Farm Downturn, Population Change and the Impacts on Rural Communities

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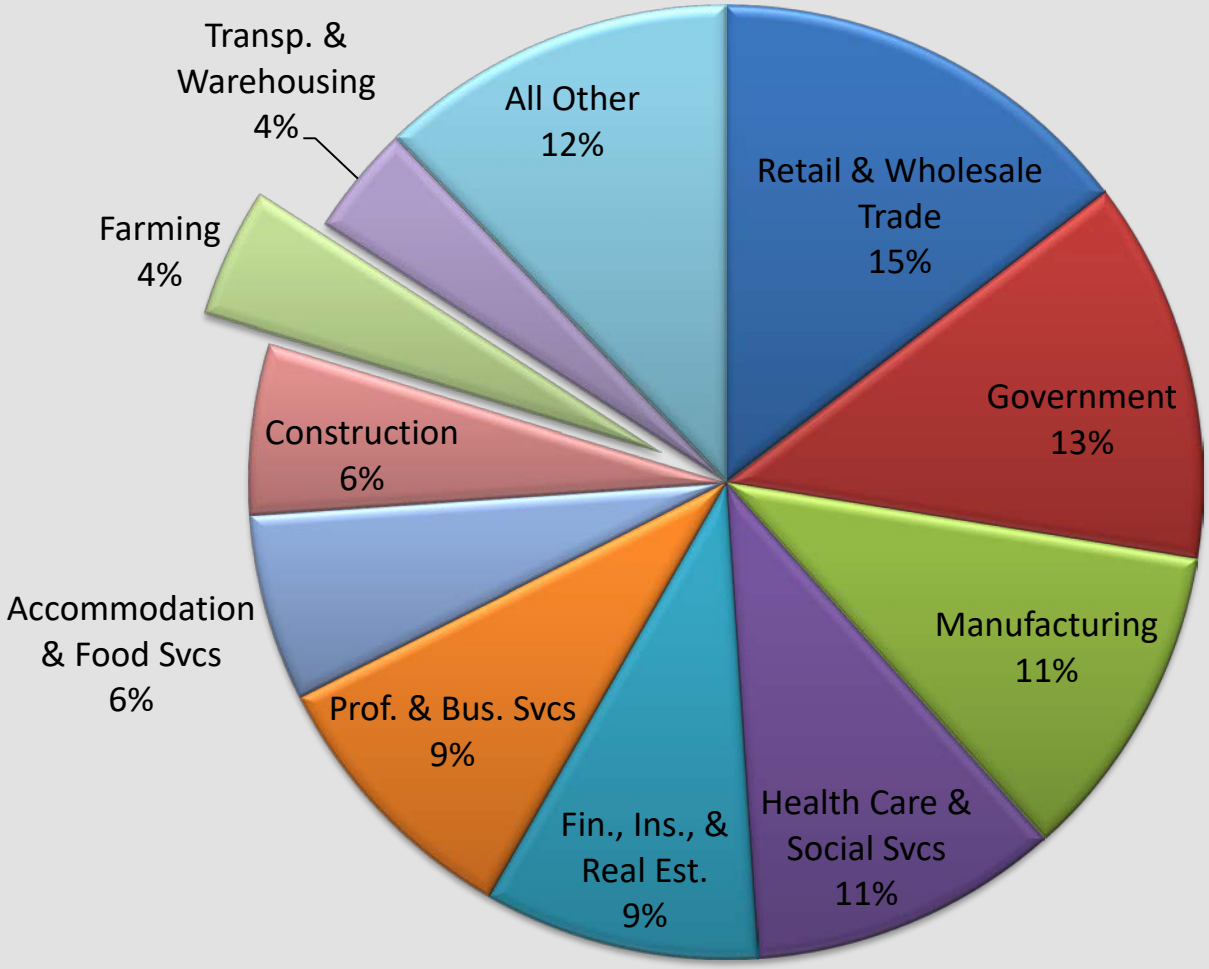
Context

- Iowa has had sharp swings in ag sector profitability over the years
- Many farmers in the Iowa are currently struggling due to continuing low commodity prices
- The consequences of ag booms and busts are felt differentially among the states, but are especially acute in Iowa because of the state's prominence
- Rural area economic health has several other important structural problems besides agriculture

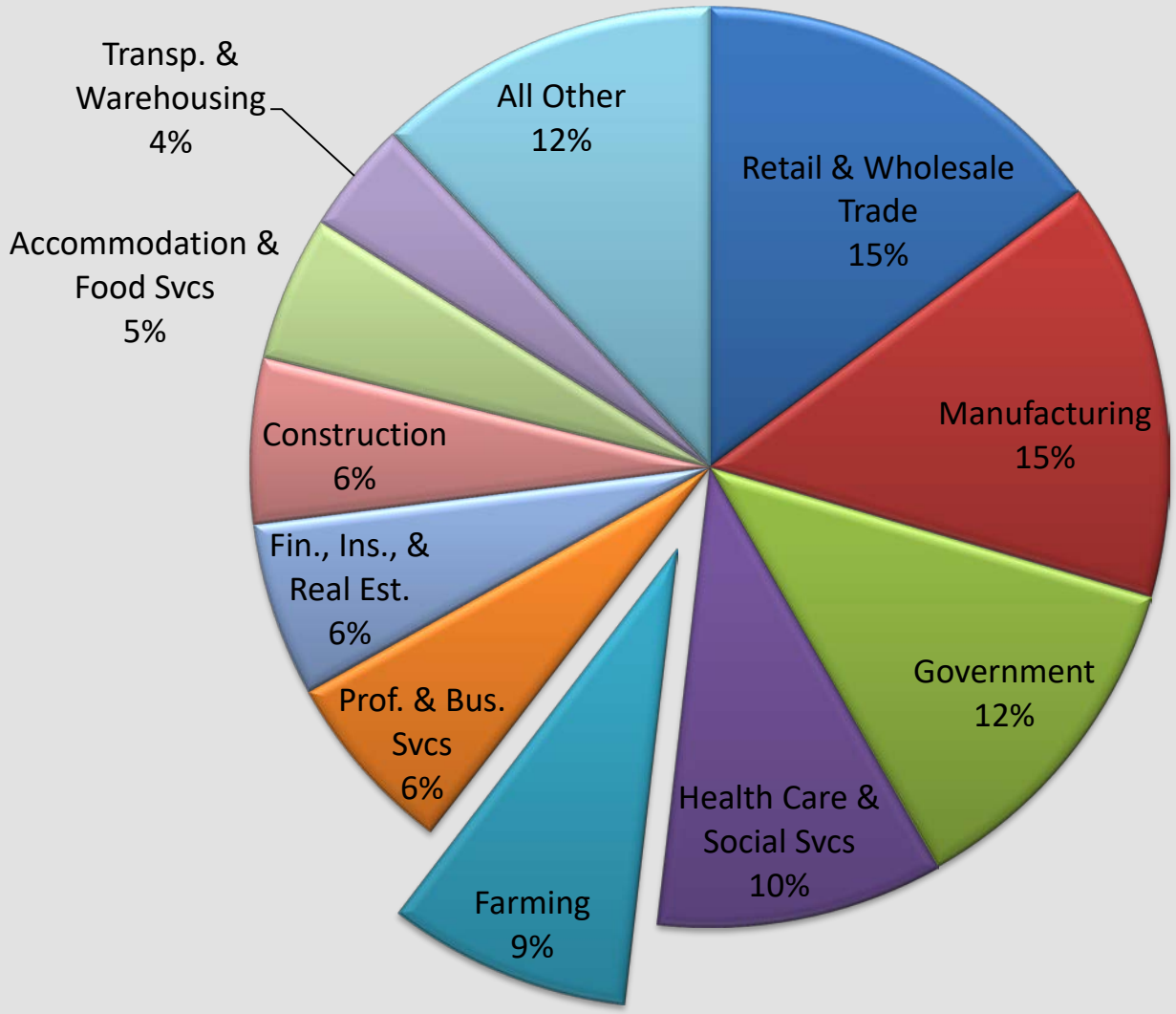
What do we need to know?

- Composition of Iowa's nonmetropolitan economy
- Consequences of changes over time
- Demographic dynamics
- Outlook

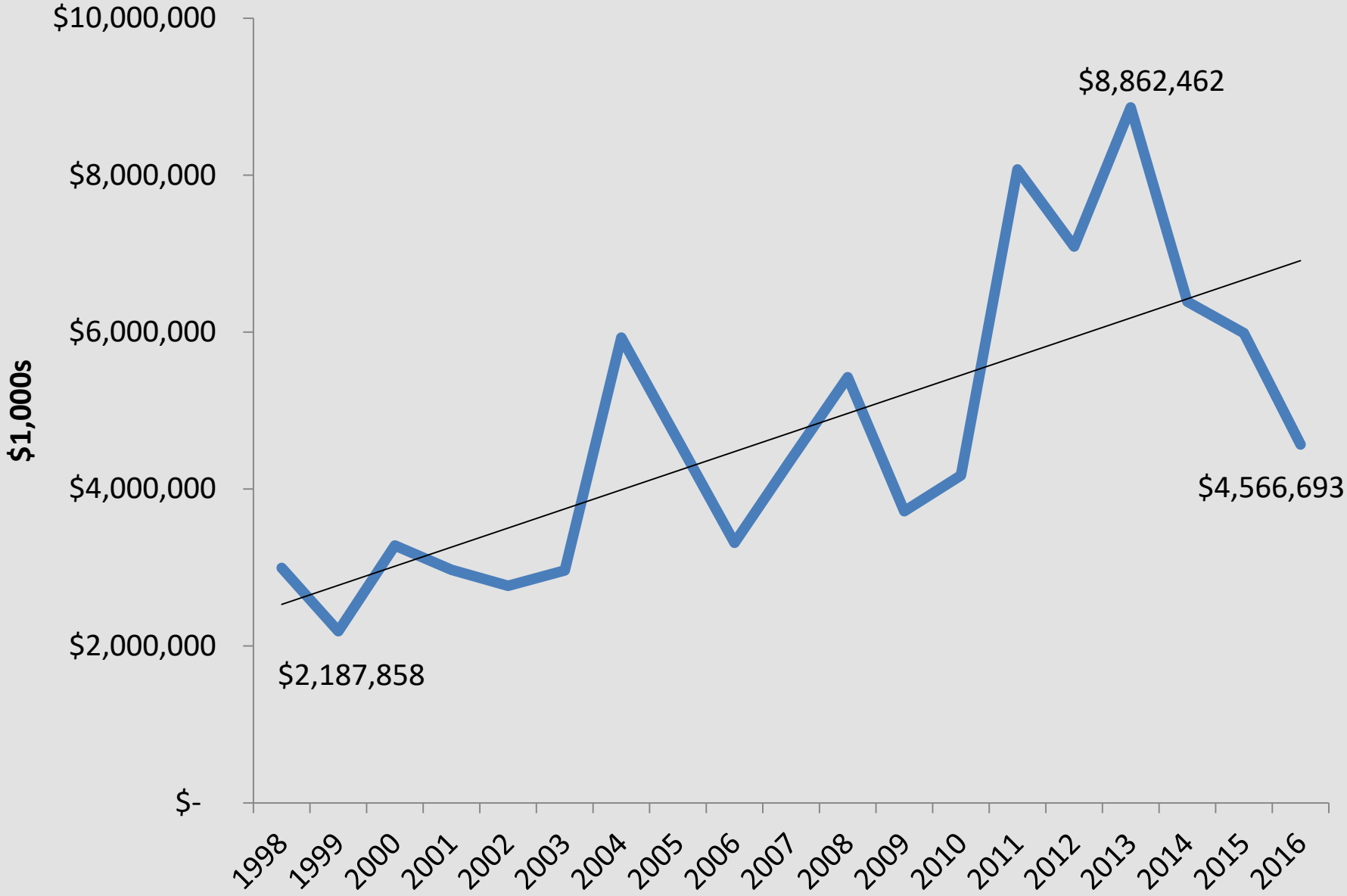
Distribution of Jobs by Major Industrial Group in 2015: State of Iowa

