

# A Rural Policy for the 21<sup>st</sup> Century

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That rural America is facing considerable challenges is beyond question. The economic, demographic and physical conditions of rural places in America present myriad problems for rural development. Rural incomes are, in general, well below the national average, with many rural counties presenting high rates of poverty over long periods. While rural schools perform exceptionally well, rural areas have fewer college graduates and more people with only a high school education than other parts of the country. Students are, in a sense, rural areas' top export. Rural areas also face serious deficiencies in the condition of the infrastructure that drives the economy, including roads, highways, bridges, airports, rail service, water and sewage service, high-speed Internet access, and electricity.

Rural America continues to provide considerable opportunities for development, including a host of amenities highly sought by vacationers, retirees and sports enthusiasts, and vast natural resources that still constitute the economic engine of America. Rural schools have many of the qualities and characteristics that lead to top performance, and the comparative performance of rural students is remarkable given the demographic composition of the areas.



## **Snapshot of Rural America**

The 2003 Rural Forum took place against a backdrop of rising worries over the viability of rural places, particularly those most rural parts of the country, and a sense that the time for a comprehensive, coordinated rural policy may be nigh. Political leadership in Washington, D.C. and state capitals is heavily invested in rural areas, and rural issues are being heard on a broader stage than in the past decade. The challenges facing rural America also are increasingly daunting, but the agencies and organizations working on the problems facing rural communities and citizens are showing renewed vigor for integrative solutions.

### *Demographics*

In many ways, rural areas are defined by their demographics. Rural population loss has been a major contributing factor to the decline in rural political clout over the past few decades. It also has made providing services more costly, limited the opportunities for private investment, and depleted the capacity of rural areas to drive their own development forward. The rural population is aging as well, with the percent of rural Americans 60 years of age and older growing from 17.7 percent in 1980 to 19.7 percent in 2001. The percent of residents of metropolitan areas this age remained relatively unchanged over this same time period. Part of this growth can be attributed to the rise in non-metro counties

as retirement destinations. Another contributing factor is the continuing drain of young people from rural areas to metropolitan centers to find employment. This growth in the rural elderly has significant consequences for rural policy. Even as retiree immigrants bring with them new tax revenue and family income and sustain local businesses and institutions, the rising elderly population adds to strains on an already overburdened service infrastructure in parts of the country where transportation challenges, a paucity of service providers, and low population density contribute to higher costs and lower availability.

Rural America is not just getting older, it is diversifying at a remarkable rate. The growth rate in the non-metro population for whites was a modest 8.5 percent between 1990 and 2000, roughly equivalent to the rate for metro areas. All non-metro minority groups increased over the same period, both in terms of absolute numbers and as a proportion of the population. Hispanic population growth for the same period was at 70.4 percent, 10 points higher than in metro areas, with black population growth registering at 12.2 percent, 7.5 points below metro areas. The median age of minorities in rural areas is also far lower than for whites, meaning that not only is the white population not growing as quickly and aging more, but whites are being replaced by minorities, primarily African Americans and Hispanics. Rural minority families also have higher percentages of young people than white rural families. The impact these shifts will have is considerable. Because minorities often have lower incomes than whites, the shifting balance in population points to increased challenges for overcoming poverty and a continuation of the drain of capital, held primarily by whites, from rural areas. This also points to a rise in demand for bilingual services as the number of residents for whom English is not their first language increases. Schools will face a greater number of students with parents with lower educational attainment rates than in the past and, in most cases, lower functional English skills.

Employment is an uneven demographic indicator for rural areas. Employment in rural areas has been under a long-term transition from industries such as agriculture, mining, and manufacturing to services, construction, and social and government services. Professional and managerial employment also has risen, albeit more slowly, for rural residents over time. In general, occupational attainment improved during the 1990s, although these gains began to erode by the decade's end. Importantly, while unemployment in rural areas was uneven on a regional basis, rates for much of the rural South score consistently above the national average.

As the economies of rural areas have restructured and created more low-wage, low-skill jobs in the service sector, an influx of outside labor—predominantly Hispanic immigrants—generally provided the necessary workers to fill these jobs, a trend that is likely to continue. This fact does not make the economic picture for long-standing rural residents particularly encouraging, although it does mean that rural employers, agricultural and otherwise, will not likely lack the kind of labor they currently demand. If the rural economy shifts toward higher-skill work, however, the pattern of attracting low-skill, low-wage workers could exacerbate employment problems in these areas. Workers attracted to low-skill positions in rural areas easily could become stranded there without employment options. Rural places with a wealth of low-skill workers will be hard pressed to fill more demanding positions from within their existing workforce.

