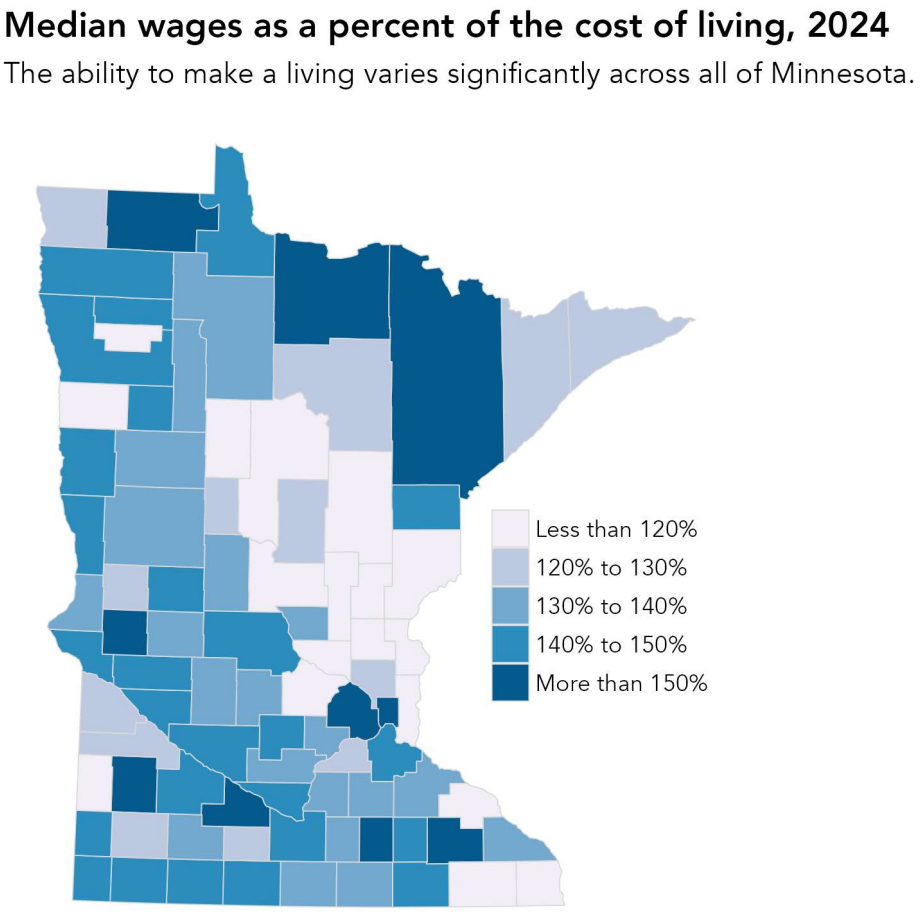

Figure 15: Even though wages in Greater Minnesota tend to be lower than in metro regions, the ability to afford the cost of living is comparable to metro areas. However, the central lakes area and north of the Twin Cities metro have a particularly challenging time meeting the cost of living with their median wages. Data: MN DEED Cost of Living & QCEW

Greater Minnesota feeling pressure to fill job vacancies

Job vacancies were increasing across the state and were at their highest levels at any point since 2005 until the pandemic broke that trend, at least for a short time, in 2020. Job vacancies then increased significantly in 2021. Rates have declined since that peak, but they are still above what is considered ideal in Greater Minnesota.

To get a sense of the pressure a region might feel in filling these vacancies, Figure 16 provides the average quarterly number of job vacancies for each year as a percentage of total jobs in the region. The higher the percentage, the more challenging it is to fill positions. After significantly high rates in 2021,

the rates have recovered some, and are now where they were in 2019. Northeast Minnesota is currently experiencing the highest percentage, with an average quarterly vacancy rate of 6.2%. At the same time, the Twin Cities metro's job vacancies have been consistently lower. A "healthy" vacancy rate is considered to be between 3% and 4.5%.

