

Effective Rural Governance *What Is It? Does It Matter?*

Written by
Nancy Stark, Director
Rural Governance Initiative

RGI A program of  **rupri**

Table of Contents

What is Effective Governance?.....	1
Why All the Fuss About Governance?.....	5
Key Principles of Effective Rural Governance.....	7
Research Questions for the RGI.....	26
Endnotes.....	27

What is Effective Governance?

This framing paper defines effective governance, explains why governance is suddenly in the spotlight, details and illustrates eight key principles of effective rural governance, and poses questions that ground the Rural Governance Initiative.

- In the medically underserved region of northern Idaho, working families now receive quality health care at a regional center staffed by physicians, dentists, and mental health professionals recruited to the area.
- In California's rural, multi-cultural North Coast, a four-county region no longer supported by resource-based industries is now sprouting first-generation entrepreneurs.
- In a northern Maine region plagued by population loss, community leaders now understand the region's unique economic clusters and are building business development linkages across the Canadian border.
- And, in a Minnesota region devastated by timber and mining industry declines, rural people now profit from the region's one-stop worker training resource and new private sector investments.

Why are these encouraging events occurring in such economically challenged rural places? To what can we attribute these improved social and economic outcomes? What are the underlying lessons for rural leaders and policymakers?

In spring 2004, the Rural Policy Research Institute (RUPRI) launched a new initiative, the Rural Governance Initiative (RGI), to investigate these very questions. The RGI seeks to understand how rural people and institutions make decisions about their collective well being, in other words, the process of *governance*. The RGI's goal is to strengthen the decision-making process in rural communities, especially in struggling regions.

The RGI's work thus far suggests that answers to these questions don't lie with a powerful funding program, a novel development strategy, or an exceptional individual. In these places, as in many others, the push towards prosperity comes from a shift in governance—explicitly, shifts towards more *effective governance*.

What is the RGI talking about? Is governance simply the latest vogue in academic and political circles? Is it community development repackaged? The RGI thinks not.

Governance isn't a novel term for something rural communities already do, nor is it an fancy synonym for community development. The wealth of community development research and practice certainly informs the RGI's thinking, but effective governance is something quite different.

Effective governance is an amalgam of specific practices that make the difference between stagnating and flourishing communities. And, because effective governance is so inexorably linked to rural prosperity, the RGI must explain governance to community leaders, practitioners, and policymakers in understandable, and actionable, terms.

Effective governance is an amalgam of specific practices that make the difference between stagnating and flourishing communities.

Exactly What is Effective Governance?

“Perhaps our greatest challenge is to create and teach a new civic ethos that emphasizes and values sustained participation, not sporadic and episodic participation. The real test of the change in civic culture will be sustainability in the engagement process.”

— Donald Lacy, Associate Professor,
Ohio State University¹

Governance is the process of making and carrying out decisions. In its most common use, governance refers to the management practices of governments, including cities, counties, special districts, school systems, regional governments, Indian reservations, and states. Especially in Anglo-Saxon countries, good governance denotes efficiency, effectiveness, good-value-for-the-money, and use of alternative administrative mechanisms.²

*Government is the most
recognized form of governance,
but it is not the whole story.*

Government is the most recognized form of governance, but it is not the whole story. Effective governance incorporates a variety of decision-making and implementation practices by a wide range of people, organizations, and institutions beyond government: nonprofit groups, faith-based organizations, community foundations, citizen alliances, community colleges, business associations, and others. Moreover, effective governance incorporates community building: processes that develop leadership, enhance social capital and personal networks, and strengthen a community's capacity for improvement.³

The RGI sees governance as this much broader, more inclusive process—as a governance practice, not just a government system. The distinction is more than semantics. When people look exclusively to government to make critical decisions about their collective well-being, the decision-making process is flawed. And, when citizens put all of the blame for bad choices on the backs of government officials, they are disregarding the decision-making power and responsibility of other people and organizations, including themselves.

The Rural Governance Initiative

RGI The Rural Governance Initiative is a program of the Rural Policy Research Institute (www.rupri.org) based at the University of Missouri-Columbia. RUPRI conducts policy-relevant research and facilitates public dialogue to help policymakers understand the rural impacts of public policies and programs. Many policies that are not explicitly “rural policies” nevertheless have substantial implications for rural places. RUPRI's rural efforts focus on poverty, health, entrepreneurship, telecommunications, welfare reform, community informatics, and other policy issues.

RUPRI is forming informal partnerships with several organizations to move the RGI's work forward. Current partners include CFED (www.cfed.org), a national nonprofit organization focused on expanding economic opportunity, and two policy programs of the Aspen Institute (www.aspeninst.org) focused on community building and improved prosperity: the Roundtable on Community Change and the Community Strategies Group.

This deeper, more far-reaching process of effective governance has three major components:

■ Collaboration

For example, the historic regional joint power agreement among one county, two cities, an Indian tribe, and a school district in northern Idaho launched the Boundary Regional Health Center. Area leaders created a second regional power agreement focused on environmental and natural resource issues. Two-thirds of Boundary County is national forest land and natural resource issues are especially divisive.

■ Sustained citizen engagement

A case in point is the dialogue among California North Coast's tribal, environmental, business, entrepreneurial, educational, and community health leaders (politically left, right, and center) that envisioned a different future and are now altering the region's development agenda. Redwood Coast Rural Action's (RCRA) four counties cover an area larger than Massachusetts. Yet, RCRA is forging fresh partnerships among business, education, health, environmental, and cultural interests and generating new supports for entrepreneurs.

■ Leveraging regional resources

For instance, an analysis of regional competitive advantages broadened northern Maine's development agenda into New Brunswick, Canada. As Aroostook County examined its regional economic clusters—forest products, agriculture, tourism, information technology, and precision manufacturing—new U.S.-Canadian business prospects emerged.

Drawing on observations thus far, the RGI believes that there are eight key principles of effective *rural* governance within these three major components of effective governance:

■ Collaboration

- 1 Crossing sectors (public, private, and nonprofit)
- 2 Crossing political boundaries and recognizing regions

■ Sustained citizen engagement

- 3 Welcoming new voices (especially under-represented individuals and youth)
- 4 Visioning a different future (bottom-up process)

■ Leveraging regional resources

- 5 Analyzing region's competitive advantages (focus on strengths, identify clusters)
- 6 Strengthening competencies of local elected officials
- 7 Engaging key intermediaries
- 8 Investing local capital

The Rural Governance Initiative believes that effective governance builds the foundation to engage disparate people, spark good ideas, and generate concrete results.

The Rural Governance Initiative believes that effective governance builds the foundation to engage disparate people, spark good ideas, and generate concrete results. It does the ground work that complements the good work of entrepreneurial development, community infrastructure improvements, artistic endeavors, or other initiatives. Moreover, effective governance provides the glue to coalesce and sustain achievements over the long-term.

A wide range of geographic, economic, political, cultural, and demographic conditions exist across rural America. Certainly, some rural communities are privileged by strong amenities, proximity to a metropolitan area, etc., while others are not. But, all rural regions are governed in one way or another and all can strengthen their governance system.

Drawing its experiences and observations, the RGI aims to:

- **research** the relationship between how decisions are made (and with whom) and what results are achieved in the long-term;
- **validate** how governance impacts economic and social outcomes;
- **facilitate** governance conversations among community leaders, practitioners, and policy-makers;

- **disseminate** guidance on effective local/regional governance practices; and
- **propose** public policies that encourage and support effective governance practices.

The remainder of this framing paper explains why governance is suddenly in the spotlight, details and illustrates eight key principles of effective rural governance, and poses questions that ground the RGI.