### **Infrastructure**

Economic development often depends, at least in part, upon the presence of adequate infrastructure to support new, existing, or expanding businesses and new workers. Taken broadly, infrastructure includes transportation (including, but not limited to roads, bridges, railways, ports, and airports) and water, sewer, electric, and telecommunications systems. Infrastructure investment is a key element to most state economic development plans regardless of place. As the economy becomes increasingly information-based, up-to-date telecommunications networks are now vital components. Highway and rail transportation systems remain key components, and are under strain in several parts of the country, including much of the South, because of rapid growth. Within the broad category of infrastructure, there are several areas of particular note, including broadband Internet access; water and sewer service; roads, highways and railways; utilities; and statewide strategic planning.

Rural areas often are at a decided disadvantage with respect to infrastructure because of the sparseness of population. Infrastructure investments in densely populated areas can be paid for across a variety of users. In rural areas, the higher cost of building and maintaining the necessary infrastructure is unlikely to be borne by the relatively fewer people subscribing to the services. For this reason, state and federal support for rural infrastructure is particularly important.

**Broadband Internet access**—Universal access revolutionized life in rural areas in many ways. The goal of providing equivalent telephone services to all Americans regardless of where they lived pushed telephones into rural areas, with the costs subsidized by lower-cost urban residents and businesses. In the 21 century, access to the Internet is being widely equated to access to a telephone in the 20 century. And while most Americans could, in theory, connect to the Internet thanks to the universal access activities of the past century, the reality is that low-speed dial up services and limited Internet service providers in rural areas, as well as the slower penetration of computer technology to rural areas, have created a digital divide between the haves and have-nots. Nearly 60 percent of American households have Internet access overall,

with rural households lagging behind urban households by about 10 percentage points. High-speed, broadband access to the Internet remains far more limited in rural areas, however, a fact that has implications for business site selection as well as the opportunity for rural entrepreneurs to take full advantage of the opportunities the Internet affords. As of 2002, just over half of all rural residents were online, with fewer than 10 percent having access to high-speed connections. This is not surprising given the costs of bringing these services even to densely settled urban areas. The cost of extending this service to areas of low population density and more difficult geography is going to be much higher per customer. Furthermore, demand for high-speed Internet services may not be as high as in metropolitan areas.

Getting high-speed Internet to rural areas is unlikely to happen quickly or consistently without the involvement of state and federal governments. The costs of installing the cable and telecommunications equipment for the low population densities of rural areas mean that passing on the costs to rural residents would be exorbitantly high. At the same time, the diversified structure of the telecommunications industry in the United States today makes any government action in this area extremely difficult. The 2002 Farm Bill authorized \$2 billion (with \$100 million appropriated in 2003) in loans and guarantees for rural broadband access over a six-year period. This money is available according to a formula, allocating funds proportionately to states' rural populations. States and local communities are stepping in as well, providing residents with access to high-speed Internet off existing "service spines" where no private provider is available.

**Water, sewer and utility service**—Distance and sparse population also raise the costs of providing water and sewer service to rural communities. Furthermore, the limited tax bases for most of rural America make raising the revenue to conduct regular maintenance and to upgrade out-of-date systems extremely difficult. In recent years, the condition of water and sewer systems in rural places has raised concerns at the local, state and federal level. In the 2002 Farm Bill, an unprecedented amount of money was authorized for the building and maintenance of wastewater treatment facilities and other sewer and water projects. Key among the shifts in policy included in the Farm Bill was a lifting of the \$590 million cap on grants to communities for water projects, a move intended to allow much needed additional funding to flow to rural communities immediately. Even as the federal budget has grown tighter, rural water grants and loans have continued to be offered, reflecting the priority this particular aspect of rural infrastructure has among lawmakers. States also often use Community Development Block Grant funds to pay for improvements and expansions to water and sewer service in rural areas, although this program has been eliminated in the Bush Administration's 2005 budget proposal.

