PROFILE OF RURAL AMERICA:
While farming remains important as a source of jobs and income in many rural areas and is the largest single user of rural land, it no longer dominates the rural economy. In rural areas, agriculture accounts for less than 8 percent of employment. The service and manufacturing industries account for 21.6 percent and 17.1 percent respectively of rural employment. In the 1990s, counties dependent on farming and mining were the last likely to grow.

Manufacturing is critical to the expansion of the economic base and employment in many rural areas. Two and a half times as many rural workers are employed in manufacturing as in farming, forestry and fishing combined. Because manufacturing is typically low-skill, low-wage and routine work, the transformation of rural manufacturing toward high-tech, flexible manufacturing (as in urban areas) is essential to prevent the eventual decline in rural wages.

The service sector accounts for most job growth in rural America, as in most of the country. From 1979 to 1989, over 3 million nonmetro services jobs were created, accounting for 83 percent of new nonmetropolitan jobs. Rural areas near natural amenities will see increasing demand for services associated with recreational opportunities and retirement populations. The presence of natural amenities is becoming increasingly important to rural economies. They attract retirees, tourists, recreationists and even businesses and professionals looking for a better quality of life. This does not come without costs, however; the more these communities grow, the greater the need to balance the environment, infrasture and social services.

Rural America is characterized by its expansiveness and its diversity. Rural America contains 83 percent of the nation's land. It is a land of crop and pasture land, forests and wetlands, mountains and deserts, sea coasts and inland plains.

Of the 3,068 counties, 2,248 have populations under 50,000. Rural counties adjacent to metropolitan areas are most likely to experience population gains: in the 1990's, nearly 86 percenter of adjacent counties experienced population growth. Improvements in transportation and communications have decreased the isolation and distance penalty typical of rural areas, allowing greater interaction with urban areas. This, too, has led to an influx of urban residents, who are seeking a better quality of life: less crime, less pollution and less crowded schools.

Demographic trends suggest that nonmetropolitan America is proportionally older, less economically well off and more racially homogeneous that America's urban population. According to the Earth Island Journal, rural America contains 43 percent of the disabled, 39 percent of the elderly, 32 percent of the unemployed and 39 percent of the people below the poverty line.

Rural population growth is the greatest in the Mountain West, Upper Great Lakes, Ozarks, parts of the South and areas of the Northeast. Population losses are occurring in the Great Plains, Western Corn Belt and Mississippi Delta.

In 1990, rural areas had proportionately

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more elderly people than metro areas. This is a result of many factors: a population aging in place, outmigration of younger populations to cities is search of better employment, and immigration of elderly in search of a retirement destination. Counties attracting retirees and those with recreational amenities and natural beauty grew the most.

The number of people 65 and older in nonmetro areas is no longer increasing as rapidly as the population below that age, due to natural decrease or death. This widespread change in rural elderly populations will almost certainly moderate when "baby boomers" begin to enter retirement after 2006.

In 1997, over 14 million of nearly 71 million children under the age of 18 in the US lived in rural areas. According to USDA's Economic Research Service (ERS), the socioeconomic well-being of rural children lags that of urban children. The poverty rate for rural children was 24 percent, compared with 22 percent for urban children.

Rural areas tend to be more racially homogeneous than urban areas. In 1990, 87.5 percent of all nonmetropolitan Americans were white. However, the concentration of racial groups varies by region. In 1990, 91 percent of all nonmetro Blacks lived in the South. Hispanics have In addition, some of the poorest counties in the US coincide with American Indian reservation boundaries, such as Shannon County in South Dakota which is home to the Pine Ridge Indian Reservation.

In many rural communities, poverty can be attributed to remoteness, undiversified local traditionally been concentrated in the Southwest and West, but are now found in many rural regions from Georgia to Minnesota. Two-thirds of all nonmetropolitan American Indians are found in the western states. The majority of Asian-Americans living in nonmetro areas is located in the state of Hawaii.

