

McKinsey Institute
for Economic Mobility

Small towns, massive opportunity: Unlocking rural America's potential

Six strategies could catalyze growth and improve the well-being and economic mobility of rural residents across the country.

August 2025



About the McKinsey Institute for Economic Mobility

The McKinsey Institute for Economic Mobility (IEM) is a research institute and think tank dedicated to advancing inclusive economic growth in the United States—and globally. Its mission is to help private-, public-, and social-sector leaders take coordinated action to accelerate inclusive economic growth and improve economic mobility. IEM is anchored in an economic perspective, dedicated to rigorous and objective research, and focused on moving stakeholders toward long-term action that can lead to the economic development of communities across the globe.

Rural Economic Mobility

As the US population has become increasingly concentrated in urban centers, rural communities have often been an afterthought. In all, rural areas in the United States account for one-seventh of total population, nearly 46 million Americans, 71 percent of the geographical United States, and approximately \$2.7 trillion of US GDP (close to 10 percent). Yet, it has not benefited from the economic development of our nation equitably. Our focus on rural economic mobility aims to provide a data-driven, nonpartisan perspective on the opportunities for rural America to thrive. Please visit the McKinsey IEM Rural Economic Mobility website for more information.

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Introduction

The term “rural America” often conjures a patchwork of shorthand phrases—“the heartland,” “small-town America,” “flyover country”—an attempt to encompass the vast expanse of communities outside the nation’s cities and suburbs. Yet these labels obscure more than they reveal. Rural America is not a monolith. It is home to one in seven Americans (approximately 46 million people in 2023¹) and encompasses a vast array of geographies, economies, and cultures. While rural communities share some attributes and often differ from urban centers in meaningful ways, they also contain a multitude of strengths, challenges, and opportunities that defy broad generalizations.

This complexity is compounded by the lack of a consistent definition of what constitutes a rural community.² Moreover, the rural classification of individual communities is fluid, because both places and classification criteria evolve. For instance, rural counties are often reclassified as urban or metropolitan because of economic growth, urban sprawl, and population expansion. And as the Center on Rural Innovation (CORI) has noted, “Superstar rural counties often grow into run-of-the-mill urban counties,” distorting the historical economic performance and well-being outcomes of rural America.³

To put that claim into empirical terms, one group of researchers found that if analyses used the 1950 definition of “rural,” they would find that these counties have actually grown faster than urban ones.⁴ Even with the fluidity of classification, many residents in counties newly considered urban maintain a strong rural identity. This evolving rural–urban continuum complicates both analysis and the narrative of rural America’s decline or progress, demanding segmented analyses and tailored solutions to address diverse contexts and needs.

Despite rural America’s scale and significance, it remains underresearched. To address this gap, in 2025, we established a dedicated focus on rural communities within the McKinsey Institute for Economic Mobility.⁵ Our mission is to better understand the unique challenges and opportunities facing rural communities and help develop actionable insights that can achieve meaningful results. Our first publication, in March 2025, examined the question, “Who is rural America?”⁶ Our analysis explored these communities and found them to be large, diverse, dynamic, and full of opportunity.

This report seeks to deepen our understanding of rural America and uncover insights from demographic and macroeconomic trends about barriers and opportunities for future growth. Using a data-driven approach, we identified and analyzed a set of archetypes of rural communities across the United States (for more details, see the research methodology in the appendix). The report is organized in three sections, each with a different lens:

- **Places.** Chapter 1 defines six archetypes of rural communities in America, providing a framework for understanding the economic, social, and cultural dynamics that shape rural America today.
- **Outcomes.** Chapter 2 examines how people are doing across rural America. It delves into resident outcomes and well-being as well as trends in economic mobility across the rural archetypes.
- **Strategies.** Chapter 3 offers approaches to accelerate economic development in rural America along with actionable examples to improve economic mobility. Given the variation in rural archetypes, some of these strategies may be more relevant for certain communities than others.

Together, these insights illuminate pathways to enhance resilience, growth, and opportunity across rural communities.

¹ JP Julien, Nora Gardner, Sarah Tucker-Ray, and Shelley Stewart III, “Who is Rural America?,” McKinsey Institute for Economic Mobility, March 20, 2025.

² JP Julien, Nora Gardner, Sarah Tucker-Ray, and Shelley Stewart III, “Who is Rural America?,” McKinsey Institute for Economic Mobility, March 20, 2025.

³ *What’s Happening in Rural America*, “The reclassification of rural counties and what it means for rural America,” blog entry by Camden Blatchly, CORI, April 28, 2025.

⁴ Stephan J. Goetz, Mark D. Partridge, and Heather M. Stephens, “The economic status of rural America in the President Trump era and beyond,” *Applied Economic Perspectives and Policy*, March 2018, Volume 40, Number 1.

⁵ For more, see “Rural Economic Mobility,” McKinsey Institute for Economic Mobility, accessed July 15, 2025.

⁶ JP Julien, Nora Gardner, Sarah Tucker-Ray, and Shelley Stewart III, “Who is Rural America?,” McKinsey Institute for Economic Mobility, March 20, 2025.

1 Understanding place: Defining the archetypes of rural America

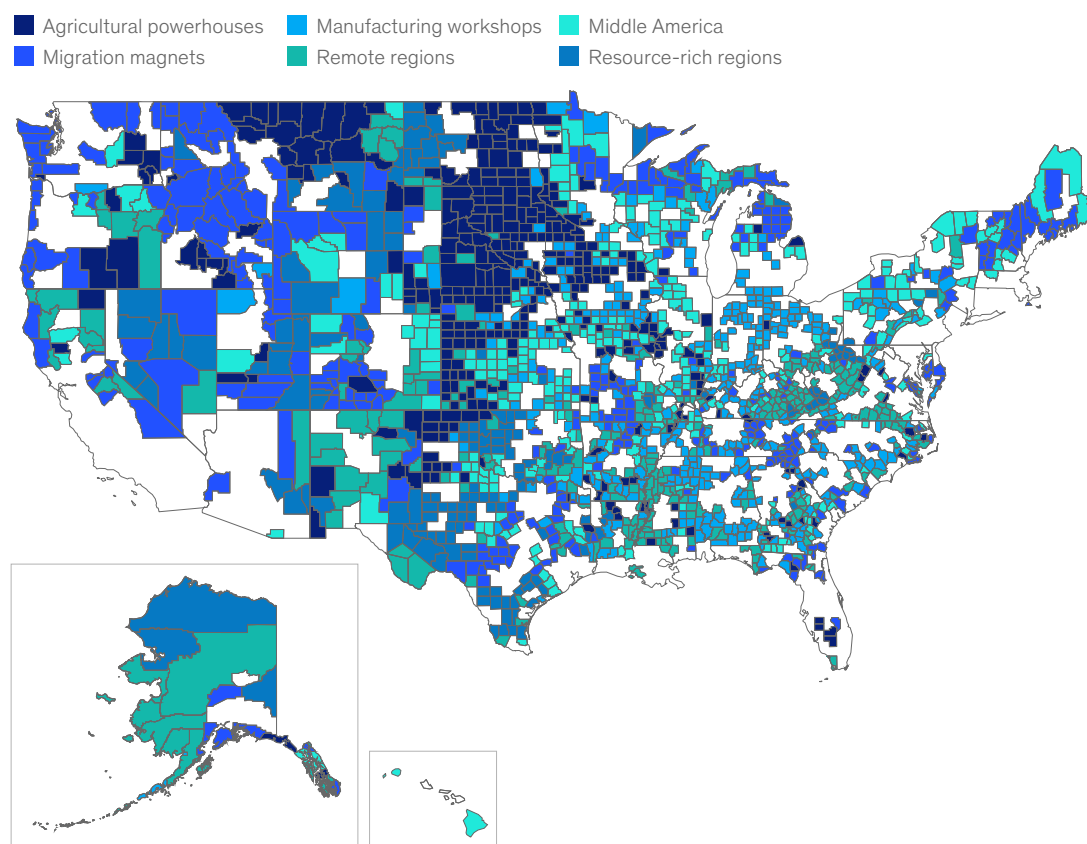
To comprehend the evolving nature of rural America, we first explored the types of communities that make up these regions—their similarities as well as their differences. Our analysis involved a statistical assessment of America's more than 3,100 counties. We identified six archetypes of rural communities, which may help to better define what we mean when we talk about rural America (Exhibit 1).

While these archetypes share some features that define them as rural—such as population size and density, as well as proximity to a metropolitan statistical area (MSA)—they are economically and socially distinct (Exhibit 2).

Exhibit 1

Cluster analysis suggests six archetypes may help to better define rural America.

Categorization of rural America by archetype



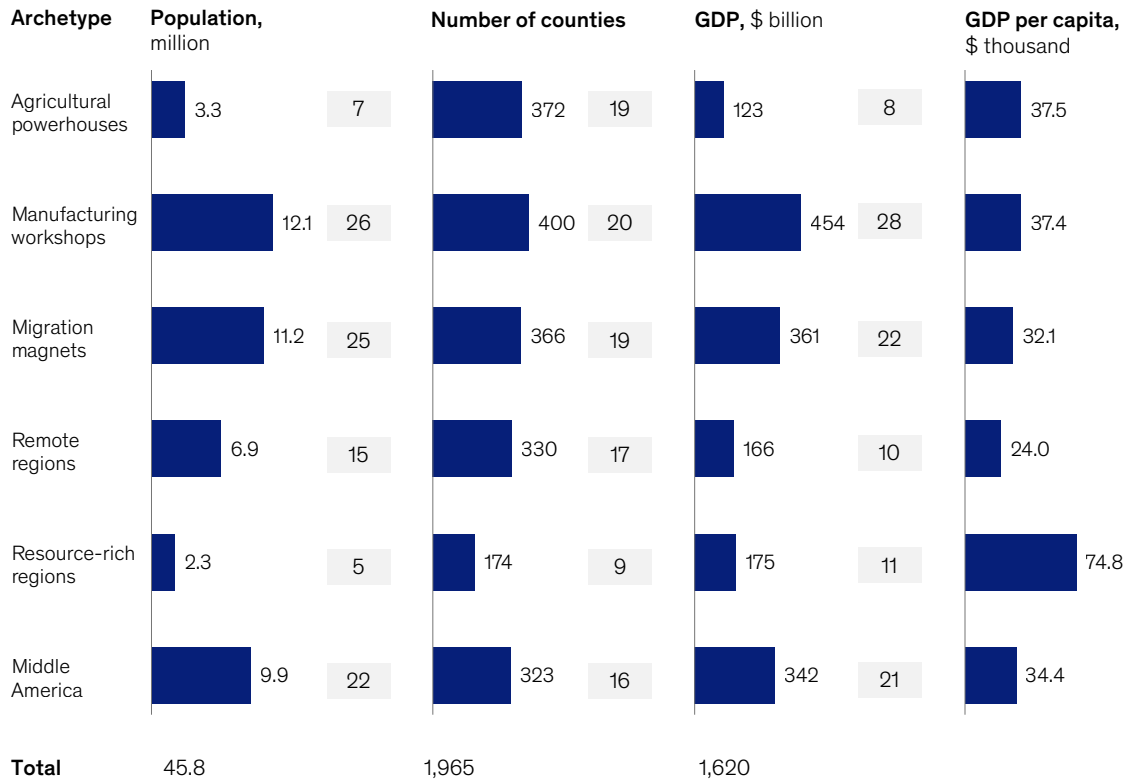
Source: US Census Bureau; McKinsey CityX analysis

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Exhibit 2

Archetypes are distinct and differ in terms of their size and economic output.

xx Share of rural total, %



Note: Figures may not sum to 100%, because of rounding.

Source: 2022 US Census Bureau surveys; McKinsey CityX Archetypes are distinct and differ in terms of their size and economic output.

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- **Agricultural powerhouses (7 percent share of total rural population)** are counties where agriculture makes up 20 percent or more of GDP.
- **Manufacturing workshops (26 percent share of total rural population)** are counties where manufacturing accounts for 30 percent or more of GDP.
- **Migration magnets (25 percent share of total rural population)** are counties, often exurbs near MSAs or tourism hubs, where net in-migration is consistently positive or food and accommodations represent at least 5 percent of GDP.
- **Remote regions (15 percent share of total rural population)** are counties where net out-migration is at least 4 percent and GDP is low compared with other rural communities.
- **Resource-rich regions (5 percent share of total rural population)** are counties where resource extraction—defined as mining, quarrying, and oil and gas extraction—represents 25 percent or more of GDP.