Why all the Fuss About Governance?

“What information are governance decisions based on? What information should they be based on? Who decides? How do unprecedented conversations that result from regional collaboration change the content and flow of information? What's the impact on community decision-making? These are the important governance questions.”

— Shanna Ratner, Principal, Yellow Wood Associates, St. Albans, Vermont

Governance is suddenly front and center; it was featured at the Federal Reserve Bank of Kansas City's 2004 conference, in a major compilation edited by three well-respected rural economists,⁴ during state legislative sessions focused on governmental efficiencies, and at international gatherings of the Organization for Economic Cooperation and Development. Why all the attention on governance? Why now? The RGI sees four explanations for the recent spotlight on governance.

The first explanation is *rising pressures on rural governments and their leaders*. More than ever, part-time elected officials are shouldered with devolved administrative and financial responsibilities and minimal (or no) professional support. Some rural governments receive management support from regional development organizations (RDOs) (see page 22), but RDOs struggle in the same environment of increasing administrative burdens and declining resources. Therefore, most small-town officials serve the public with scant or no research staff,

grantwriters, technical assistance funding bases, or economic analysts.⁵ They manage risk, do more with less, and yet “get no respect.” Perhaps this explains why, even at the state and federal levels, government is no longer the primary destination of choice for top public policy school graduates.⁶

The second explanation is *flaws in the current governing system*. Globalization and industrial restructuring are shifting the economies of U.S. regions. Everywhere, there are signs that rural communities would benefit from greater collabora-

tion, citizen participation, and regional analysis. Yet, our current system of governing rarely supports such approaches.

Most state and federal funding operates in narrow, programmatic silos that prohibit or discourage collaborations across sectors and jurisdictions. The combination of program-specific eligibility and

reporting requirements, and limited funds, creates barriers to cooperation. Thus, rural communities act unilaterally, with one community's economic development plan pitted against another. Moreover, public programs expect swift, measurable outcomes, despite the fact that meaningful change requires time and patient resources.

The third explanation is *spotty, but heartening, rural governance innovations* introduced by state governments and philanthropic organizations. For example, the Maine legislature recently enacted a new law to promote intergovernmental cooperation, cost savings, and efficiencies. The act will, among other things, help local and regional

Everywhere, there are signs that rural communities would benefit from greater collaboration, citizen participation, and regional analysis.

entities design and implement collaborative efforts that result in improved services or cost savings.

On the philanthropic side, several major foundations (such as Blandin, McKnight, and Kellogg) and some community funders (such as Cleveland Foundation) are putting their money behind collaboration.

Minnesota's new Regional Economic Development Group, supported by the Blandin and McKnight Foundations, is an ambitious experiment in new governance. The Group tests the idea that more than 30 state and regional organizations can align their principles, efforts, and resources to support of region-based economic development projects.⁸ Similarly, the recent W.K. Kellogg Entrepreneurship Development Systems for Rural America Project competition, managed by CFED, required that applicants establish working collaboratives.⁹

Finally, the fourth explanation is an *acknowledgment that governance issues and relationships are tremendously complex*. It's one thing to suggest

that governments and organizations collaborate, but quite another thing to make it happen. In addition, collaboration can be expensive. Anyone who has ever served on a committee or a governing body knows that cooperative strategies require considerable time and resources. Finally, collaboration can present new challenges with respect to man-

agement, accountability and citizenship. It may be harder to exercise control or ensure accountability when government is part of an interdependent network.¹⁰

These explanations for spotlighting governance clarify why RUPRI—an organization focused on analyzing public policy impacts on rural people and places—established a

Rural Governance Initiative. They also underscore a recent commentary by Community Development Economist Steven Deller:

“In dealing with increasingly complex public issues and ever tightening resources, public officials and concerned citizens must look to governance alternatives and not tie themselves to traditional ways of doing things.”¹¹

In dealing with increasingly complex public issues and ever tightening resources, public officials and concerned citizens must look to governance alternatives and not tie themselves to traditional ways of doing things.

Key Principles of Effective Rural Governance

Which governance practices make the difference between stagnating and flourishing communities? How can these practices be adopted by rural leaders and supported by state and federal policymakers?

Drawing on its observations thus far, the RGI offers the following key principles of effective governance. The eight principles are grouped under three major themes: collaboration, sustained citizen engagement, and leveraging regional resources.

Eight Key Principles of Effective Rural Governance

■ Collaboration

1 Crossing sectors (public, private, and non-profit)

2 Crossing political boundaries and recognizing regions

■ Sustained Citizen Engagement

3 Welcoming new voices (especially under-represented individuals and youth)

4 Visioning a different future (bottom-up process)

■ Leveraging Regional Resources

5 Analyzing a region's competitive advantages (focus on strengths and identify clusters)

6 Strengthening competencies of local elected officials

7 Engaging key intermediaries

8 Investing local capital

We direct this guidance to a range of rural development practitioners and policymakers, including:

- local leaders (formal and informal, governmental and non-governmental);
- local and regional institutions (public schools, community colleges, and hospitals);
- helping organizations and agencies (economic development districts, state agencies, Cooperative Extension Service, and state municipal and county associations);
- funders; and
- state and federal legislators and executives.

The RGI trusts that guidance on effective governance will lead to stronger rural development practices “in the dirt” and smarter policies “on the hill.”

Collaboration

“We know that with the reduction in funding and the sophistication required from existing funding sources, collaboration will increase our chances of successfully addressing the many issues that face communities today.”

— LeAnn Simmons, United Way of Treasure Valley, Idaho¹²

Principle 1: Crossing sectors

Why is the practice of collaboration across sectors universally endorsed but rarely accomplished? Because it is very challenging work.

Community-based collaboration is the process by which citizens, agencies, organizations, and businesses make formal, sustained commitments to work together to accomplish a shared

vision.¹³ In the language of partnering arrangements, collaboration is the highest and most difficult level of working with others—more formal than networking, cooperation, and coordination.¹⁴ But in many rural regions, even networking across sectors can be tough.

The abyss between rural elected officials and community builders seems particularly wide. (The term “community builders” refers to any non-governmental individual and/or group, formal or informal, working to strengthen the community or region.¹⁵) Local governments may engage with community builders in ways that range from undermining, to neutral, to supportive.¹⁶ Likewise, community builders may interact with local governments in manners that vary from confrontational, to neutral, to collaborative. It seems rare that the reciprocal relationships are both supportive and collaborative.

Associations between the sectors are so vital, yet tricky, that the Roundtable on Community Change at the Aspen Institute launched a discrete research and practice initiative on the topic. Over the next two years, the Roundtable's new project on Local Government and Community Building will collect and disseminate information about the prerequisites to successful engagement between community builders and local government.¹⁷ To encourage community builders that local government matters, can be trusted in efforts to improve community outcomes, and should not be ignored, the Roundtable observes:

“Beyond financing, local government has the capacity to affect low-income communities in a myriad of ways through its public policies, rules and regulations, discretionary decision-making authority, purchasing and investment decisions, relationships with regional authorities, and so on.”¹⁸

In much the same way, the RGI is pushing local elected leaders to cross the institutional fault lines between public, private, and non-profit constituencies to acknowledge that no community is well-governed by a few highly vocal individuals or groups, especially if those individuals are all elected officials. Likewise, the RGI hopes to persuade policymakers to reduce the narrow, programmatic silos that prohibit or discourage collaboration across sectors and to institute new policies that facilitate cross-sector partnerships.