Costs for rural water systems go beyond the expenses of laying and maintaining water and sewer lines. Meeting safe drinking water standards in rural areas often means upgrading aging water treatment equipment. Small systems (those

servicing fewer than 10,000 customers) are eligible for waivers from federal requirements if compliance is determined by the U.S. Environmental Protection Agency to be not affordable for small systems. To date, however, the EPA's review of current and new regulations has generated no waivers. These reviews assess costs at a national level and therefore do not take into account regional and local variations in cost. The costs of treating sewage before discharging it to surface waters are high for rural areas. Inevitably, passing on the costs to customers is less practical for rural areas' water systems, both because the costs are higher per user and because the lower incomes found in rural areas often allow for little accommodation of higher utility fees.

Rural America enjoys reliable, economic electrical service, but as the demands on the electrical grid have grown, the infrastructure often has not expanded accordingly. As became extremely clear on August 14, 2003, the electrical system in the United States is fragile. While this blackout affected urban and rural areas alike, rural residents face unique challenges in ensuring the continued high-quality provision of electrical services. Among these is a threat that a restructured electricity market will not reflect the nature of the rural market. Many rural residents get their electricity through an electric cooperative that serves a small number of mostly residential and small business customers over a large area. The customer makeup of these cooperatives results in variable demand, which in turn requires either generation capacity sufficient to meet peak demand that results in superfluous capacity for much of the time, or heavy dependence on the "spot" market. As the electricity industry has consolidated, the potential for market power to distort the spot market has grown, as California witnessed in 2001.

**Roads and highways**—Roads and highways remain the principal means by which goods produced in rural areas find their way to market. Even with federal investment in establishing infrastructure, particularly roads, states and localities bear significant costs in their construction and the lion's share of their maintenance. County and municipal governments are responsible for 73 percent of all maintenance on rural roads, with states being responsible for an additional 22 percent.

Over the past several decades, changes in the trucking and rail industries, as well as changes in driving patterns for average citizens and the growth of metropolitan areas, have placed considerable strain on the roads and highways that service rural areas. Deregulation in the rail and trucking industries helped create numerous new small trucking companies and consolidate the rail industry. The result of these actions was closed rail lines and increased truck traffic, particularly in rural areas, which in turn led to increased congestion and higher road maintenance costs for state and county governments, which bear the bulk of highway upkeep costs. It is significant that even as total spending on roads has increased, the share of this money that is from state and local sources has increased from 55 percent in 1980 to over 70 percent today.

**Rail**—The rail system helped to settle much of rural America over a century ago and remains a vital economic link for many rural communities. As the railroad industry consolidated in the wake of deregulation, the number of places served by rail lines has dropped. This has been in some ways compensated for by the aforementioned rise in small trucking companies, although this form of transit is inefficient for some of the principal agricultural commodities, especially grains, of rural producers. A principal reason for the drop in rail service is the costs of maintaining and servicing these lines. As rail lines age in rural areas, their maintenance costs rise, placing these communities even more at risk of losing their rail service.

### **Economics/Poverty**

The economic reality of rural America often is one of higher poverty than in the rest of the nation and a weak job market. Rural America, and the rural South in particular, has long lagged behind urban areas in most measures of socioeconomic progress. Beginning with the New Deal in the 1930s, and accelerating in the 1950s and 1960s, however, poverty reduction and economic development programs have steadily improved conditions in rural areas. In 1960, the U.S. Census identified 2,083 rural counties as having poverty rates of 20 percent of their total population. By 2000, the number of all counties with poverty rates at this level had dropped to 382, of which 363 were rural. The great preponderance of persistent poverty counties—roughly 340—are in the South. Persistent poverty during this 40-year span has been concentrated in the Black Belt, the Mississippi Delta, Appalachia and southwest Texas.

Overall rural poverty rates reached record low levels in the 2000 Census, increasing slightly in 2001. Nationally the gap between rural and urban poverty rates remained low (2.6 percentage points in 2000, up to 3.1 percentage points in 2001). Unfortunately for the South, this is mostly due to gains in the Northeast and Midwest, where the poverty rates are almost the same in metro and non-metro areas. In the South, the gap between metro and non-metro populations is much larger, up from 4 percentage points in 2000 to 5.4 percentage points the South in 2001. Non-metro poverty in the South was 17.6 percent in 2001 across the region.