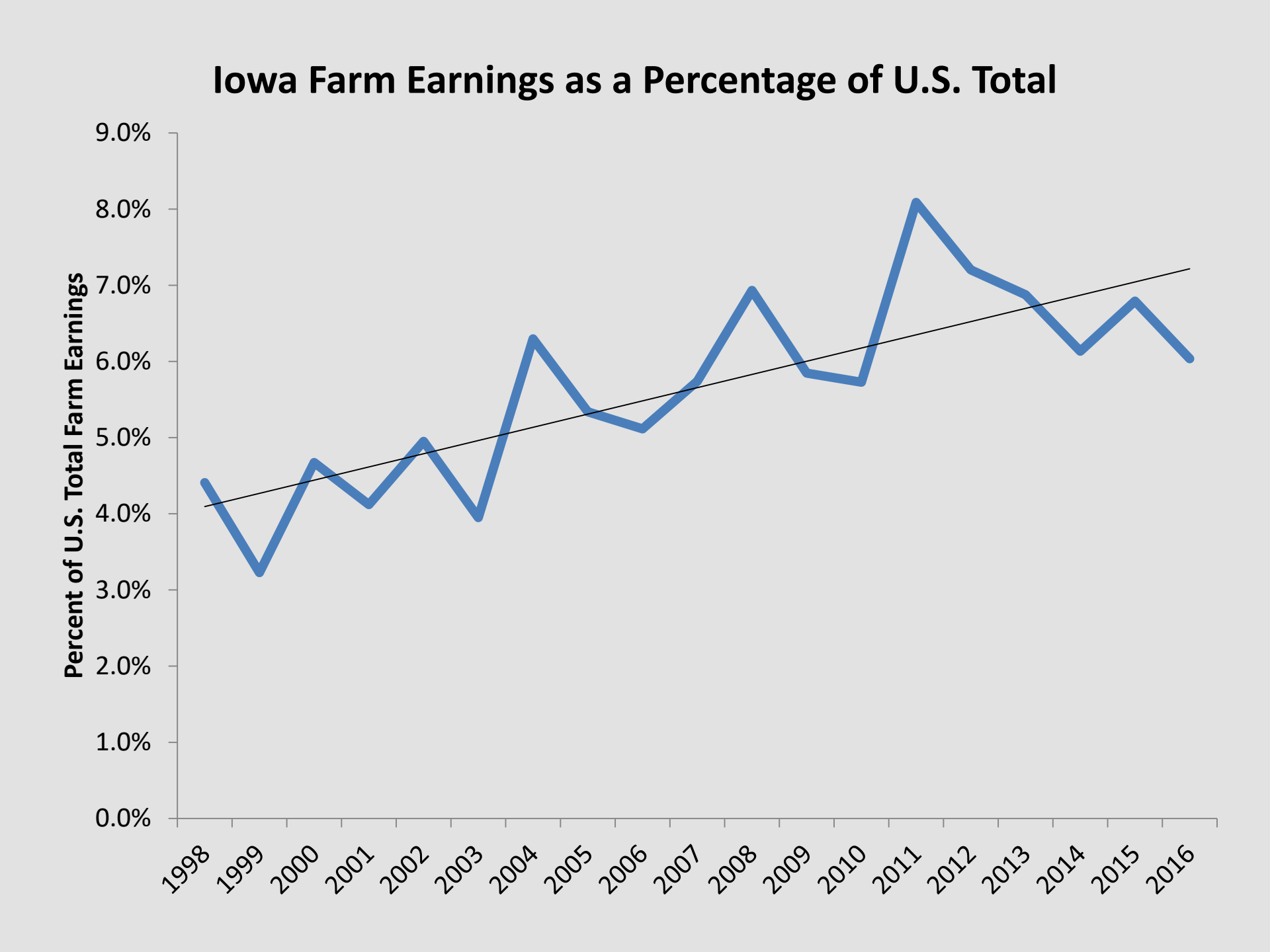


Distribution of Jobs by Major Industrial Group in 2015: Non-metropolitan Iowa



Iowa Farm Earnings in Constant 2016 Amounts




Iowa Farm Earnings as a Percentage of U.S. Total
Percent of U.S. Total Farm Earnings
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
1998
1999
2000
2001
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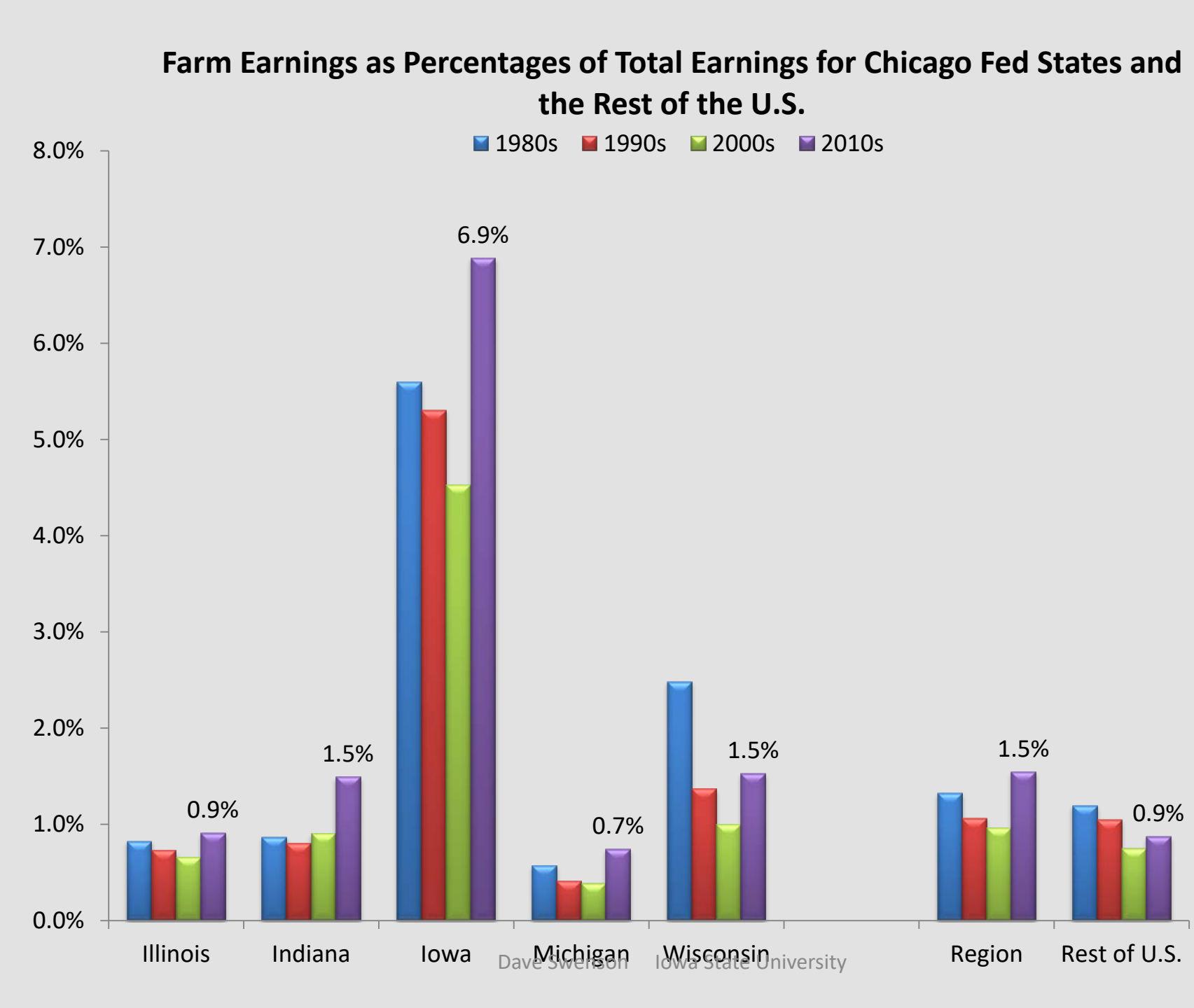
2012
2013
2014
2015
2016



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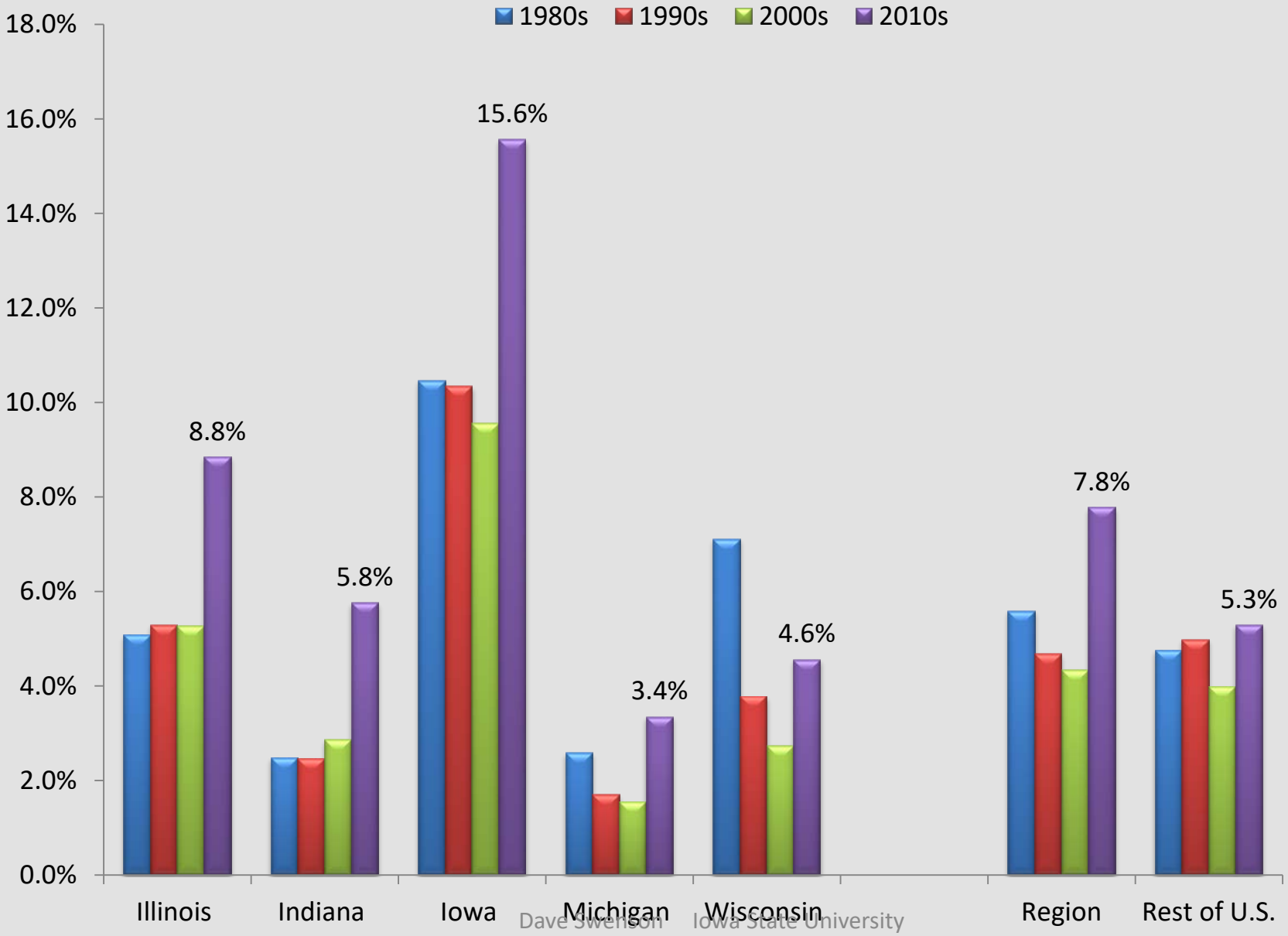
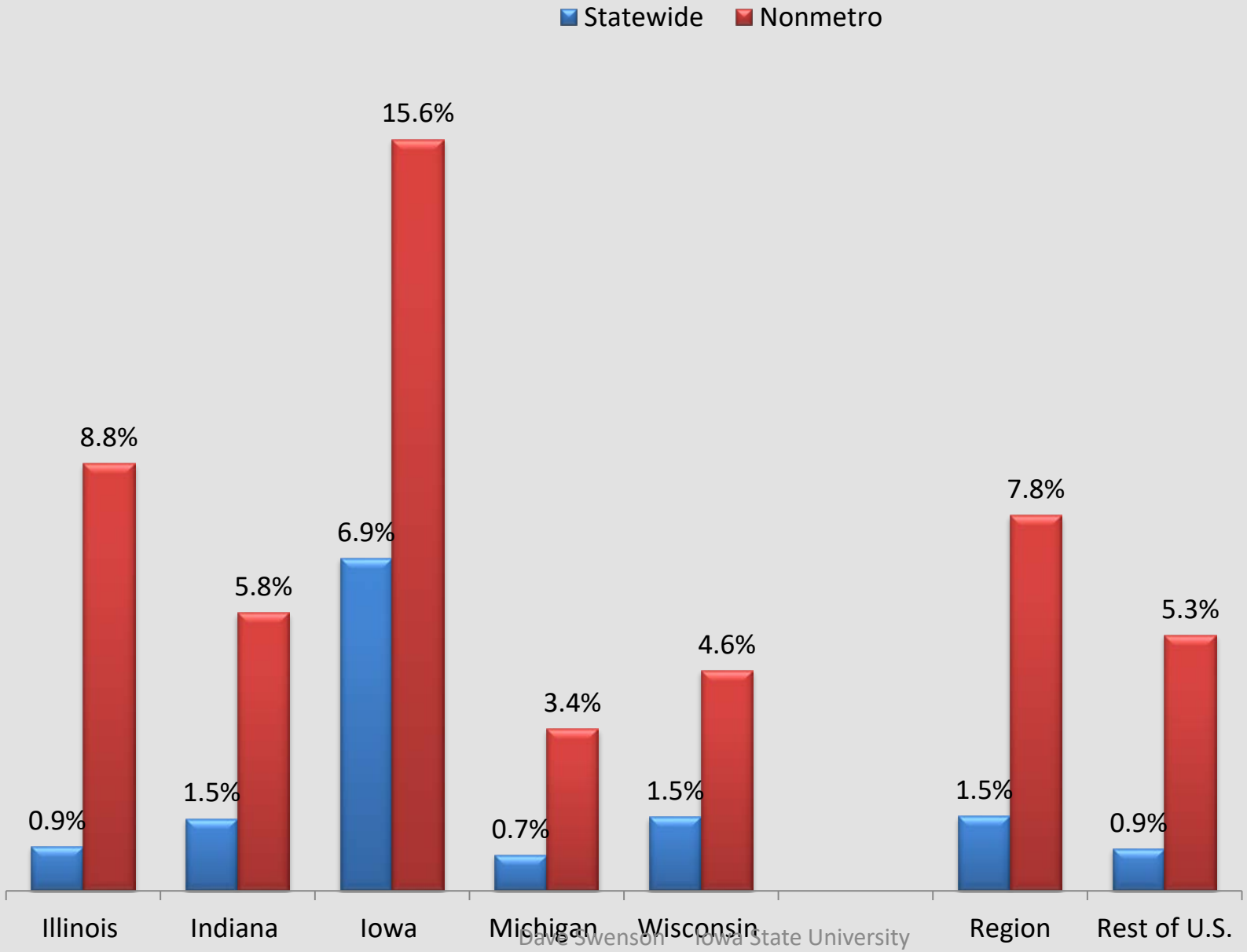
NonMetropolitan Area Farm Earnings as Percentages of Total Earnings for Chicago Fed States and the Rest of the U.S.