As a whole, rural America is more politically conservative than other parts of the country. In the current congress, nearly two-thirds of the rural districts elected a Republican candidate. Many rural voters are fiscally and socially conservative; however they are often concerned about jobs and poverty in their communities and tend to support government aid in the form of development programs typically Democratic mainstays.

Nearly one-quarter of nonmetro counties have has persistently high incidences of poverty (20 percent or more of the poor population) in each of the last four Censuses. Persistent poverty counties are heavily concentrated in the Southeast, Appalachia and the Southwest. Per capita incomes are significantly lower and unemployment rates are higher in these areas. In addition, these counties tend to have smaller and less urbanized populations and large numbers without high school education. Nearly 80 percent of the nonmetro poor are white.

economies, high birth rates and the prevalence of low wages. However, high local poverty has not necessarily been a barrier to retaining residents and attracting newcomers in this decade. By 1900, the number of rural counties with 20 percent or more of their population living below the poverty level decreased by two-thirds, indicating a remarkable reduction of poverty across rural America.

In 1996, the nonmetro poverty rate (15.9 percent) was higher than the metro rate (13.2 percent) and the national rate (13.7 percent). Poverty is most pronounced in regions that are primarily agricultural, based on declining extractive industries (mining, timber, fishing) or regions experiencing economic growth. Rural areas near urban centers often attract new businesses and higher income residents, driving up taxes and living expenses.

(Source: National Association of Development Organizations
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RDOS MAKE THINGS HAPPEN IN RURAL AMERICA:
Regional Development Organizations (RDOs) are multijurisdictional planning and development agencies providing assistance to local governments, businesses and nonprofit organizations. Most regional organizations were created between 1965 and 1975. Approximately 320 regional development organizations serve the 82 million residents of small metropolitan and rural America. These local government-based regional organizations are known by many names.

Rural America's cities, counties and towns typically have populations under 3,000 and are governed by elected officials who serve part-time with little or no compensation. Regional organization staff provide local elected officials with the capacity to better serve their citizens and help businesses compete in the world economy.

Each regional organization is governed by a policy board of elected officials, business leaders and citizen representatives. Regional development professionals manage an array of programs including comprehensive planning, housing, job training, aging and small business financing and development. Programs vary by region and reflect local priorities.

Most RDOs work in some capacity with the federal, state and local governments. RDOs may receive federal funding from a number of different federal agencies but are most closely linked to the Economic Development Administration (EDA); 320 Economic Development Districts (EDDs) receive funding from EDA for regional economic development planning and projects related to defense conversion, economic adjustment, public works and infrastructure, technical assistance and trade adjustment. The degree of interdependence between RDOs and state governments varies greatly from state to state. The 15 Area Development Districts (ADDs) in Kentucky have a high level of coordination with the state government. ADDs provide professionals advice, but are not regulatory agencies and do not have the power to force compliance with their plans. For example, the Kentucky Intergovernmental Review Process, established by executive order, requires applications for federal funding to be reviewed by a "single point of contact." The Department of Local Government takes on this role and in turn seeks comments from the ADDs on projects affecting their respective areas.

The state government also contracts with the ADDs to gather information and administer a variety of state programs. One of these is the Water Resources inventory, a collaboration of all 15 Kentucky ADDs to form a Water Resources Development Plan, which will survey all water and sewer systems in the state. To accomplish this goal, they have developed a database which is linked to a geographic information system for the entire state. All areas will be mapped with rates for water/sewer services and capacities. This system will identify areas that are not served by water and sewer lines as well as how much it will cost to connect them. Those systems that are too small may need to be merged with others. The information collected by ADDs can be used by other agencies to develop new projects and administer services.