Case Study

Cross-Sector Collaboration Resolves Severe Health Hazard

In early 2000, the U.S. Environmental Protection Agency (EPA) designated a large part of Jasper County, Missouri as a Federal Superfund Site due to dangerous levels of lead contamination. Immediately, business leaders and elected officials realized that the designation could have disastrous consequences for economic development and, most importantly, the health of local children. To avert this disaster, Jasper County residents set aside their narrow-mindedness and collaborated across sectors. As a result, today blood lead levels among the county's children are in the safe zone, below the national average.

In the early 1900s, Jasper County was the heart of the largest lead mining region in the world. A century later, the county discovered the price for those excesses—lead and other heavy metals deposited on the land. The long-term effects of childhood lead poisoning are severe: reduced IQ, learning disabilities, hearing loss, reduced height, and hyperactivity. Excessive lead exposure can cause coma, convulsion, and even death. These were risks the citizens couldn't take.

The county's response was immediate and innovative. The county commissioner established an Environmental Task Force of Jasper and (neighboring) Newton Counties to provide guidance and leadership in resolving the problem, with help from the federal government. The 25-member task force included a mix of public and private individuals: county commissioners, mayors, EPA and Missouri Department of Natural Resources representatives, business leaders, school officials, health officials, concerned citizens, and a consulting engineer.

The diverse group looked at all of the environmental issues affecting both counties and developed one of the first county-level environmental master plans in the nation. One innovative solution, later commended by EPA, was to encapsulate lead waste in the roadbed of a local highway. The task force also designed a creative public awareness campaign to educate citizens about the dangers of lead. It included coloring books, “no-lead” Girl Scout badges, model school curriculum, and more.

“The effort succeeded,” says former Jasper County Commissioner Anna Ruth Crampton, “because we set local and territorial issues aside. We concentrated on the larger environmental problems threatening the welfare of Jasper and Newton County citizens.”

Adapted from Jasper County's winning application to the 2004 National Association of Counties Caucus Courthouse Award.

Principle 2: Collaboration across political boundaries

“Few of the problems that face rural communities respect jurisdictional boundaries. The truth is, few rural communities have sufficient resources and population to attract competitively priced infrastructure, facilities and services. Therefore, individual communities must join with others in creating regional approaches to development. Likewise, it only makes sense for governments to allow and encourage such regional cooperation.”

—The Nebraska City Declaration issued on October 18, 2002, following the Summit on Rural America

It makes sense to collaborate across political boundaries because so many critical economic and social issues overflow a community's borders.

Across rural America, it often seems that fences circumscribe communities' political borders, blocking collaboration with neighboring towns, cities, or counties. Be it ancient grudges from sports competitions, resentment over business location decisions, or new desires to block off the growing immigrant population, many rural communities thwart collaboration across political boundaries.

Ironically, this single-minded attitude is likely feeding the fires of state campaigns for consolidation among cities and counties. A small community's best defense against coerced consolidation may well be voluntary cooperation, especially efficient use of limited resources.

There are legitimate reasons why towns, cities or counties act unilaterally. But, in an era of devolved public responsibilities, government

cut-backs, and limited philanthropic resources, neighboring communities need to work together. This is especially true for isolated rural communities. For services that are capital intensive, such as public works, equipment sharing across communities can save money. Economies of scale also exist in many back office services such as dispatching and payroll.¹⁹

It makes sense to collaborate across political boundaries because so many critical economic and social issues overflow a community's borders. Economic development, in particular, is most effectively accomplished on a regional basis, starting with an analysis of the region's unique competitive advantages (see page 18).

Finally, collaboration leverages political power. Individual towns, acting on their own, don't have sufficient political clout to affect policy. But a region of communities teaming together can prompt change.

The stark reality of scarce resources oftentimes forces contentious neighbors to work together. For example, the state of New Mexico, the Navajo Nation, and its neighboring city of Gallup are now collaborating over water rights to the San Juan River. What finally brought people together was the dawning awareness of scarcity. When the San Juan flowed abundantly, the question of first rights was irrelevant. But when a severe drought hit in 2002, attitudes started to shift. In commenting on the water settlement, a consultant to Gallup said:

“It's a vast sea change in thinking on both sides of the cultural divide between Indian and non-Indian. It says that we have a common future, that we have a common direction to go in, that your doing well is important for me to do well.”²⁰

The challenge to collaboration across political boundaries is keeping place in space—promoting regional strategies without sacrificing local integrity. As RUPRI Director Charles Fluharty explains:

“A community's unique culture and context must remain nested within the new regional approach. While our future must not be constrained by the perspective of an 1860 surveyor...the cultural context and community framing which inform these myopias are also a storehouse of great wisdom, passion, and commitment.”²¹

Collaboration leverages political power...a region of communities teaming together can prompt change.

Case Study

Collaboration Among Towns Improves Municipal Services

The Towns of Mapleton, Castle Hill, and Chapman save capital equipment expenses and provide more efficient, better-staffed services because they collaborate across political boundaries. These three small towns in rural Aroostook County, Maine have a long history of sharing services. Beginning with a cooperative fire department, the towns periodically split services and equipment as a matter of convenience.

But in the mid-1970s, the collaboration matured into a more formalized, long-term arrangement. The towns agreed to construct a municipal building to house general government administration and the fire and highway departments. Local officials drafted a formal joint ownership agreement that incorporated long-term maintenance and repairs for the structure.

In the mid-1980s, town leaders established a mileage-based formula for sharing highway expenses. Over a 12-year period, these incremental efforts led to a comprehensive inter-local agreement among the three towns that remains in effect today. Eighty percent of the towns' annual budgets are now cost-shared.

The inter-local agreement establishes a formal relationship among the towns by defining the following: each town's responsibilities to the agreement, cost-sharing formulas, activities to be shared (nearly all services), and the process and financial obligations associated with joining or withdrawing from the agreement. The agreement works because goals for services are similar among the towns, trust has developed, local officials are equally dedicated to the agreement, and there are clear geographic advantages (all towns are abutting).

As a result of the inter-local agreement, the three towns save taxpayer dollars, have a more efficient and better trained staff, and maintain less capital equipment (especially plow trucks, graders, and fire trucks). The collaboration is a promising model for other small communities.

Information provided by John Edgecomb, Town Manager for Mapleton, Castle Hill and Chapman

Case Study

Scarce Resources Inspire Winning Collaboration

The reality of scarce resources pushed several northern Idaho communities and a Native American tribe to cross sectors and political boundaries. Local leaders created two regional joint power agreements: one to promote eco-

nomics health and another to work on environmental and natural resource issues. Agreement participants include Boundary County, the City of Bonners Ferry, the Kootenai Tribe of Idaho, the City of Moyie Springs, and Boundary County School District #101.

By joining collectively, the region has achieved the following outcomes:

- Completely rebuilt the downtown business corridor. Added new concrete streets, sidewalks, lighting, landscaping, storm drains, ADA access.
- Reconstructed and widened the main highway into Bonners Ferry to include sidewalks, lighting, curbs, and gutters.
- Secured funding to connect two separate business centers with a pedestrian underpass.
- Secured funding to build an international gateway visitor center, landscaped parking, and rest area in the downtown corridor of Bonners Ferry.
- Launched construction of a new regional public high school and renovated and modernized the regional junior high/middle school and all elementary schools.
- Established a new Boundary Regional Health Center and successfully recruited physicians, dentists, and mental health professionals to the area.
- Contracted with EPA to complete the area's Total Maximum Daily Loads study requirements, as required by the federal Clean Water Act.
- Successfully avoided including Kootenai River Burbot on the Endangered Species Act (ESA) list by working collaboratively to establish recovery efforts outside of the ESA. Because two-thirds of Boundary County is national forest land, the ESA is a big issue.