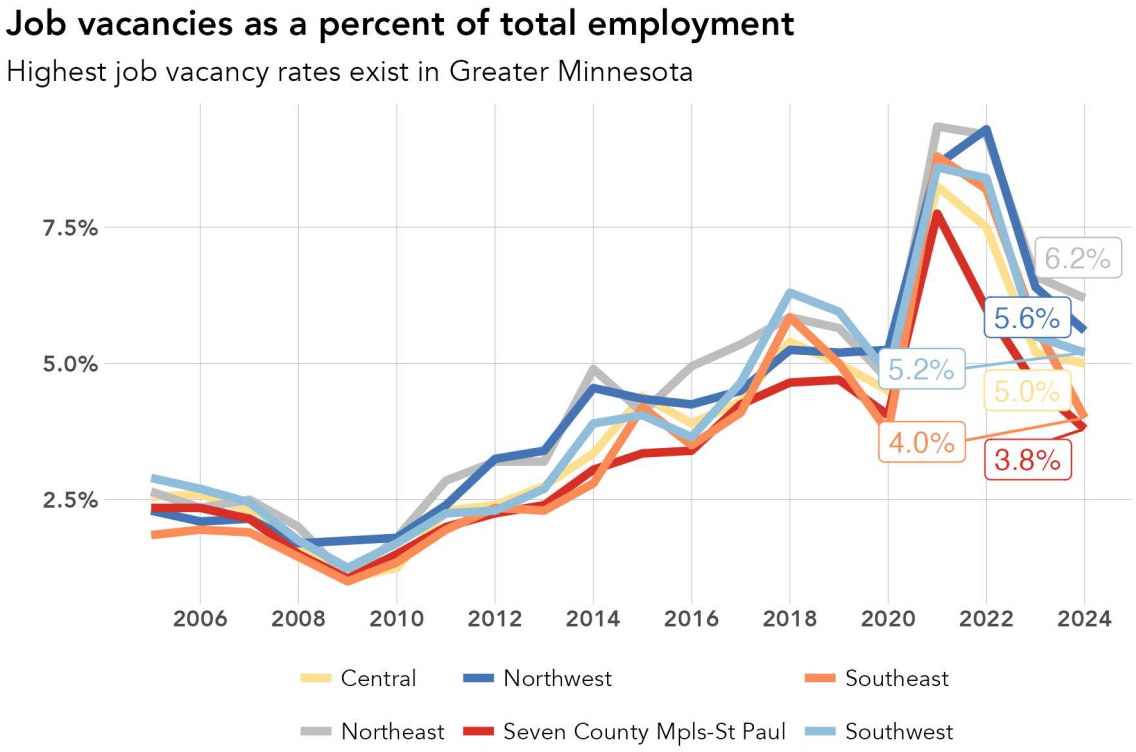

Figure 16: The job vacancy rate is the ratio of vacant job positions to all jobs. A high vacancy rate indicates a strong demand for workers. The highest job vacancy rates are found outside of the Twin Cities seven-county metro. Data: MN DEED Job Vacancy Survey

Directly related to job vacancies is the median wage, which continues to rise across the state. Although the median wage for all job vacancies is still lower in all of Greater Minnesota's regions compared to the seven-county metro area, the largest increases between 2005 and 2017 were in Greater Minnesota, closing the gap considerably as rural regions felt the worker shortage earlier and more acutely. Now that the seven-county metro is also beginning to feel the pinch for workers, their wages began to increase as well after remaining flat from 2009 to 2016 (Figure 17).