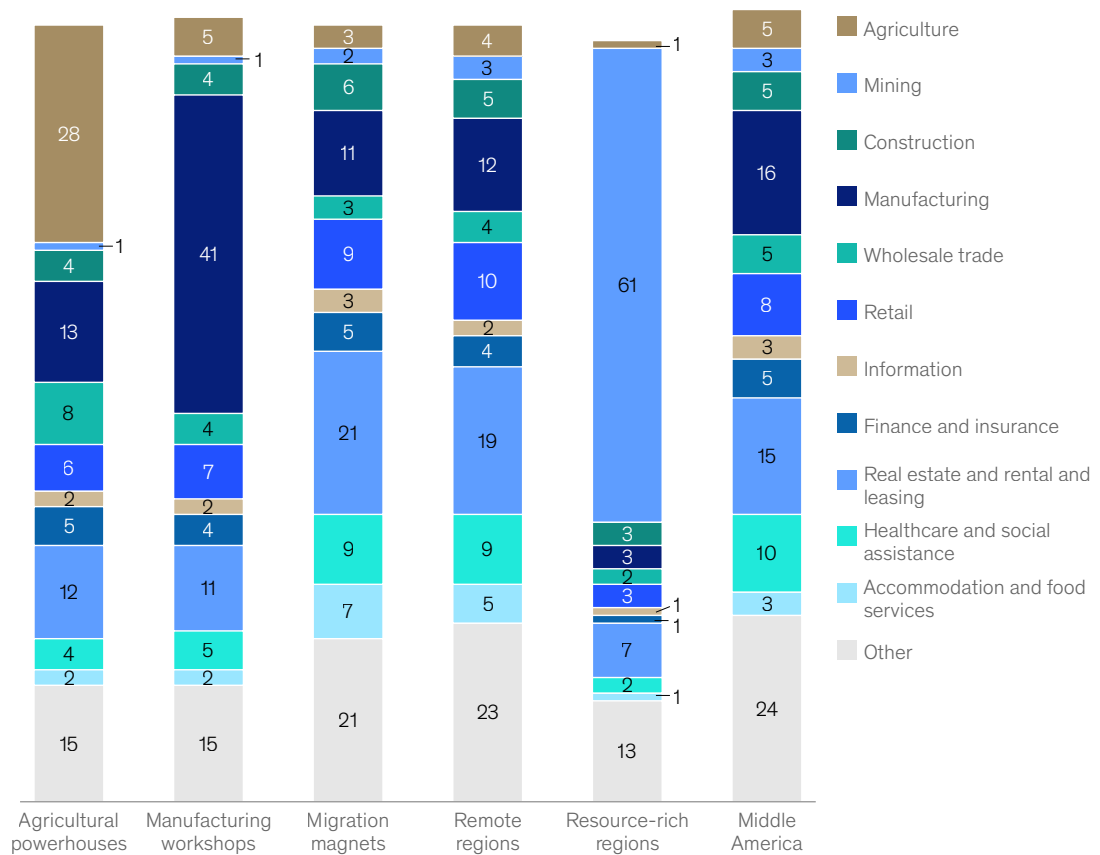
- *Middle America (22 percent share of total rural population)* is made up of rural counties that have diverse economies (that is, where there is less single-industry specialization) and lack other distinctive features critical within other archetypes.

Industry specialization varies greatly among rural archetypes (Exhibit 3). Dependence on these particular industries can make communities more vulnerable to macroeconomic shocks and fluctuations but also produce favorable economic outcomes for residents (see sidebar “Industry concentration across rural and urban communities”).

Exhibit 3

Industry concentration varies by rural archetype.

Share of GDP by industry, 2022, %



Note: Figures may not sum to 100%, because of rounding.
Source: US Bureau of Economic Analysis data, 2022; McKinsey CityX analysis

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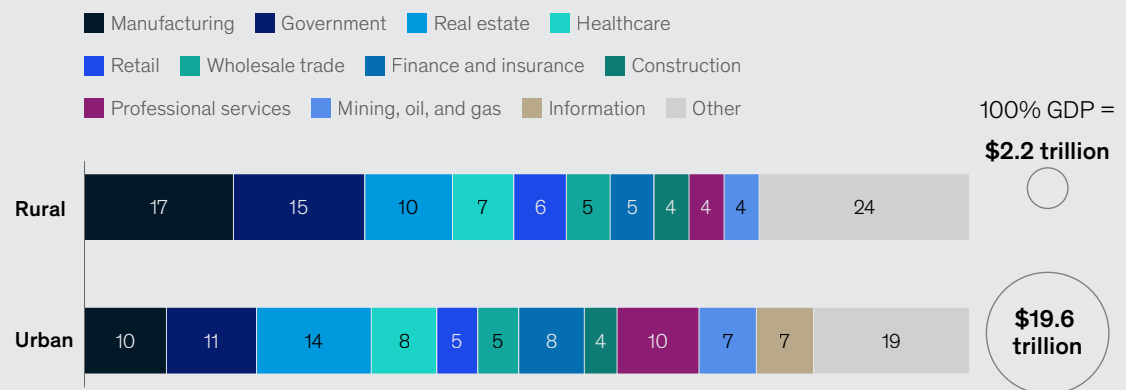
Industry concentration across rural and urban communities

Despite a similar set of top ten industries in both rural and urban counties, the growth drivers of these counties can differ significantly. One fundamental distinction is the size of the industry landscape: The GDP of urban counties (\$19.6 trillion) is nearly nine times that of rural counties (\$2.2 trillion), significantly greater than their fivefold advantage in population. Aside from the top three shared industries (manufacturing, government, and real estate), urban areas are more likely to be part of the knowledge economy (for example, professional services, finance and insurance, and information), while rural areas are focused primarily on healthcare and retail (Exhibits 1 and 2).

Exhibit 1

While rural and urban counties have similar top industries, their concentration varies.

GDP share by industry, 2022, %



Note: Figures do not sum to 100%, because of rounding.
Source: Moody's Analytics

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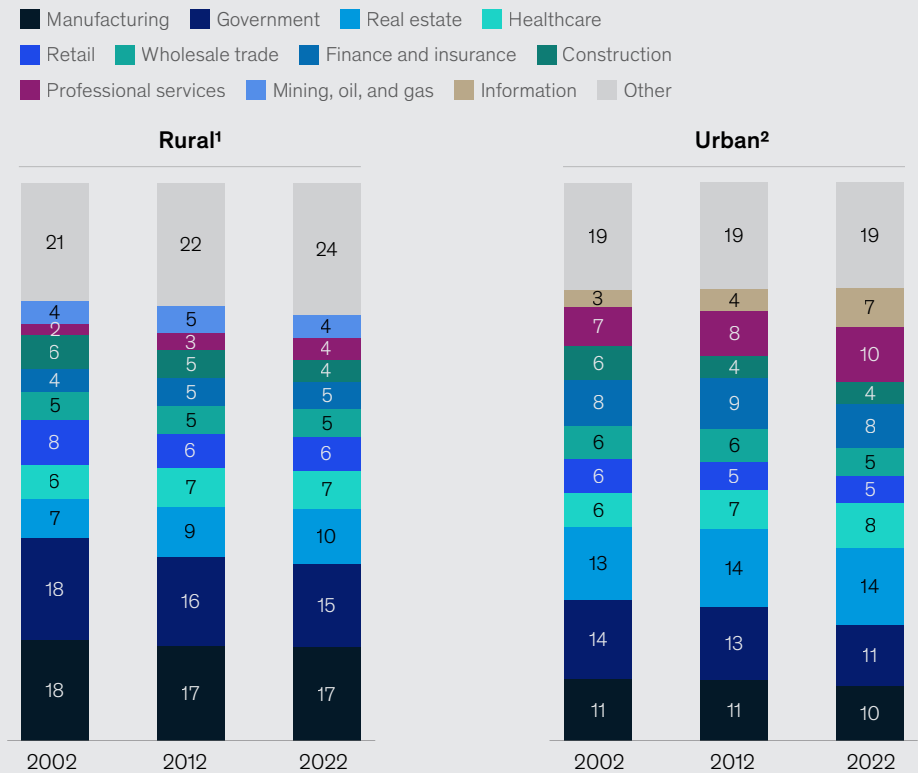
Overall, urban counties have a more equally weighted portfolio across all industries, while the GDP of rural counties is more heavily concentrated in those counties' top three industries. Similarly, the "other" category makes up nearly a quarter of GDP in rural counties and consists of a diverse mix of 13 industries, including accommodation and food, arts and entertainment, education, information, and transportation and warehouses. While manufacturing is the primary driver for growth in rural areas, its share of GDP declined slightly (by one percentage point) in rural and urban counties from 2002 to 2022.

Industry concentration across rural and urban communities (continued)

Exhibit 2

From 2002 to 2022, rural counties experienced minimal changes to the share and composition of top ten industries, but urban counties saw growth in knowledge industries (for example, professional services and information).

GDP share by industry, %



Note: Figures may not sum to 100%, because of rounding.

¹Includes the following industries for rural: accommodation and food; admin, support, and waste services; arts and entertainment; education; farming; fishing and hunting; information; management of companies; other services; and transportation and warehousing.

²Includes the following industries for urban: accommodation and food; admin, support, and waste services; arts and entertainment; company management; education; farming; fishing and hunting; mining, oil, and gas; other services; transportation and warehousing; and utilities.

Source: Moody's Analytics

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In employment, urban and rural counties differ substantially in their areas of industry focus. Rural counties specialize in some tradable industries¹ with relatively low projected employment growth, such as farms, mining, and manufacturing, but they have no high-growth, high-specialization industries (Exhibit 3).

¹Tradable industries produce goods or services that can be easily exported or transported to other regions.

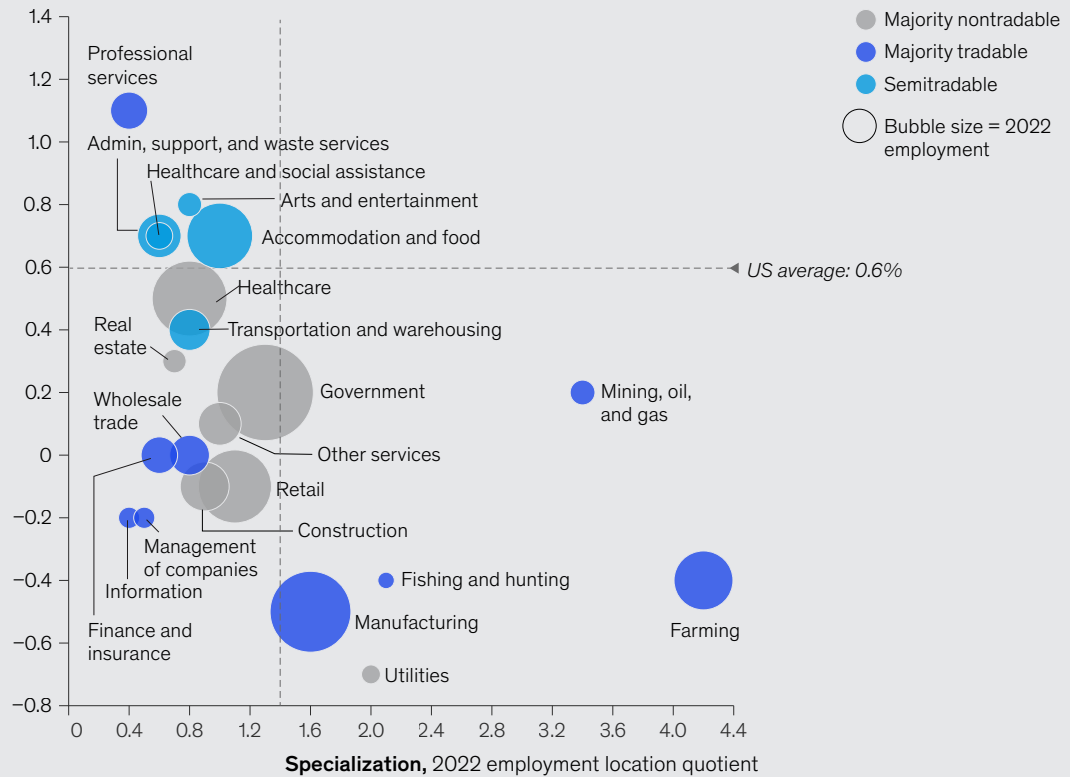
Industry concentration across rural and urban communities (continued)

Exhibit 3

Rural counties have higher specialization in low-growth, tradable sectors.

