

Nonmetro Earnings Continue Upward Trend

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Nonmetro Earnings Growth Is Broad-Based

The average weekly earnings of nonmetro wage and salary workers rose steadily in the late 1990s, according to recent data from the Current Population Survey. Between 1996 and 2000, nonmetro earnings climbed 9.8 percent, from \$461 to \$506, after adjusting for inflation. This increase represents most of the gains made by nonmetro workers since 1990—for the entire decade, average weekly earnings were up 11.7 percent. Metro earnings saw a similar increase (10.1 percent).

Earnings increased for workers regardless of education level after 1996, although gains were higher for the best educated. Meanwhile, the share of nonmetro workers earning low wages fell to 24.6 percent, a level last achieved in 1979. Women and minorities enjoyed earnings gains comparable to, or higher than, the nonmetro average. But their earnings remain low, and their low-wage employment shares very high, compared with White men.

The pace of earnings growth for nonmetro workers has quickened since 1996, after registering only a slight increase earlier in the decade. Labor productivity growth in the latter half of the 1990s, along with a tight labor market marked by very low unemployment, has motivated employers to raise wages, and has allowed them to do so without prompting inflation. The steady increase also means that nonmetro earnings have recovered most of the ground lost in the 1980s, and are nearly as high in 2000 as in 1979 (\$518 in 2000 dollars).

Earnings rose among workers at all education levels in the late 1990s, in contrast to earnings stagnation or loss for each education level earlier in the decade (table 1). The returns to education also continued to rise, however, further widening the gap between the average earnings of workers without a high school diploma and those with college degrees. This trend has held throughout the decade. In 1990, nonmetro college graduates earned 2.32 times as much as those without a high school diploma, compared with 2.5 times as much in 2000.

Meanwhile, nonmetro and metro earnings rose at about the same pace over 1996-2000 (9.8 percent compared with 10.1 percent). This comparable earnings growth would seem at odds with increasing earnings inequality, given the much higher share of

metro workers with college degrees. The higher metro share of these workers, however, is countered by higher earnings growth among nonmetro workers without college.

Earnings gains since 1996 have been slightly faster for women and Blacks than for men and Whites (table 2). Nonmetro women's earnings rose 10.7 percent, compared with 9.9 percent for nonmetro men. Black workers' earnings rose 11.2 percent, versus 9.7 percent for Whites. These gains were similar to those of comparable groups in metro labor markets. Given the relatively rapid advances over such a brief period, the source of earnings growth among these groups is most likely due to higher real returns to education and skill rather than to improvements in occupational status or educational attainment.

Low-Wage Employment Returns to 20-Year Low

A drop in the share of workers age 25 and older earning low wages--wages that, on a full-time, full-year basis, are less than the poverty threshold for a family of four--reinforces the picture of steady earnings growth. The nonmetro low-wage share fell from 32 percent in 1996 to 24.6 percent in 2000 (fig. 1). Although the nonmetro rate remains higher than the metro rate of 17.2 percent, it has returned to its 20-year low after rising in the early and mid-1980s.

The recent decline is broad-based, affecting workers in all demographic groups. For women, the share of employment in low-

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Table 1

Average weekly earnings by education level and metro status

Earnings inequality between the most- and least-educated workers rose during the 1990s in both metro and nonmetro labor markets.

	All	Less than high school	High school	Some college	College graduate	Ratio, College/ LTHS ¹
<i>Dollars (2000)</i>						
Nonmetro:						
1990	453	305	425	469	709	2.32
1996	461	290	433	465	698	2.41
2000	506	309	469	500	771	2.50
Metro:						
1990	587	349	487	572	886	2.54
1996	582	305	482	535	871	2.86
2000	641	320	512	576	977	3.05
U.S.:						
1990	560	338	472	554	862	2.55
1996	560	301	471	523	851	2.83
2000	617	318	502	563	954	3.00
<i>Percent</i>						
Change, 1996-2000:						
Nonmetro	9.8	6.6	8.3	7.5	10.5	
Metro	10.1	4.9	6.2	7.7	12.2	
U.S.	10.2	5.6	6.6	7.6	12.1	

¹Less than high school

Source: 1990, 1996, and 2000 Current Population Surveys.