The stark reality of scarce resources oftentimes forces contentious neighbors to work together.

Case Study

Collaboration Along the New River Corridor

In 1997, New River community leaders in the mountains of North Carolina, Virginia, and West Virginia came together to identify critical issues and develop a shared vision of working together for the future of the river. This unprecedented regional effort was sparked by the Clinton Administration's American Heritage Rivers Initiative. The Initiative was designed to help Americans protect their waterways and revitalize their communities through natural resource protection, cultural resource preservation, and economic revitalization. The New had a history of river enthusiasts, but this was the first time that citizens joined together, across a broad region, to work for something positive.

Leaders set out to build support for nominating the New as an American Heritage River. The “heritage” part was easy—the New is thought to be the oldest river in North America and second oldest in the world, predating the formation of the Appalachian Mountains and the Atlantic Ocean. But the organizing work was tough. Over late night suppers, early morning breakfasts, and kitchen table talks throughout the region, local leaders met, “broke bread,” told stories, “swapped lies,” and planned for the future of the river they love. Residents from all walks of life came together: economic developers, conservationists, farmers, tourism leaders, artists, elders, and young people.

The New River nomination competed with 125 other rivers across the country. Elected officials from both parties endorsed the designation. Dozens of letters of support from citizens were submitted, along with hundreds of signatures on petitions that had been circulated at regional community festivals. Creative

writing students wrote stories, poems, and essays that painted a literary picture of life along the New River. New River leaders were relentless in their pursuit. In the end, the New was one of 14 designated rivers.

Since 1998, more than 2,000 citizens and numerous elected officials from 21 counties in three states have worked to develop and implement the New River work plan. More than \$20 million in public and private funds have been secured to support sustainable agriculture projects, purchase conservation easements, plant buffers along the river and streams, clean up and restore degraded mines, develop riverfront parks and visitor centers, promote downtown revitalization and heritage tourism development, collect oral histories, and develop youth corps programs.

For more information, contact The Conservation Fund: www.conservationfund.org.

Sustained Citizen Engagement

Principle 3: Welcoming new voices

“I see so many rural communities stuck in a circular form of logic. If the same people keep doing the same thing, they are likely to get the same result. The problem is, how do you get different people? How do you get different ideas? How do you get the community to embrace these new ideas?”

— Terry Waugh, Nebraska Rural Initiative²²

These questions haunt many small towns across rural America. It doesn't take a doctoral degree in rural economics to know that better results rarely arise from the same people doing the same thing. But changing the leadership mix is tough work; it runs against the grain. There is no fail-proof formula for generating new leaders, be they civic leaders or elected officials. But there's a right way to start the

process: by welcoming new voices, especially those of people who have not traditionally served in leadership positions.

Who are the new voices in rural America? Sometimes they are newcomers who, if genuinely welcomed into the process, can contribute fresh ideas and access to new networks. Or, new voices may be people who have resided in the region for decades, but have not (yet) volunteered their talents or been asked to contribute their ideas. They may be “hands” that have helped, not “mouths” who have spoken. New voices may be African Americans or Native Americans who are active in their churches, tribal councils, and sports leagues, but judge the town's dominant white leadership as an un-welcome mat.

New voices may be artisans, musicians, pre-school teachers, and unconventional thinkers who see economic and social issues through a different lens. These are often quiet people who are best enlisted through one-on-one conversations or small house gatherings.

New voices may be women who assist with school or church fundraisers, but do not (yet) envision themselves as leadership material. Women start businesses at twice the rate as men and stay in business longer.²³ Certainly, rural communities are full of women who can become strong public entrepreneurs.

New voices may come from rural America's tremendous growth in immigrant, especially Hispanic, populations. Most immigrants come to the United States because of limited economic options in their home country. They bring along an entrepreneurial spirit that breeds new business ventures. That same spirit can

generate new ideas for the community's development—more ideas than before and different ideas because they originate from diverse perspectives and backgrounds.²⁴

A case in point is Garden City, Kansas, home to a large meatpacking industry. At least one-third of the city's population is now immigrant, drawing from Mexico, Central and South America, Southeast Asia, Somalia, and other places. Three of the five city commission members are Hispanic, yet the town is still searching for new voices. Like many municipalities, Garden City hosts a formal Leadership Garden

City program designed to educate current and future leaders in the community. A few years ago, the program transitioned from focusing on individuals with positions and connections to focusing on people with passion and conviction. As the program director explains:

“We weren't seeing as much change generated in the community by graduates of the program as we wanted to. We think effective leadership comes, first, from self-awareness and personal conviction, not position and connections.”²⁵

Last but not least, new voices may be youth. Rural America laments the exodus of young people, yet few communities proactively engage youth in local decision-making. Youth leadership programs impart skills for young people to practice in their communities; however, the common response to youth's presence is: “Wonderful, here is someone to sell the donuts or do the cleanup.”²⁶ Maybe if more young people served on official planning committees, orchestrated local events, and gained entrepreneurship skills, fewer youth would depart; or at least additional youth would return home years later to raise families and perhaps start new businesses.

*New voices may be people
who have resided in the region for
decades, but have not (yet) volunteered
their talents or been asked to
contribute their ideas.*

Rural youth engagement is one of four essential elements of the HomeTown Competitiveness (HTC) Program, recipient of the 2004 Innovative Program Award from the Community Development Society. HTC provides a framework for rural communities to help them identify reachable goals and strategies focused on the four pillars of reversing rural decline: building leadership and community capacity, attracting young people, fostering local philanthropy, and supporting entrepreneurship. HTC is a collaborative effort of the Heartland Center for Leadership Development, the RUPRI Center for Rural Entrepreneurship, and the Nebraska Community Foundation.²⁷

Another focus on youth engagement is the Intergenerational Dialogue and Action Process, an unusual process created by James Gambone. An Intergenerational Dialogue event is a one day, six hour meeting in which people of all generations share their generational perspectives on a community selected issue and develop action plans for change.²⁸ The experience allows informal leaders and novel ideas to emerge. And, because solutions arise from the community itself, they are well embraced by the majority of residents.²⁹

Case Study

New Voices Mend Political Fences

An interview with newly elected Kuna, Idaho Councilmember Zella Johnson, former president of Kuna ACT (Alliance for a Cohesive Community Team), a grassroots citizens group. “Every community has its issues and ours was that communication was terrible. The community was divided. You were on one side or another. There were no synergistic qualities to the community whatsoever.

And there was no public input. The city council and the mayor pretty much did as they pleased. They would say, 'this is what we're going to do and that's the way it is.' People became angry because they didn't feel they had a voice in any of the decisions. So a group of us thought the people needed more of a say as to what was going on in their community and they needed to buck the system a little bit. That's when we organized a study circle.

(A study circle is a group of 8-12 people from different backgrounds and viewpoints who meet several times to talk about an issue. In a study circle, everyone has an equal voice and people try to understand each other's views. They do not have to agree with each other. The idea is to share concerns and look for ways to make things better. A facilitator helps the group focus on different views and makes sure the discussion goes well.)

I would say that study circle was the reason I decided to join the town council. When I sat in the circle, I realized that I wasn't the only person disgruntled with the current government. I didn't think for a million years that I would ever run for office, but I could see that we needed new leadership and a change in the community. We needed to have more democracy.

I feel that the dynamics of Kuna—and how we communicate—have completely changed due to the study circle process. There's just a different level of communication, a different feeling in the community. Now, if there are big issues—school reform, comprehensive plans, economic development—people say, 'let's take it to study circles.'”