Sector prioritization matrix by employment for rural counties

Employment growth, 2022–32 CAGR, %



Note: Specialization is measured as the ratio of a sector's share of employment in a given area to that sector's share of employment in the US as a whole. Majority tradable industries produce goods and services that can be easily exported to other regions (domestically or internationally). Semitractable industries produce some goods and services that can be exported and others that cannot. Majority nontradable industries produce goods and services that are sold almost exclusively in the local market.
Source: Moody's Analytics

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This pattern differs substantially from urban counties, where eight industries are above average in both growth and specialization (Exhibit 4). At the same time, the level of specialization is relatively low in urban counties because the industry makeup closely mirrors the US average.

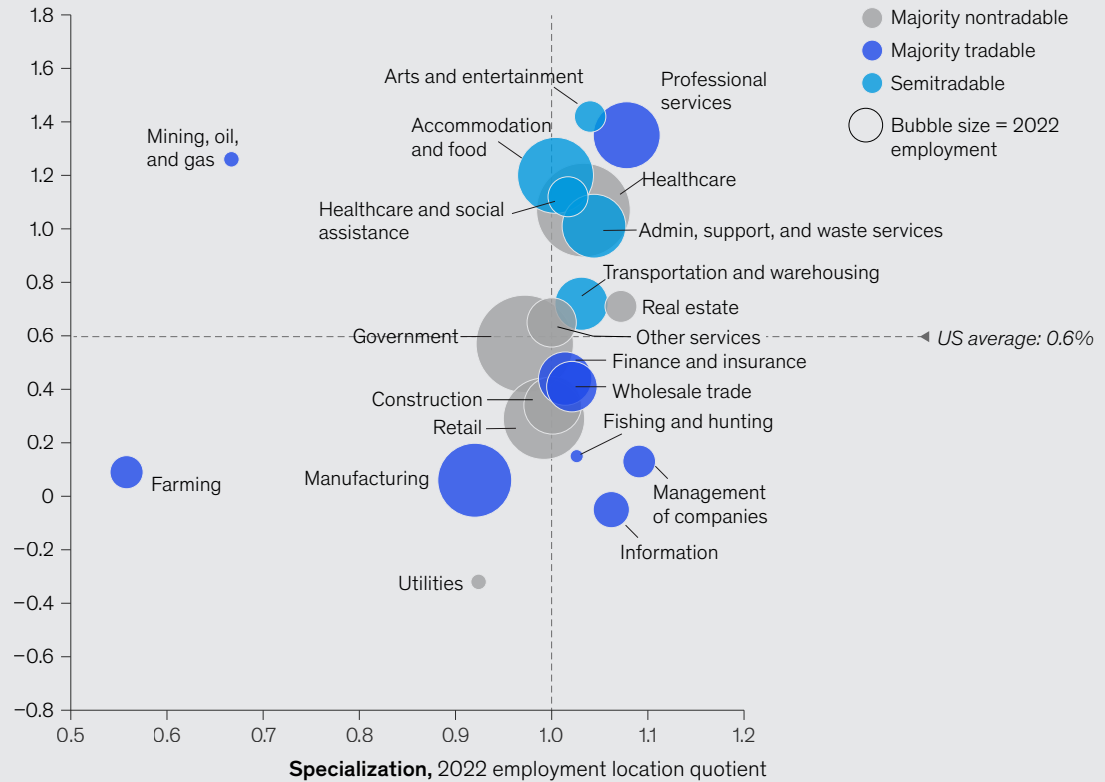
Industry concentration across rural and urban communities (continued)

Exhibit 4

Urban counties have slight specialization in most tradable and semitractable industries.

Sector prioritization matrix by employment for urban counties

Employment growth, 2022–32 CAGR, %



Note: Specialization is measured as the ratio of a sector's share of employment in a given area to that sector's share of employment in the US as a whole. Majority tradable industries produce goods and services that can be easily exported to other regions (domestically or internationally). Semitractable industries produce some goods and services that can be exported and others that cannot. Majority nontradable industries produce goods and services that are sold almost exclusively in the local market.

Source: Moody's Analytics

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Key nuances differentiating the six rural archetypes

A comparison of the archetypes by population, number of counties, GDP, and GDP per capita reveals some interesting insights.

- The three largest archetypes (manufacturing workshops, migration magnets, and middle America) account for approximately 70 percent of the US rural population.
- Agricultural powerhouses and resource-rich regions are more sparsely populated, with higher shares of counties than of overall population.
- From 2020 to 2022, manufacturing workshops and migration magnets recorded the highest GDP growth—upward of 7.4 percent.
- Resource-rich regions generate about twice the GDP per capita as agricultural powerhouses (the archetype in second place) but experienced a material decline in GDP of 6.7 percent from 2020 to 2022.
- Remote regions have the lowest GDP per capita and trail migration magnets (the second-lowest archetype) by 25 percent.
- Significant manufacturing activity takes place across rural archetypes: Manufacturing workshops derive 41 percent of GDP from manufacturing, but manufacturing generates more than 10 percent of GDP for four of the other five rural archetypes.

The following in-depth profiles of the six archetypes feature representative counties across the United States to illustrate and enable comparisons between archetypes.

Agricultural powerhouses

These counties are home to small, moderate-growth communities with an agricultural focus and stable economy (Exhibit 4). Agricultural powerhouses, along with resource-rich regions, are sparsely populated—their share of rural counties is proportionally higher than their slice of the overall population. Agricultural powerhouses also have the highest labor force participation rate of all archetypes, at 59.8 percent.⁷

Within this archetype, there remain areas of variation. For example, a significant portion of agricultural powerhouses are built around larger-scale farms with a lower diversity of products such as corn, hogs, and dairy. These “commodity” counties create an outsize share of GDP (\$47,000 in GDP per capita versus \$22,000 for agricultural powerhouses overall) and see higher labor participation (63 percent compared with 55 percent).

Framed by the picturesque landscapes that give Montana its “Big Sky Country” nickname, Garfield County is home to just shy of 1,200 Montanans with a median household income of about \$62,000. About 21 percent of residents have a bachelor’s degree or higher,⁸ and approximately 42 percent work in agriculture, forestry, fishing and hunting, and mining.⁹ More than 260 farms dot Garfield County; more than two-thirds of those farms comprise 1,000 acres or more, producing forage for livestock and wheat. With its small population and large size (about 4,800 square miles), Garfield County has the third-lowest population density of any county in the continental United States (at about 0.3 inhabitants per square mile).

⁷ For reference, the next-closest archetypes for labor force participation are middle America (59.0 percent) and manufacturing workshops (58.4 percent).

⁸ The US Census Bureau counts bachelor’s degree holders aged 25 and older.

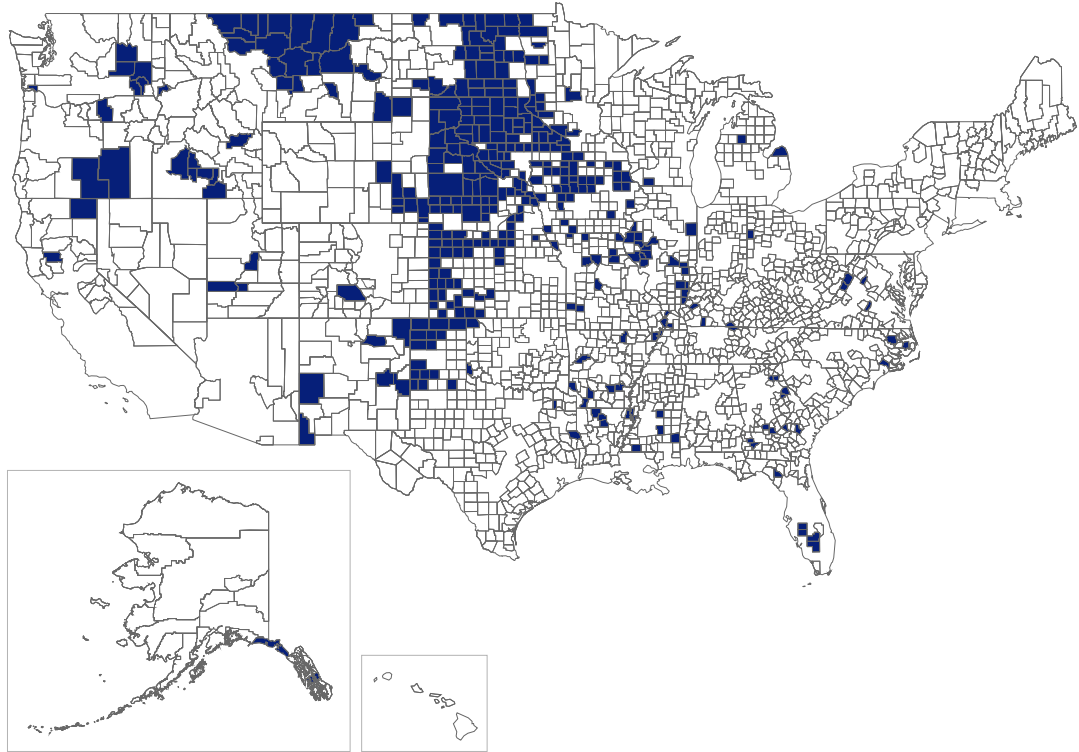
⁹ “QuickFacts: Garfield County, Montana,” US Census Bureau, updated 2024.

Exhibit 4

Agricultural powerhouses are small, stable, agriculture-focused communities.

Categorization of rural America into 6 archetypes

■ Agricultural powerhouses □ Manufacturing workshops □ Middle America
□ Migration magnets □ Remote regions □ Resource-rich regions



Source: US Census Bureau; McKinsey CityX analysis

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Osceola County, Iowa, has a population of 6,192. It is economically robust, with a labor force participation rate of 67 percent.¹⁰ Agriculture, specifically soybean and corn production and livestock, accounts for 44 percent of its GDP.

Manufacturing workshops

In these midsize, growing communities, more than 30 percent of GDP comes from manufacturing. These counties are strengthened by higher-than-average labor participation and lower unemployment (Exhibit 5). While manufacturing workshops represent an outsize share of the rural population (approximately 26 percent), they account for a smaller share of counties (20 percent). Our analysis identified two types of manufacturing workshops (Table 1). Deindustrializing counties are concentrated in the Rust Belt, while reshoring counties are typically found in the South.

¹⁰ "QuickFacts: Osceola County, Iowa," US Census Bureau, updated 2024.

Table 1

Manufacturing workshops can be classified into two separate categories.

	Deindustrializing counties	Reshoring counties
Population	4.3 million	7.8 million
GDP per capita	\$25,000	\$44,000
GDP growth, annual	4%	8%
Labor force participation	55%	60%
Educational attainment (bachelor's degree and above)	17%	20%

The rise of electric-vehicle and battery manufacturing across Southern states has led some to dub the region the “Battery Belt.”¹¹ For example, rural counties in the Battery Belt states of Georgia and Alabama are home to both automotive and battery manufacturing. In northeast Georgia, where I-85 meets US Highway 441, Jackson County had a population of nearly 94,000 residents in 2024, up from about 76,000 in 2020.¹² It is home to SK Battery America (SKBA), a South Korean battery maker that employs more than 2,600 workers in Jackson County’s two manufacturing facilities, representing \$2.6 billion in investment.¹³ The county’s manufacturing base also includes companies such as millwork manufacturer Steves & Sons, which announced a \$100 million facility in the county in 2022.¹⁴

On the other side of Georgia, Troup County is home to about 70,000 residents.¹⁵ Like Jackson County, Troup County has a growing advanced manufacturing base: For example, Kia and multiple automotive suppliers in the Hyundai Motor Group (Kia’s parent company) have manufacturing facilities there.¹⁶ In May 2024, the local Kia plant began manufacturing the EV9, an all-electric SUV, following an investment of roughly \$200 million to expand its facilities.¹⁷

Just over the state line, in east Alabama, Coffee County’s manufacturing facilities include Hwaseung Automotive Alabama’s plant, which supplies auto companies such as Kia in Georgia.¹⁸ Jackson, Troup, and Coffee Counties demonstrate how rural manufacturing workshops contribute to innovative advanced industries across the United States. They also showcase the connections between rural American counties and global manufacturers: Each of the companies mentioned above has a parent company in South Korea.

¹¹ Ben Tracy and Analisa Novak, “EV battery manufacturing energizes southern communities in ‘Battery Belt,’” CBS News, October 4, 2023;

Jerry Underwood, “Powering the future: Alabama charges ahead in the South’s growing ‘Battery Belt,’” Made in Alabama, April 17, 2025.

¹² “QuickFacts: Jackson County, Georgia,” US Census Bureau, updated 2024.

¹³ “Gov. Kemp: SK Battery America exceeds hiring goal, on track to reach 3,000 workers,” Georgia Office of the Governor, January 30, 2023.

