United States

Key facts and issues

The United States is a federal country with a population of 321.6 million. It is ranked 7th in the OECD on public spending decentralization, as 47.9% of its government expenditures are undertaken at the subnational level. Around 42% of the population is living in predominantly urban areas, placing the country in the mid-range among OECD countries.

The GDP per capita in the United States, more than USD 56 000, is 36% above the OECD average, ranking the United States the 5th richest in the OECD. Inter-regional disparities of GDP per capita, as measured for small (TL3) regions using the Gini index, were below average for the OECD but have grown since 2000. However, when looking at the differences in only the top and bottom 20% of regions (states), the United States had the 3rd widest gap in the OECD. The country has the largest inter-regional disparities in the OECD on a composite index of health indicators (mortality rate and life expectancy), with Hawaii ranking in the top 30% of the OECD and Mississippi in the bottom 1%. The United States also has one of the highest poverty rates (after taxes and transfers) in the OECD of 18%, with regional values between 10% and 27%. The range between the best and worst performing regions in terms of labour productivity spanned from 70% to 150% of the country average. One third of the regions are catching up with the most productive ones. The rest of the country is mostly keeping pace, but some regions, such as Georgia, Michigan and Florida, are losing ground.

United States: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	No overarching national framework	Competitiveness of lagging regions, reviving areas distressed by industrial shocks, capacity building for subnational government and innovation.	Department of Commerce, Economic Development Administration
Urban	No overarching national framework	Mandate to create strong, sustainable communities and affordable housing, special economic zones for disadvantaged neighbourhoods and capacity building for subnational actors.	Department of Housing and Urban Development
Rural	No overarching national framework	Agriculture, infrastructure (basic and advanced), stakeholder approach	Department of Agriculture

Note: In addition, there are several Regional Commissions/Authorities that serve the needs of specific places—typically areas that cover parts or all of multiple states. They include: the Appalachian Regional Commission (ARC), the Denali Commission, the Delta Regional Authority (DRA), the Northern Great Plains Regional Authority, the Southeast Crescent Regional Commission, the Southwest Border Regional Commission, and the Northern Border Regional Commission.

General policy approach

Economic development is mainly the responsibility of state governments. There is no over-arching regional development framework; however, federal policies with a place-based component seek to promote economic development in areas where the state governments face particular challenges. The mandate of the Economic Development Administration, created in 1965, is to serve economically distressed areas through regional strategy development and public investments that support regional competitiveness. Policy tools have been increasingly oriented towards innovation and business development, workforce development and clusters. The Department of Housing and Urban Development's mission is to increase home ownership, support community development and increase access to affordable housing free from discrimination. With respect to rural development, the Department of Agriculture has a mission to increase economic opportunity and improve the quality of life for all rural Americans. The Agricultural Act of 2014, Section 6025, addresses particular strategic economic and community development issues for rural areas.
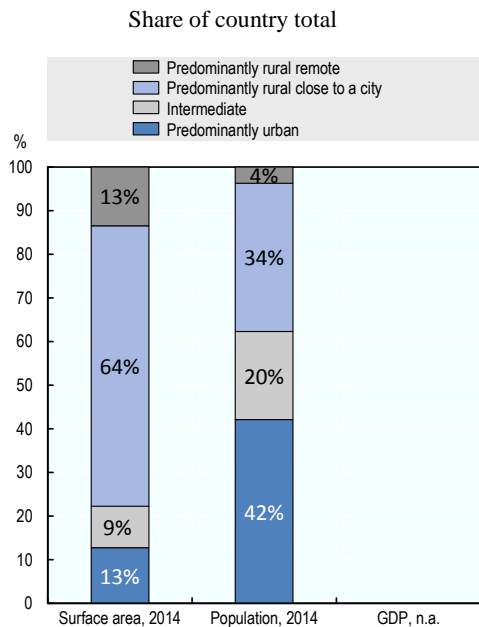
Recent policy changes

- Federal policies are moving away from subsidies towards investments.

- There is an enhanced focus on a place-based approach for development and public investment, following initial budget guidance to that effect early in the Obama administration's first term.

- Vertical governance arrangements are transitioning from interventions to partnerships.

- There are efforts for greater co-ordination and integration of policies for regional, urban and rural development at the federal level through White House-led councils and task forces (e.g., White House Rural Council; White House Council on Strong Cities, Strong Communities (SC2); etc.).

- Consequently, there is also greater policy integration at the programme level through multi-department programmes, such as Strong Cities, Strong Communities and Promise Zones, among others.

- Disaster recovery is high on the agenda for several federal departments.