While poverty continues to be an issue for urban areas, the degree of poverty and its persistence over time has been most pronounced in rural areas. In the South, with rural employment still heavily invested in manufacturing and mining, the global marketplace has pushed the displacement of these jobs through technology and relocation to lower-cost labor markets. Recent data suggests that the overall job picture in rural America may be slightly better than in metro areas, and that the recent recession was less severe in rural areas than elsewhere. Add to this better earnings growth for non-metro residents (1.4 percent during 2000-2001) than for metro residents (.9 percent), and rural America seems to be faring better in comparison. Also mitigating the real impact of lower income in rural areas is the lower costs of living in these areas, calculated in a 2000 report as about 16 percent

below the cost of living in metro areas. This implies that the poverty rate overstates the impact of rural poverty to a degree. But all this good news is tempered for the South, especially by the vaporization of manufacturing, particularly textiles, jobs, and the overall poor job mix found in many rural areas. Furthermore, over the past decade, rural real income has consistently lagged behind metro income, actually falling behind inflation. In many ways, the impact of U.S. trade policy can be felt most directly in rural communities dependent on manufacturing, textiles and apparel, as these industries have relocated to lower-cost production areas overseas, and those dependent on agriculture, as the global food market puts an economic squeeze on U.S. producers.

Employment growth in rural areas has tended to follow a pattern established in the 1950s and earlier, with companies turning to rural America for inexpensive land and low-wage (and low-skill) workers. While this pattern was initially the case for manufacturing and textiles, as these sectors have declined in recent years, the job growth has often been made up for, at least partially, by service sector jobs. In particular, the employment options afforded rural residents are more likely to be low-wage, low-skill, entry-level positions with limited opportunities for professional or economic advancement.

Perhaps more worrisome than the statistics on overall poverty are the figures on child poverty. Twenty percent of children in rural areas live in poverty, compared to 16 percent of metro children. In the South, child poverty statistics are even more discouraging. Throughout the region, rural areas have higher incidences of child poverty than non-rural areas. In most rural places in the region, the level of child poverty is seldom below 25 percent. Of the 100 rural counties in the country with the highest rates of child poverty, 80 are in the South. While it should be acknowledged that Southern states have many more counties than states in other parts of the country, the great concentration of child poverty in the region and the population these counties represent is very significant.

Child poverty creates numerous complications for rural areas. Poor children are less likely to receive a quality education, complete high school, receive regular medical care, and have quality day care available to them. As these children grow up, the opportunities afforded them are fewer and fewer, further exacerbating the problem of a rural population with limited ability or opportunities to develop the skills necessary for high-earning jobs.

### **Education**

It is unmistakable that the quality of the rural workforce and the quality of rural schools are related. Rural areas that neglect education are less likely to have a well-developed workforce, and thus be less attractive to businesses looking to relocate. Rural schools in general perform remarkably well, scoring close to schools on the urban fringe and in large towns, and above schools located in urban centers both in national assessments and in terms of school graduation rates.

Considering the degree of poverty in rural schools (as measured by the number of students eligible for free and reduced-price lunch), which is typically above the state average and is at times equal to that found in city center schools, the performance of rural schools seems remarkable. As a number of observers have noted, the small size of rural schools and the strong community ties often compensate for the obstacles poverty and limited resources impose on student achievement.

Rural schools face serious challenges, however, in maintaining their standard of quality. Decaying infrastructure, stagnant or contracting tax bases, growing teacher shortages, increased federal mandates and more all are weighing upon rural schools. In a number of states, the funding disparities between metro and rural districts have given rise to lawsuits over inequitable and inadequate financing. Rural districts, with limited tax bases, are more dependent on state formula aid for increasing per pupil expenditures. They also are more limited in their bonding capacity for capital improvements to rural schools.

Roughly half of all schools in the United States are in rural areas, educating nearly 40 percent of all students. Rural students in general enjoy slightly lower student teacher ratios and far smaller school sizes. The average school in an urban or urban fringe area has more than 600 students. In rural areas, this figure is 400 students. Rural students are less likely to have limited proficiency in English and more likely to have the opportunity to take remedial courses than their metropolitan peers. Rural schools also are far less likely to offer English as a second language or bilingual programs to their students, a fact that in part reflects the scarcity of teachers with these skills in rural areas and in part demonstrates the uneven distribution of the students who require language services among rural areas. Rural schools also are only half as likely to offer extended day programs as urban schools and are less likely to offer kindergarten.