¹⁴ “Manufacturer Steves & Sons, Inc. to invest over \$100 million in Jackson County,” Georgia Department of Economic Development, November 21, 2022.

¹⁵ “QuickFacts: Troup County, Georgia,” US Census Bureau, updated 2024.

¹⁶ “Business directory: Manufacturing category,” LaGrange-Troup County Chamber of Commerce, accessed July 10, 2025.

¹⁷ Chris McChargue, “Kia Georgia begins assembly of the 2025 Kia EV9 all-electric SUV,” Kia Georgia, May 30, 2024.

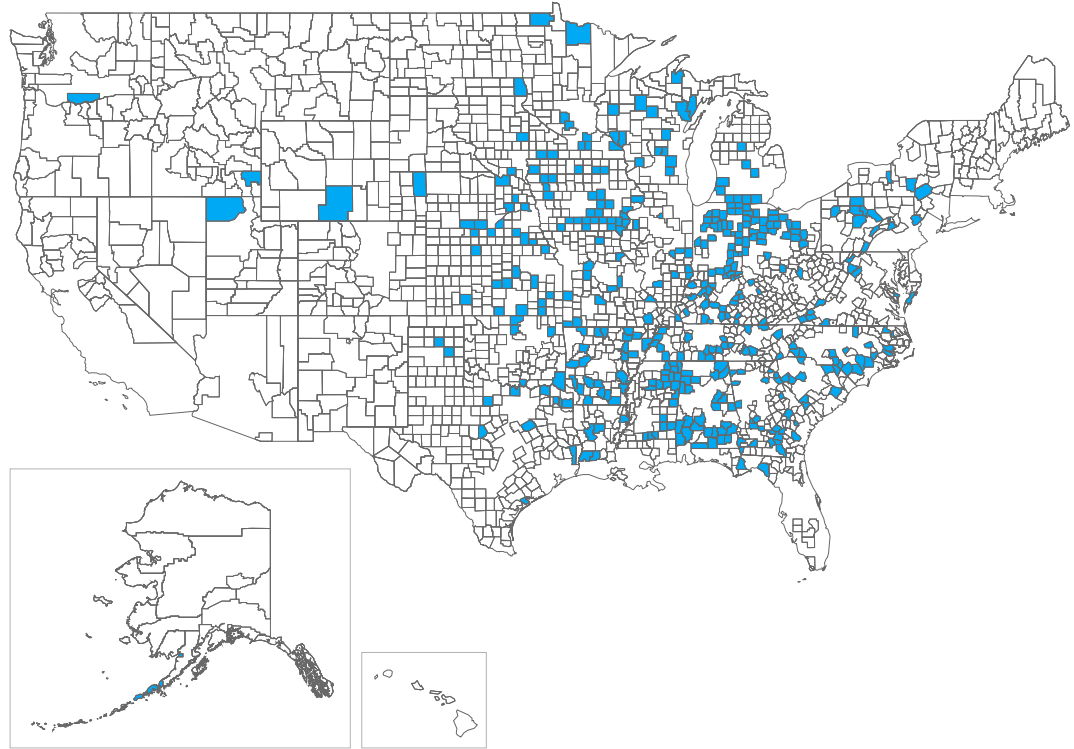
¹⁸ Jerry Underwood, “Record year for foreign investment sparks growth in Alabama,” Made In Alabama, August 7, 2019.

Exhibit 5

Manufacturing workshops are rapidly developing manufacturing hubs.

Categorization of rural America into 6 archetypes

- ☐ Agricultural powerhouses
- ☒ Manufacturing workshops
- ☐ Middle America
- ☐ Migration magnets
- ☐ Remote regions
- ☐ Resource-rich regions



Source: US Census Bureau; McKinsey CityX analysis

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Migration magnets

These counties are midsize to large communities with relatively high in-migration (greater than 1 percent) (Exhibit 6). This archetype has two potential subcategories: counties near tourist destinations with largely hospitality-based economies (with average in-migration of 6 percent) and growing communities near MSAs (8 percent).

Park County, Wyoming, occupies the state's northwest corner. Park County's 29,600 residents have a median household income of about \$70,500, and more than 95 percent of them have earned a high school diploma or postsecondary degree.¹⁹ Less than a quarter of the county's more than 3.3 million acres is privately owned; large swaths of land are occupied by Shoshone National Forest (the first national forest in the United States), and more than half of Yellowstone National Park (the county's namesake) is located in Park County. With these and other outdoor attractions, it's no surprise the county's top industries are focused on tourism and hospitality.

¹⁹ "QuickFacts: Park County, Wyoming," US Census Bureau, updated 2024.

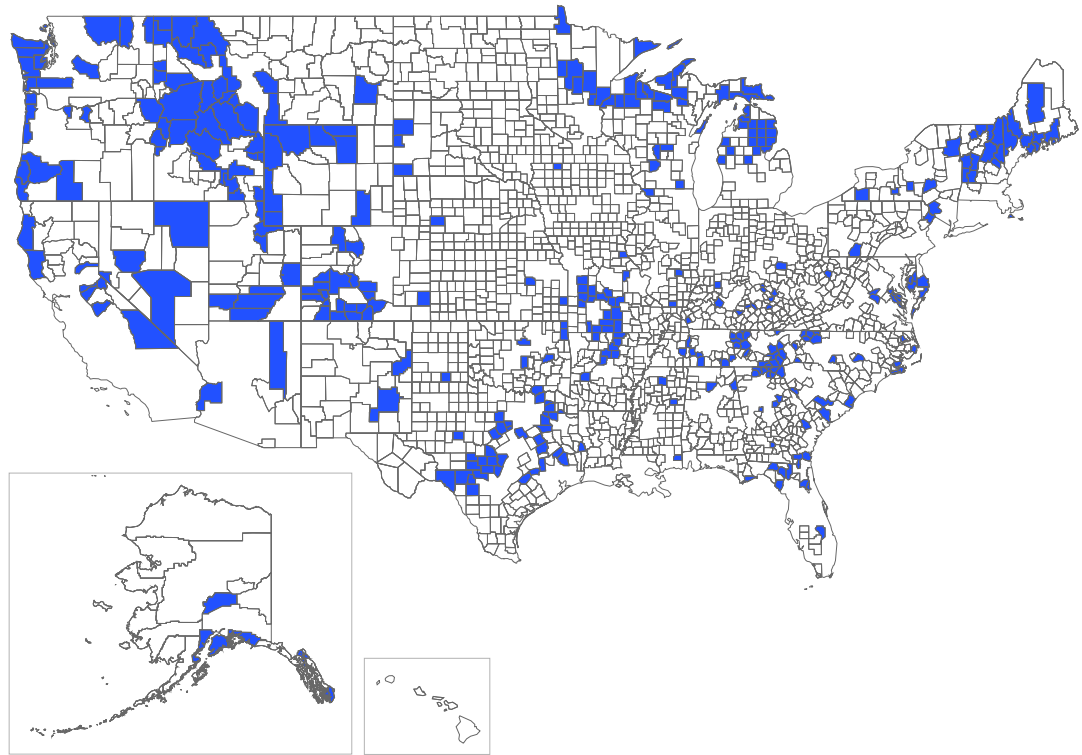
Putnam County, Tennessee, is located on I-40 about halfway between Knoxville and fast-growing Nashville. The county has experienced net-positive in-migration for each of the past 20 years, fueling a rise in population from about 79,000 people in 2018 to 85,000 in 2024.²⁰ From 2020 to 2024, the dollar value of building permits in Putnam County grew by more than 60 percent, reaching \$88.5 million. Median household incomes rose from about \$44,500 in 2020 to \$54,100 in 2024.

Exhibit 6

Migration magnets are midsize-to-large communities experiencing positive migration trends.

Categorization of rural America into 6 archetypes

- ☐ Agricultural powerhouses
- ☐ Manufacturing workshops
- ☐ Middle America
- ☒ Migration magnets
- ☐ Remote regions
- ☐ Resource-rich regions



Source: US Census Bureau; McKinsey CityX analysis

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²⁰ "QuickFacts: Putnam County, Tennessee," US Census Bureau, updated 2024.

Remote regions

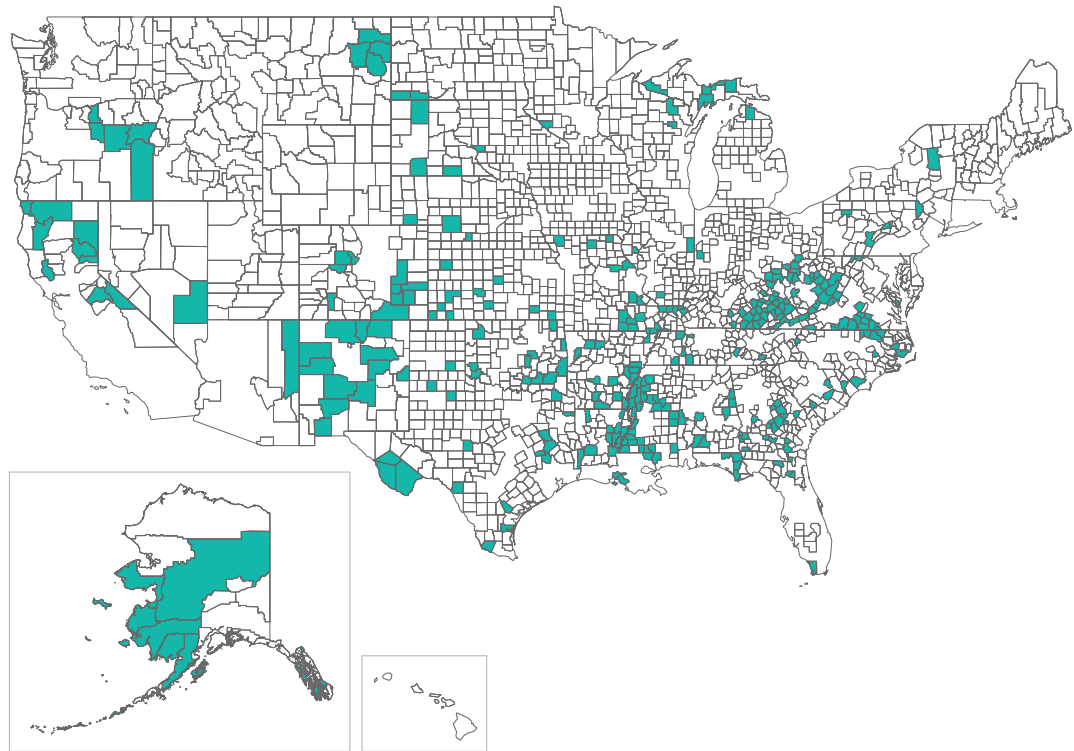
These counties are home to small and midsize communities with lower industrial specialization and economic output (Exhibit 7). In remote regions, factors such as larger net out-migration (greater than 4 percent), decreased labor force participation, and lower GDP contribute to slower growth and less industrial specialization than in other communities. Of the six archetypes, these regions have the lowest GDP per capita, trailing the next closest archetype by about one-third. Remote regions also have the lowest labor participation rate (50.7 percent) and highest unemployment rate (6.6 percent) among all archetypes. These regions tend to be geographically isolated, and many have historical legacies of economic distress, such as the Mississippi Delta and the coal country of Appalachia.

Exhibit 7

Remote regions are smaller, isolated communities ready for investment.

Categorization of rural America into 6 archetypes

- ☐ Agricultural powerhouses
- ☐ Manufacturing workshops
- ☐ Middle America
- ☐ Migration magnets
- ☒ Remote regions
- ☐ Resource-rich regions



Source: US Census Bureau; McKinsey CityX analysis

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Keith County, Nebraska, sits among the rolling hills of America's Midwest, with a population of about 8,300.²¹ It is split by the North and South Platte Rivers, and 55 of the county's 1,100 square miles are occupied by Lake McConaughy, Nebraska's largest reservoir and a popular recreational area. The county's median income is about \$59,500, and approximately 12 percent of residents fall below the poverty line. Just under 20 percent of residents hold a bachelor's degree or higher. Agriculture, real estate, and wholesale trade make up 50 percent of industry in the county.

Tallahatchie County in northwest Mississippi is part of the Mississippi Delta. John Lee Hooker, a renowned blues musician, spent much of his childhood there. The county's median income is \$35,500, and its labor force participation is below 50 percent.²² Agriculture and real estate account for more than 40 percent of the county's industry.

