

Jobless rates in different types of labor market areas, 2000–2010

Before the 2007–2009 recession, metropolitan areas had unemployment rates that were 0.4 percentage point lower, on average, than micropolitan area rates, which in turn were slightly lower than those of small labor market areas; during the recession, rates increased and nearly equalized, and in 2010 the three types of area had about the same rate

Maggie C. Woodward

Labor market areas (LMAs) in the United States are classified into one of three types based upon the presence and size of urban cores in the areas. This article examines the rates of unemployment among the different types of areas over the past decade, which included two national recessions. The article also highlights areas with notable rates over the 2007–09 recession.¹

An LMA is “an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence.”² LMAs are nonoverlapping and geographically exhaust the Nation.³ Substate LMAs for which the Bureau of Labor Statistics (BLS) produces estimates can be broadly classified into two groups: Core-Based Statistical Areas (CBSAs), defined by the U.S. Office of Management and Budget (OMB),⁴ and small LMAs, defined by BLS.⁵ So called because of their concentration around urban cores, CBSAs are further classified by OMB into two types, based upon core population levels. Both types of CBSA consist of one or more whole counties⁶ and differ only in the size of their urban cores. The first type,

Metropolitan Statistical Areas, have cores with populations of at least 50,000. After Census 2000, OMB introduced a second type of CBSA, the Micropolitan Statistical Area, to encompass more of the United States. Micropolitan Statistical Areas have cores of at least 10,000, but fewer than 50,000, persons. Small LMAs make up the balance of the country and lack the large core populations that would classify them as CBSAs.

The vast majority of Americans live in the Nation’s 372 metropolitan areas.⁷ As of 2009, the Census Bureau estimated that 84 percent of the U.S. population resided in these areas.⁸ In contrast, metropolitan areas account for only about 26 percent of the landmass of the United States. The Nation’s 585 micropolitan areas contain about 10 percent of the U.S. population and occupy approximately 21 percent of the landmass. The remaining 6 percent of the population lives in small LMAs. More than half of the land area of the United States, 53 percent, is covered by the 1,362 small LMAs, about 95 percent of which consist of a single county each.

Findings and trends by type of LMA

Prior to the recession that began in December 2007, metropolitan areas as a group consistently had the lowest unemployment rates⁹

Maggie C. Woodward is an economist in the Office of Employment and Unemployment Statistics, Bureau of Labor Statistics. Email: woodward.maggie@bls.gov

among the three geographic types. Jobless rates in micropolitan areas were 0.4 percentage point higher than those in metropolitan areas, on average, from 2000 to 2006. The average rates in small LMAs slightly exceeded those of micropolitan areas in every year over the same period. As unemployment rates in all three types of area rose in 2007–2010, their average rates nearly equalized. In 2010, metropolitan areas and small LMAs had the same average unemployment rate of 9.6 percent, nearly equal to the 9.7 percent averaged by micropolitan areas. (See chart 1.)

CBSAs by total population size

Although core size is rigorously defined by OMB, the delineation of a CBSA has no size limitation per se. As a result, the population of the largest micropolitan areas may exceed the population of the smallest metropolitan areas. Both metropolitan and micropolitan areas can be subdivided into large and small areas. On the basis of their populations at the time of the 2000 census, there are 237 “large” metropolitan areas, with populations in excess of the largest micropolitan area, Seaford, Delaware (population 156,638). The remaining 135 metropolitan areas are classified as “small” for this analysis. The population of the smallest metropolitan area, Palm Coast, Florida (population 49,832),¹⁰ provides the lower bound for the “large” micropolitan area category, into which 218 micropolitan areas fall. The “small” micropolitan area category consists of the remaining 367 areas. Classifying the areas in this way reveals a somewhat more complex pattern of differences in unemployment rates and in changes over the decade in the various types of area. (See chart 2.)

For micropolitan areas, unemployment rates, in the aggregate, were consistently higher in large areas than in small areas during times of increasing unemployment. Prior to and during the March–November 2001 recession, unemployment rates in large and small micropolitan areas increased at similar paces; however, large-area rates declined more rapidly during the recovery, resulting in the two rates converging in 2006. The rates in small and large micropolitan areas were little different from one another in 2007, but as the 2007–2009 recession deepened, large micropolitan area rates increased much more quickly than those of small micropolitan areas. The difference between the areas in both 2009 and 2010 was 0.6 percentage point.