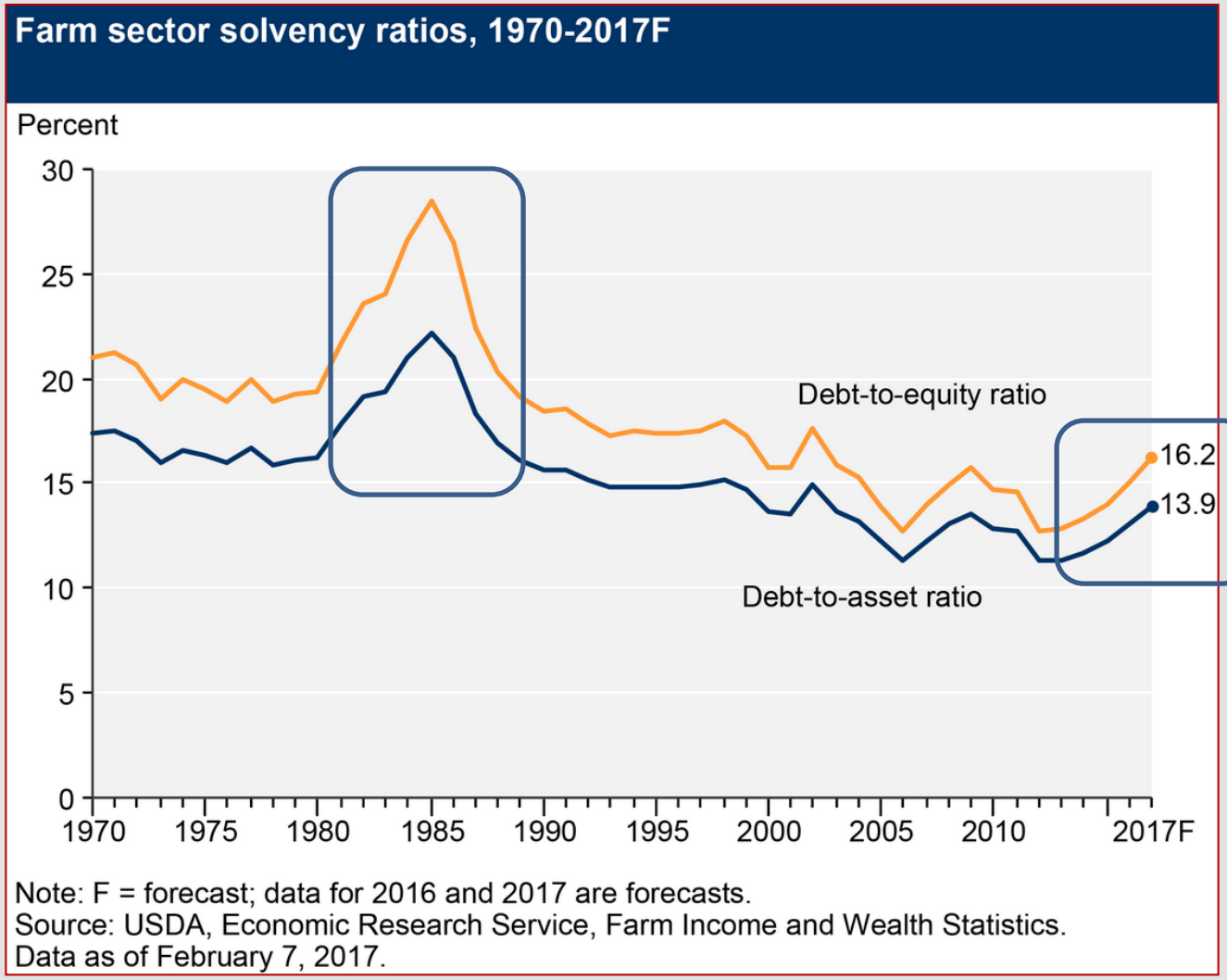


Statewide and NonMetropolitan Area Farm Earnings as Percentages of Total Earnings for Chicago Fed States and the Rest of the U.S.: 2010-2015

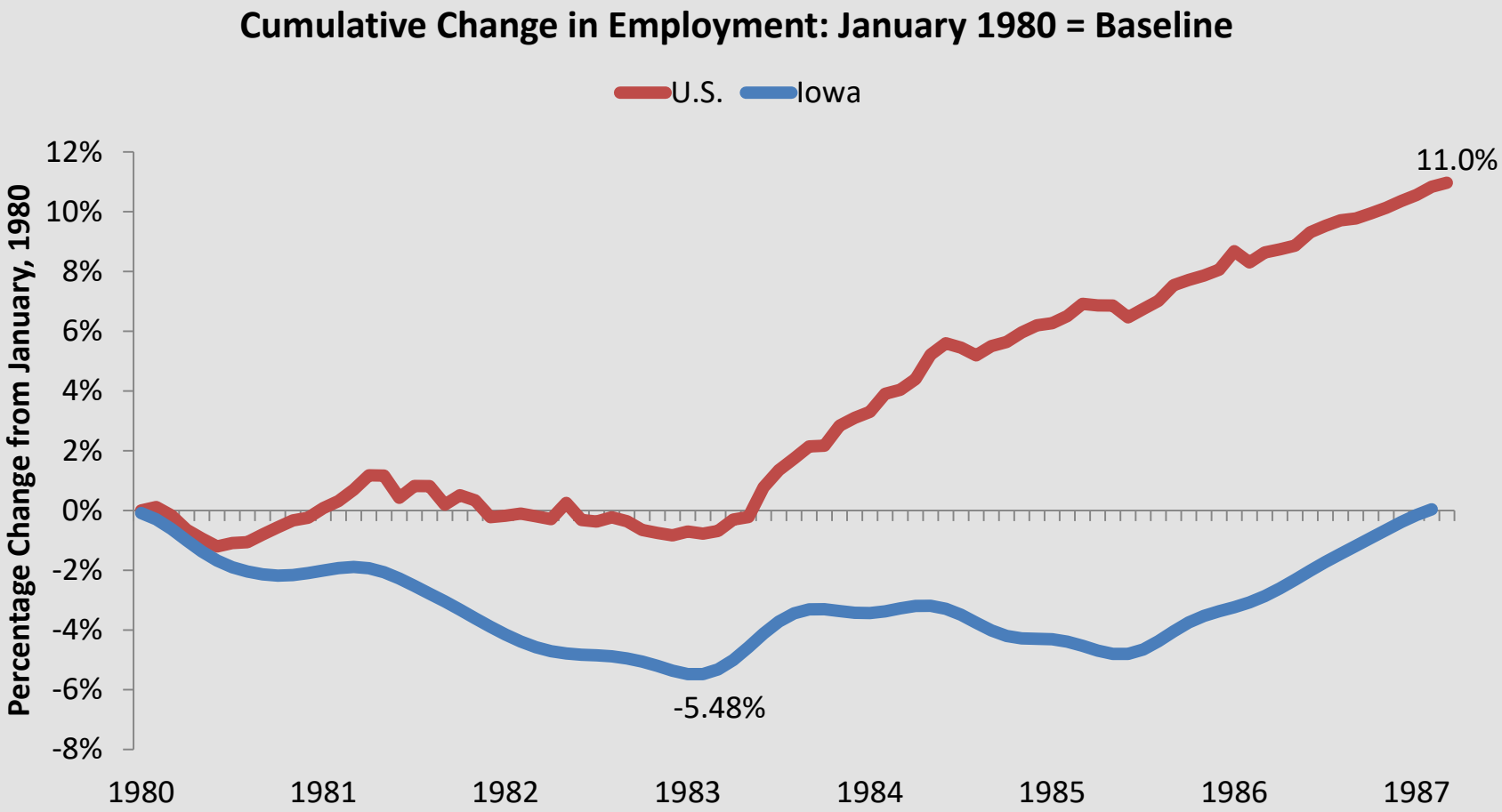


Perspective

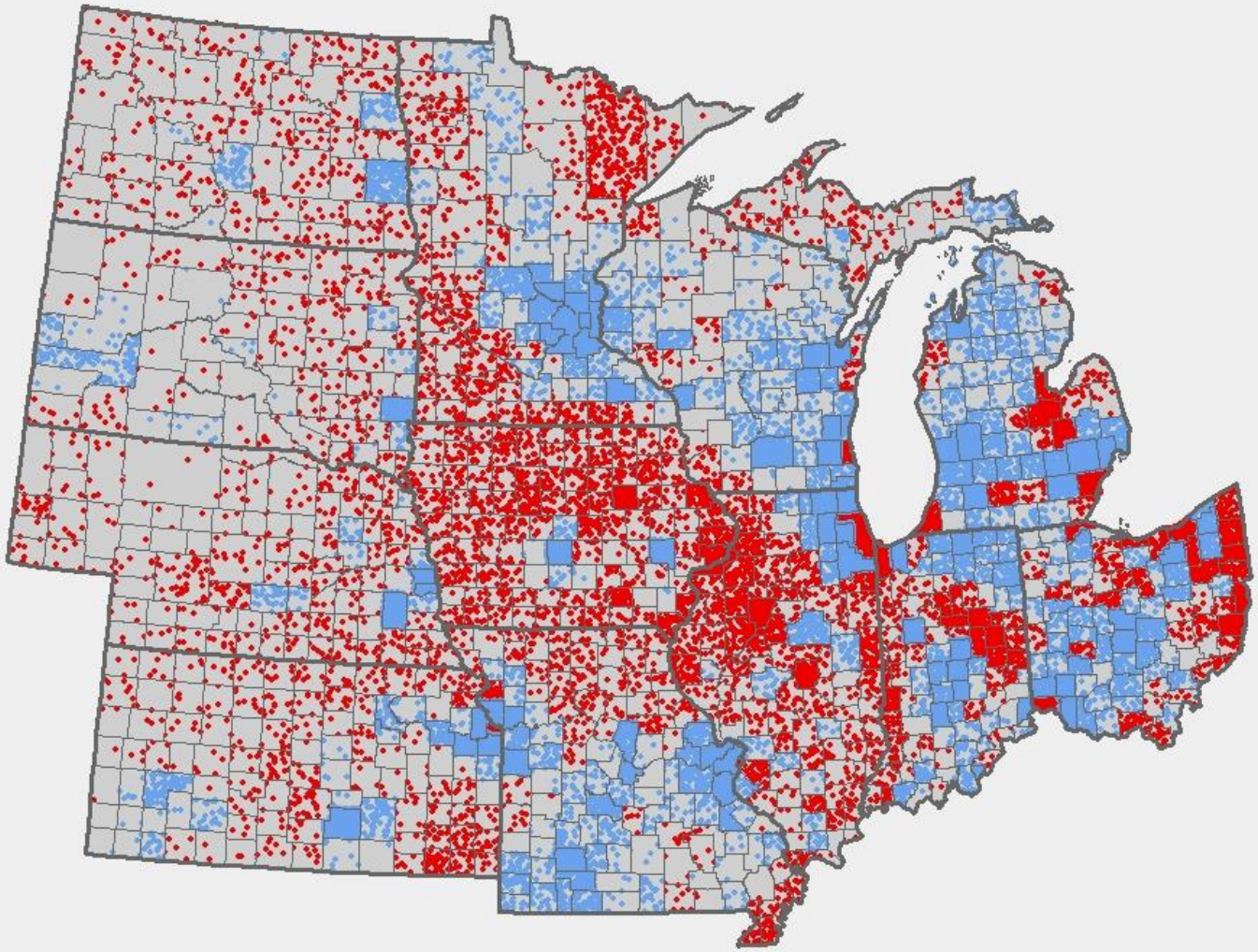
U.S. farmer financial conditions are not what they were in the 1980s