Kuna is Idaho's fastest growing small city. We just passed a school bond for two new elementary schools and there is much talk about how to set the new boundaries and age of enrolling students. The school superintendent very wisely said, “let's take it to study circles. Our

democratic process has made Kuna a healthier, happier, and more collaborative community.”

Adapted from an interview published in Focus on Study Circles, Fall 2004, Study Circles Resource Center. More information about study circles is available at www.studyircles.org.

Case Study

A Unique Response to Rural Youth “Brain Drain”

The small town of Elsa, Texas is located 15 miles north of the Texas-Mexican border in the Rio Grande Valley. For generations, this region has been isolated geographically and socially. In the early 1920s, real estate and development companies came into the area, creating what is still known as the “Magic Valley.” They built an economy dependent on uneducated and poorly paid Mexican laborers.

The regional Edcouch-Elsa High School (E-E HS) serves the state's fourth poorest public school district. Approximately 98 percent of the student body is of Mexican origin. Since 1992, E-E HS has operated a nationally recognized college placement program, sending more than 80 high school graduates to Ivy League universities. This is a tremendous achievement for a school district in which approximately 90 percent of households have an annual income of less than \$10,000 and few parents have a high school diploma or fluency in English.

In 1997, local leaders established the Llano Grande Center for Research and Development, a school- and community-based organization housed at E-E HS. The Center nurtures grassroots, youth-directed projects aimed at solving local problems. This unique agenda grew out of its early work in 1997 mapping community assets. Among the most critical assets identified

were local youth who were leaving the Edcouch-Elsa community in pursuit of higher education at elite universities. The Center viewed this trend not as a “brain drain,” but as a hemorrhaging of community assets. Elsa's leaders sought to reclaim talented human resources by engaging local youth.

In June 1999, Ernesto Ayala, a 1995 graduate of Brown University, returned to Elsa to “give something back to the community.” Hired as the Center's Director of Community-Based Research (now its Director of Finance), Ayala taught students how to employ survey research to identify, understand, and devise solutions to pressing community problems.

Today, youth draw on a variety of tools to research, strategize, and communicate solutions to community and economic development concerns. Through an e-mail list-serve, many E-E HS graduates contribute ideas and strategies for projects back home. Some students return to the area, during school and summer vacations, to orchestrate community research, communications, and policy-development efforts.

The Center's work has created more than 75 jobs (part time and full time) and provided high school students with professional skills (in research, interviewing, and radio and video production) to be used in future careers. Equally important, the Center is grounding kids in the community. As Center Executive Director Francisco Guajardo explains, “when kids understand their community and are proud of it, they have a reason to come back.”³⁰

Adapted from a case study on Elsa, Texas in Technology and Grit at the Grassroots, a publication of the National Center for Small Communities. Llano Grande Center for Research and Development Web site: www.llanogrande.org.³¹

Principle 4: Visioning a different future

“A generation of work in community development has taught us that successful community renewal invariably springs 'from within,' when the people who care about a community join together in fierce determination to revive their civic and economic fortunes, whatever the obstacles.”

— Program for the Rural Carolinas, The Duke Endowment³²

Thriving communities do visioning from the bottom up. Regrettably, most communities do exactly the opposite; they plan from the top down. A committee of key decision-makers examines the region's strengths, weaknesses, opportunities, and threats (SWOT analysis) and designs a vision for the future. The vision is translated into goals, packaged into specific projects, and presented to the citizenry. Consultation with the public takes the form of marketing the vision, goals, and projects through newspaper articles, Web site postings, and public meetings after the plan is developed. The public is informed, but not engaged.³³ That is ineffective governance.

Bottom-up visioning operates much differently. It honors the principle that everyone has a say;

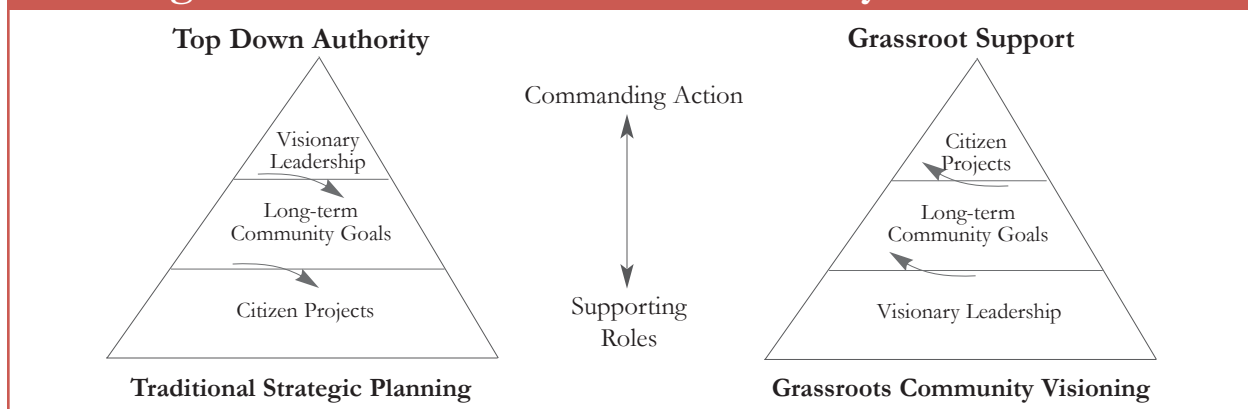
no one owns the process—not the sparkplugs, the champions, or the city fathers. Visioning begins not with a committee of key decision-makers but with everyday people: seniors living on fixed incomes, retail clerks, high school students, low-income families, shop owners, parents of young children, government workers, and anyone else who chooses to participate.

A meaningful visioning process equips ordinary people with sufficient knowledge and tools to rationally chart a different future. It trusts that when you connect people, productive things happen, no matter how messy the process feels (especially at the onset). Equally important, the process has honest follow-through. As an experienced rural development practitioner explains:

“People have a lot of experiences in brainstorming and visioning that are not valuable. The conveners say that they want to hear people's feelings and ideas, but the output goes nowhere and people feel diminished. It's not a truthful process.”³⁴

A variety of bottom-up visioning approaches are taught and/or led by the Extension Service, community foundations, county planners, private consultants, and others. The individual techniques vary,³⁵ but all visioning should turn traditional strategic planning on its

Visioning Creates New Roles for Community Citizens³⁶



head (see figure below). Starting with citizen input, the process should gradually evolve from big picture visions, to community goals, to concrete projects. By bringing people together to collaboratively craft a vision for the future, ideas become reality faster and with greater consensus.

One caution about visioning: it's essential to balance the tough, big-picture work with achievable projects. As futurist Joel Barker explains: "Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world."³⁷ In the arena of community and economic development, people often act too long before they plan or plan too long before they act.

The over-planning communities dot all the i's, cross all the t's and set all short-term projects aside. When planning is divorced from action, people often lose faith and interest and the process dies on the vine.³⁸ This is one of the reasons why elaborate, time-consuming, and expensive planning exercises don't work well for many rural communities. Other communities think too small; they get the benches on Main Street and go no further. These communities are so focused on individual projects that they never develop the capacity for deep and lasting change.³⁹

Communities that can think big, while also identifying and carrying out manageable projects, are better able to generate and sustain community engagement. Concrete results breed confidence and energy and public celebrations of the results build support for the tougher, bigger picture work.

*A meaningful visioning process
equips ordinary people with sufficient
knowledge and tools to rationally
chart a different future.*

Leveraging Regional Resources

Principle 5: Analyzing the Region's Competitive Advantages

"Rural economic development must focus on the unique strengths of each area, rather than concentrating on ameliorating generic weaknesses."