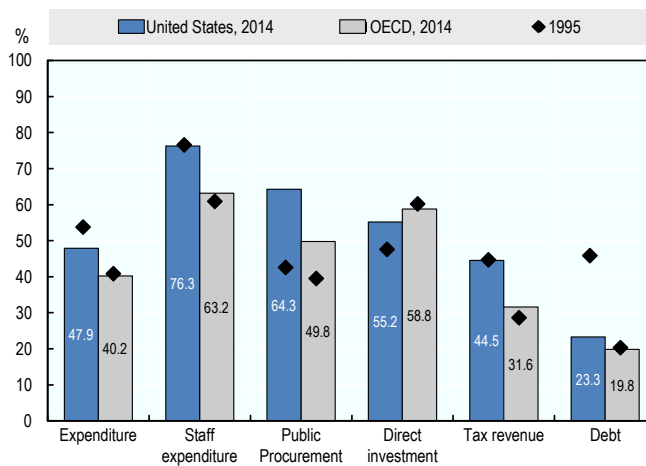**United States: Main regional, urban and rural development policy tools**

Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	*Regional:* "Public Works" Program mainly works through grants helping subnational governments to fund infrastructure.
Other Infrastructure investments	✓	*Regional, Urban*: "Public Works" Program includes also basic infrastructure (sewers, etc.) and more advanced (broadband, business incubation facilities)
Service delivery (subsidies for public services)		
Business development/ innovation support	✓	*Regional:* Investing in Manufacturing Communities" Partnership, aiming at strengthening value chains across regions by brokerage and investments. Regional Innovation Strategies Program, consisting of grants to communities to accelerate the development of regional innovation ecosystems; Manufacturing Extension Partnerships are programmes targeted at helping manufacturing SMEs by giving innovation and administrative support, in order to retain jobs
Urban renewal		
Urban form and land use		
Sustainability policies		
Rural-urban linkages		
Clusters/technology platforms/ centres of expertise	✓	*Regional*: Research and National Technical Assistance program, aimed at setting up clusters as well as cluster mapping in order to identify clusters that could be supported
Special economic zones	✓	*Mainly Urban, but also Rural:* Promise zones are a programme aimed at providing opportunities for areas struck by high unemployment, by tax cuts and key investments in businesses, provision of affordable housing and better access to education
Rural landscape preservation		
Skills/training programmes		
Capacity building for subnational governments		*Urban:* Strong Cities, Strong Communities seek to strengthen local capacities through grants, personnel training and transfer

Land, population and economy in rural and urban regions

Share of country total

- Predominantly rural remote
- Predominantly rural close to a city
- Intermediate
- Predominantly urban

	Surface area, 2014	Population, 2014
Predominantly rural remote	13%	4%
Predominantly rural close to a city	64%	34%
Intermediate	9%	20%
Predominantly urban	13%	42%

GDP, n.a.

Subnational government role in public finance

Share of general government

- United States, 2014
- OECD, 2014
- ◆ 1995

	United States, 2014	OECD, 2014
Expenditure	47.9	40.2
Staff expenditure	76.3	63.2
Public Procurement	64.3	49.8
Direct investment	55.2	58.8
Tax revenue	44.5	31.6
Debt	23.3	19.8

Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
35 879	3031	50	38 960

Regional differences in GDP per capita levels, 2014

- Higher than 60 000
- Between 50 000 and 60 000
- Between 40 000 and 50 000
- Between 30 000 and 40 000

0 500 Kilometers

This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Source of administrative boundaries: National Statistical Offices and FAO Global Administrative Unit Layers

Alaska

Hawaii

Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and
deviation from the growth rate of the country's productivity frontier [bars], 2000-2013
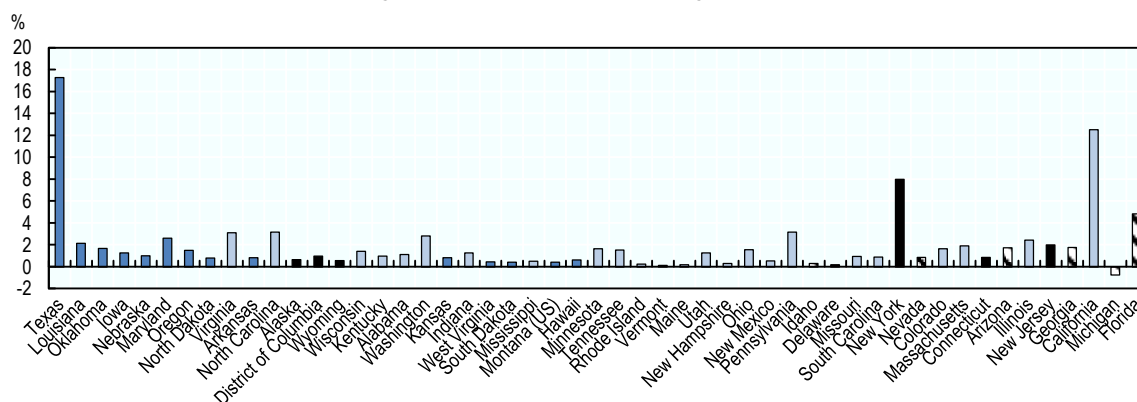*See country page notes for classification of regions*