Flat or declining tax bases and limited revenue capacity contribute to a further worry for states: funding equity and adequacy for rural schools. While urban schools have long been parties to litigation against states' school funding structures, rural districts are becoming lead plaintiffs in equity and adequacy lawsuits in a number of states, claiming that state formula funding discriminates against property-poor rural areas. A lawsuit of this sort brought by a rural district in Arkansas has forced the state to entirely reconstruct its funding formula, increasing the costs of public education to the state by several hundred million dollars and triggering the longest special session in Arkansas history.

The inadequacies and inequities rural schools face also can be found in their facilities, which are often older and have serious maintenance shortcomings. Rural districts, with their limited bonding capacity and tax rolls, have much more difficulty raising the necessary funds to provide adequate maintenance to aging facilities, much less provide for major repairs or new construction. In the end, the students in rural areas

attend schools with greater incidence of insufficiencies than their metropolitan peers.

A further problem for rural schools is the difficulty they face in attracting and retaining staff. Teachers entering the profession from college tend to cluster in schools near where they graduate and in major metropolitan areas, which offer higher salaries. Rural areas, isolated by distance and often at a significant pay disadvantage, are hard-pressed to compete for new teachers. Rural districts also may be the employer of last resort for some teacher-candidates, providing jobs to teachers who are unable to secure employment in their primary preference districts. After developing their skills and experience in the rural district, these teachers are likely to move on, turning rural schools into the training ground for a cadre of qualified, experienced teachers working in metropolitan schools.

Given all of the challenges rural schools face, they nevertheless continue to provide strong educational opportunities to rural children. Graduation rates, assessment scores and measures of school environment all point to the excellent job many rural schools do. But after rural children graduate from high school, proportionally fewer continue to college as their peers in metropolitan areas. There are obviously a number of factors which come into play in this regard, including the limited opportunities for college graduates to find appropriate employment in rural areas, the range of jobs for non-college graduates in rural areas, and the lower number of children of parents with college degrees in rural areas. Rural students who do go to college, moreover, often move to metropolitan areas where their degrees will bring wider opportunities, further exacerbating the “brain drain” from rural America.

The federal *No Child Left Behind Act*, which sets federal education policy for eight years, included increased flexibility for rural schools. Unfortunately, the direct grant program that accompanied this increased flexibility was eliminated after only one year, leaving rural schools to compete for discretionary funds with much larger schools to complement their per-pupil formula funding. The Act also has numerous accountability measures, including annual testing in grades 3-8 to measure student learning and progressive sanctions for schools in which each identifiable subgroup did not make sufficient progress toward state-established performance benchmarks. For rural schools, with smaller cohorts of students, the impact of each individual test-taker is greater. One student’s good or poor performance thus could be responsible for placing the entire grade, and hence the school, into or out of compliance with the federal law. Falling out of compliance with the federal law triggers a host of remedial actions for the school, including required academic services and inter- and intradistrict transfers, with the costs related to these activities being borne by the schools. Given the limited, and often non-existent nature of tutoring services, and the vast distances between some rural schools, providing these opportunities to students may not be possible or practical.

## **Workforce Development**

Rural workers have lower levels of formal education and training, and receive less in return for their investments in their skills. Rural areas also offer fewer employment opportunities for skilled workers, a fact that contributes to lower wages for more highly skilled workers in these areas. Furthermore, should a community succeed in attracting a high-skill employer, the workforce may not be able to be filled from local rolls. To remedy this situation many communities in rural areas have some form of training for local workers to improve and expand their job skills.

These programs, generally called workforce development or investment, offer a variety of services to the unemployed, underemployed, and discouraged workers, as well as opportunities for those who are employed to expand their skills. Activities that fall under this umbrella can run the gamut from job listings and information on training, financial aid and the employment market to career counseling, GED courses, and on-the-job training. These programs often are run out of regional development centers and receive a mix of local, state and federal funds to fulfill their mission.

Employers and local technical and community colleges are principal partners for local development officials in creating successful workforce development networks. These networks have several key strengths. Among them are easing the transition from school to employment for recent graduates through work-based learning, lower turnover costs through better training and aptitude matches between employers and employees, and more efficient mechanisms for matching employers with workers that fit their needs. Because employers are hesitant to bear the expense of providing all the training necessary for their workers, community colleges and training centers often are asked to offer supplemental assistance to local residents, at times in conjunction with major employers. This allows these institutions to be responsive to the needs of the major employers in the area and to deliver the necessary skills for jobs workers might be able to fill. Rural communities in many parts of the South have especially strong community college systems, providing exceptional opportunities for well-articulated programs to invigorate the rural workforce. The challenge rural areas currently face is keeping the students trained in these facilities from migrating to metropolitan areas in search of employment.