Resource-rich regions

Resource-rich regions include small, remote communities where resource extraction (for example, mining, quarrying, and oil and gas) accounts for greater than 25 percent of GDP (Exhibit 8). These counties have experienced shrinking populations in the aggregate but generate twice the GDP per capita compared with agricultural powerhouses (ranked second on this metric). However, these regions saw their GDP decline by 6 percent from 2020 to 2022. Resource-rich regions, along with agricultural powerhouses, are sparsely populated—making up a higher share of rural counties than of overall population.

Reeves County, located in the oil-rich Permian Basin region of western Texas, has a population of 14,700.²³ It is the largest producer of natural gas among all counties in the state, and the agriculture, forestry, fishing and hunting, and mining industries together account for more than 16 percent of jobs in the county, second only to construction. The median household income in the county is \$57,500, but 21 percent of residents live below the poverty line. Just 9.8 percent have earned a bachelor's degree or higher.²⁴

Leslie County is a coal producer in eastern Kentucky's Appalachian region, with 30 percent of its GDP coming from mining. As coal's prominence in the economy has declined, Leslie County has experienced slowing economic growth, with a steep 50 percent decline in GDP from 2011 to 2021. However, the county has made significant efforts to improve outcomes for residents through cradle-to-career work programs, such as those offered by Partners for Rural Impact (PRI) and Berea College.

Greene County is a fracking region in southwestern Pennsylvania. It has a population of 36,000 and a median household income of \$66,000.²⁵ Two-thirds of its GDP comes from the mining, quarrying, and oil and gas industries, but leaders have made recent attempts to diversify the region's economy.²⁶ The county's strategic location between Pittsburgh and Morgantown, two business centers, could help it become part of the broader business ecosystem in southwestern Pennsylvania.

²¹ "QuickFacts: Keith County, Nebraska," US Census Bureau, updated 2024.

²² "QuickFacts: Tallahatchie County, Mississippi," US Census Bureau, updated 2024.

²³ "QuickFacts: Reeves County, Texas," US Census Bureau, updated 2024.

²⁴ "QuickFacts: Reeves County, Texas," US Census Bureau, updated 2024.

²⁵ "QuickFacts: Greene County, Pennsylvania," US Census Bureau, updated 2024.

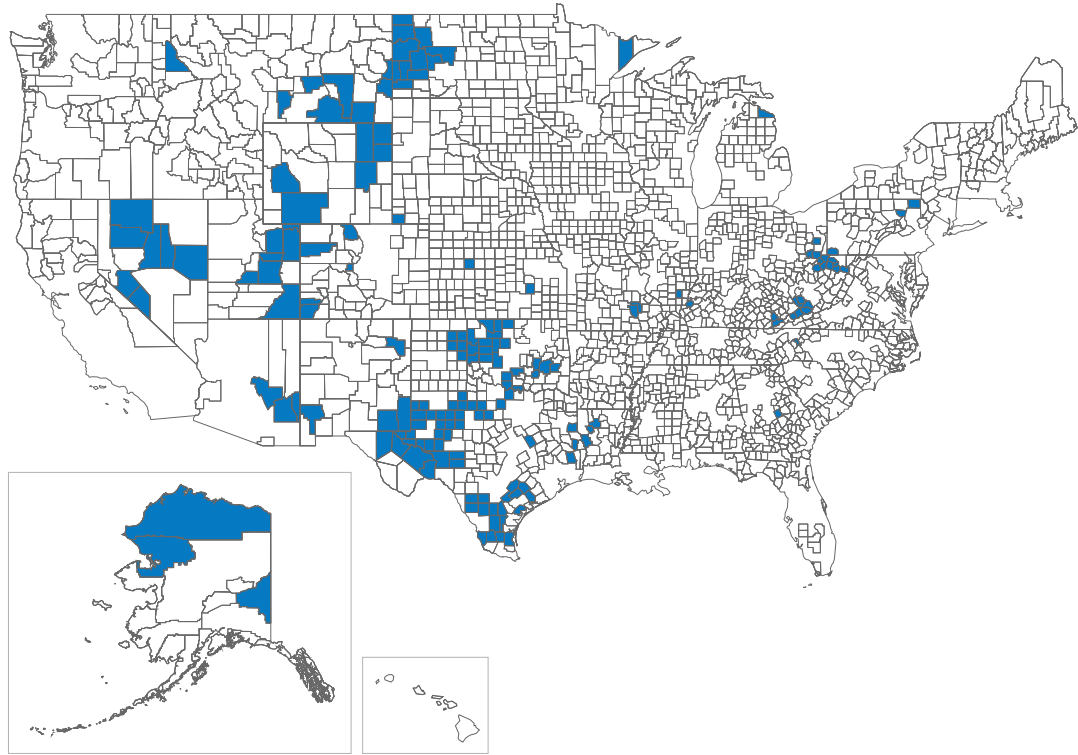
²⁶ McKinsey analysis of 2022 Bureau of Economic Analysis data.

Exhibit 8

Resource-rich regions are remote communities built for resource extraction.

Categorization of rural America into 6 archetypes

- ☐ Agricultural powerhouses
- ☐ Manufacturing workshops
- ☐ Middle America
- ☐ Migration magnets
- ☐ Remote regions
- ☒ Resource-rich regions



Source: US Census Bureau; McKinsey CityX analysis

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Middle America

Midsize or large communities that do not have major industry specializations or the defining characteristics of other archetypes are part of the middle America archetype (Exhibit 9). These counties have wide variation across economic characteristics and dimensions, but taken together, they currently experience better-than-average economic outcomes.

Somerset County, Maine, has described itself as “where good living meets the power of industry.”²⁷ Its population numbers just over 50,000, with a median household income of \$56,199 (in 2023 dollars).²⁸ Somerset County’s economy includes a diverse set of industries—including farms, timber production, construction, and related services—and a vibrant culinary and local brewery scene. The county is known for outdoor recreation, with more than 70 percent of its area occupied by forests, 250 bodies of water, and thriving tourism based on outdoor activities.²⁹

²⁷ “Somerset County, ME community video tour,” CGI Communications, July 31, 2024.

²⁸ “QuickFacts: Somerset County, Maine,” US Census Bureau, updated 2024.

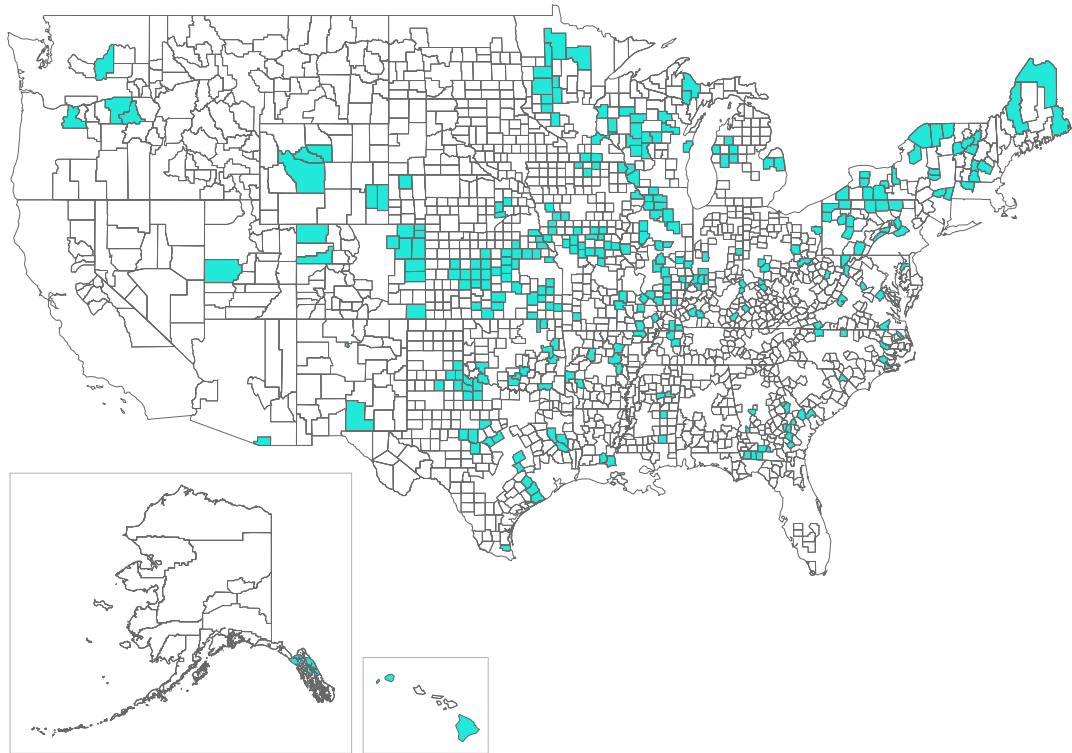
²⁹ “Lake survey maps,” Maine Department of Inland Fisheries & Wildlife, accessed July 10, 2025.

Exhibit 9

Middle America is made up of dispersed, diversified, and economically stable communities.

Categorization of rural America into 6 archetypes

- | | | |
|---|--|--|
| <input type="checkbox"/> Agricultural powerhouses | <input type="checkbox"/> Manufacturing workshops | <input checked="" type="checkbox"/> Middle America |
| <input type="checkbox"/> Migration magnets | <input type="checkbox"/> Remote regions | <input type="checkbox"/> Resource-rich regions |



Source: US Census Bureau; McKinsey CityX analysis

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Livingston County, Illinois, located in the center of the state, is home to the Route 66 Association Hall of Fame and Museum.³⁰ The county's population is about 35,800,³¹ and its economy is diverse: Agriculture, manufacturing, and information each make up 15 to 20 percent of the county's GDP. Two of the county's largest employers are Caterpillar, which manufactures components for tractors and data centers in Livingston, and Interlake Mecalux, an information systems provider for warehouse automation.

³⁰ "Route 66 Association Hall of Fame & Museum," Route 66 Association of Illinois, accessed July 10, 2025.

³¹ "QuickFacts: Livingston County, Illinois," US Census Bureau, updated 2024.

2 Resident outcomes: Measuring well-being and mobility in rural America's archetypes

How are America's rural residents doing across these different community archetypes? We see interesting findings when comparing overall well-being at a single point in time and when examining rates of economic mobility over time. When examining a single point in time, residents in agricultural powerhouses appear to have the greatest well-being, on average. Manufacturing workshops, on the other hand, appear to have the strongest opportunities for upward economic mobility. Of all rural archetypes examined, agricultural powerhouses are the only counties that rank above the US average on both overall well-being and economic mobility.

Agricultural powerhouses lead on well-being

To measure resident well-being, we assessed eight aspirations of well-being³²:

- standard of living
- financial stability
- job opportunities with decent pay and good working conditions
- long, healthy lives
- opportunities to develop skills through affordable, quality education
- stable and secure homes
- physical and virtual connectivity
- stable communities

Using these eight aspirations, we calculated outcomes for residents in each of the six archetypes and then compared and ranked the archetypes (Exhibit 10).

Agricultural powerhouses have the highest outcomes on five of the eight aspirations. Their performance is driven by factors such as lower rates of poverty (13.6 percent average poverty rate), higher average incomes (about \$62,000 per household), and lower unemployment. They also benefit from higher self-reported mental well-being and lower rates of rent burden, with average rents less than 23 percent of income.

Conversely, remote regions rank consistently near the bottom. In the aggregate, these communities have the lowest outcomes on all aspirations except stable community and economic mobility. They face a number of challenges, including higher rates of poverty (20 percent on average), higher unemployment and lower labor force participation rates (62 percent), life expectancy of just 75 years, lower educational attainment (15 percent of residents do not have a high school diploma compared to migration magnets with 10 percent), and reduced broadband connectivity (21 percent of households lack broadband compared to migration magnets at 15 percent).

³² We leverage the methodology in our report *The state of Black residents*. As we note in that report, these measures define what it takes for an individual or family to thrive. *The state of Black residents: The relevance of place to racial equity and outcomes*, McKinsey Institute for Economic Mobility, February 2024.

Exhibit 10

The rural archetypes can be ranked by their outcomes for residents, with agricultural powerhouses at the top for most outcomes.

	Archetype					
	Agricultural powerhouses	Middle America	Migration magnets	Manufacturing workshops	Resource-rich regions	Remote regions
Overall rank	1	2	3	4	5	6
Standard of living	1	3	2	4	5	6
Financial stability	1	2	4	3	5	6
Economic mobility	1	3	4	2	5	6
Job opportunities	1	2	3	4	5	6
Long, healthy lives	3	2	1	4	5	6
Developing skills	1	4	5	2	3	6
Stable, secure homes	2	3	1	4	5	6
Connectivity	3	2	5	1	4	6
Stable community	2	3	5	1	6	4

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Manufacturing workshops demonstrate the highest levels of upward mobility

Economic mobility, in this context, refers to the capacity of individuals to achieve improved economic outcomes relative to their parents. Specifically, this framework measures economic mobility by analyzing children's earnings distributions and other adult outcomes at age 35.³³

To measure economic mobility for residents over time, we analyzed data from the Opportunity Atlas tool, which tracks economic mobility measures by county across the United States.³⁴ One such metric is the median household income in selected brackets for residents born in 1978 and 1992. Using this data, we identified the counties and rural archetypes where children born into low-income (25th percentile) and middle-income (50th percentile) brackets have the greatest potential for increasing average income relative to their parents over time (Exhibits 11 and 12).