| ■ Frontier | ■ Catching up | □ Keeping pace | ◩ Diverging | ◇ Productivity growth rate |
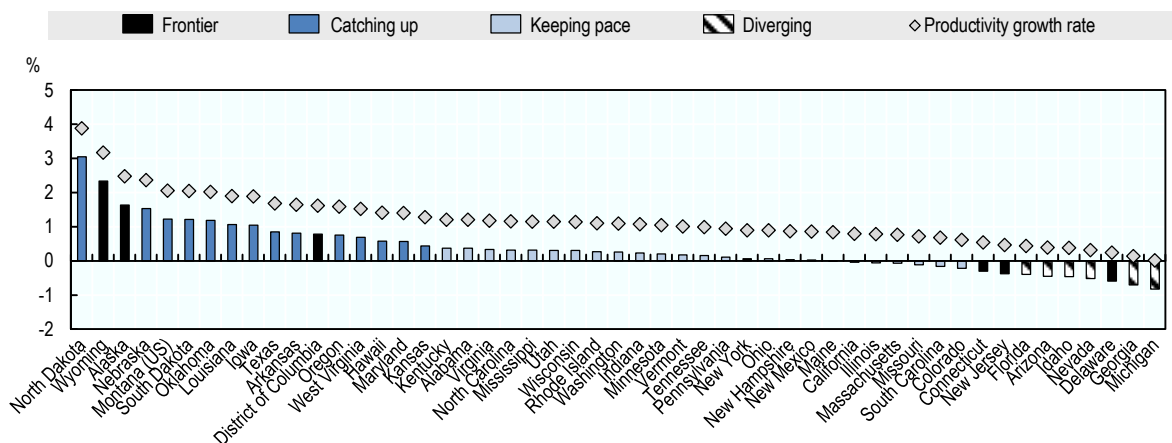
Contribution to labour productivity growth, 2000-13
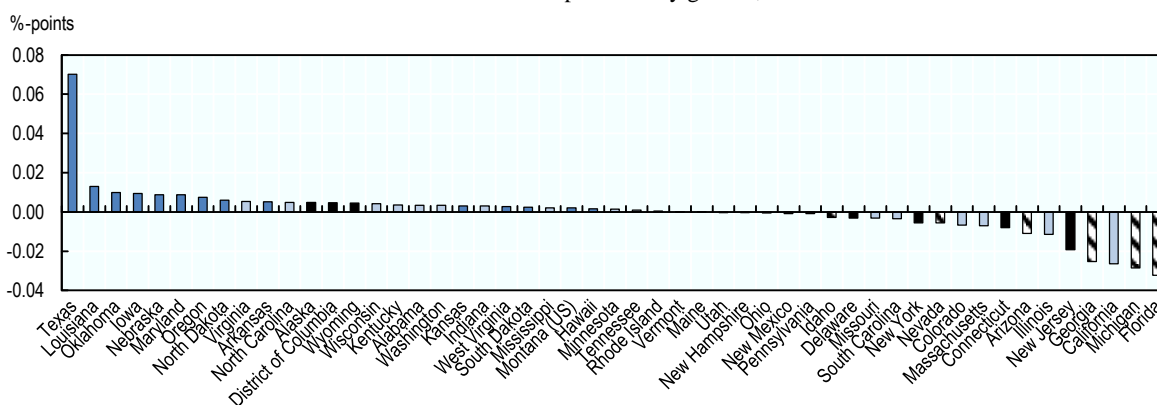
Note: Difference between national labour productivity growth as calculated with and without the indicated region.
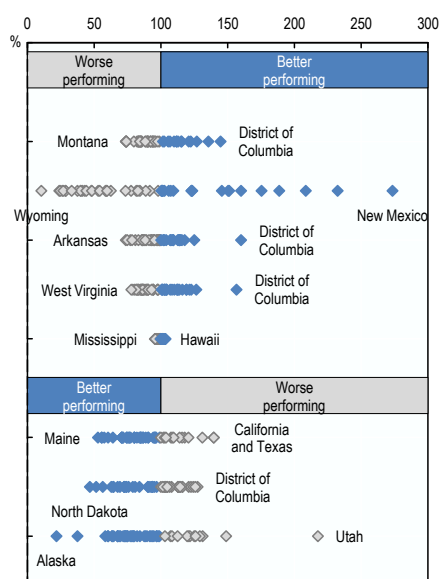
Percentage contribution to national GDP growth, 2000-13

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Inter-regional disparities (as a % of the country average)

Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2013)	63 852	125 468	86 706	74 520	down
R&D expenditure as a % of GDP (2011)	0.27	7.0	2.56	2.4	up
Share of labour force with tertiary education (2013)	29.4	63.9	39.9	32.3	up
Disposable household income (2013)	50 896	102 365	65 301	34 866	down (2010)
Life expectancy (2010)	75	81.3	78.6	80	n.a.
Share of workforce with only primary education	5.6	14.8	10.6	25.2	up
Unemployment rate	2.9	7.9	6.2	7.3	up
Gender gap in participation rate	-2.1	-20.9	-9.6	-15.9	up

Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+.The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km² grid cell population weighted average of satellite-based estimates of small particulate matter (PM2.5).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.