— Michael Porter, *Competitiveness in Rural U.S. Regions*⁴⁰

Every rural region is unique. Certainly, many rural areas share common social and economic challenges associated with low population density. But, no single development strategy suits every rural region. To move towards prosperity, rural communities must collaborate across political boundaries (see page 10) and capitalize on the region's distinctive competitive advantages. Successful development policies or strategies are region-specific, meaning they build on what is unique and a source of value to residents within the region.⁴¹ This fundamental ingredient of governance can be accomplished without surrendering a community's individual identity.

Regional assessment varies in name and approach: SWOT analysis, environmental scans, assets-based development,⁴² etc. But regardless of technique, there is growing consensus in the rural development field about the importance of assessing regional competitiveness and conducting cluster analysis. As Harvard University Economist Michael Porter explains:

"Viewing regional economies in terms of clusters is central to understanding the competitiveness of rural areas and how it can be improved. Each rural area will differ in its cluster composition and [for rural

regions linked to urban areas] in the opportunities created by the cluster strengths in nearby metropolitan areas.”⁴³

Cluster analysis examines industrial sectors in a comprehensive way. It looks not only at how individual businesses in a sector are competing, but also at the overall environment that supports such businesses—the suppliers, workers, educational institutions, wholesalers, end users, and government regulators.⁴⁴

Many rural regions are highly dependent on particular sectors such as manufacturing, textiles, wood products, natural resources industries, health care, government, and agriculture. But, except for a small number of counties, agriculture is a small part of the overall economy. Even in those counties, agriculture makes only a modest contribution to the region's employment.⁴⁵

Unfortunately, rural regions have sparse access to rigorous, unbiased, and affordable analysis of regional clusters and competitive advantages. As Fluharty remarks:

“Public decision makers have no dearth of consultants willing to extract dollars from the public till with ‘black box’ solutions. Likewise, many [program experts] offer turf-based solutions. Lacking this quality analysis, public decisions will often remain incremental and less than optimal.”⁴⁶

Rural regions would benefit greatly from greater investments in regional assessment resources. With the exception of the USDA Extension Service and some rural community colleges, most competitive analyses are not provided as a public good. Unless significant, new

investments are made by state and federal governments or major foundations, access to these decision-support tools will remain limited.

Case Study

True North: Northeastern Minnesota's New Regional Identity

Historically, northeastern Minnesota has depended on two commodities—iron ore and timber. The rise and fall in iron and timber prices has resulted in a rollercoaster ride for the region's economy. Over the past two decades, the situation has worsened. Dramatic consolidation in iron activity led to a sharp loss of jobs in the region. In the 1980s, mining accounted for 50 percent of the jobs and 60 percent of the income in northeast Minnesota. Today, mining represents less than 10 percent of both.

This economic slide led many groups to envision a new economic future for the region. Many ideas were floating around the region,

but it lacked a way to weave the various threads into a single plan. In 1999, that changed. The Minnesota State Colleges and Universities System decided it was time to rethink how the many community colleges in northeastern Minnesota were organized and governed. For their part, the community colleges were beginning to see the need to pool resources to save administrative costs. They also realized the economic and fiscal crisis spanned several towns and counties in the region.

Their dramatic step was to reorganize the governing structure of the region's community colleges. Six colleges came together under one

Regardless of technique, there is growing consensus in the rural development field about the importance of assessing regional competitiveness and conducting cluster analysis.

“super regional” umbrella, with one president. That umbrella, the Northeast Minnesota Higher Education District (NMHED), represented a regional master plan to address the lifelong learning needs of area residents.

The creation of NMHED has been a catalyst for critical changes in other key institutions in the region. After seeing some of the benefits of the regional community college, governments throughout the region have begun to cooperate more often and more extensively. The Range Association of Municipalities and Schools now serves as a forum to identify high-priority projects and opportunities to share resources. New multi-jurisdictional partnerships also have formed. The Central Range Initiative is bringing together five sanitary districts to explore strategies for redeveloping unused waterways.

In short, one small change in governance—the birth of a super regional community college—created a cascade of changes in how key institutions interact and make decisions. Today, the regional thinking has even been given a new identity. “True North” was established at the NMHED to be an umbrella for the new regional partnership. NMHED President Joe Sertich describes True North as “a brand identity for our new regional strategy.” In essence, the region's community college has become the institutional home for a new regional development strategy and a forum where new regional initiatives come together.

Excerpted from Innovations in Rural Governance, 2003 Annual Report, Center for the Study of Rural America, Federal Reserve Bank of Kansas City, January 2004.

Case Study

Handmade Crafts: Building Western North Carolina's Sectoral Economy

Under the leadership of HandMade in America, a regional nonprofit, communities in 22 counties of western North Carolina have worked for more than a decade to create a “sectoral economy” based on the handmade craft traditions of Southern Appalachian mountain residents. This regional, assets-based approach is countering rural North Carolina's tough realities of factory closings, job exodus overseas, aging population, rising service costs, and shrinking tax revenues.

Craft heritage tourism, small town revitalization, and adaptive re-uses of abandoned landfills to fire glass-blowing craft business incubators are just a few of the asset-based economic development initiatives that are helping to

connect Western North Carolina citizens and communities across ridges and river valleys. The “invisible craft factory” is helping to strengthen communities in economic transition, while protecting natural areas and empowering workers in traditionally distressed areas.⁴⁷

This is one example of how HandMade in America inspires community strategies to enhance a region's role, nationally and internationally, within the handmade field. HandMade in America works to implement environmentally sustainable economic solutions that emphasize the craft industry, enhance opportunities in the marketplace, and develop entrepreneurial strategies for the region's crafts artisans. As executive director Becky Anderson, explains: “We don't teach crafts-making or make or sell objects, but we do serve as a support system for craftspeople and the craft industry.”⁴⁸

Viewing regional economies in terms of clusters is central to understanding the competitiveness of rural areas and how it can be improved.

Principle 6: Strengthening the Competencies of Local Elected Officials

Few people who get elected to local government office are prepared for it. On top of budgeting, personnel procedures, public safety, and liability issues, there are development questions, land use issues, relationships with the media, and so on. The majority of small, rural communities cannot afford a professional city or town administrator, so management duties rest with the novices. Even veteran rural elected leaders often find the responsibilities daunting.

Given the demands of the job, why don't more local officials get the training and support to more assuredly govern their cities, townships, or counties? Why don't more rural leaders develop the skills to tackle the big challenges, such as job creation? Is it because so few local government leadership programs build the new competencies that today's officials really need?

The answer is complex. First, many elected officials see their role as prescribed and limited. Rural government leaders serve part time, with little or no compensation. They are shop owners, dentists, school teachers, homemakers, entrepreneurs, *and* elected officials. Given the number of hours in a day, rural elected officials tend to focus on the day-to-day financial and legal duties of governmental office. This caretaker mindset is entirely understandable, but it means that higher-level competencies—such as how to enhance citizen participation

or create a vision for the future—are seldom acquired or used.

Second, our system for strengthening the competencies of local government leaders is scatter-shot and under-resourced. Local government leadership training does exist, but the offerings vary greatly in quality and availability. Assuming they can take time off from their day jobs or evening family obligations, rural officials may have to travel considerable distances to participate in training programs, sometimes at their own expense.

Most state government departments of local affairs have scaled back their education efforts. Several national associations of local governments⁴⁹ hold annual educational conferences

and workshops, but the required expense and time tends to discourage attendance by part-time rural officials. Quite a few foundations support local leadership initiatives, but they are typically targeted to emerging civic leaders, not local government officials.