RDOs work most closely with local governments. Their staffs have a variety of backgrounds in such areas as economic development, human services, management and planning. By sharing this expertise, local governments are collectively able to afford the professional staff that many counties and cities could not afford by themselves. A wide range of programs and assistance is provided for local governments including economic, transportation and land use planning; preparation of applications for federal, state and private sector funding; administration of funding programs; aging services; small business financing; solid waste management; tourism and historic preservation; workforce development; housing; and emergency planning and management.

Regional organizations are resourceful and must respond to the ever-changing needs of their communities. Therefore, some projects may cross over several areas or may not fall into any. The Early Childhood Development Regional Network, developed by the Northwest Piedmont Council of Governments, an EDD in Winston-Salem, North Carolina, uses computer technology to improve early childhood development. Computers were installed in 13 child development centers providing Internet access to the children and staff, as well as small networks in county child development offices around the region. The centers purchased software specifically designed for young children. Web pages and E-mail address lists were created as a means for agency staff and other child development professionals to research, prepare lesson plans and share ideas and concerns. The project improved childcare services and advanced the knowledge and use of telecommunications in the region.

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U.S. Capital Goods Business Investment in $870 Billion in 1997

U.S. businesses invested $870.2 billion in new and used capital goods in 1997, according to a report released by the Census Bureau.

The report, **Annual Capital Expenditures: 1997**, defined capital goods as items with an expected use that exceeds one year and which are ordinarily depreciated by businesses. They include buildings and other structures, machinery and equipment, furniture, computers and vehicles.

Businesses with one or more employees spent $770.8 billion, or 89 percent of the 1997 total spending on capital goods. Nonemployer businesses spent $99.4 billion on new and used capital goods.

Other highlights for these businesses with employees were:

❑ Manufacturing led all industry sectors in capital goods expenditures, spending $192.3 billion or 25 percent of total expenditures. Within manufacturing, durable goods industries spent $108.3 billion, or 56 percent of the manufacturing total. The communications equipment and electronics components industry was the biggest spender within durable goods at $27.7 billion, accounting for about a fourth of this total.

❑ Nondurable goods industries spent $83.9 billion on capital goods. Within nondurable goods industries, the chemical products industry (excluding drugs) was the largest investor at $19.9 billion.

❑ Within the services sector, the industry groups with the highest capital expenditures were automotive and truck rental and leasing services ($30.0 billion), hospitals ($22.9 billion) and membership organizations ($12.9 billion). The services sector ranked second in total spending on capital goods at $165.1 billion.

❑ The finance sector spent $91.3 billion for capital goods. Nondepository credit institutions and commercial banks accounted for 86 percent of this sector's spending.

❑ The communications services sector spent $68.4 billion, with telephone and other communications services accounting for 83 percent of this total.

The report shows capital investment spending by nonfarm businesses for structures and equipment in 97 separate industry categories. The data are used to identify trends in capital expenditures, analyze business asset depreciation and improve estimates of capital stock for productivity analysis.

1998 FEDERAL DOMESTIC SPENDING AT $1.5 TRILLION: The federal government distributed $1.5 trillion for domestic benefits, subsidies, grants, goods and services, and salaries and wages in fiscal year 1998, according to two reports released by the Census Bureau. That represents a 3.4 percent increase over 1997.

The main reasons for the increase were payments for disability and retirement, grants and procurement contracts. Federal direct payments for disability and retirement totaled $507 billion in 1998 a 3.7 percent increase over 1997. Spending on Social Security alone totaled $403 billion in 1998 a 3.9 percent increase over 1997. Other direct payments reached $328 billion in 1998. These were followed by grants ($269 billion), procurement contracts ($209 billion) and federal government salaries and wages ($170 billion).

California received the most federal funds of any state ($162 billion), followed by New

York ($100 billion), Texas ($92 billion), Florida ($84 billion) and Pennsylvania ($67 billion).

At the county or county equivalent level, New York City led the list ($43.1 billion) followed by Los Angeles County, Calif. ($41.9 billion), Cook County, Ill. ($24.1 billion), San Diego County, Calif. ($17.4 billion) and Harris County, Texas ($14.4 billion).