A quick look at conditions in the 1980s

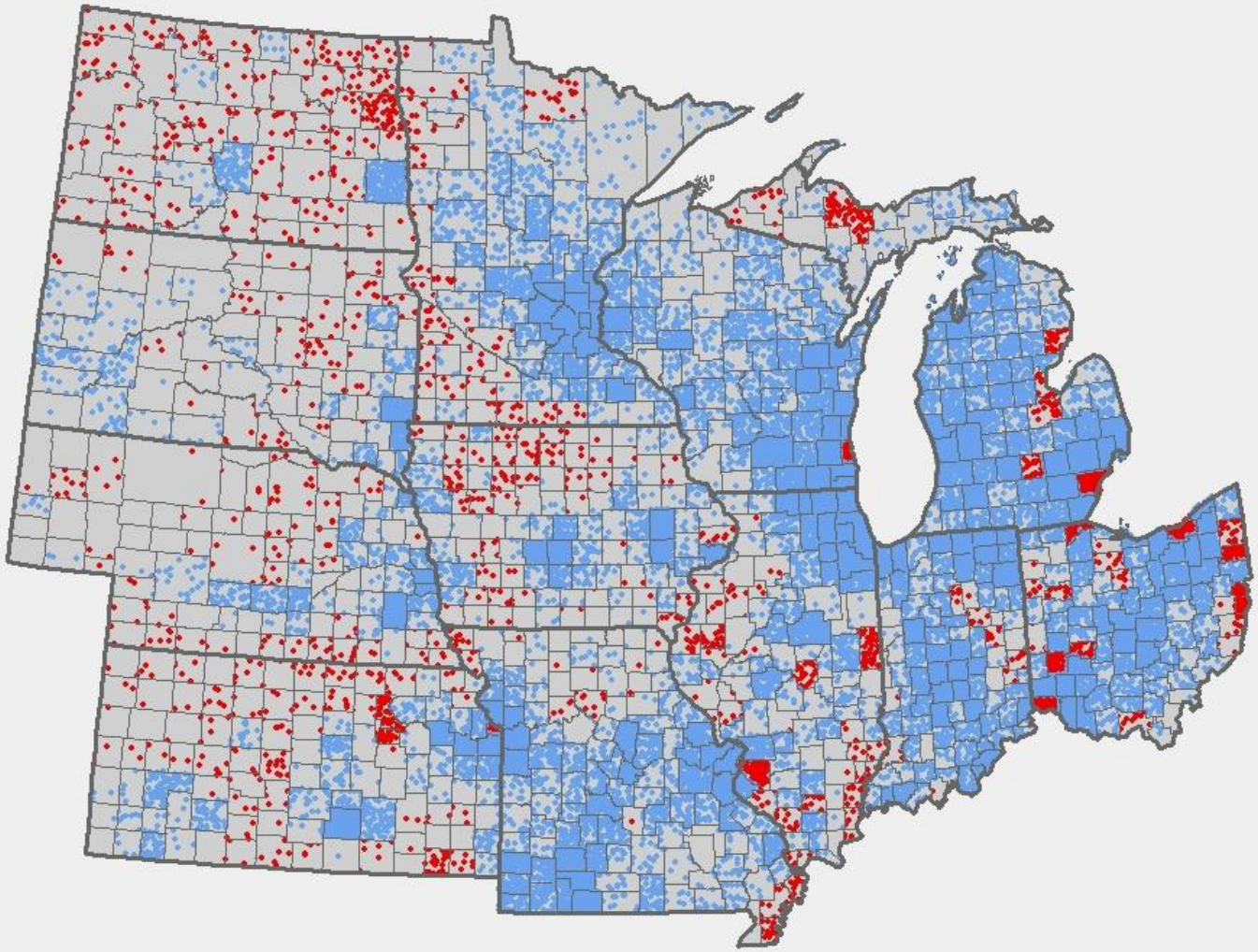


County Population Change from 1980-1990



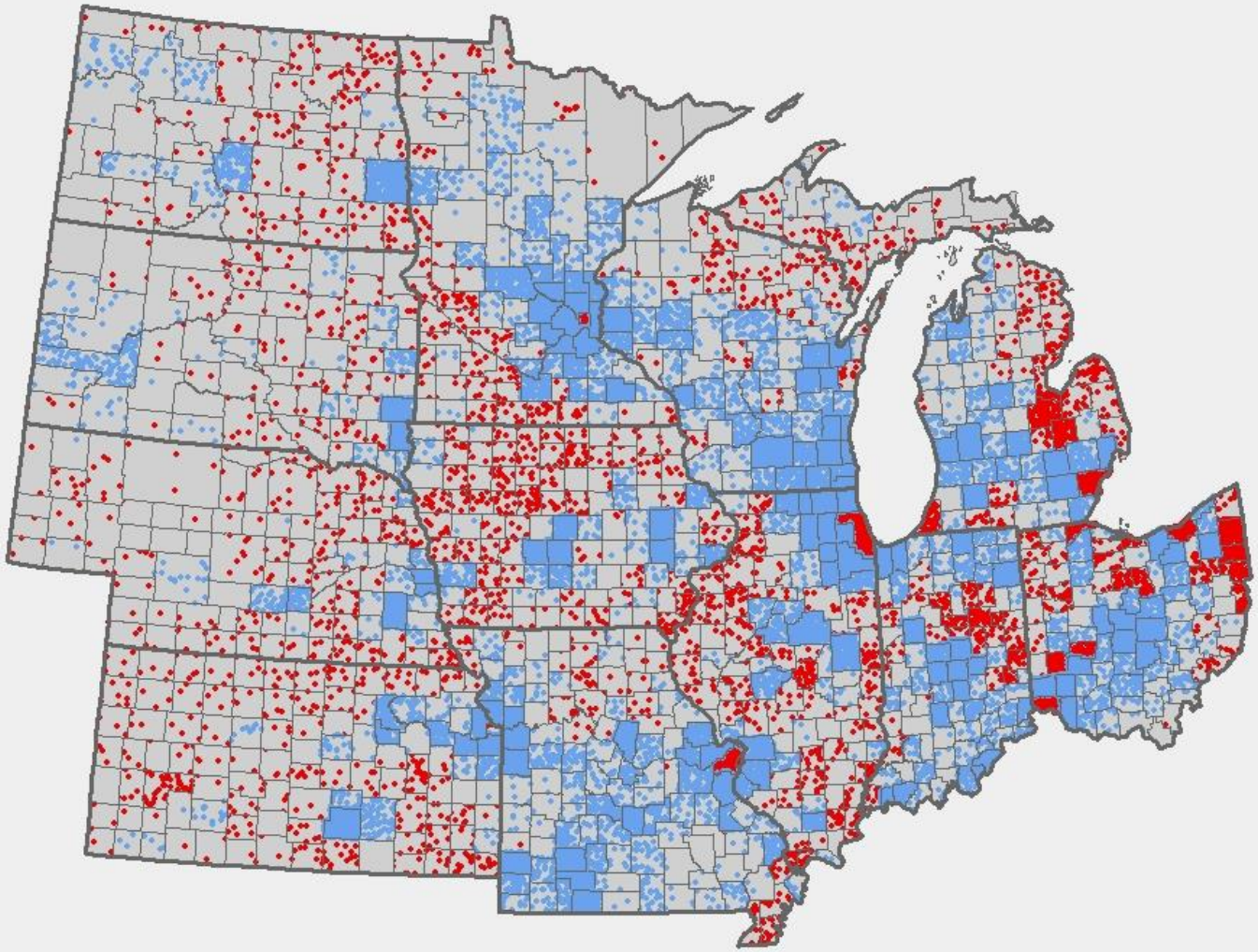
Each dot represents a gain (blue) or loss (red) of 100 residents

County Population Change from 1990-2000



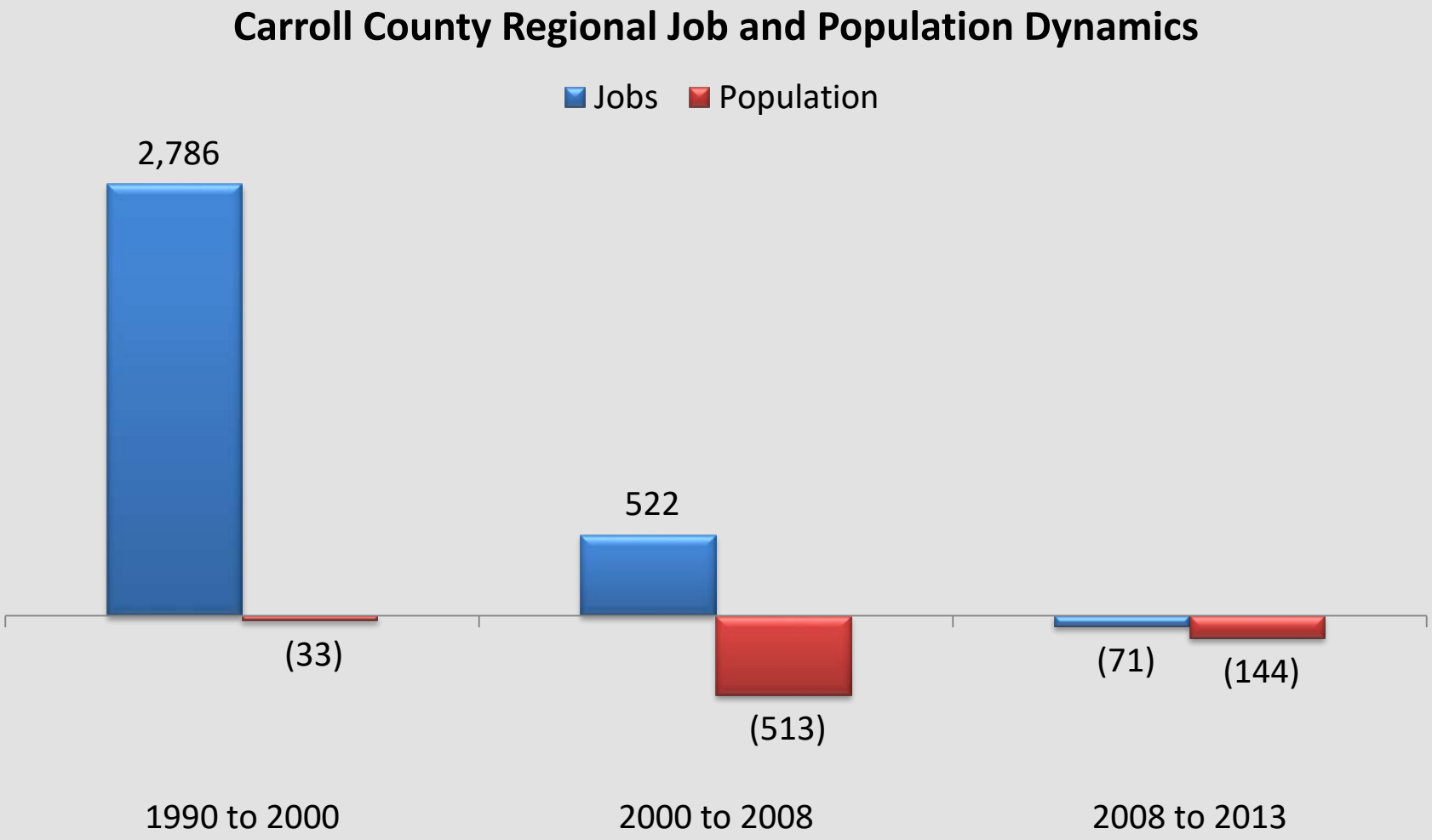
Each dot represents a gain (blue) or loss (red) of 100 residents

County Population Change from 2000-2010



Each dot represents a gain (blue) or loss (red) of 100 residents

The Carroll County Conundrum



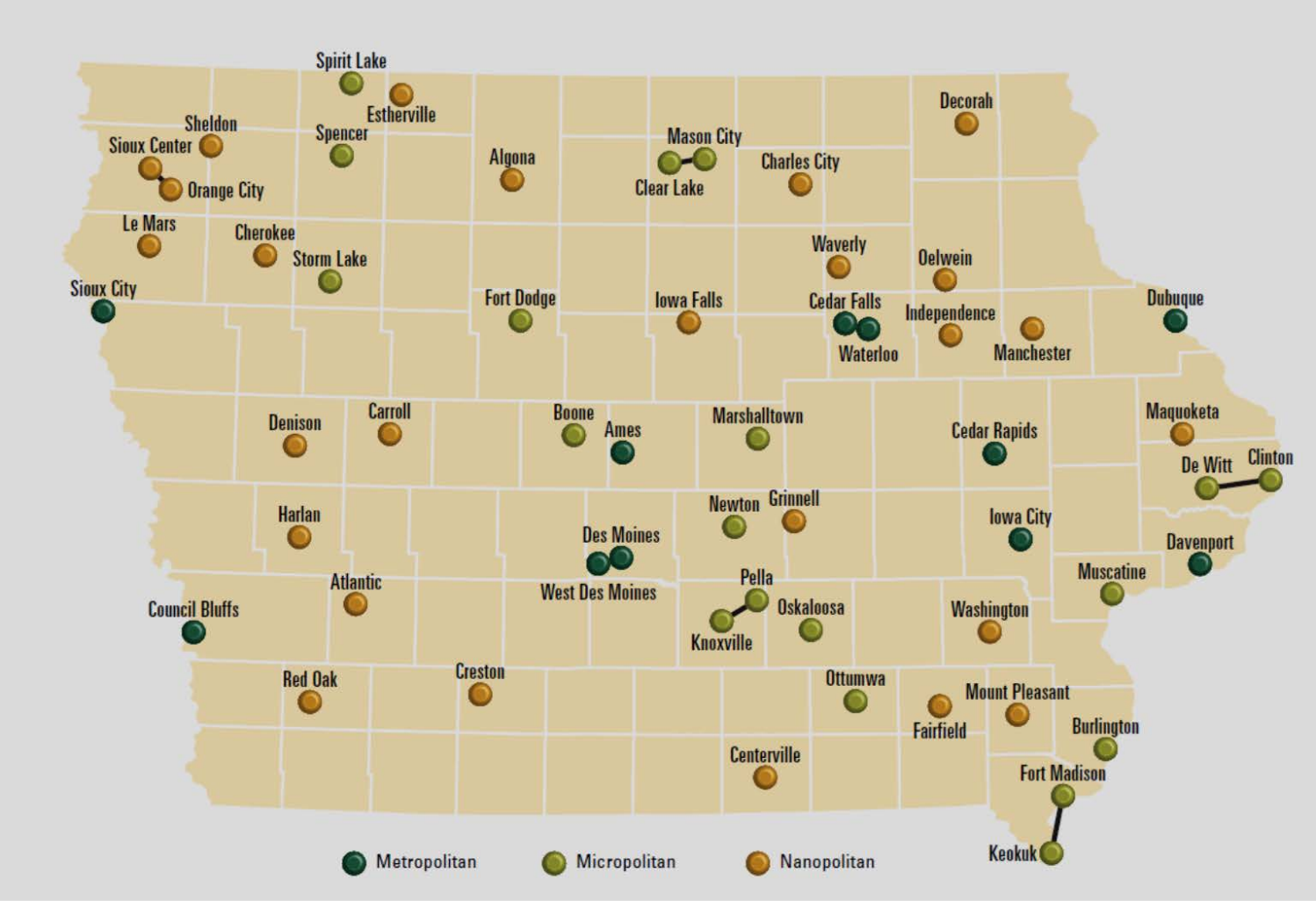
Most farm operator households derive majority of their incomes from off-farm sources