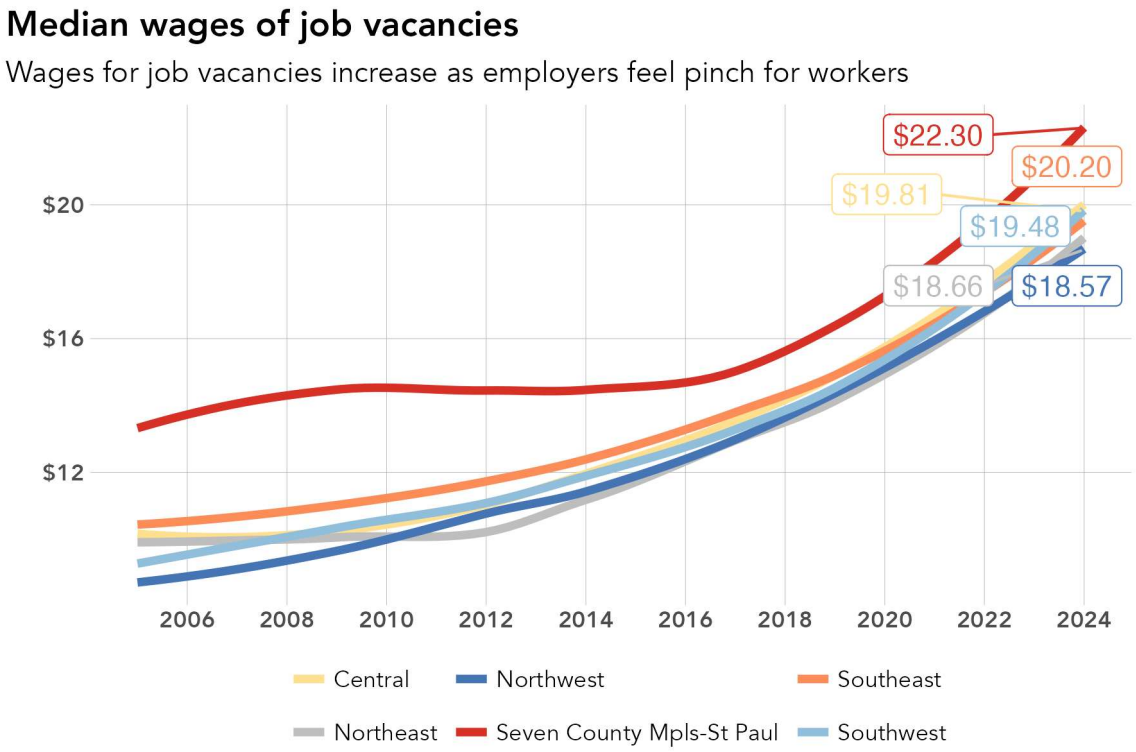

Figure 17: The median wages of all job vacancies in regions outside the Twin Cities are increasing steadily, as are the wages in the Twin Cities now. Data: MN DEED Job Vacancy Survey

Use of public assistance varies significantly across Minnesota.

Public assistance payments refer to assistance programs that provide either cash or in-kind benefits to individuals and families from any governmental entity. It includes social welfare programs such as the Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI) and Special Supplemental Nutrition Program for Women, Infants and Children (WIC). It does *not* cover social insurance programs such as Social Security, worker's compensation, or unemployment.

Figure 18 shows significant variation in the public assistance received per capita across all counties of Minnesota. The northern half of Minnesota tends to have higher public assistance per capita due to the higher rate of poverty in those counties. The counties with the highest public assistance received per capita are Mahnomen ($127 per capita), Grant ($101 per capita), Kandiyohi ($96 per capita) and Beltrami ($88 per capita). The lowest are Lake of the Woods ($1 per capita), Chippewa ($13 per capita), Houston ($17 per capita) and Cottonwood ($17 per capita).

