

# Wage Growth



Rural counties are receiving an ever-increasing slice of the economic pie.

# in Rural Utah

According to the United States Department of Agriculture (USDA), the earnings gap between urban and rural areas across the entire U.S. widened from 1979 to 2004. While the average annual nonmetropolitan wage was 80.9 percent of the average annual metropolitan wage in 1979, it fell to 67 percent by 2004. This paints a picture of rural counties receiving an ever-shrinking slice of the economic pie.

Have rural counties in Utah experienced slower wage growth than urban counties? Looking at wage data from 2001 to 2009, the situation in Utah is much different than for the U.S. Before discussing the data, we need to clearly define the terms “urban” and “rural.”

### The Urban/Rural Distinction

The distinction between urban and rural areas can be defined in dozens of different ways. The USDA uses a definition based on the geographic boundaries, the Census Bureau focuses on population density per square mile, and some economic definitions take into consideration the possibility of workers commuting from less populated areas to large cities. Which definition is correct?

There is no “correct” definition for differentiating urban from rural, but one might be more or less useful for some purpose. Because wage data is typically aggregated at the county level, a useful definition is one that classifies whole counties as urban or rural. The U.S. Office of Management and Budget (OMB) developed the definitions used here and they classify counties as metropolitan, micropolitan, or neither. A metropolitan area includes one or more counties around an urbanized area of more than 50,000 people and a micropolitan area includes one or more counties around an urbanized area between 10,000 to 50,000 people. The OMB does not refer to rural counties as neither metropolitan nor micropolitan, but they will be referred to as such for convenience. The table shows all of Utah’s 29 counties classified according to these definitions.

### County Wage Growth

As the graph reveals, the annual wage in 2001 was highest in metropolitan counties and lowest in rural counties, with micropolitan counties falling in between. This same pattern held true in 2009. We can see that rural wages are still lower than urban wages. But how have wages changed over time?

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## Annual Wages for Metropolitan, Micropolitan, and Rural Counties • 2001 and 2009



Metropolitan Counties	Cache, Davis, Juab, Morgan, Salt Lake, Summit, Tooele, Utah, Washington, and Weber Counties
Micropolitan Counties	Box Elder, Carbon, Iron, and Uintah Counties
Rural Counties	Beaver, Dagget, Duchesne, Emery, Garfield, Grand, Kane, Millard, Piute, Rich, San Juan, Sanpete, Sevier, and Wayne Counties

Source: Utah Department of Workforce Services.

Between 2001 and 2009, wages grew fastest in the rural counties and slowest in the metropolitan counties (see graph). Micropolitan counties also experienced higher wage growth than the metropolitan counties. As we can see, wages in rural and micropolitan counties are catching up to those in metropolitan counties. Whereas the rural-metropolitan wage gap was 24.3 percent in 2001, it shrank to 18.5 percent in 2009. In contrast to the finding for the U.S., rural counties in Utah are receiving an ever-increasing slice of the economic pie. 📈

### Wage Growth from 2001 to 2009



Source: Utah Department of Workforce Services.



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