As many rural Southern communities have learned in particular, the skills a workforce needs for jobs today are very likely to change quickly. The textile and agricultural support economies of many rural Southern towns have eroded as jobs shift overseas and are replaced by technology. This has created a serious hardship among displaced workers in rural areas who not only are more likely to have only a high school education, but also are less likely to have developed transferable skills on the job. For this group, workforce development programs are a life raft to the new economy.

Making this transition is exceptionally hard for some, it should be acknowledged, and the offerings of rural training

providers very often reflect the varying skills of the participants. Delivering the needed courses and programs to such a diverse group is a difficult and costly activity, and recent budget constraints have placed some of these programs in jeopardy.



### Community Capacity

An intangible aspect of rural development is the status of a rural community's human capital—the skills and abilities of the individuals and organizations found in the area. The combined talents of an area and the strengths of regional organizations can make a tremendous difference in how an area, be it a town, a county or a larger region, develops or fails to develop. Some aspects of this capacity are obvious: literacy and numeracy; community ties; long-standing community institutions; and high levels of participation by community members in school associations, civic and county meetings and the like. Other important components of this are more difficult to grasp and measure. Trust, leadership, and connectedness also are central to moving economic development forward.

This second set of components, most often referred to as social capital, has gained considerable attention in recent years, particularly following the publication of *Bowling Alone* by Robert Putnam of Harvard University. In it the author documents the decline of civic life and how it affects American social and civic institutions. Part of a growing body of work, social capital theorists insist that social networks have value and are key components in the way a community and an economy operate. These networks are usually understood to be the web of associations among and between people and organizations. These relationships can be formal and informal and include components of government, faith-based institutions, the courts, private industry and non-governmental organizations and associations. The importance of these associations is well-accepted. In a much quoted passage, Alexis de Toqueville, the 19 century chronicler of American democracy, commented on Americans' propensity to form associations for various purposes and its relationship to the strength of the democracy in the then-fledgling United States.

Fostering the community capacity that encompasses both human and social capital in both contexts is a difficult process. Associations among people in rural areas often are hindered by distance, history, and cultural differences. Improving the skills and capabilities of rural people and organizations involves investment in needs assessment, training, education and follow-up. The resources for such activities often are scarce, and the understanding of how they benefit communities is not always universal.

In many communities regardless of location, individuals with low educational attainment are marginalized and set off from many of the formal and informal networks that offer the services they need to develop their own skills. Furthermore, rural organizations often are ill-equipped or ill-staffed to

navigate the complex bureaucracies that manage much of the assistance offered by the federal government, and are equally at sea among the confusing array of nonprofit and foundation organizations that offer help to rural communities.

Rural areas, given their geographic isolation and sparse-ness, have greater challenges to creating institutional and personal relationships. Historically, however, this has been a challenge to which rural communities have risen, through strong church communities, grange and agricultural associations and fraternal orders, and other informal networks. The task for today's rural residents is complicated by the need to establish bridges between these parochial organizations in order to establish a sufficient network.

Networks of civic engagement—be they church groups, fraternal and sororal organizations, volunteer fire departments, book clubs or PTAs—create and reinforce expectations of reciprocity and trust; facilitate coordination and communication; create patterns for success and lessons for improvement in actions on issues; and increase the risks for those who act opportunistically that they will not share future benefits. These networks can operate to share resources, such as skills, tools, machinery, transportation, capital (including revolving credit), and information. In this way, the total "capital" of the community, when measured both as the financial wherewithal and the capacity to put it to work is both expanded and made more readily applicable to problems facing an area.

For rural areas, the implications are immense. As participants in the Forum noted, rural areas often abound in the kinds of informal and formal organizations and associations that are at the heart of social capital networks. As with most of the other issues affecting rural areas, there often is a lack of the bridges that tie organizations together across demographic or other social lines. For example, members of different religious denominations may not socialize in parts of the rural south, or black and white social groups may not coordinate activities and resources. The lack of horizontal connections between these groups is a key weakness in turning the strong, but often very isolated and vertical, social networks in rural areas into engines for community and regional rural progress. In applying the benefits of these networks, rural areas are engaging in a form of "self-help," often finding much of the necessary human capital, and perhaps some of the needed financial capital, within the area benefiting from action.