Entering the 2001 recession, large metropolitan areas had rates slightly below those of small metropolitan areas, on average. However, rates in large metropolitan areas increased faster during the recession, eclipsing those in small ones at their respective high points. Rates in large metropolitan ar-

reas then declined faster than those in small metropolitan areas during the recovery. Rates in the two types of areas were roughly equal from 2005 to 2008. Rates for 2009–2010 show the average in large metropolitan areas again overtaking the average in small metropolitan areas.

Overall, the rates for small and large metropolitan areas varied in relation to one another, but varied more from either size of micropolitan area. The difference between metropolitan and micropolitan areas, regardless of their total population size, suggests that the core population size of an area may be a key influence on its unemployment rate. In both metropolitan and micropolitan areas, the smaller size class appears to show relatively more stability across the most recent business cycles.

Individual areas in the 2007–2009 recession

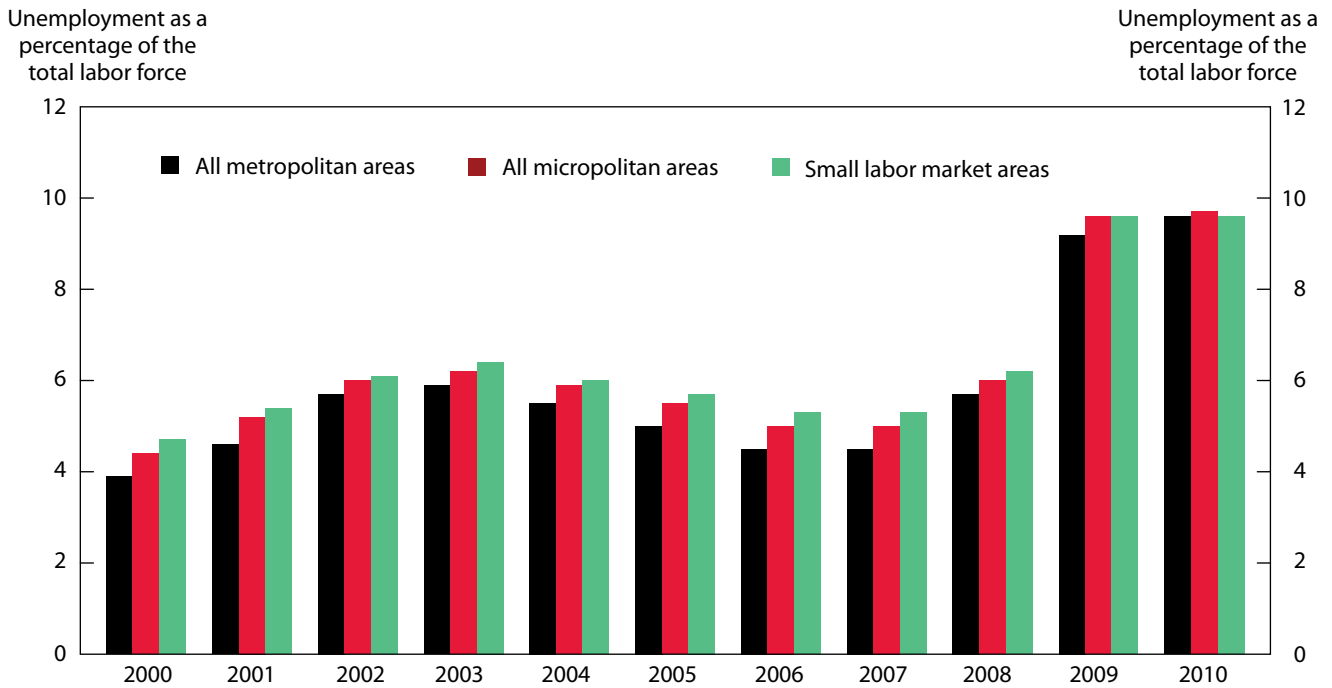
The 2007–2009 recession had its onset in December 2007.¹¹ That year, the metropolitan area with the highest unemployment rate was El Centro, California. At 18.0 percent, the rate in this area was well above that of the next-highest rate, 13.8 percent, reported in neighboring Yuma, Arizona. These are agricultural areas with extreme summer weather and historically high unemployment rates. Following another substantial gap, Merced, California, had the third-highest rate, 10.0 percent, half a percentage point higher than Yuba City, California, at 9.5 percent. These areas continued to be among the metropolitan areas with the highest rates in 2010. El Centro and Yuma recorded the highest rates, 29.7 percent and 25.3 percent, respectively. The next-highest rates were 19.5 percent, in Yuba City, and 18.9 percent, in Merced.