Farm Operator Household Income in 2015: Iowa

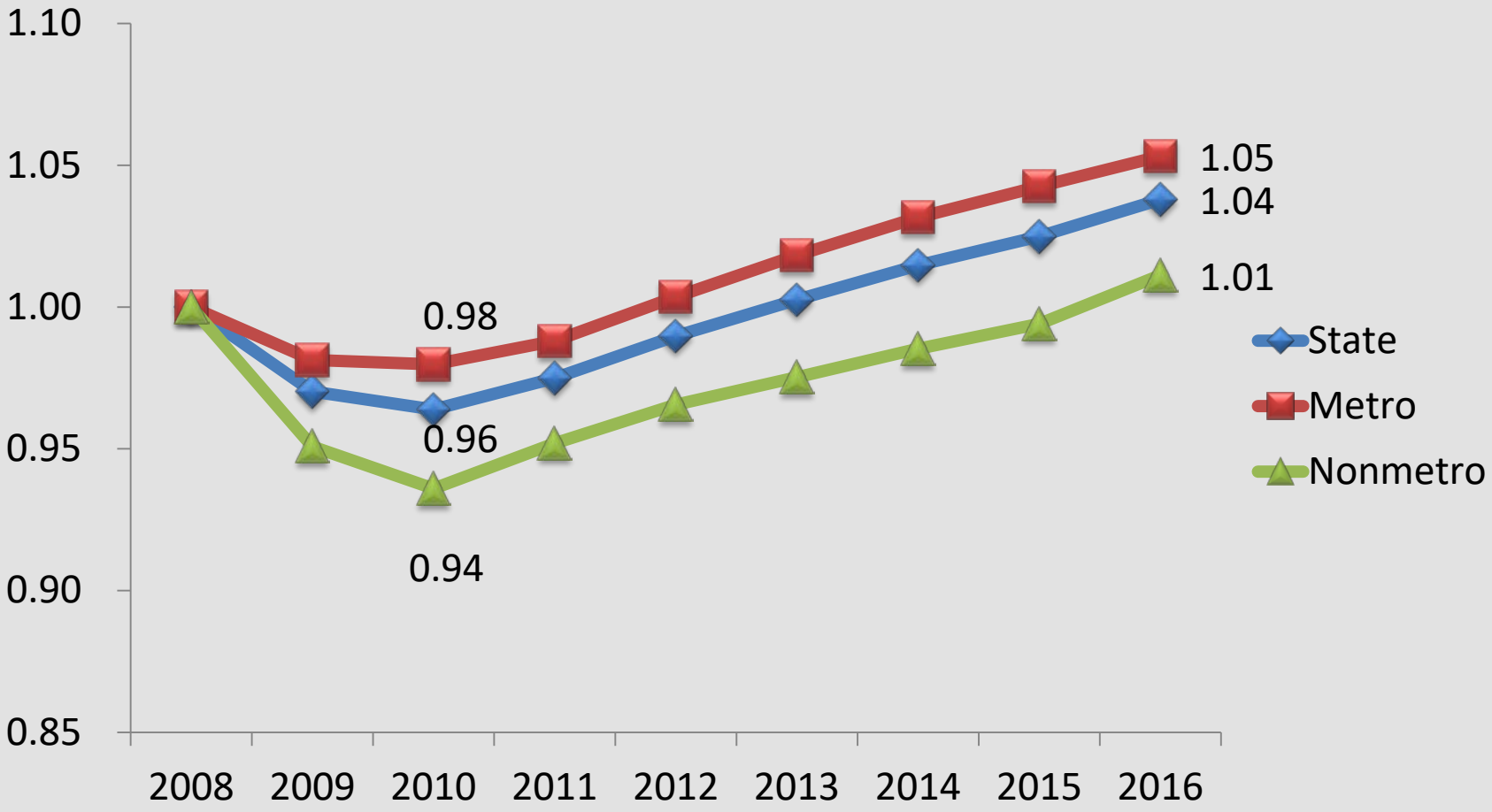
		Total Sales in 2015:		
	All Farm Households	$500K or More	$250K to $499K	Less than $250K
Farm Households (HH)	86,782	16,648	9,643	60,492
Percent of all farm households	*100%*	*19.2%*	*11.1%*	*69.7%*
Total operator household income (HHI)	$149,021	$326,175	$306,262	$102,877
Total operator household income from farming activities	$61,350	$213,891	$158,511	$16,544
Total operator household income from off-farm sources	$87,670	$112,284	$147,750	$86,333
Total Farm Household Income as a Percentage of U.S. Average Household Income	*188%*	*411%*	*386%*	*130%*

Source: USDA Agricultural Resource Management Survey (ARMS)

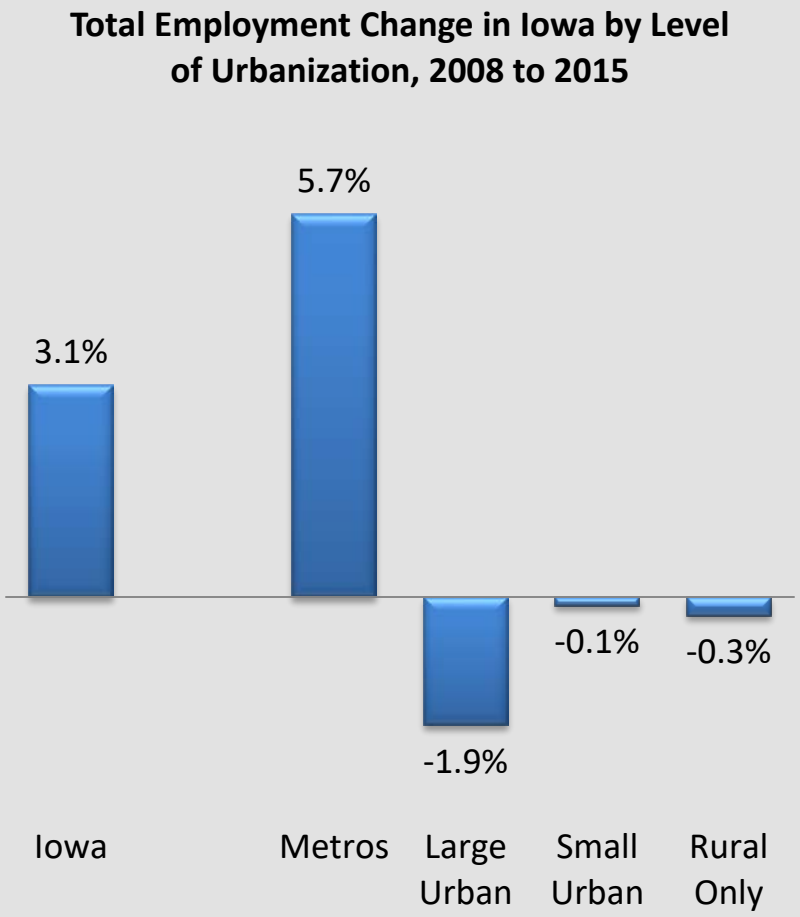
Iowa's Regional Trade Centers

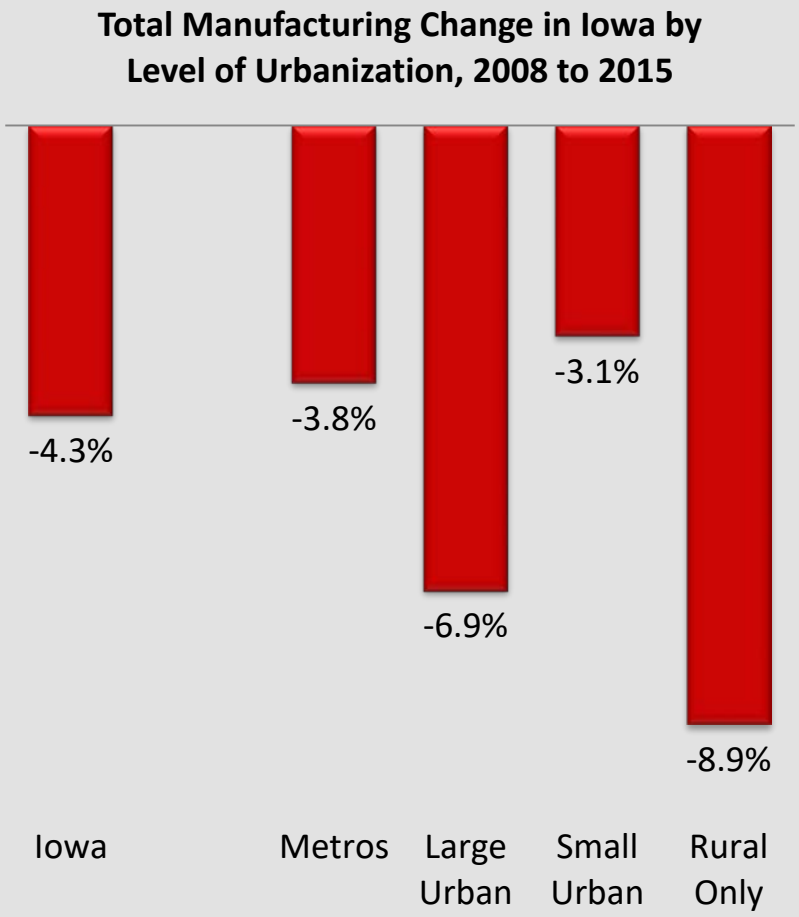


Total Employment Change by Metro / Non-Metro (2008 = 1.0 or 100%)