Our analysis yielded a variety of insights across income brackets:

Middle-income (50th percentile) residents

Middle-income residents in rural areas have achieved more stable economic mobility outcomes than their urban counterparts. In all six rural archetypes, middle-income residents have experienced more positive income growth over time compared with people in nonrural counties. These results align with findings from other research, such as the decline in upward mobility in urban areas noted by MIT economist David Autor.³⁵

³³ Raj Chetty et al., "The Opportunity Atlas: Mapping the childhood roots of social mobility," Opportunity Insights, October 2018.

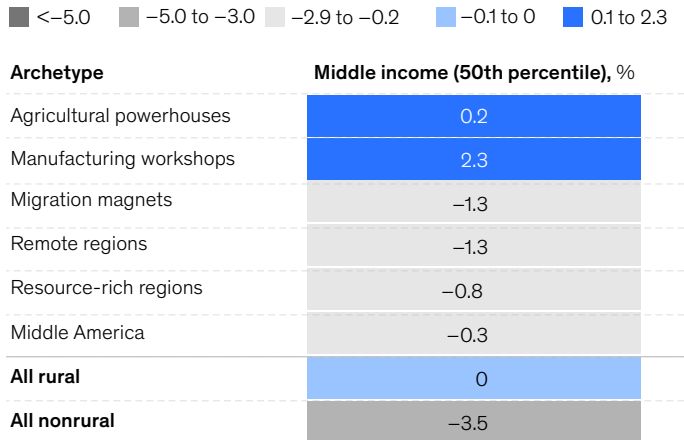
³⁴ The tool was created by the US Census Bureau and Opportunity Insights. For more, see Raj Chetty et al., *The Opportunity Atlas: Mapping the childhood roots of social mobility*, Opportunity Insights, October 2018.

³⁵ Peter Dizikes, "The urban job escalator has stopped moving," MIT News, July 8, 2020. David Autor posits that this decline is primarily caused by the shift of high-skilled, middle-income manufacturing jobs out of cities. This move effectively deskilled low- and middle-income jobs in urban areas. Because of this trend, Autor notes that from 1980 to 2015, noncollege urban workers with high school diplomas experienced a decrease in their wages of seven percentage points compared with their nonurban peers. For urban workers who did not complete high school, the relative decline was even larger, at 12 percentage points.

Exhibit 11

Middle-income residents across rural archetypes have experienced greater economic mobility compared with their nonrural counterparts.

Average change in household income for 1978 to 1992 cohorts



McKinsey & Company

Among the rural archetypes, manufacturing workshops had the greatest upward mobility for middle-income residents. This finding aligns with the work from Autor as well as other researchers, who concluded that smaller manufacturing communities across the United States offer opportunities for upward mobility. The Brookings Institution found that regions with significant manufacturing growth, particularly in the central corridor of the United States (from Minnesota to Texas), had elevated levels of intergenerational mobility and income growth for workers without four-year degrees.³⁶ According to Brookings, more than 70 percent of production and operative jobs, which include manufacturing, are middle-wage jobs. Therefore, investments in manufacturing in rural areas could offer pathways to upward economic mobility for rural residents.

Low-income (25th percentile) residents

Across all rural archetypes, low-income residents have experienced income declines over time. This finding also holds true for their counterparts in nonrural areas.

In addition, resource-rich regions demonstrated the steepest drop in income over time for low-income residents across all archetypes. These declines mirror significant job losses in mining and oil, gas, and coal extraction in recent decades. In January 1985, about 248,500 US workers had jobs in oil and gas extraction, with an additional 170,500 in coal mining.³⁷ By January 2025, those figures had fallen to 123,100 (down approximately 50 percent) for oil and gas extraction and 41,300 (down more than 75 percent) for coal mining.³⁸ In oil and gas, these

³⁶ Ben Armstrong and Elisabeth Reynolds, "Growing from the middle out: An economic model of good jobs for the heartland, by the heartland," Brookings Institution, April 21, 2025.

³⁷ "All employees, oil and gas extraction," Federal Reserve Bank of St. Louis, updated July 3, 2025; "All employees, coal mining," Federal Reserve Bank of St. Louis, updated July 3, 2025.

³⁸ "All employees, oil and gas extraction," Federal Reserve Bank of St. Louis, updated July 3, 2025; "All employees, coal mining," Federal Reserve Bank of St. Louis, updated July 3, 2025.

decreases have occurred even as production grew.³⁹ For low-income workers in resource-rich regions that specialize in resource extraction, these trends may have contributed to significant job loss and declines in income.

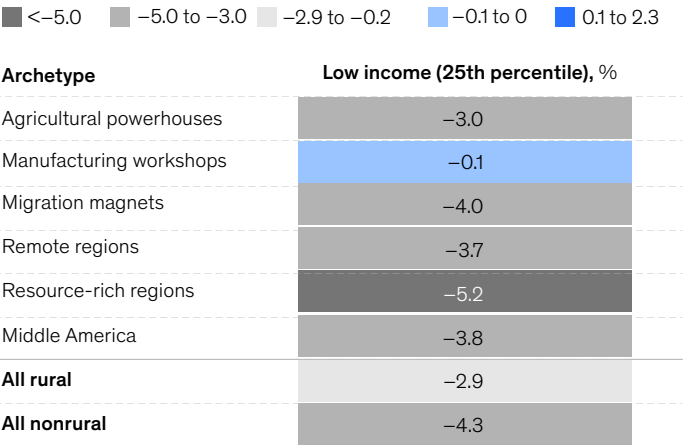
These findings highlight the critical need for targeted interventions to address the structural barriers faced by these archetypes and ensure that all rural communities have the opportunity to foster upward mobility and economic resilience (see sidebar “Access to banks varies greatly for rural residents”).

³⁹ “Industrial production: Mining: Oil and gas extraction,” Federal Reserve Bank of St. Louis, updated June 17, 2025.

Exhibit 12

Low-income residents in rural and nonrural areas have faced declining economic mobility over time.

Average change in household income for 1978 to 1992 cohorts



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Across all rural archetypes, low-income residents have experienced income declines over time.

Access to banks varies greatly for rural residents

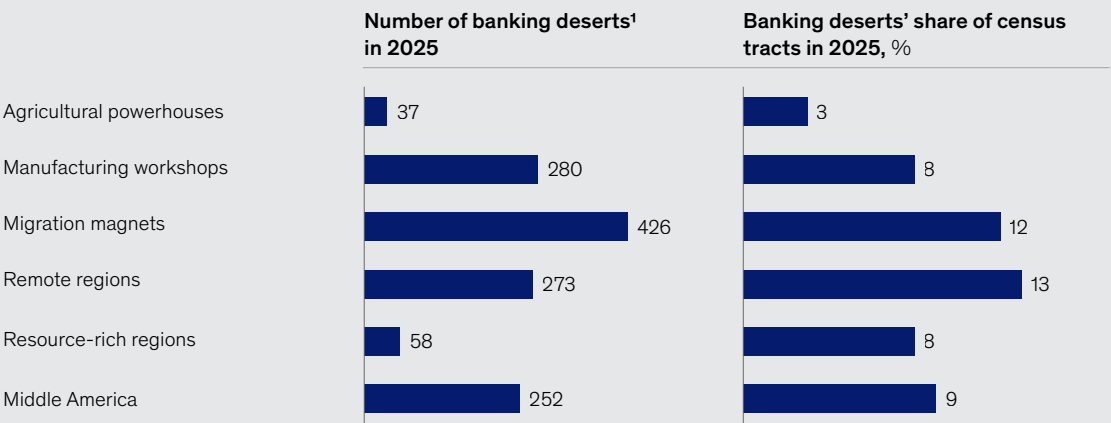
Financial institutions have historically been a foundational enabler of businesses and economic investment in rural areas, but not all residents live within close proximity to banks. That has a bearing on their level of financial activity. To understand how access to banks varies among rural archetypes, we measured the supply of financial institutions, defined as residents' ease of access to bank branches and community development financial institutions (CDFIs) in their region.

Our analysis found many rural residents live in banking deserts. Migration magnets and remote regions have the highest share of banking deserts among archetypes, while agricultural powerhouses have both the fewest total banking deserts and the lowest share of banking desert census tracts—just 37 total banking deserts out of more than 1,100 census tracts across 372 counties (exhibit).

The prevalence of online banking services might appear to democratize access to banks. However, rural Americans rely more heavily on physical bank branches and smaller community banks due to limited internet access and fewer online banking options. Federal Reserve data find that only 56 percent of rural residents use online banking, compared with 75 percent in large metropolitan statistical areas and 68 percent in small ones, highlighting significant disparities in financial access.¹

Exhibit

The highest concentration of banking deserts is in remote regions, followed by migration magnets.



¹A banking desert is defined as any census tract without a branch office insured by the Federal Deposit Insurance Corporation.
Source: 2025 Federal Deposit Insurance Corporation data

McKinsey & Company

¹ *Data spotlight: Challenges in rural banking access*, Consumer Financial Protection Bureau, April 2022; David Benson, Serafin Grundl, and Richard Windle, "How do rural and urban retail banking customers differ?," Board of Governors of the Federal Reserve System, June 12, 2020.

3 Strategies: Exploring economic development strategies to improve well-being and mobility

Based on our review of rural America's archetypes, the outcomes of rural residents, and the drivers of economic development and economic mobility, we identified six potential strategies for further catalyzing rural economic growth. We selected these strategies from a longer list of rural interventions based on two primary factors: demonstrated impact and the ability to be replicated in other geographies.

The selected economic development strategies primarily target underlying factors across three focus areas (Exhibit 13):

- **Businesses:** Investing in the local institutions that drive economic activity
- **Workers:** Tailoring workforce development to fit the specific needs of rural economies and fuel economic growth
- **Basic needs:** Addressing the basic well-being of rural residents, especially for outcomes where rural areas lag furthest behind urban areas (such as health and life expectancy)

In addition, opportunities exist for holistic support across the cradle-to-career framework for the most distressed regions.

1. Stand up new partnerships supporting entrepreneurs and start-ups within specialized or high-growth industries

Rural counties often lack the fastest-growing industries and related quality jobs. For example, rural counties are home to 12 percent of America's workforce but just 5 percent of the nation's tech workers. However, many rural economies have an existing base of industry specialization that can complement technology and knowledge economy careers. Rural communities thus have an opportunity to build on their specialized industry base to cultivate locally tailored, high-growth businesses.

Yet research from the Ewing Marion Kauffman Foundation found that rural entrepreneurship rates have fallen from 20.0 percent in the 1980s to 12.2 percent in the 2010s.⁴⁰ Leading not-for-profits have helped raise entrepreneurship rates by investing in local partnerships and resources, funding networking events, and providing technical assistance to local entrepreneurs.



The Center on Rural Innovation (CORI) assists counties in designing place-based tech economy strategies that support innovation, entrepreneurship, workforce development, and job creation. CORI's process involves a bespoke assessment of each region's strengths, design of a community-specific tech economy strategy, and support on grant applications. Communities can join the CORI network, which connects rural leaders and advocates around the country to amplify each region's tech economy. By 2024, CORI had introduced 38 communities across 24 states to its network through this process, reaching 2.9 million people, more than 125 tech start-ups, and 22 incubator programs.⁴¹

⁴⁰ *Zero barriers: Three mega trends shaping the future of entrepreneurship*, Ewing Marion Kauffman Foundation, 2017.

⁴¹ *2023 impact report*, CORI, September 27, 2024.

Exhibit 13

Several economic development strategies can improve well-being and economic mobility in the rural archetypes.