An example of how government can serve as facilitator or catalyst for developing social capital can be found in agricultural extension agents. County agents move throughout a community (or several communities), officially to provide assistance to farmers and ranchers. In many cases, the county agent often is one of the few individuals in a community who moves across multiple socio-economic and demographic boundaries on a regular basis. This provides the agents with a unique opportunity to identify needs and resources and bring them together to resolve issues that would otherwise seem intractable.

While in many ways local institutions and organizations in rural areas seem ill-equipped to resolve thorny roadblocks to their advancement, the skills and capabilities they must develop often are within their grasp. Assessment, training, and skills development are, however, often very difficult for individuals within an organization to do well without outside assistance. Some states, through the community and technical colleges or state economic development offices, offer support and staff to provide programs to rural community groups to develop such skills as financial planning and accountability, long-range planning, needs assessments, and feasibility studies. Also contributing to these activities are numerous foundations, and philanthropic and nonprofit organizations which have, in the past decade in particular, invested heavily in improving the capacity of small nonprofits.

There are numerous examples of organizations that work with rural communities to develop their internal capacity, including several rural development councils and nonprofit organizations. Conducted by many rural development councils, rural areas can often draw upon the expertise and experience of specialists in a variety of fields, including planning, finance, marketing and assessment. The Appalachian Regional Commission encourages some of this work through the Development District Association of Appalachia (DDAA). The DDAA conducts a best practices exchange program which covers some logistical costs related to technical or administrative personnel exchange aimed at replicating another Local Development District's (LDD) activity. The DDAA also provides a limited number of scholarships to pay for training of LDD staff or executives and management. Another model, used by several state rural development authorities, is to bring specialists to host communities or organizations at subsidized costs to provide assessment and technical support. An advantage to this method is the built in capacity-building component that such processes include through the activities or internal assessment and information sharing.

The Appalachian Regional Commission is an impressive resource for community capacity building in and of itself. The Commission provides considerable information and resources for strategic planning and implementation. Communities in the 13-state region are able to tap into the technical and financial resources of the federally-chartered commission directly or through their LDD. In addition, there are a number of nonprofit entities that specialize in training and planning for rural communities, applying the experiences of the past century to contemporary problems. By engaging communities in a collaborative strategic planning process, these organizations serve as a catalyst for community capacity development and information exchange beyond the scope of their planning activities.



### **Priorities for Rural Development**

Rural America faces challenges on many fronts; some interrelated, some in isolation. The scope of the gap between rural and metropolitan areas can at times seem daunting. In approaching rural development, it is important to recognize both the interconnectedness of so many of the issues facing rural areas and the need to establish priorities in order to move rural prosperity forward. While it must be acknowledged that it will be impossible to resolve many of the challenges facing rural places in isolation, there also was a sense that making progress on key issues would improve the status of other concerns.

In determining policy priorities for rural development, a range of ideas have been put forward that point to a few general priorities. Chief among these is the need to undergird rural areas with adequate infrastructure to meet the challenges of the new economy, particularly with respect to high-speed Internet access for rural communities. Other key factors include support for businesses and entrepreneurs, improving education and workforce development, particularly in the area of building on the strengths and demonstrated successes of the existing systems. Notable also for its importance to rural development is the need to nurture and develop leadership and capacity among rural people and to reinforce the structures that underpin safety and security in rural places.

### **Assets and Partners for Rural Development**

If rural development is highly interconnected, it also does not take place in a vacuum. Rural areas abound in partners for "doing the work that must be done." Understanding the full range of these and identifying the resources they offer is a key part of creating the networks that are most likely to offer a boost to rural areas. The partners rural places have to draw upon include a range of organizations from the private sector, government entities, and faith-based institutions. There also are myriad talented individuals and institutions that are unique to each place that complement and amplify the formal structures for providing connections in each community. Each of these amounts to an asset and a resource that can contribute to rural development. Identifying the appropriate partners and creating coalitions to address specific problems often is one of the most challenging aspects of any rural development project or effort.