Idaho Falls, Idaho, and Logan, Utah-Idaho, tied for the lowest rates among metropolitan areas in 2007, 2.1 percent each. Charlottesville, Virginia, had the next-lowest rate, 2.4 percent. In 2010, the lowest unemployment rate was 3.9 percent, reported in Bismarck, North Dakota. This rate was followed by 4.1 percent in Fargo, North Dakota-Minnesota, and 4.2 percent in Lincoln, Nebraska.

The highest unemployment rate in a micropolitan area in 2007 was 15.1 percent, reported in West Point, Mississippi. The next-highest rates were 11.8 percent, in Bennettsville, South Carolina, and 11.6 percent, in Eagle Pass, Texas. In 2010, Bennettsville and Fernley, Nevada, tied for the highest rate among micropolitan areas, 19.7 percent. The next-highest rate was 19.4 percent, recorded in West Point, Mississippi.

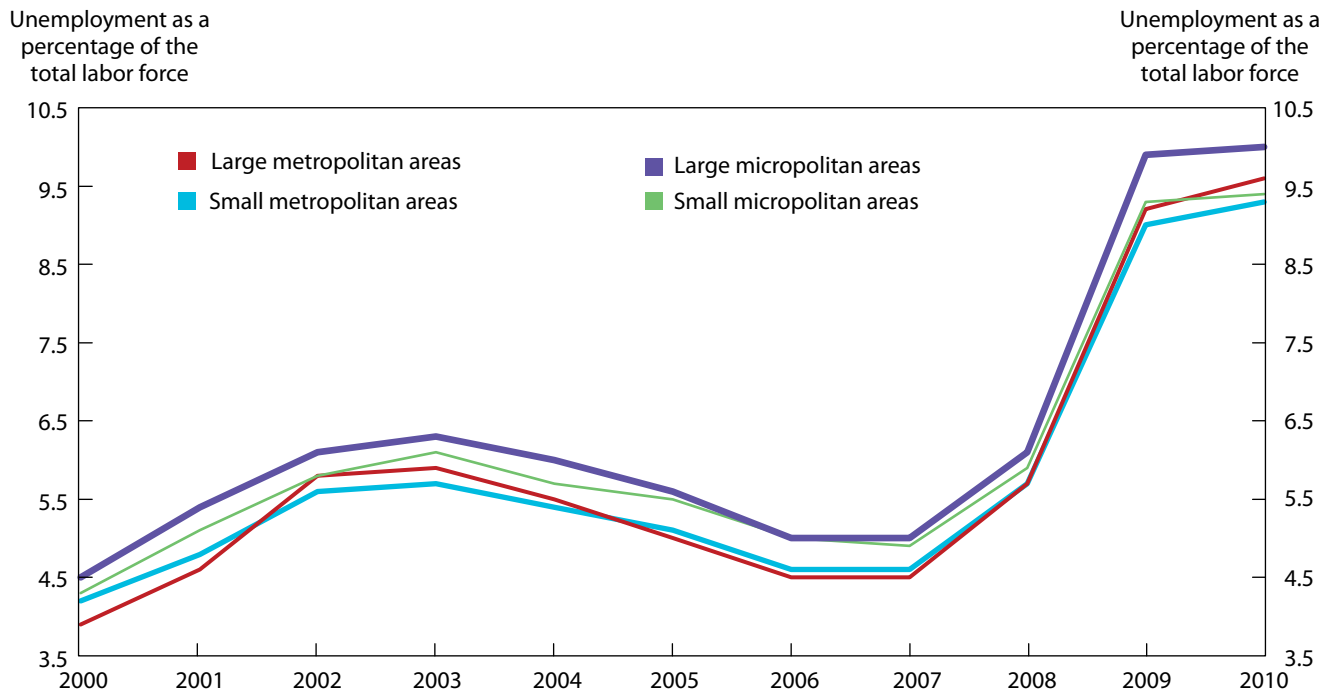
Williston, North Dakota, had the lowest unemployment rate in a micropolitan area in 2007, 1.9 percent. Gillette, Wyoming; Jackson, Wyoming-Idaho; and Los

Chart 1. Annual average unemployment rates in metropolitan, micropolitan, and small labor market areas, 2000–2010



SOURCE: U.S. Bureau of Labor Statistics.