	Area of focus	Strategy	Case example	Most relevant counties and archetypes
 Targeted strategies	Businesses	Stand up new partnerships supporting entrepreneurs and start-ups within specialized or high-growth industries	Center on Rural Innovation	Archetypes with industry base or specialization: <ul style="list-style-type: none"> • Resource-rich regions • Manufacturing workshops • Agricultural powerhouses
		Invest new capital in anchor institutions to support local business ecosystems	Fresno State Institute for Food and Agriculture	Any county with a nearby anchor institution, such as a university
	Workers	Prioritize postsecondary preparedness and connectivity for K–12 students	Collegiate Edu-Nation	Archetypes with lower educational attainment: <ul style="list-style-type: none"> • Remote regions • Manufacturing workshops • Resource-rich regions
		Create rapid, targeted workforce training to attract industry	Georgia Quick Start	Archetypes with industry requiring skilled workers: <ul style="list-style-type: none"> • Resource-rich regions • Manufacturing workshops • Agricultural powerhouses
	Basic needs	Stand up rural-focused healthcare hubs to support resident well-being	Project ECHO	Archetypes with the lowest health outcomes: <ul style="list-style-type: none"> • Remote regions • Resource-rich regions
 Holistic strategies	Cross-cutting	Institute a set of complementary, place-based programs across the cradle-to-career framework	Partners for Rural Impact	Archetypes with lowest overall outcomes on well-being: <ul style="list-style-type: none"> • Remote regions • Resource-rich regions • Manufacturing workshops • Migration magnets

Source: McKinsey Institute for Economic Mobility analysis and research

McKinsey & Company

For example, CORI helped Independence, Oregon, design its tech innovation strategy to harness its focus on agriculture.⁴² With CORI's help, Independence stood up tech-focused coworking spaces and agtech meetups, pursued grant opportunities, and established partnerships with local agriculture companies and community partners (such as SEDCOR). These innovations have resulted in the formation of several agtech pilot projects, empowering the region's agricultural industry and driving economic growth.

As another example, the US Department of Commerce's Economic Development Administration made the Critical Minerals and Materials for Advanced Energy (CM2AE) Tech Hub part of its Tech Hub Program, with the aim to build a first-of-its-kind test bed for critical minerals processing.⁴³ The CM2AE Tech Hub aims

⁴² "Independence, Oregon," CORI, accessed July 10, 2025.

⁴³ "About the Tech Hub," Missouri University of Science and Technology Critical Minerals, accessed July 10, 2025.

to accelerate growth in Missouri's specialized mining industry, which stems from the region's mineral-rich geography and expertise in hydrometallurgical processing. The hub is projected to create \$34 billion in economic value and 23,000 skilled jobs within energy, technology, mining, and manufacturing across the 14 rural counties in southeastern Missouri's tech hub zone.

Relevant archetypes: Rural archetypes with an existing industry specialization can likely most readily see benefit from these efforts because they often have the local expertise, skilled workforces, and infrastructure to support specialized innovations. These archetypes include resource-rich regions (mining is 61 percent of GDP), manufacturing workshops, (manufacturing is 41 percent of GDP), and agricultural powerhouses (agriculture is 28 percent of GDP).

2. Invest new capital in anchor institutions to support local business ecosystems

Anchor institutions such as universities and hospitals are key sources of economic growth for rural regions. They tend to employ and produce higher-skilled workers, attract industry through clusters of related companies, and support local knowledge creation and innovation—all valuable attributes in rural communities.

For these reasons, anchor institutions are critical to rural regions. According to a reliance index calculated by the Federal Reserve Bank of Philadelphia, which assesses the economic impact of anchor institutions as a share of regional employment and income, 37 out of 53 regions in the top decile of reliance have populations under 250,000.⁴⁴ Counties with close proximity to an anchor institution should maximize the impact of their relationships by creating new partnerships or expanding existing ones.

For example, Fresno County, California, is a robust agricultural county that produces more than 300 commodities at commercial scale. Fresno State University operates the Institute for Food and Agriculture, an independent innovation hub focused on researching agribusiness and food science. The hub conducts and publishes agricultural research, develops products, and works with industry leaders to train residents on agribusiness through conferences and workshops. These efforts catalyze the local industry and position Fresno County as an agricultural epicenter. The institute has made a significant impact, attracting \$26.7 million in US Department of Agriculture grants to train local workforces, research new products, offer technical assistance to dairy businesses, and provide industry networking opportunities as well as subgrants to local dairy-processing businesses.

Bucknell University's Small Business Development Center supports residents in starting and expanding businesses across six Pennsylvania counties.⁴⁵ It offers services such as educational workshops on how to start and grow a business, free consulting on fundraising and strategy, and partnerships with the Bucknell College of Engineering (with access to faculty, staff, and student interns). The program's successes include building a business plan and financial projections for a local restaurant and connecting with student teams at the Bucknell School of Management to design a marketing strategy.

Relevant archetypes: This strategy is applicable to all rural counties that have a nearby anchor institution.

3. Prioritize postsecondary preparedness and connectivity for K–12 students

While rural counties trail their urban peers across education attainment, the gap is smaller at the pre-K and high school levels, with an 11-percentage-point difference in pre-K enrollment and a two-percentage-

⁴⁴ Patrick Harker, Deborah Diamond, and Davin Reed, *Anchor impact: Understanding the role of higher education and hospitals in regional economies*, Federal Reserve Bank of Philadelphia, September 2022.

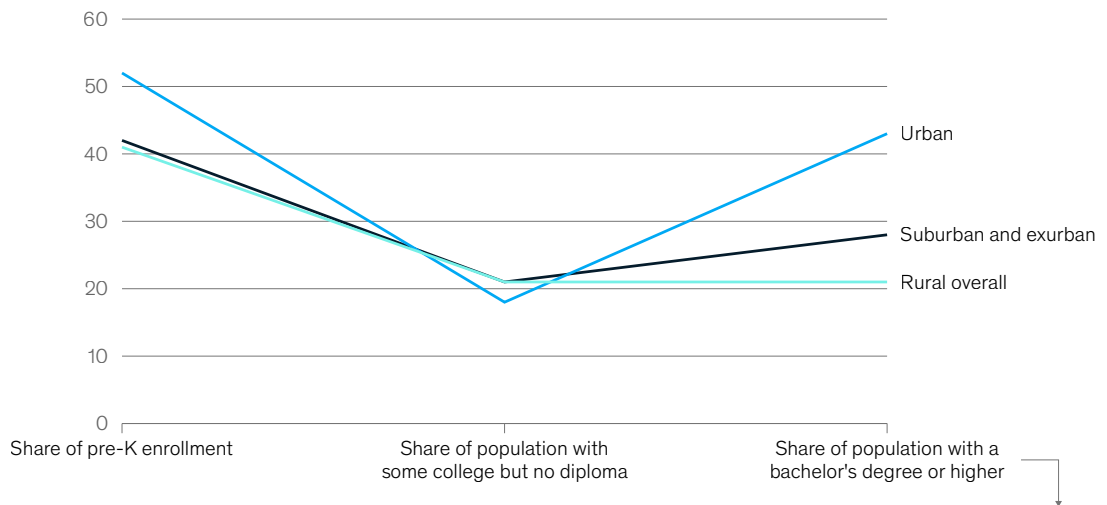
⁴⁵ "Small Business Development Center," Bucknell University, accessed July 10, 2025; "SBDC success stories," Bucknell University, accessed July 10, 2025.

point difference in high school diploma attainment. However, the disparity increases to 22 percentage points at the postsecondary degree stage for a variety of reasons, including cost, geographic access to universities, and academic readiness (Exhibit 14). To shrink this gap, counties can prioritize interventions at the postsecondary level. Enhancing postsecondary preparedness and access will enable rural residents to achieve greater economic mobility by qualifying for higher-paying jobs in the short term. Ultimately, it will allow rural counties to attract more employers to establish operations as employers become confident that the workforce can meet their needs.

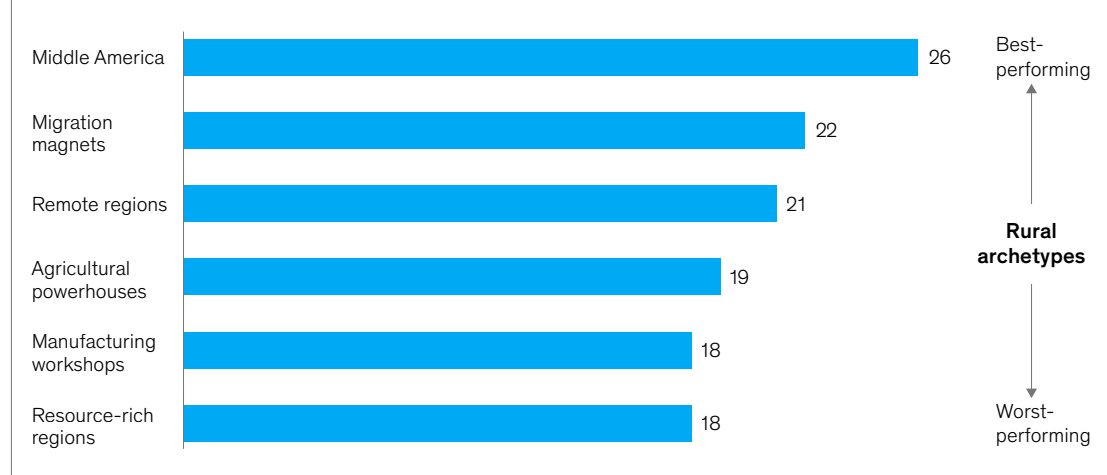
Exhibit 14

Remote regions, manufacturing workshops, and resource-rich regions consistently underperform in educational outcomes.

Educational attainment outcomes, share by area, %



Performance of rural archetypes, share of population with a bachelor's degree or higher, %



Note: Across all area types and rural archetypes, share of population with some college education but no diploma was relatively even. All areas were within 2 percentage points of each other, hovering around 20%.

In Roscoe County, Texas, and increasingly across the state, Collegiate Edu-Nation (CEN) provides an educational model that enables high school students to earn in-demand industry credentials, credits toward postsecondary degrees, and even associate's degrees—all before high school graduation. In 2024, the program served more than 21,500 Texas students across 28 P-20 districts,⁴⁶ provided professional development to 1,460 teachers, and ran three national panels and 45 professional learning communities. Forty-eight percent of students in P-20 districts are attaining dual credit during their high school years. In the class of 2024, 51 percent of students have progressed into years 13 and 14 to complete a college degree, and 44 percent have obtained a high-wage, high-demand industry certification.⁴⁷

In 2019, Rural Schools Innovation Zone (RSIZ) instituted the Rural Education Collaborative model in Texas's Brooks, Duval, Jim Wells, and Nueces Counties. This partnership model with five neighboring school districts sets up specialized career academies that any student in the larger zone can attend, and it enables rural schools to offer students a broader range of options, such as nursing, education, IT, engineering, welding, electrical, and construction trades. These career academies help students prepare for high-skill jobs and earn credentials and certifications for those fields. In the 2023–24 period, RSIZ career academies had about 520 enrollees, who collectively earned more than 115 certifications.⁴⁸

Relevant archetypes: Building a postsecondary continuum can be most influential in areas with the lowest postsecondary attainment. Remote regions (where 18 percent of residents have a bachelor's degree or above), resource-rich regions (18 percent), and manufacturing workshops (19 percent) have the greatest potential to improve in postsecondary attainment.

4. Create rapid, targeted workforce training to support and attract growth industries

Rural communities with industry specializations such as agriculture, manufacturing, and mining may require workers to complete additional, industry-specific technical training. For example, qualified candidates for agricultural jobs may need familiarity with specific machinery, training in precision farming techniques, and an understanding of crop management best practices. Many jobs in this field also require industry-specific certifications, such as a certified safety professional certification to operate in mines.

Furthermore, research indicates that these specialized jobs have shifted from urban areas to rural ones. For instance, by 2015, manufacturing had evolved from being a primarily urban industry to having a roughly equal share of employment in both urban and rural settings.⁴⁹ Meeting the growing demand for an adequately trained and credentialed workforce in agriculture, manufacturing, and mining industries remains a key challenge for rural areas. Counties experiencing growth in specialized employment can work with regional workforce development organizations to design training programs that reskill the local workforce in line with this employment demand.

In 2018, Georgia's Quick Start, a job training program through the Technical College System of Georgia, partnered with SKBA to train the local workforce to manufacture lithium-ion batteries at its two Jackson County facilities. The company invested \$2.6 billion to stand up these factories but had to hire and train thousands of employees for high-skill roles in battery manufacturing. Georgia Quick Start provided workforce training customized to the company's needs based on meetings with company leadership and industry experts. SKBA exceeded its goal of hiring 2,600 employees in 2022, two years ahead of schedule—increasing local employment and bringing significant economic activity into the region.⁵⁰

⁴⁶ P-20 encompasses pre-K through graduate school.

⁴⁷ "2024 outcomes," CEN, 2024.

⁴⁸ 2023–2024 annual report, Rural Schools Innovation Zone, 2024.