### **The Role of State Government in Rural Development**

Judith Hackett, then the director of the Rural Center of The Council of State Governments, in an article written in the late 1980s, outlined three general types of activities government can undertake in rural areas related to rural development: crisis intervention, innovation, and prevention. Crisis intervention, be it for disasters of a natural or man-made variety, is expensive and infrequently used. In general, state governments do not take on this type of action, although the federal government, with its greater resources and capabilities, will. Crisis intervention calls for the timely mustering of financial, human, and material resources to address a specific,

urgent problem, such as a rash of farm foreclosures, floods, or collapses in commodity markets.

Prevention activities including long-term investment in what may (or may not) be viewed as a persistent or pressing issue. Prevention activities are intended to keep problems from becoming severe. Because prevention activities often require long-range planning and focus, and take longer to realize gains, they are most often undertaken by local governments and regional authorities. State government often plays a role in providing technical and financial support for long-range planning and prevention activities, but local leaders who are close to the problem and have immediate responsibility for implementation most often are on the “front lines” of rural development activities.

What may be the primary state role in rural development is innovation, that is, crafting and charting changes in rural policy and providing the resources needed to get these changes moving. State government may effect this policy in several ways, by providing seed money for new agricultural or other rural businesses; coordinating state agencies; publicizing and organizing available services; providing incentives for rural business development; experimenting with new technologies; underwriting infrastructure development; and providing essential training for rural residents.

In the quest for an integrative approach to rural development that seeks solutions to the interrelated problems facing rural America, state government and its leaders have a vital role to play. State government is “closer to the ground” for rural policy than the federal government, and thus is better able to respond to rural needs in a manner tailored to local conditions. State government is also, as noted above, more able to press for, and develop, innovation in rural policy than at either the federal or local level. State government is also uniquely positioned to foster cooperation among communities both within a state as well as on a regional basis including communities in neighboring states. Local governments and institutions often have a very difficult time reaching beyond the orbit of their particular jurisdictions.

As increasing attention has become focused on the need to address rural concerns on a regional level, the role of state government in facilitating this has increased. Some observers note that as the economy has become more global in nature, regions have replaced states in importance, as more issues and problems occur across areas with regional affinity. Thus the geographic structure for development policy moves out of a national-state-local hierarchy to one patterned on international-regional-neighborhood affiliations.

The economic boon of the 1990s largely bypassed rural America, but the economic contraction of the early part of the 21 century was strongly felt in the rural economy, particularly as manufacturing and textile jobs continued to be exported to lower labor-cost economies. The tight economic times also have created fiscal woes in state capitals and in Congress. Following upon the relative victories in both policy and approved levels of funding for rural areas in the 2002 Farm Bill, appropriations at the federal level have declined. This is unfortunate, for several reasons. The fact that rural areas did not create capital or jobs in the same way that metro areas did during the economic boom of the 1990s means that rural communities have no cushion on which to fall. Furthermore, rural areas have less capacity to generate capital internally than metro areas, either through public or private mechanisms, which translates into an exaggerated impact of any reduction in state and federal aid. Finally, federal and state funds often make essential services affordable for rural communities, with the loss of aid causing incremental declines to the quality of life for rural residents.

This is not to say that all rural development is a matter of cash transfers. As has been noted, the need to develop and nurture community capacity is quickly becoming a major focus of rural development. But funding is a vital component in most economic development activities, regardless of their location. As the available funding for economic development shrinks, the share available for rural areas often is disproportionately affected. Rural areas and programs often lack advocates and interested parties to lobby on their behalf, and are therefore far less capable of protecting their interests during fiscally difficult times. As rural economies decline, this process accelerates as fewer rural residents elect fewer rural representatives at the state and federal level, and fewer rural county commissioners and mayors participate with state and national associations.

It is clear that the advancement of rural concerns depended on the presence of someone at the state and regional level looking at rural areas, making connections, identifying problems and bringing resources to bear. Finally, the question must be asked: is it worth it to save rural areas? The answer, most observers agree, is that everyone is better off—urban, suburban and rural—with healthy rural communities. Rural advocates often forget this critical concept. The economic contributions of rural areas and the economic costs of rural community failure often are only clear to those who are connected to rural places. State legislators have a unique opportunity to spread this message to a broader audience, both within the legislature and the general public.

The full text of this report and others can be found online at [www.waangi.com/Jonathan.html](http://www.waangi.com/Jonathan.html).