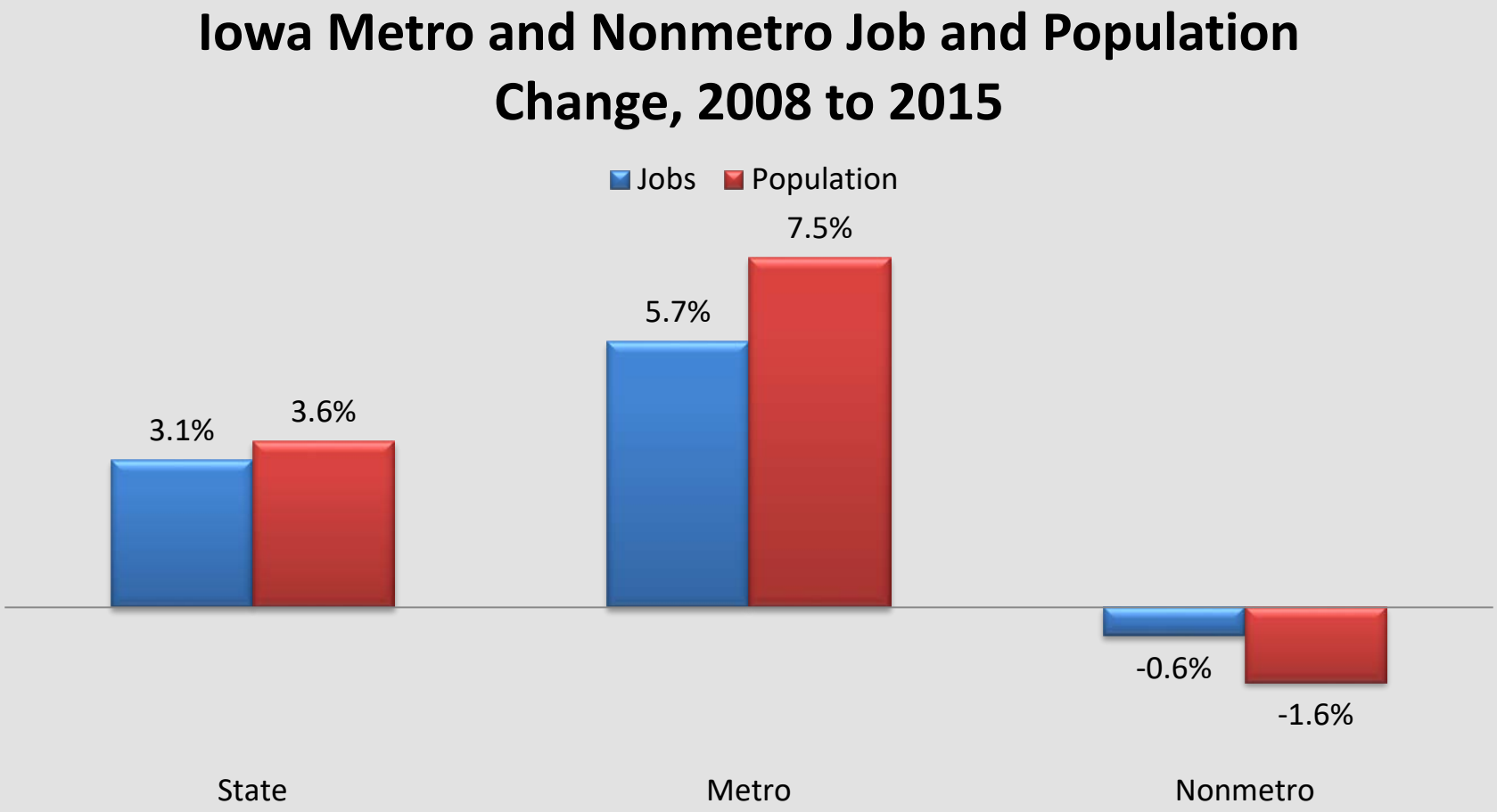


Economic recovery has been uneven

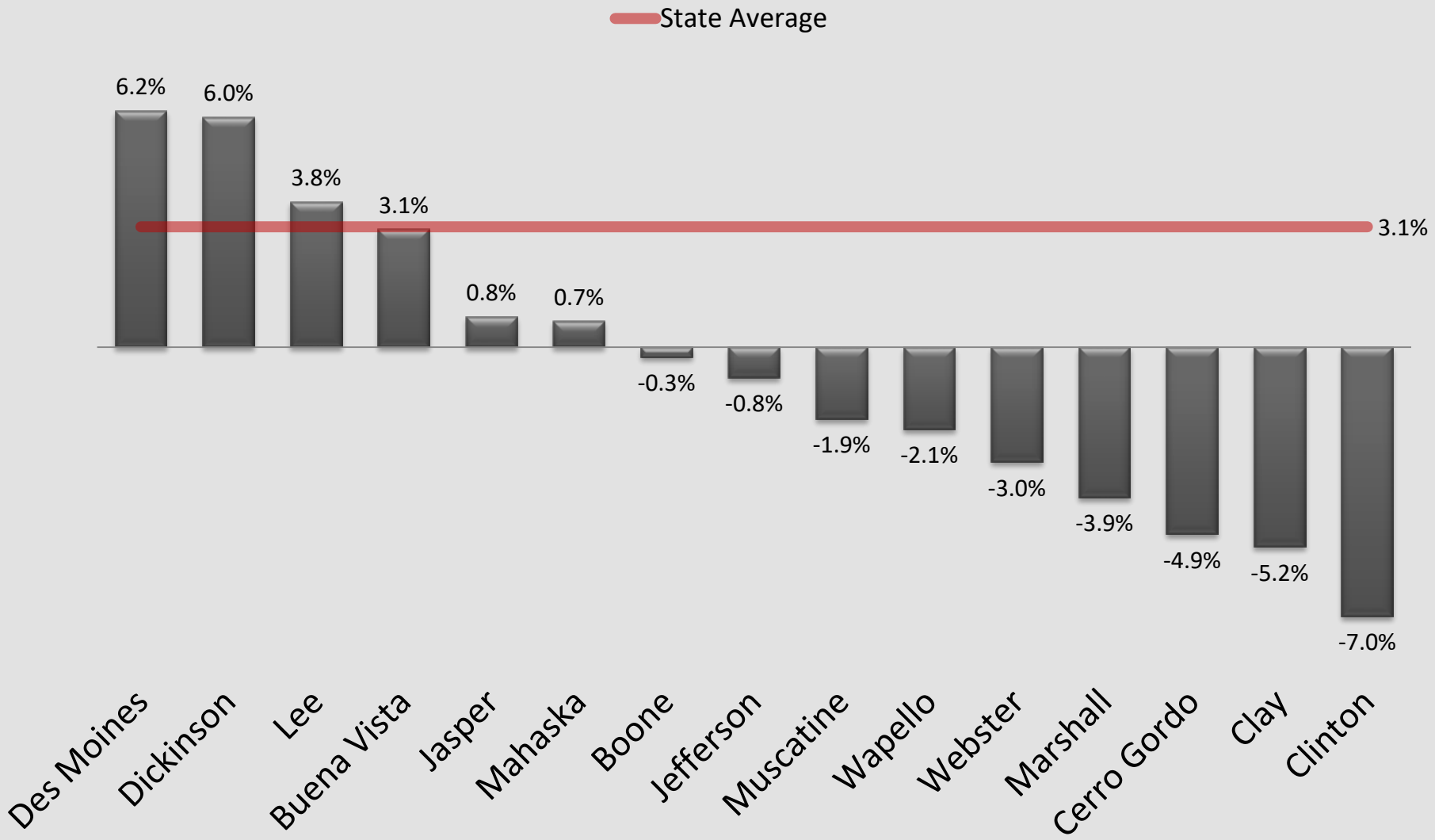


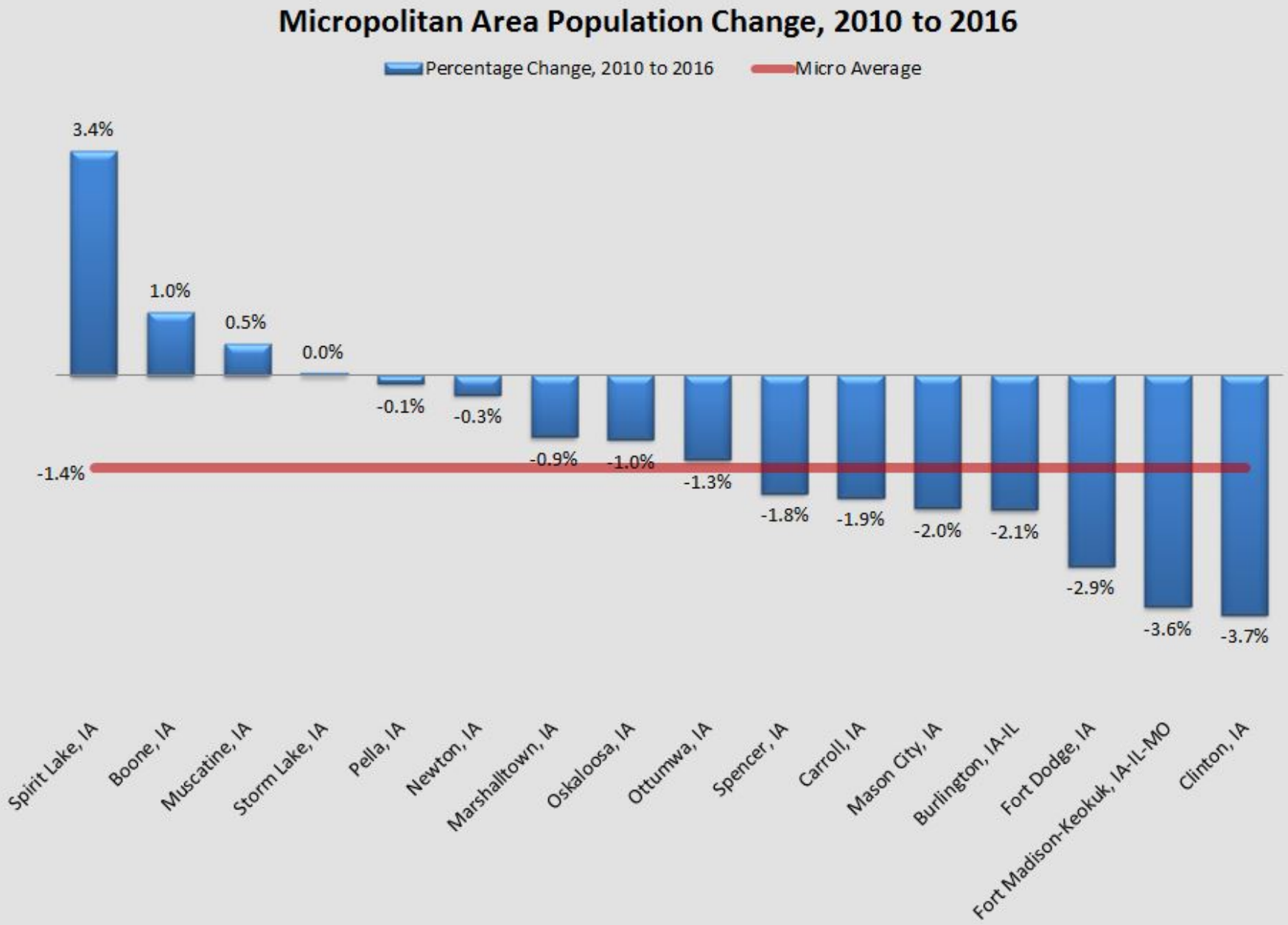


Metro / Nonmetro Performance Differences are Stark



Iowa Micropolitan Core County Job Change, 2008 to 2015

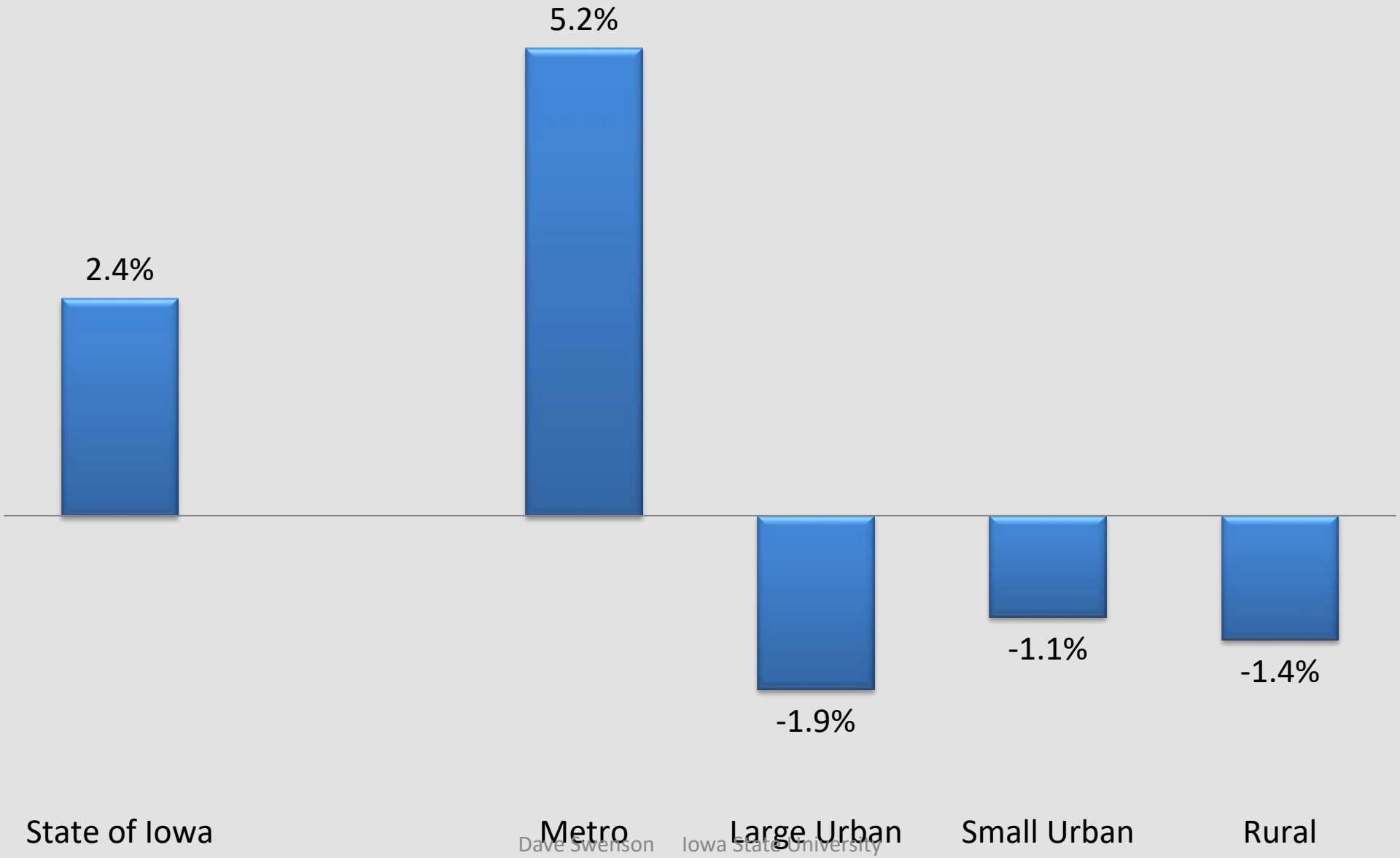



Micropolitan Area Population Change, 2010 to 2016
Percentage Change, 2010 to 2016
Micro Average
3.4%
1.0%
0.5%
0.0%
-0.1%
-0.3%
-0.9%
-1.0%
-1.3%
-1.8%
-1.9%
-2.0%
-2.1%
-2.9%
-3.6%
-3.7%
-1.4%
Spirit Lake, IA
Boone, IA
Muscatine, IA
Storm Lake, IA
Pella, IA
Newton, IA
Marshalltown, IA
Oskaloosa, IA
Ottumwa, IA
Spencer, IA
Carroll, IA
Mason City, IA
Burlington, IA-IL
Fort Dodge, IA
Fort Madison-Keokuk, IA-IL-MO
Clinton, IA

What are the major demographic dynamics in Iowa?

- An aging population
- Young adult outmigration
- Persistent rural depopulation / urbanization
- Broad socio-economic well-being of Iowans
- Diversity

Population Change in Iowa and Iowa Counties by Level of Urbanization, 2010 to 2015



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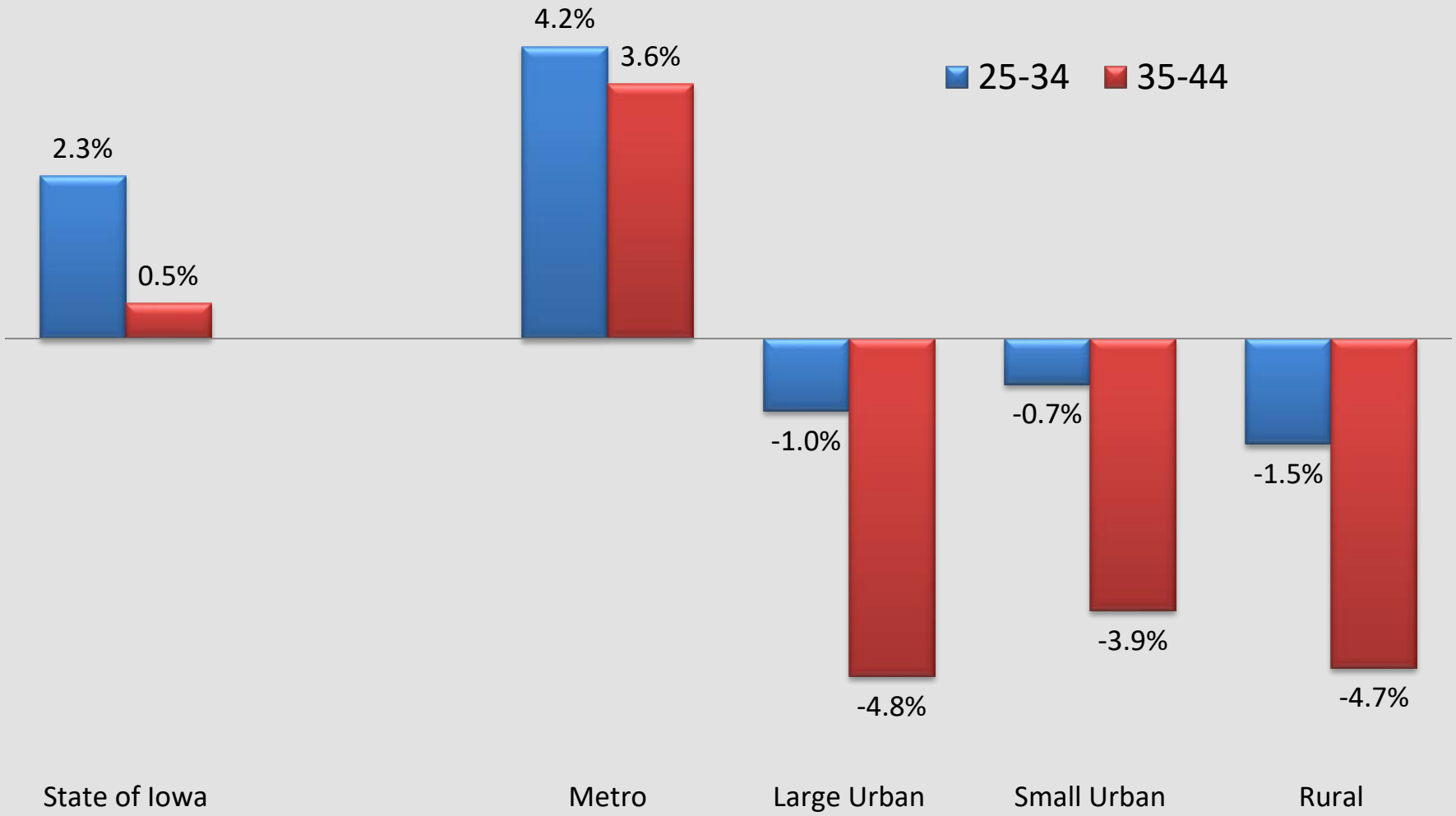
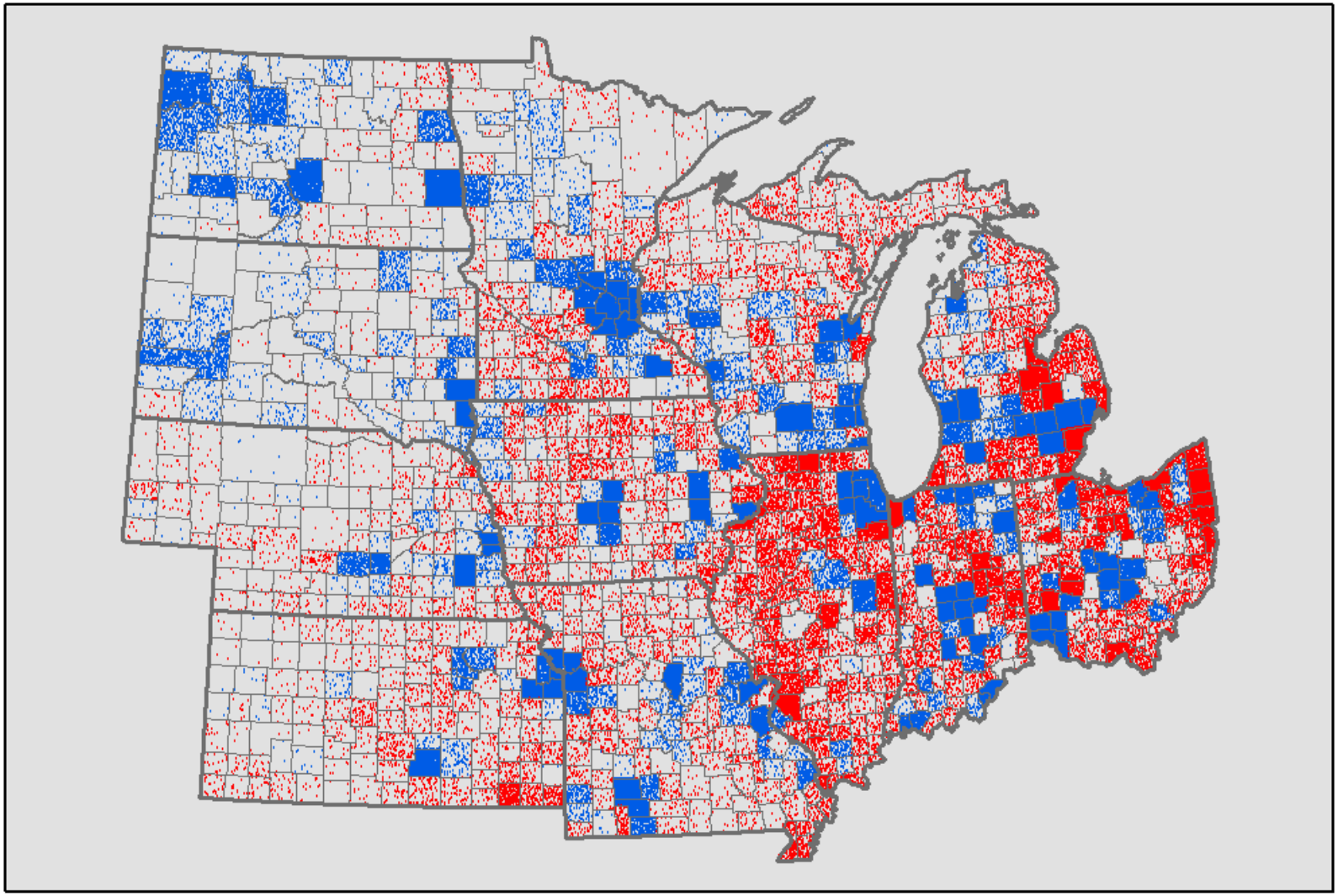
Young Adult Population Change by Level of Urbanization, 2010 - 2015