⁴⁹ Peter Dizikes, "The urban job escalator has stopped moving," MIT News, July 8, 2020.

⁵⁰ "Gov. Kemp: SK Battery America exceeds hiring goal, on track to reach 3,000 workers," Georgia Office of the Governor, January 30, 2023.

Alabama Industrial Development Training (AIDT) has a rich history of attracting manufacturing to rural counties, especially in the auto industry.⁵¹ It has a long-standing partnership with Honda to provide tailored workforce training and operates its own facility in Talladega County, the rural county where Honda's Alabama auto plant is located. AIDT uses this facility to support Honda beyond just workforce training: For example, in 2023, Honda hosted postproduction manufacturing operations in the AIDT facility while it built a new \$16 million facility in the county.⁵² In 2021, Honda's Talladega County plant employed more than 4,500 high-skilled workers and represented more than \$2 billion in capital investment.⁵³

In total, AIDT has trained approximately one million Alabamians, with average salaries of about \$78,800, generating \$9.8 billion in economic impact in 2023 to 2024.⁵⁴

Relevant archetypes: Creating workforce training programs tailored to local industry can have the greatest impact in areas with an existing industry specialization that requires a skilled workforce to fuel growth. Archetypes include resource-rich regions, manufacturing workshops (especially reshoring hubs), and agricultural powerhouses. For this strategy to be effective, rural counties must have high-growth industries that necessitate specialized job training for potential workers.

5. Stand up rural-focused healthcare hubs to support resident well-being

Access to healthcare, including insurance, has a profound impact on both health and economic outcomes, particularly in rural areas where structural barriers often limit access to essential services. Research supported by the Gates Foundation and Camber Collective highlights that access to mental and physical healthcare not only improves individual health but also significantly enhances long-term economic well-being, including lifetime income. For example, individuals with access to preventive care and mental health services are more likely to maintain stable employment and achieve higher earnings over their lifetimes.⁵⁵

Remote rural areas often have limited access to high-quality care because of a variety of factors, including travel times to specialists and healthcare worker shortages. Analysis by the Rural Health Information Hub in 2024 found that more than 66 percent of primary care health professional shortage areas were located in rural communities.⁵⁶

Rural counties can address these accessibility challenges by standing up telehealth hubs offering remote care, including specialized services, for hard-to-reach populations.

In 2003, Sanjeev Arora began Project ECHO in New Mexico in a bid to improve access to treatment for hepatitis C. Severe shortages of specialty providers in rural areas, combined with an economically disadvantaged population with a high rate of uninsured patients, led residents to forgo treatment, sometimes resulting in deaths. Project ECHO secured donations, awards, grants, and Medicaid funds to set up facilities in rural communities to treat chronic illnesses. As part of this strategy, treatment hubs gained support from local governments and medical experts and spread awareness about this issue in rural and underdeveloped communities—both in New Mexico and globally. Today, Project ECHO has 896 hubs in 63 countries. Over the past 20 years, it has organized information sessions attended by more than four million people.⁵⁷

⁵¹ Jerry Underwood, "AIDT training programs give Alabama advantage in industrial recruiting," *Made in Alabama*, March 13, 2012.

⁵² "Honda celebrates grand opening of new facility at Alabama auto plant for accessory packages," *Honda*, April 11, 2023.

⁵³ Dawn Azok, "Honda Alabama marks milestone: 20 years of production at Lincoln plant," *Made in Alabama*, November 12, 2021.

⁵⁴ AIDT website.

⁵⁵ "Pathways to economic mobility," *Mobility Experiences*, accessed July 10, 2025.

⁵⁶ "Healthcare access in rural communities," *Rural Health Information Hub*, updated April 7, 2025.

⁵⁷ "Project ECHO 2022 annual report," *Project ECHO*, 2022.

In 2021, Sanford Health launched its \$350 million Virtual Care Initiative, aiming to expand telehealth for residents in rural areas.⁵⁸ This initiative included the construction of a virtual care hub in Sioux Falls, South Dakota,⁵⁹ and a series of satellite clinics in rural regions. In 2023, Sanford Health established its first satellite clinic in Lidgerwood, North Dakota, a town with about 600 residents.⁶⁰ Patients are treated by an on-site nurse before being connected to a remote provider, enabling access to specialized and expert care.

Relevant archetypes: Rural-focused treatment hubs may have the greatest impact on economic development in areas with poor health outcomes and high uninsured rates. Remote regions, which typically see the largest shortages of providers, especially specialty providers, have the worst health outcomes, with 14 percent of the population in poor physical health and 20 percent in poor mental health. Manufacturing workshops also see an increased volume of work-related injuries and illnesses, leading to low life expectancy (75.7 years, the second lowest among rural archetypes).

6. Institute a set of complementary, place-based programs across the cradle-to-career framework

Some rural archetypes consistently underperform across multiple economic and social levers compared with other rural areas. While targeted interventions at specific points of the cradle-to-career pipeline (such as in-classroom interventions to improve postsecondary graduation rates) can be effective, enhancing economic mobility for the most distressed rural communities requires a more hands-on, comprehensive set of actions.

Place-based “backbone” organizations can help counties address a series of interconnected, systemic challenges. These organizations work closely with community leaders, nonprofit delivery organizations, government agencies, philanthropic funders, and others to help coordinate a community’s cradle-to-career efforts.

For example, Partners for Rural Impact (PRI) serves as a backbone organization in rural areas. It works with local organizations and service providers (such as schools and healthcare providers) to build capabilities and align on shared strategy, and it supports partners with government grant applications and philanthropic fundraising.

PRI’s work is evident in Leslie County, Kentucky. This resource-rich region experienced a 50 percent drop in GDP from 2011 to 2021 as coal’s prominence in the economy declined, and its residents must travel long distances for health and dental care. PRI Appalachia created a partnership with the local health system to provide transportation for students to dental checkups, funded through philanthropy and the Department of Education’s Full-Service Community Schools grant program.⁶¹

Relevant archetypes: Holistic solutions can be helpful for the most distressed communities, such as remote regions and resource-rich regions, which require more complicated interventions.

⁵⁸ Sanford Virtual Care website.

⁵⁹ “Sanford Virtual Care Center opens, reimagining care delivery,” Sanford Health, November 19, 2024.

⁶⁰ Erin Mairose, “Virtual clinic expands in-person health care in rural ND,” Sanford Health, August 2, 2023.

⁶¹ “PRI Appalachia and Grace Health transform dental care access in Leslie County,” PRI, accessed July 10, 2025.

This report has highlighted the distinct challenges and opportunities faced by the 46 million Americans living across six archetypes of rural communities. These archetypes represent a diverse and intricate landscape of economic, social, and cultural dynamics. While rural counties collectively contribute \$2.2 trillion to the nation's GDP, their economies are often characterized by specialized industries that tend to experience slower employment growth compared with urban areas. Unlocking the full potential of rural America will require targeted, evidence-based interventions.

The need for action is particularly pronounced in remote regions and resource-rich areas, which consistently lag behind other archetypes in economic and social outcomes. Comprehensive, place-based solutions that address systemic barriers, such as investments in workforce training, healthcare access, and education, could play a pivotal role in reversing long-standing trends of economic stagnation. Without such interventions, the disparities between thriving and struggling rural communities are likely to widen, further exacerbating inequality and limiting economic mobility for millions of residents.

Rural America is not merely a peripheral part of the national economy but a critical contributor to its innovation and productivity. By applying these strategies with rigor and practical creativity, stakeholders have the opportunity to foster economic prosperity and improve well-being across the diverse communities that make up rural America.

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Appendix: Research methodology

To understand the tapestry of communities that make up rural America, we partnered with QuantumBlack, AI by McKinsey and geospatial analytics experts to apply cluster analysis techniques on county-level data. We sought to define archetypes of rural American communities by evaluating more than 40 metrics across nine dimensions (exhibit).

We then created archetypes by combining this data-driven cluster analysis with expert input regarding rural economic drivers (for example, primary industry and migration patterns). This approach goes one step further than many previous offerings, which largely used purely quantitative analysis and tended to uncover correlations that were less explainable and actionable.

Our research also examined the well-being and economic mobility of rural residents through two lenses: First, we looked at a single point in time to determine the general well-being of rural American residents in

Exhibit

To develop the archetypes, we assessed nine performance dimensions across the categories, with more than 40 variables.

■ Sectors
 ■ Workforce
 ■ Community and connectivity
 ● Public data source
 ● Private data source
 ● McKinsey Global Institute proprietary

Dimension	Defining questions	Metrics	
1 Economic health and growth	What is the overall health of the economy? Are there notable economic trends (eg, growing, declining, specialization)?	GDP (total and per capita)	●
		Post-COVID-19 GDP CAGR, %	●
2 Industry diversity	What is the industry mix? What is the health of each industry or sector (eg, specialization, tradability)?	Industry diversity, %	●
		Employment in manufacturing, % of total	●
		GDP in accommodation and food services, % of total	●
		GDP share from primary, secondary, tertiary, and quaternary industries, ¹ %	●
		GDP share from superstar industries, %	●
3 Business composition	Is the business landscape dynamic? Is it suitable for small-business ownership?	Rental vacancy rate, %	●
		Post-COVID-19 change in number of establishments, %	●
		Share of small, medium, and large enterprises, %	●
4 Innovation	How healthy is the innovation pipeline?	Small-business owners per capita ²	●
		Carnegie R1, R2, RCU university count	●
		IPEDS ³ number of academic schools and occupational schools	●
		Number of patents	●
5 Employment	Do citizens have access to employment opportunities? What are the key employment trends?	Patent growth over 10 years ⁴	●
		Total jobs	●
		Labor force participation rate, %	●
		Employment-to-population ratio	●
		Post-COVID-19 employment CAGR, %	●
		Unemployment rate, %	●
		Post-COVID-19 income per capita growth, %	●
		Government, % employment	●
		Share of workers in management roles, %	●
		Workers in service occupations, %	●
6 Economic prosperity	Do citizens have access to savings and wealth?	Net migration 2010–20, % of 2020 population	●
		Median household income	●
		Post-COVID-19 CAGR in median household income, %	●
		Gini coefficient	●
		Income–cost of living ratio	●
		Poverty rate (overall and child poverty), %	●
		Homelessness, # of people per 1,000 people	●
7 Healthcare	Do citizens have access to quality healthcare?	Share of population with >30% of income going toward rent, %	●
		Share of population with health insurance, %	●
		Life expectancy ²	●
		Obesity rate, % ²	●
		Medicaid eligibility and dual eligibility shares, % ²	●
		Share of population with not good mental and physical health for >13 days, % ⁵	BEM
8 Food security	Do citizens have access to quality food?	Primary-care physicians per capita	●
		Rates of preventable hospital stays or readmissions, %	●
9 Infrastructure and connectivity	Do citizens have access to services and amenities that are critical to quality of life?	Share of households receiving food stamps or with SNAP benefits, %	●
		Share of population living >1 mile from a grocery store, %	●
		Share of households without broadband, %	●
		Share of population >0.5 mile from a park, ² %	CDC
		Share of population >0.5 mile from a library, ² %	CityX
		Drive time distance from a major metropolitan statistical area, hours and miles	●
		Share of car ownership, % ²	●
		News deserts, # of news outlets in county ⁶	●

¹Primary: raw materials; secondary: manufacturing; tertiary: services; quaternary: knowledge (eg, R&D).

²Data may not be available at the county level.

³Integrated Postsecondary Education Data System.

⁴Considers most recent data available.

⁵Not good mental and physical health as of the 30 days preceding a survey; data may not be available at the county level.

⁶Analysis conducted by Northwestern University. See Penelope Muse Abernathy, *The state of local news: The 2023 report*, Northwestern Local News Initiative, November 16, 2023.

each archetype. We drew on existing research from McKinsey's Institute for Economic Mobility, as detailed in our report *The state of Black residents: The relevance of place to racial equity and outcomes*. Second, we explored the economic mobility of rural residents by analyzing data and insights on income mobility patterns over time from Opportunity Insights.

To identify the number of banking deserts, we mapped FDIC-insured branch offices against US Census tract boundaries to determine which tracts had no branch access. This methodology is in line with the Fed Communities definition of a banking desert.⁶² We calculated the volume of deposits per resident using FDIC data for branches of each archetype.

⁶² Fed Communities defines a banking desert as "a census tract without a bank branch located within it or within a certain radius from its population center. That radius is determined by the type of community: two miles for urban communities, five miles for suburban communities, and ten miles for rural communities." For more, see "Banking desert dashboard," Fed Communities, updated January 9, 2025.

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