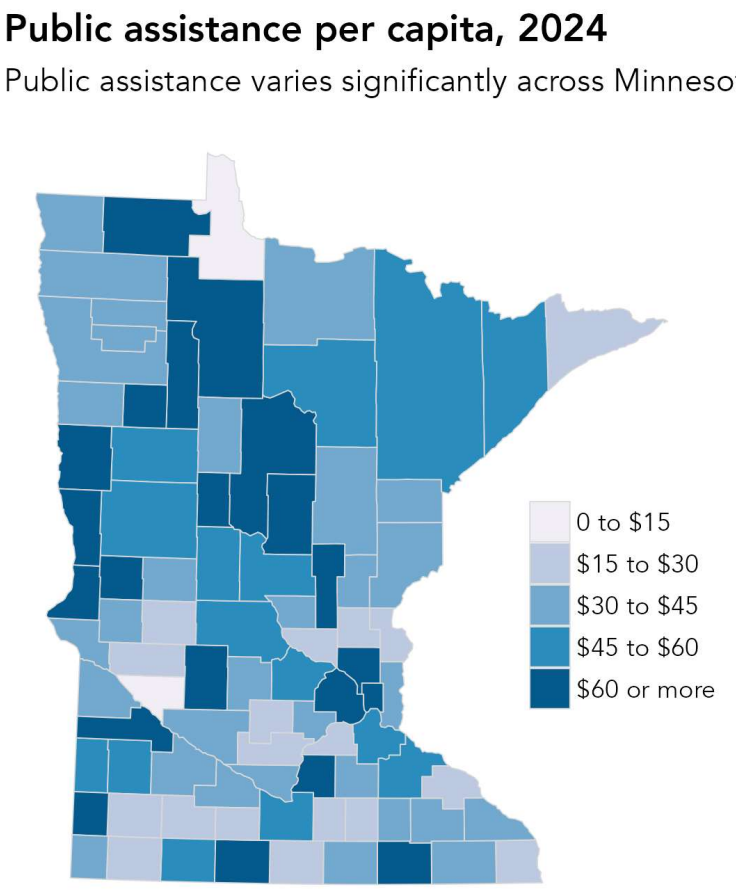

Figure 18: The northern half of Minnesota tends to have higher public assistance per capita due to the higher rates of poverty in those counties. Data: U.S. Census Bureau, ACS 5-year

Appendix: Rural-Urban Commuting Areas

Throughout this report we present information using four county groups developed by the State Demographer and Minnesota's Demographic Center derived from the USDA's Rural-Urban Commuting Area codes. This definition provides a handy way to look at counties by similar characteristics rather than location.

Staff at the Minnesota Demographic Center examined each Census tract in the state to determine its "type" using the definitions in the Rural-Urban Commuting Area framework (explained below). Each county was then classified by its "mix" of Census tracts. For example, if a county has one Census tract that can be defined as "small town" and all other Census tracts could be defined as rural, the county is categorized as "town/rural mix." 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.

Figure 19 shows how each county is categorized.