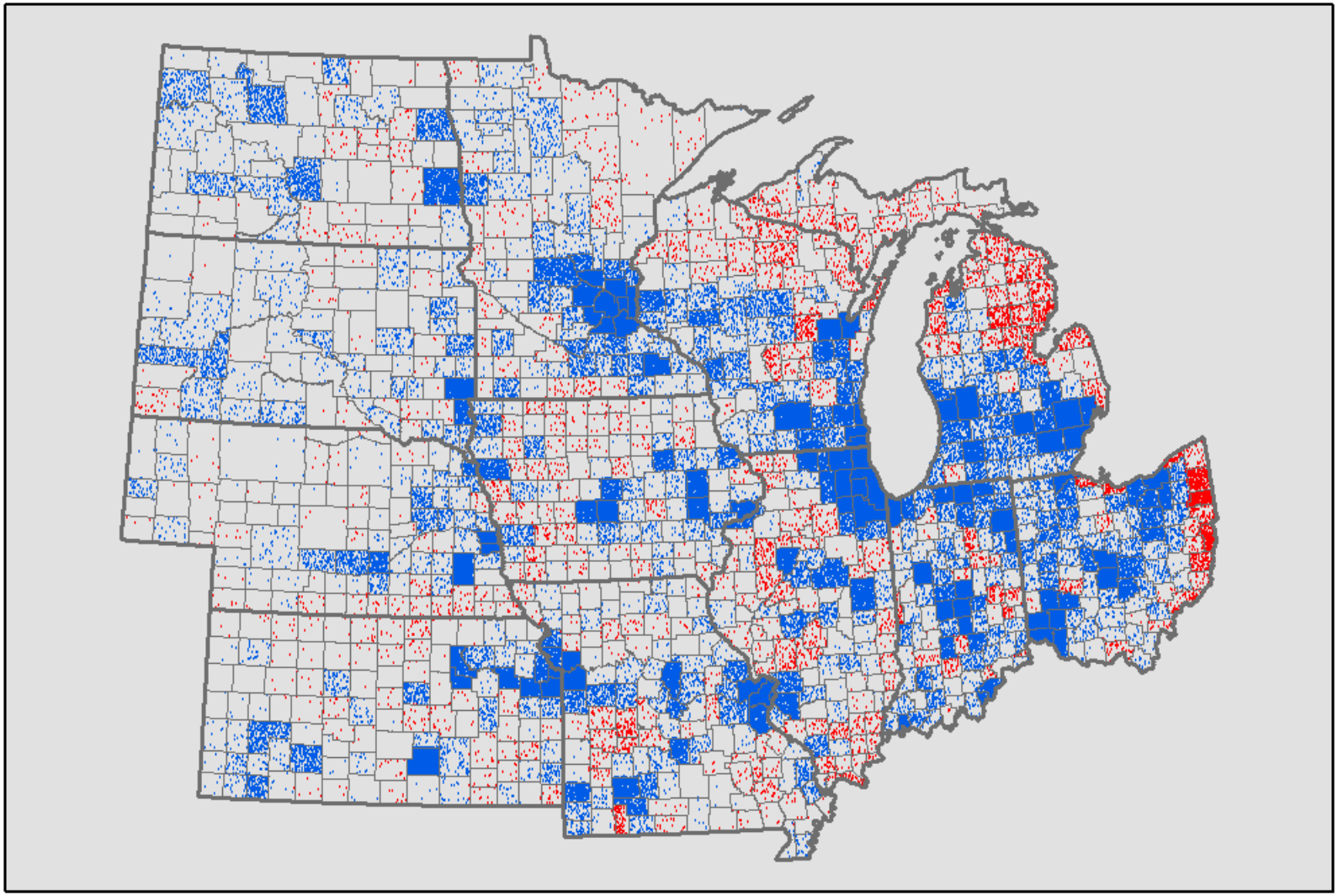




Total Population Change, 2010-16

Prepared by Liesl Eathington, Department of Economics, Iowa State University
Source data: U.S. Census Bureau (March 2017)

1 Red Dot = Loss of 10
1 Blue Dot = Gain of 10

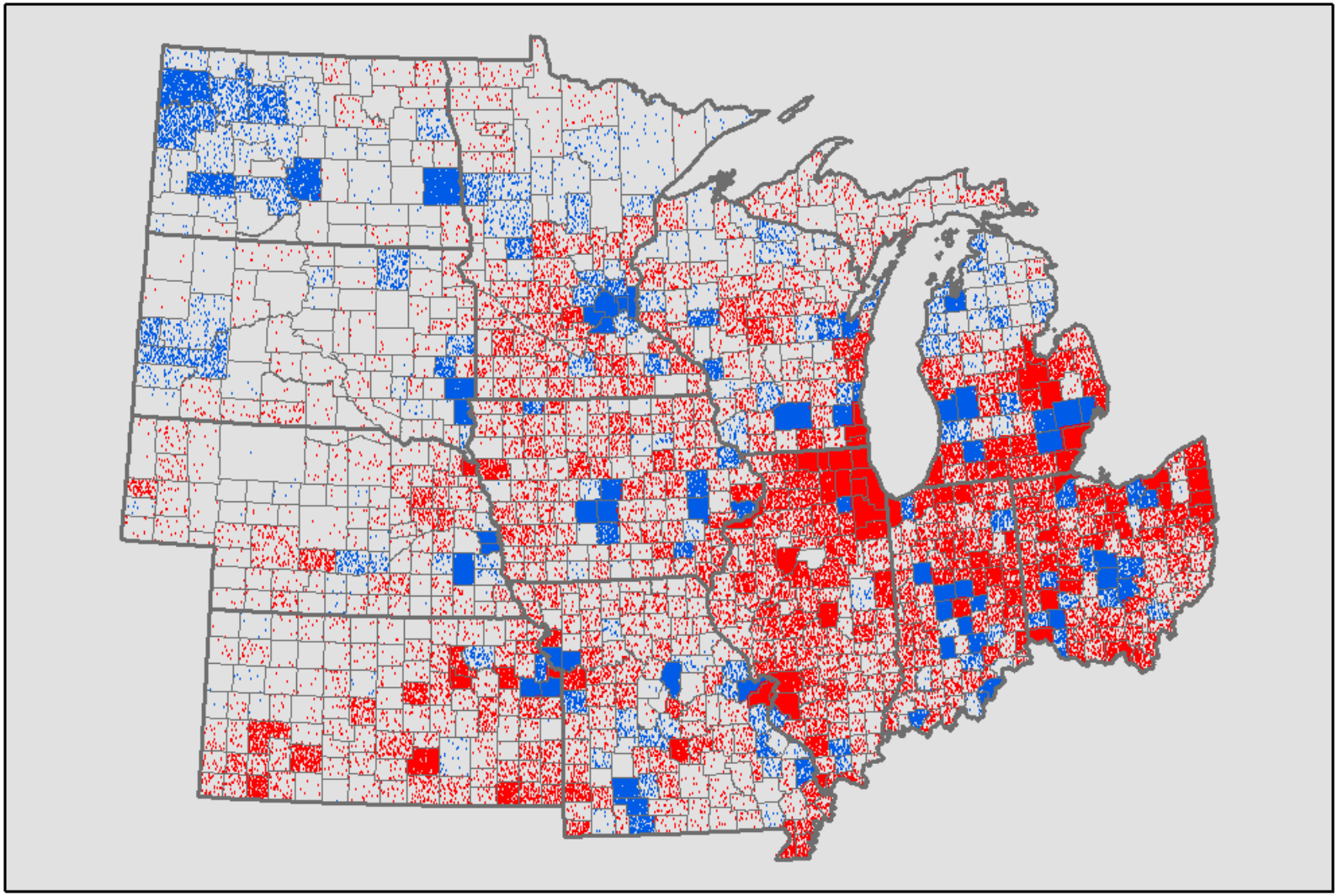


Natural Population Change, 2010-16

1 Red Dot = Loss of 10

1 Blue Dot = Gain of 10

Prepared by Liesl Eathington, Department of Economics, Iowa State University
Source data: U.S. Census Bureau (March 2017)