Unfortunately, the local officials who would most benefit from leadership training may be those least likely to seek it out.⁵⁰ They may come from limited-resource towns that would most profit from regional and collaborative strategies, but are too entrenched to change. Or, they may just be worn out by long meetings, tough budgeting decisions, and pressures to secure additional financing or comply with state and federal mandates—not to mention their day jobs.

Because the health of rural communities is linked to an effective governing system, it is increasingly important for rural officials to acquire these higher-level competencies. This will only happen if citizens and private and nonprofit leaders champion skill development

Rural government leaders serve part time, with little or no compensation....they are shop owners, dentists, school teachers, homemakers, entrepreneurs, and elected officials.

for area elected leaders. The process starts by learning which agencies or organizations in the region and state offer quality leadership training for rural elected officials.

Many state universities offer some variety of local official training, often in partnership with state associations of cities, townships, or counties. The state association role is to legitimize and market the program to its membership. Each land grant institution has its own program priorities or banner programs targeted to local governments, but the strongest programs incorporate technical follow-up by local county extension specialists.⁵¹ For a fee, state associations of cities, townships, and counties offer leadership training for their members at annual educational conferences and occasional workshops. Some programs are especially targeted to small or rural communities, such as Texas Municipal League's Small Cities Problem-Solving Clinics.

Only a few states have sophisticated statewide organizations focused on rural people and communities. The best example is probably the North Carolina Rural Economic Development Center, a nonprofit organization created in 1987. The Rural Center serves the state's 85 rural counties, with a special focus on individuals with low to moderate incomes and communities with limited resources. It conducts research into rural issues, advocates for policy and program innovations, and builds the productive capacity of rural leaders, entrepreneurs, and community organizations.

For nearly 20 years, the Rural Center has maintained and broadened its support among North Carolina leaders, adding or spinning off programs and effectively becoming the hub of the state's multi-faceted rural development

efforts. It has created, tested, and implemented numerous novel programs, many of which have become models for the nation. Building on this work, the Rural Center is beginning to shape a major initiative to increase the vitality

of North Carolina's small towns. Details about this new initiative are expected to be announced at the Rural Center's Rural Partners Forum in November 2005.⁵²

Many regional development organizations provide leader-

ship training and/or hands-on management assistance to rural governments. The names vary—economic development districts, regional planning organizations, area development districts, regional development commissions—but generally these organizations assist member local governments in the areas of infrastructure, transportation, housing, and/or economic development. To receive training, information, and representation, most regional organizations belong to the National Association of Development Organizations, the National Association of Regional Councils, or both.

Because the health of rural communities is linked to an effective governing system, it is increasingly important for rural officials to acquire these higher-level competencies.

Case Study

Township Governance Academy Strengthens Officials' Competencies

In October 2003, the Michigan Townships Association (MTA) made an intriguing observation: for many elected officials, service on the township board was not as rewarding as it could be. Township leaders often lacked the necessary knowledge and skills to make effective decisions. They needed fresh ideas, more advanced skills, and new ways of conducting business as a township board. And, their

public service needed to be more outcome-based and results-oriented.

As the legislative advocate and educational association for 1,242 Michigan townships and 6,526 elected township officials, MTA decided to take action. MTA created the Township Governance Academy (TGA), a voluntary credentialing program for township leaders. The high-impact learning program builds the competencies of both newly elected and veteran township officials.

A cadre of experienced TGA instructors lead interactive courses in three categories: foundation courses (core competencies; 28 required credits), boardmanship courses (visioning and board decision-making; 24 credits) and electives (18 credits). A mix of half- and full-day classes is offered on a rotational basis at selected locations throughout the state. To graduate from the Academy, candidates also must demonstrate that they have applied a learned skill to township governance.

The complete program costs approximately \$1,200 to \$1,500, excluding personal expenses. Limited scholarships are available.

More information about TGA is available at www.michigantownships.org.

Principle 7: Engaging Key Intermediaries

New research at Harvard University's Art and Science of Community Problem-Solving Project is explaining the subtle agents of change in communities. Xavier de Souza Briggs calls these agents intermediaries: people, organizations, and institutions that add value to the world by connecting and supporting and by enabling others to be more effective.

The special power of intermediaries is that they make things happen without calling attention to themselves. They initiate, but then step back, so that others can own and take credit for what happens. As respected, honest brokers, intermediaries assume roles that others cannot easily perform. And because they are frequently ahead of the curve, intermediaries often develop the market for what they wish to provide.⁵³

Rural sociologists Cornelia and Jan Flora use the term *bridging capital* to talk about the vital connections among diverse groups, including those outside the community. Effective communities possess both *bonding capital* (connections among similar individuals and groups) and *bridging capital*.

Intermediaries are among the diverse groups outside the community that provide bridging capital.

One of the crucial differences between stagnating and flourishing rural regions is the existence of engaged intermediaries. They may be close by (such as community colleges), in the larger region (such as community or regional foundations), or far away (such as community assistance organizations/agencies or private foundations). They may become engaged on their own or be solicited by others. They serve an array of roles: as facilitators, educators, capacity builders, social investors, performance managers, coalition builders, and organizers of new groups.⁵³

Briggs identifies five types of institutions or organizations that serve as intermediaries: government, civic or non-governmental organizations, foundations or funders, issue-focused organizations, and capacity-building institutions. A given community may be home to any one or more of these intermediaries, often with diverse and overlapping functions.⁵⁶ But for rural communities, there may be just

one or two intermediaries effectively engaged in the region and the intermediary may serve more than one role.

Rural community colleges are among the most powerful rural intermediaries. Community colleges have evolved over the last half-century from liberal arts schools preparing students for four-year colleges to schools more focused on technical and vocational training, often with missions explicitly oriented toward local economic development. Some 40 percent of all community colleges are in rural areas or small towns and, often, they are the only institutions of higher learning in the area.⁵⁷

The qualities of rural community colleges make them strong intermediary candidates. They are politically neutral institutions that are respected and trusted by diverse populations within their region. They are deeply rooted in their communities. Because community colleges serve multi-county districts, they are natural players in regional development efforts. Moreover, rural community colleges are being challenged to actualize their broader mission: education for community and economic transformation.

Another strong intermediary in rural regions is community foundations. Community foundations are community-based, nonprofit organizations that raise and manage a wide range of endowed and non-endowed funds from individual and organization donors. In recent years, they have been among the fastest growing source of charitable dollars in the United States. Community foundations use the stream of revenue produced by these funds to make grants and conduct community betterment programs within the specific geographic area served by the foundation. Beyond grantmak-

ing, most community foundations perform key intermediary roles in convening, visioning, information gathering, knowledge sharing, and resource development.

Rural community foundations are unique in their ability to see and influence a wide and interconnected array of rural community and economic development challenges and opportunities. They can respond quickly to a wide range of issues and bring diverse and sometimes divergent members of the community together in a nonpartisan manner. In rural areas, community foundations are often the only institutions that span the many jurisdictions in a natural economic and cultural region

and are positioned to pull the region together.

Also, community foundations have permanence. Because they build permanent endowed funds from local donors dedicated to the geographic area they serve, community

foundations are in a rural region to stay.⁵⁹ (See page 26 for additional information about community endowments intergenerational transfer of wealth.)

The engagement of vigorous rural community foundations is so vital to rural regions that the Aspen Institute's Community Strategies Group created a learning network focused on Rural Development Philanthropy (RDP). Three of the RDP's four learning questions center on the intermediary roles of community foundations:

- How can community foundations use grant-making and program activities to enhance the economic security of low-income rural families and communities?
- How can community foundations raise significant endowment funds from and for rural communities to support rural community economic development?