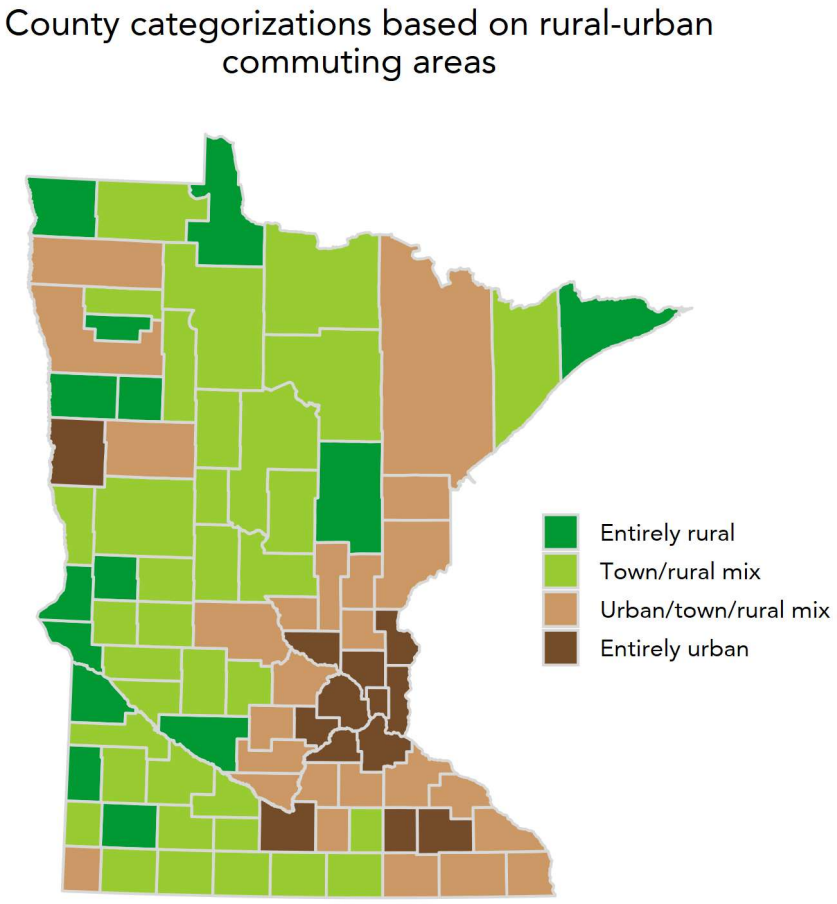

Figure 19: These categorizations are based on an analysis of the rural-urban commuting areas at each county's census tract level. Data: MN State Demographic Office

The United State Department of Agriculture Economic Research Service developed the Rural-Urban Commuting Area codes as a way to define geographic areas using more than population alone. These codes incorporate population density, urbanization, and daily commuting to define a geographic area. Below are the ten primary RUCA codes, grouped into their four geography definitions.

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 Minnesota State Demographer's office analyzed each county to determine the combinations of census tract types in each one. The counties were then categorized into 4 groups:,

- Entirely rural: every census tract was rural;
- Town/rural mix: the county had at least one census tract that was rural, and small or large town census tracts;
- Urban/town/rural mix: the county had at least one census tract that was rural, small or large town, and urban; and,
- Entirely urban: every census tract was urban.

For more information about these definitions check out their report, ***"Greater Minnesota: Refined & Revisited"***

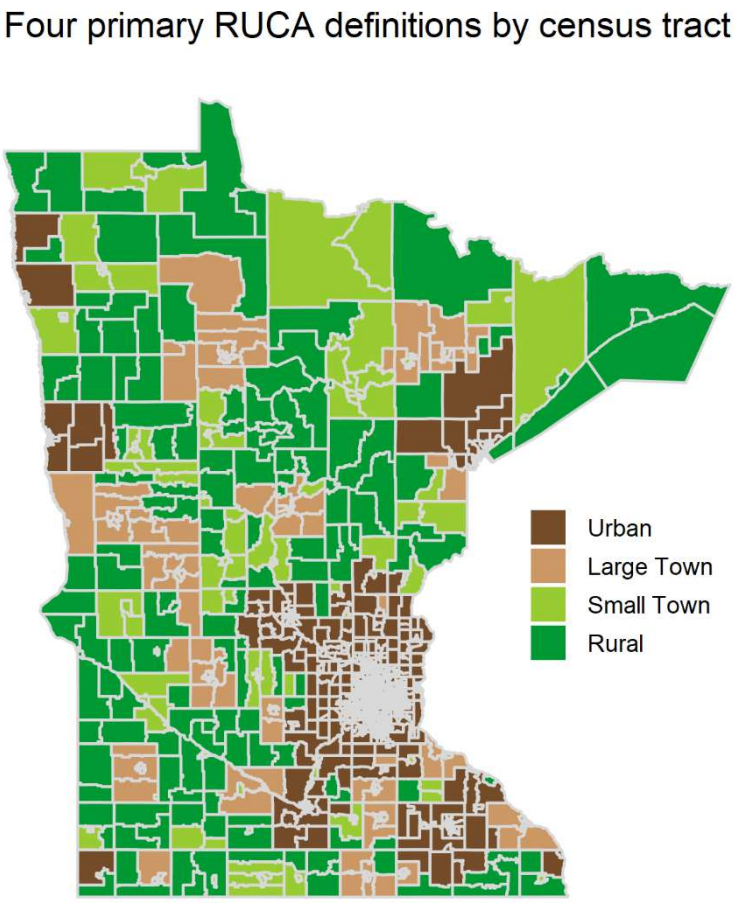

Figure 20: Each census tract was given one of the four definitions from the table above. Data: MN State Demographic Office