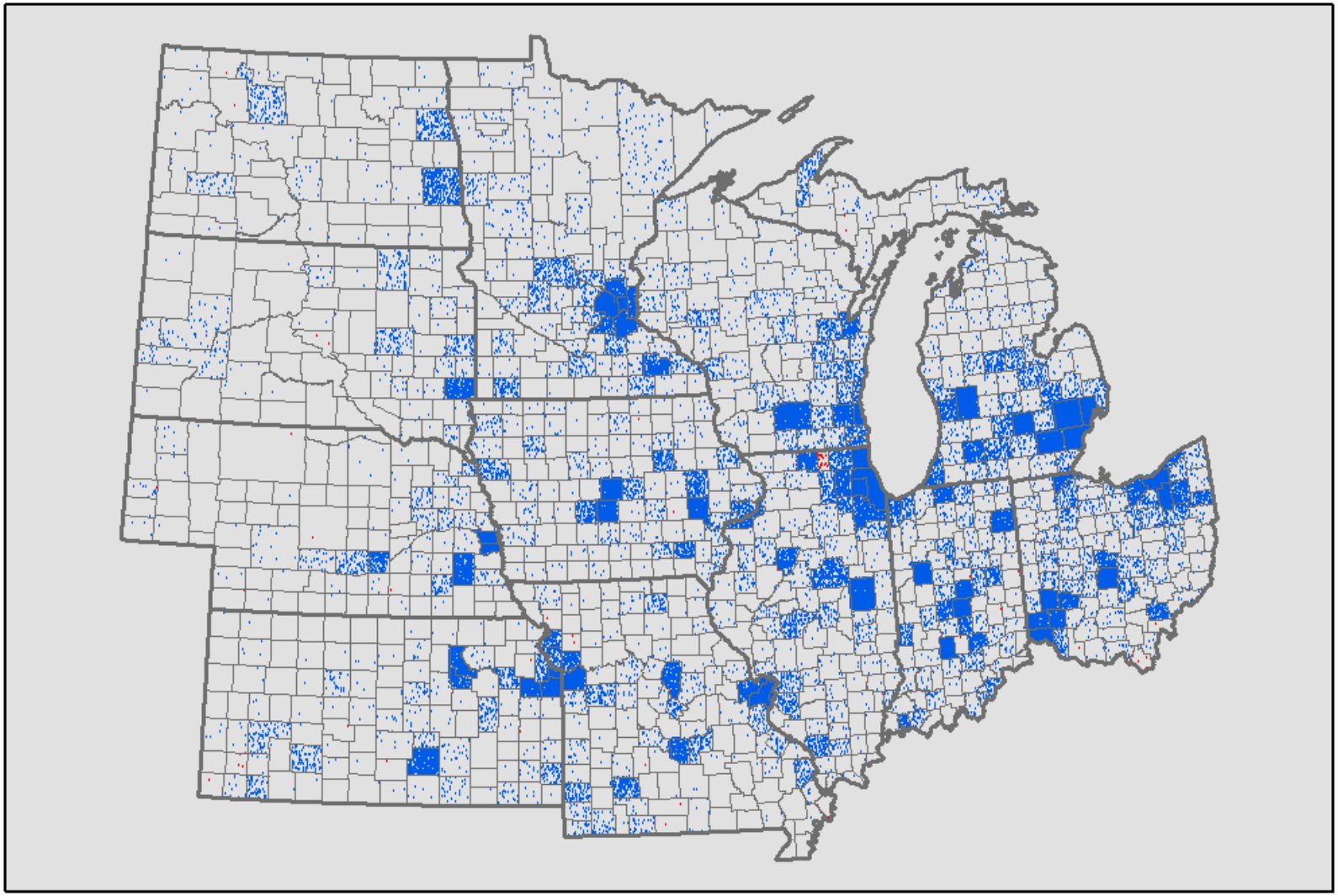


Net Migration Change, 2010-16

1 Red Dot = Loss of 10

1 Blue Dot = Gain of 10

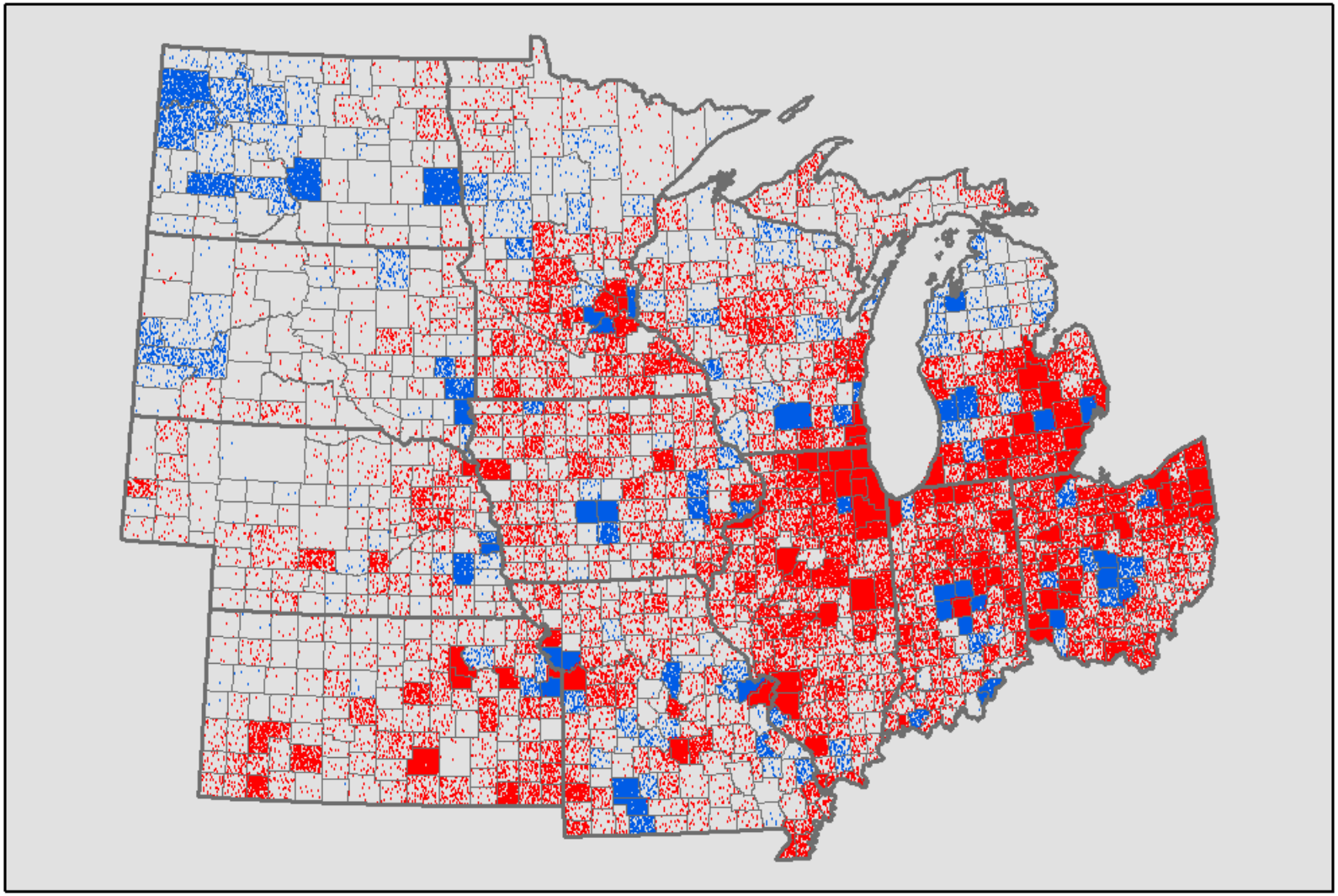
Prepared by Liesl Eathington, Department of Economics, Iowa State University
Source data: U.S. Census Bureau (March 2017)



Net International Migration, 2010-16

Prepared by Liesl Eathington, Department of Economics, Iowa State University
Source data: U.S. Census Bureau (March 2017)

1 Red Dot = Loss of 10
1 Blue Dot = Gain of 10

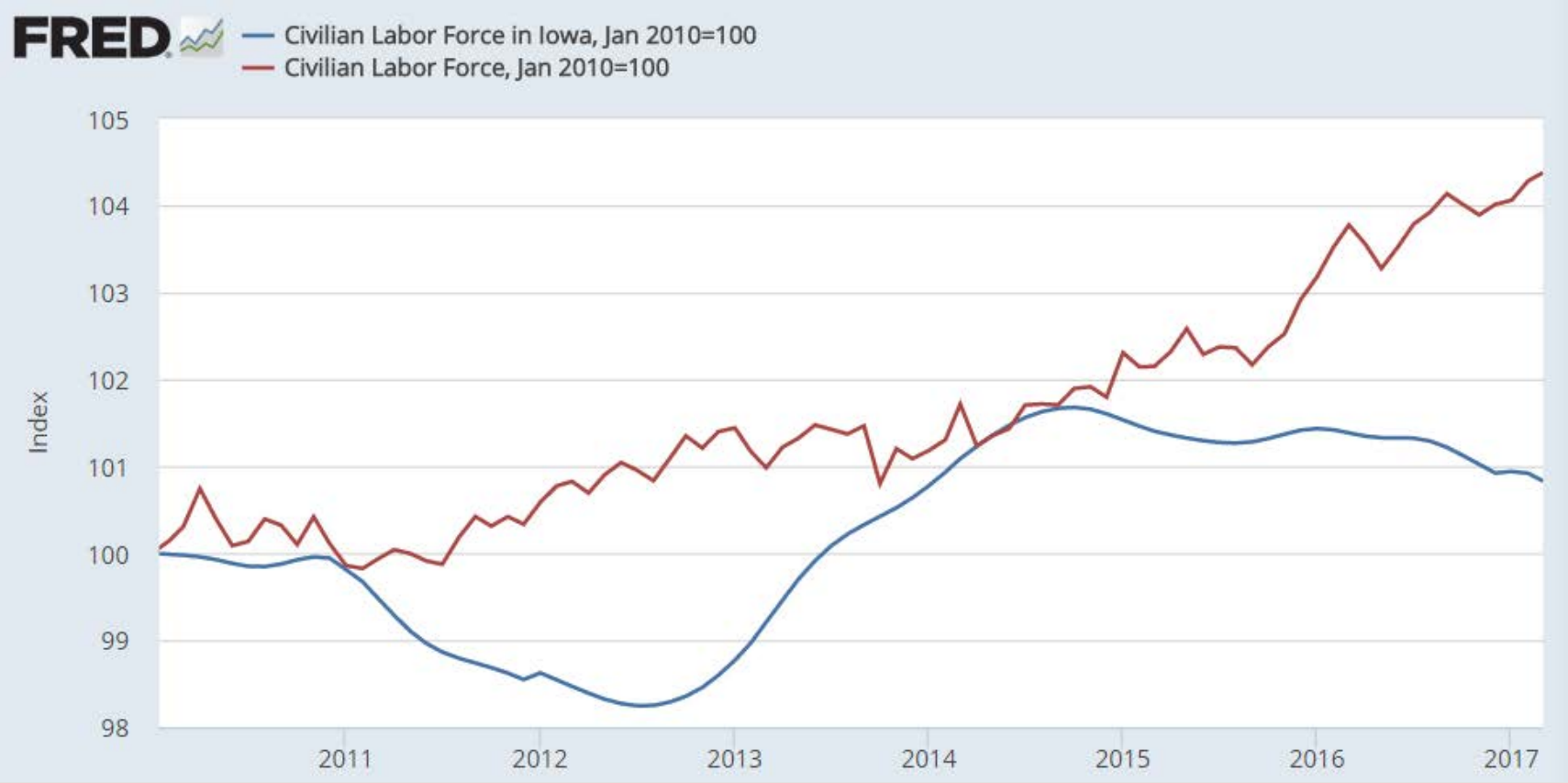


Net Domestic Migration, 2010-16

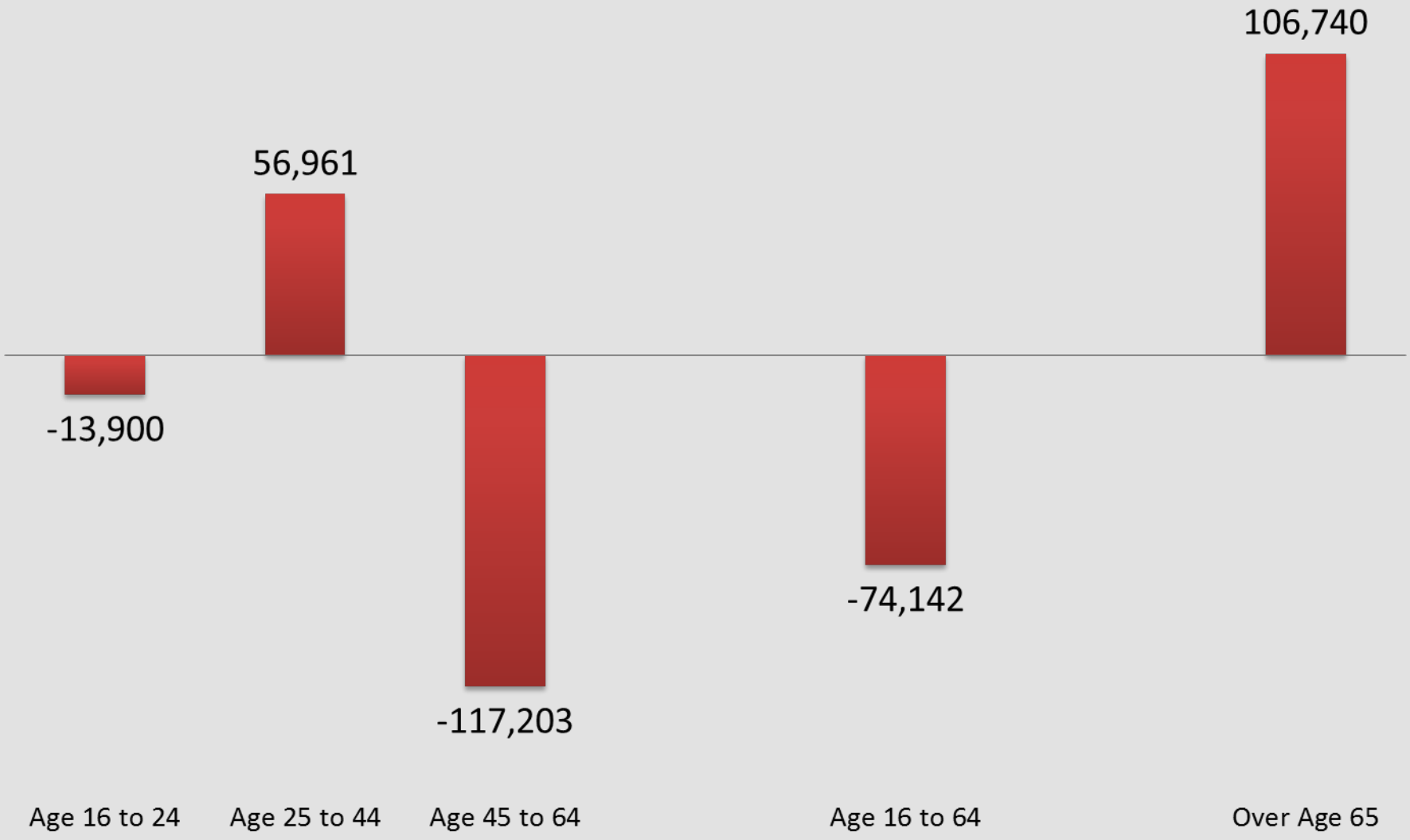
Prepared by Liesl Eathington, Department of Economics, Iowa State University
Source data: U.S. Census Bureau (March 2017)

1 Red Dot = Loss of 10
1 Blue Dot = Gain of 10

Predicted a contraction in the state's labor force



Projected Change in Iowa Population by Selected Age Groups, 2010 to 2020



Key Issues

- Business farm ownership transitions
- Decreasing off-farm employment opportunities
- Increasingly sparse labor base (both numerically and in terms of cumulative skills)
- Absence of investment leads to widespread stagnation (leading to blight and further disinvestment)
- Coping with diversity AND an absence of diversity

Prospects

- Iowa's nonmetropolitan areas on net are not going to grow over the next decade or so (if ever).
- Their demographic composition means more elderly, fewer youth, and a continued hollowing out of the middle of the workforce
- A big issue will be the stabilization of the state's regional trade centers
- Broadly, public service delivery capacity will deteriorate in these areas (and relative effort will increase)
- Iowa has an obligation to offset the worst of these disadvantages via public programs and appropriate transfers

THANK YOU
QUESTIONS?