Chart 2. Annual average unemployment rates in small and large metropolitan and micropolitan areas, 2000–2010



SOURCE: U.S. Bureau of Labor Statistics.

Alamos, New Mexico, followed closely, with rates of 2.0 percent each. In 2010, Williston continued to report the lowest rate, 1.7 percent. The micropolitan areas with the next-lowest rates were Dickinson, North Dakota, and Pierre, South Dakota, at 2.6 percent and 3.3 percent, respectively.

From 2007 to 2010, the national unemployment rate increased by 5.0 percentage points. Over this period, the largest change in annual average unemployment rates among metropolitan areas was +11.7 percentage points, in El Centro. Las Vegas-Paradise, Nevada (+10.6 percentage points), and Yuba City (+10.0 points), had the next-largest increases.

Bismarck, and Grand Forks, North Dakota-Minnesota,

reported the smallest increases from 2007 to 2010, +1.1 percentage points each. The two metropolitan areas with the next-smallest increases were Fargo (+1.3 percentage points) and Lincoln (+1.5 points). No metropolitan areas recorded drops in joblessness over the 2007–2010 time span.

Among micropolitan areas, the largest increase since 2007 was +13.2 percentage points, recorded in Fernley. Seven other micropolitan areas had rate increases of 10.0 percentage points or more. The smallest increases were reported in Dickinson (+0.1 percentage point) and in Minot, North Dakota (+0.5 point). Five other micropolitan areas had rate increases of 1.0 percentage point or less. Only one area, Williston, saw a rate decrease, –0.2 percentage point, from 2007 to 2010. □

Notes

¹ The analysis that follows updates and expands the article “Micropolitan Statistical Areas: a few highlights,” by George Helmer, which appeared in the April 2008 issue of the *Monthly Labor Review*.

² This definition comes from the Job Training and Partnership Act of 1982. The Bureau of Labor Statistics labor market area directory contains a comprehensive list of labor market areas. The 2011 directory, titled *Labor Market Areas, 2011*, is found at <http://www.bls.gov/lau/lmadir.pdf> (visited Aug. 2, 2011).

³ “with the exceptions of Kalawao County, Hawaii, and 18 isolated minor civil divisions...in New England” (*ibid.*, p. iii).

⁴ See *2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas; Notice* (Office of Management and Budget, June 28, 2010).

⁵ *Ibid.*; see especially Appendix II, “Criteria for Designating Small Labor Market Areas,” p. 168.

⁶ Definitions of the two types of CBSA were introduced in the *Federal Register*, Dec. 27, 2000. For the six New England States, the BLS Local Area Unemployment Statistics (LAUS) program produces data

for New England City and Town Areas (NECTAs), rather than county-based CBSAs.

⁷ The metropolitan areas are in all 50 States and the District of Columbia, but not in Puerto Rico, although CBSAs are defined for Puerto Rico.

⁸ See OMB Bulletin No. 10–02 (Office of Management and Budget, Dec. 1, 2009), <http://www.whitehouse.gov/sites/default/files/omb/assets/bulletins/b10-02.pdf> (visited Aug. 2, 2011).

⁹ The comparison is based on the weighted mean unemployment rate with labor force as the weight—a rate that is mathematically equivalent to the aggregate rate for each type of area.

¹⁰ The 2000 census classified Palm Coast as a micropolitan area. Since then, it has become a metropolitan area, with a population greater than 50,000.

¹¹ The National Bureau of Economic Research declared June 2009 to be the end of the recession that began in December 2007, making the total duration of the downturn 18 months. However, the national unemployment rate continued to rise until late in 2009.