New York City and Los Angeles County received the most federal funds of any local area, topping 42 states.

Federal spending per capita topped $8,000 in two states Virginia ($8,221) and **Maryland ($8,094)**. Alaska ($7,763) was third, followed by New Mexico ($7,446) and Hawaii ($7,076).

Defense Department domestic spending, which includes payroll, defense contracts and grants, and military pensions, totaled $226 billion in 1998, a 3.8 percent increase over 1997.

The top five states in Defense Department spending in 1998 were California ($29 billion), Virginia ($23 billion), Texas ($16 billion), Florida ($12 billion) and **Maryland ($9 billion)**. For counties or county equivalent areas the top five were Los Angeles County, Calif. ($7.6 billion), San Diego County, Calif. ($7.1 billion), Fairfax County, Va. ($5.6 billion), St. Louis City, Mo. ($3.9 billion) and Bexar County, Texas ($3.3 billion).

The reports, **Consolidated Federal Funds Report, Fiscal Year 1998, State and County Areas, CFFR/98**, and **Federal Aid to States for Fiscal Year**, cover most domestic spending by the federal government, with the major exception being interest on the federal debt.

Federal Aid to States contains only detailed agency and program-level grant data formerly published in the Federal Expenditures by State report. The Consolidated Federal Funds report is now the sole source of state and local area data on the majority of direct federal expenditures or obligations, as well as data on federal loan and insurance programs.

STATE GOVERNMENT TAX COLLECTION UP 7 PERCENT:
State government tax revenues increased by 7 percent from 1997 to 1998, according to tabulations released by the Census Bureau.

The 1998 tax-collection tabulations show the population, tax collections by category and per-capita tax collections for every state.

State governments collected $475 billion in tax revenues in 1998; in 1997, they came to $443 billion. Among major taxes, individual income tax revenues rose the most (11 percent), followed by general sales (6 percent) and motor fuels (4 percent). Severance taxes, reflecting mostly the decline of fuel prices, dropped 14 percent from the previous year.

Alaska was the only state to show a tax revenue decrease 27 percent. The states with the largest increases were Maine (17 percent), Connecticut (15 percent), Delaware (14 percent), Wyoming (13 percent) and Colorado (12 percent). The changes reflected economic conditions and alterations in the tax structure or rates.

Individual income taxes and general sales taxes continued to be the mainstay of state government tax systems. These two tax categories contributed about 2 out of every 3 tax dollars to state government coffers in fiscal 1998. Individual income taxes constituted 34 percent of state taxes and general sales taxes more than 32 percent.

The reliance that state governments put on different taxes varied considerably. Several states, led by Georgia at 80 percent, obtained most of their tax revenue just from individual income and general sales taxes. Georgia was followed by Hawaii (79 percent), Utah (76 percent) and
Massachusetts (76 percent) in revenues from these taxes.

On the other hand, these two revenue sources accounted for less than 50 percent of state government taxes in six States North Dakota (45 percent), Wyoming (39 percent), Delaware (38 percent), Montana (35 percent), New Hampshire (7 percent) and Alaska (0.0 percent it imposes neither tax).

Explanations for this varied, but were rooted in state economies and the historical development of each state's tax system.

Nationally, per capita tax collections by states were $1,762 for every man, woman and child. However, there was quite a range among individual states. For example, per capita taxes were the highest in Connecticut ($2,869), Delaware ($2,665), Hawaii ($2,662), Minnesota ($2,434) and Massachusetts ($2,357). Wisconsin, Washington, California, Michigan and New Mexico also had state government tax collections of over $2,000 per capita.

The lowest per capita state taxes were in New Hampshire ($851), South Dakota ($1,129), Texas ($1,246), Tennessee ($1,288) and Alabama ($1,318).

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