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## **Credit Ratings Agency Offers Dim Outlook for Rural America.**

### **Population declines, an aging workforce and sluggish job growth pose challenges.**

Demographic and economic trends will pressure the finances of local governments in rural America in the coming years, a credit ratings agency said in a report issued Thursday.

Moody's Investors Service notes that employment in rural areas is lagging, as the population contracts and the workforce grows older. Last year, total employment in rural counties was down 4.3 percent from 2007 levels, whereas in urban counties it was up 7.5 percent.

Of the country's roughly 2,000 rural counties, according to Moody's, 69 percent had fewer people working in 2017 than in 2007.

"The fact that rural counties have fewer jobs today than 10 years ago indicates a diminished economic base from which local governments derive revenue, a credit trend that will continue to challenge much of rural America," the report from the ratings agency says.

The uphill battle is steeper for rural areas that lack sizable oil and gas industries or tourism. And while agriculture jobs have expanded they remain a relatively small share of total employment.

People moving to cities and declining birth rates, the report notes, have contributed to an erosion of the country's rural population by 0.5 percent between 2010 and 2017. During that same time period, the urban population in the U.S. grew by more than 6 percent.

Federal policies could further complicate the situation.

Tariffs imposed by the Trump administration will likely hurt manufacturing and agriculture in rural regions, according to Moody's.

And last year's federal tax cuts are unlikely to spur widespread, rural growth, "because rural areas are still at a disadvantage in competing for new investment, given their shrinking working-age population and an unreliable pipeline of future employees," the report says.

With economic headwinds threatening tax revenues, some rural local governments are also dealing with higher costs, Moody's notes.

The report points to Caldwell County, Kentucky as an example.

Between 2007 and 2017, the population there dropped every year. But the county estimates that jail and ambulance costs increased to \$1.7 million from \$824,000.

Moody's says some rural local governments are keeping their finances sturdy, in part, by taking steps to raise revenues and slash spending. But there's a caveat: localities could risk driving away people and businesses if taxes become too high or services deteriorate too far.

## **Route Fifty**

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