Table 2

Average weekly earnings by sex and race/Hispanic origin

The earnings of nonmetro women and Black workers have grown slightly faster than average since 1996

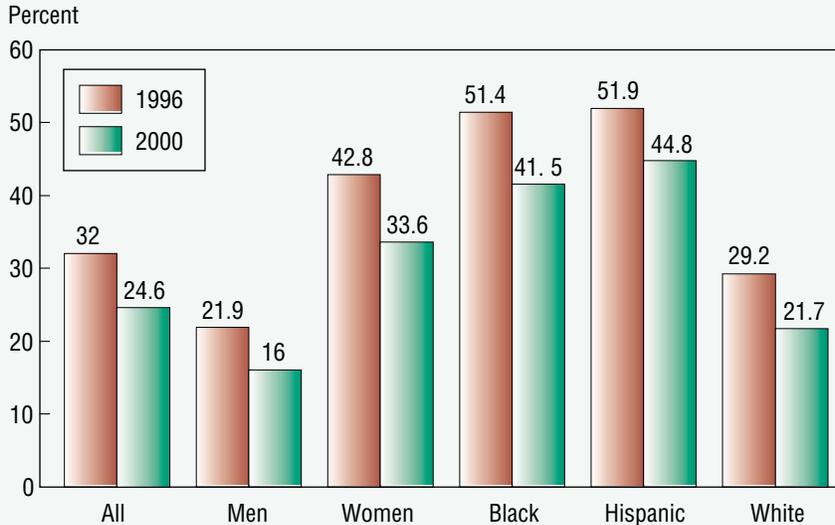
	Nonmetro			Metro		
	1996	2000	Change	1996	2000	Change
	<i>Dollars (2000)</i>		<i>Percent</i>	<i>Dollars (2000)</i>		<i>Percent</i>
All	461	506	9.8	582	641	10.1
Men	547	601	9.9	682	751	10.1
Women	366	405	10.7	473	520	9.9
Black ¹	356	396	11.2	466	523	12.2
Hispanic	365	401	9.9	428	466	8.9
White	476	522	9.7	624	690	10.6

¹"Black" and "White" categories exclude Hispanics.

Source: 1996 and 2000 Current Population Surveys.

Figure 1
Share of nonmetro workers in low-wage employment by sex and race/ethnicity

Low-wage employment shares have fallen since 1996, but remain quite high for nonmetro women and minorities



Note: "Black" and "White" categories exclude Hispanics.
 Source: 1996 and 2000 Current Population Surveys.

wage jobs dropped from 42.8 to 33.6 percent, while the share for men fell from 21.9 to 16 percent. Rates for rural Black workers declined 10 percentage points between 1996 and 2000, to 41.5

percent, bringing them below their low-wage employment rate in 1979. This decline in the share of jobs with low pay, coupled with steady job growth overall, should ease concerns that welfare reform

will greatly expand the low-wage labor market. Because the use of CPS data precludes analysis of small-area labor markets, however, one should interpret the aggregate results with caution.

Despite much good news, discrepancies in average earnings and low-wage employment remain substantial among workers with similar education. Nonmetro women are at least twice as likely to earn low wages as are nonmetro men with comparable schooling, and earn as much as 39 percent less. The earnings gap among Blacks, Hispanics, and Whites is also quite large. The racial/ethnic gap in earnings is generally wider for men than for women, reflecting greater occupational segregation and greater variation in earnings overall. Thus, while education is an important predictor of earnings, other factors such as occupational choice, work experience, and discrimination in hiring, pay, and promotion decisions contribute to the large earnings differences observed in rural labor markets. **RA**