One of the crucial differences between stagnating and flourishing rural regions is the existence of engaged intermediaries.

- How can a community foundation build a region's awareness that its identity and economic and social well-being depend upon both its rural and metropolitan areas?⁶⁰

In some cases, the most effective intermediaries are people, organizations, or institutions considerably outside the area. These external intermediaries can sometimes urge the community in new directions and then get out of the way. A good example of external mediation is Rural Development Initiatives (RDI), a nonprofit organization spun off from the Oregon Economic and Community Development Department in 1992.

When a community finds itself stalled and burned out because it does not have the needed capacity, RDI is available to offer expertise and technical assistance. RDI builds the capacity of rural communities to make strategic decisions about their futures and to act on those decisions to ensure a high quality of life and vital sustainable economies. The organization has worked with more than 120 communities and over 400 people have graduated from its rural volunteer leadership development program, Rural Futures Forum (RFF)⁶¹. Although RDI is a particularly robust intermediary, similar organizations or agencies exist in other states.

Case Study

A Strong Intermediary, New Voices, and Grassroots Visioning in Rural, Northern California

The Humboldt Area Foundation (HAF), in rural, northern California, illustrates how

powerful intermediaries can initiate an activity and then step back so that others own and take credit for the results. The nonprofit community foundation serves as an independent staging ground for residents, individually and in concert, to build social, economic, and environmental prosperity in California's North Coast.

HAF believes that good ideas, and the hard work necessary to accomplish those ideas, come from all facets of the north coast community. That is why HAF, together with two other intermediaries—

Humboldt State University and the College of the Redwoods, the local community college—convened Redwood Coast Rural Action. (RCRA).

RCRA brings together diverse, grassroots civic leaders from the four rural counties of Del Norte,

Humboldt, Mendocino, and Trinity. The conveners provide infrastructure and staffing, but never control the agenda, which comes from RCRA working groups on the economy, community health, and the environment.

The goal of RCRA is to inspire intentional, healthy regional decision-making and action that: conserves natural resources, diversifies and expands the employment base, maintains a rural quality of life, cares for the health of the region's population and communities, and expands opportunities for family economic success. It's a tall order, but one that is already moving forward.

Inclusive regional leadership has emerged from the four counties covering an area larger than Massachusetts. At the table for the first time—each committing at least 10 days a year—are tribal, environmental, business

Rural community colleges are among the most powerful rural intermediaries...because they serve multi-county districts, they are natural players in regional development efforts.

entrepreneurial, educational, and community health leaders. They represent the political left, right, and center. The most difficult issues in the region are explicitly on the table.

RCRA is the second, and regionalized, out-growth of the Institute of the North Coast (INC), a Humboldt County pilot project initiated in 1996. INC sought to assert citizen leadership over failed attempts to revive a declining resource-based economy and respond to pressing social issues, including domestic violence. INC generated a completely restructured economic development system of support for entrepreneurs and business clusters and brought new cooperation between business and environmental interests. The regionalized RCRA is following in the same foot steps.

Principle 8: Investing Local Capital

A final, bottom-line distinction between declining and thriving rural communities is if, and how, they invest in themselves. It's plain good judgment, yet many rural communities look to outside funders and assistance providers without first committing their own resources. Regions that invest in themselves leverage additional capital, be it monetary, physical, or in-kind.

Community endowments are powerful vehicles for capturing and investing local capital, especially in rural regions experiencing significant intergenerational transfer of wealth. In 2001 the Nebraska Community Foundation (NCF) completed analyses of both the magnitude and peak of the intergenerational transfer of wealth

for each of Nebraska's 93 counties. Nebraska, especially rural Nebraska, is a "land rich, cash poor" economy, primarily driven by production agriculture. With a great deal of rural poverty (seven very rural Nebraska counties ranked among the 12 poorest in the nation in 2001), an aging population, and several decades of out migration of young adults, building strategies based on community assets is critically important.

Based on the groundbreaking work by Havens & Schervish (Boston College, 1999), NCF estimates that \$94 billion will transfer in the next 50 years in rural Nebraska (750,000 citizens). More important than these vast sums is the timing, with 86 of 93 Nebraska counties experiencing their peak transfer on or before 2039; 26 very rural counties will peak on or before 2014. By comparison, the peak transfer for the United States will not occur until sometime after 2050, if ever.

Using this analysis as a call to action, NCF is setting up affiliated community funds across the state and helping those funds to build endowments. In total, 69 community-affiliated funds now have more than \$25 million of combined endowment and expectancies, nearly triple the combined total of three years ago.⁶²

Given the intense competition for government and foundation dollars, only self-investing communities will merit additional support in the years ahead. The investments may be modest, perhaps non-financial, but they demonstrate the community's or region's dedication to change. That is how rural regions evolve into vibrant places.

Community endowments are powerful vehicles for capturing and investing local capital, especially in rural regions experiencing significant intergenerational transfer of wealth.

Research Questions for the RGI

Although the Rural Governance Initiative is not a formal research program, the following questions ground its work. Reactions, experiences, and recommendations are welcome.

- How can rural communities most effectively attract and sustain new voices in local decision-making, including ethnic minorities, newcomers, youth, and others who are typically absent or marginalized from the community's leadership? What strategies or forums help to change the leadership mix? More broadly, what actions or situations inspire people to participate in civic meetings, forums, etc.?
- How are collaborations (across sectors and political boundaries) most effectively formed and nourished over time? If collaborations are initially opportunistic (formed for the purpose of acquiring funding), how can they mature into more solid, legitimate collaborations? What role do intermediaries play in building lasting collaborations? When and how are intermediaries most influential?
- What information or experiences impel rural people to acknowledge the concept of regionalism (multi-community)? Does regional competitive analysis push people to appreciate and capitalize on the region's unique assets? How can rural communities use data to drive the self-evaluation process? Do resource-alignment approaches, such as Minnesota's Regional Economic Development Group, move regional efforts to a new level?
- What conditions and experiences push local elected officials to acquire higher-level competencies? Specifically, what circumstances enable public institutions to see a common future with nonprofit institutions? Do organized leadership programs spread or inspire more innovations by local elected leaders? If so, which leadership development formats, curricula, and delivery mechanisms appear to achieve the greatest impact?

For More Information About RGI

RGI

Nancy Stark
Director
Rural Governance Initiative
RUPRI/CFED
777 N. Capitol Street, NE
Suite 800
Washington, DC 20002

Phone: 202.207.0158
Fax: 202.408.9793
E-mail: nancy@rupri.org
(or nancy@cfed.org)

Endnotes

- ¹ Lacy, Donald (September 2001). *An Overview of Rural Governance Issues*. Presentation prepared for the 51st National Public Policy Education Conference, San Antonio, TX. The conference was canceled due to restricted air travel following the 9/11 attacks. Presentations are posted on the Farm Foundation Web site (www.farmfoundation.org).
- ² Huillet, Christian. (2004). Foreword in Lovan, Murray and Shaffer (Eds.), *Participatory Governance: Planning, Conflict Mediation and Public Decision-Making in Civil Society*. Hanys, England: Asgate.
- ² Gardner, Sid. (April 2004). *Literature Review: The Role of Local Government in Community Building*. Draft paper written to inform the Aspen Institute's Roundtable on Community Change's exploration of local government involvement in community building.
- ³ Lovan, Murray and Shaffer. (2004).
- ⁴ Fluharty, Charles W. (May 2004.) *Assessing the State of Rural Governance in the United States. In The Center for the Study of Rural America, New Governance for a New Rural Economy: Reinventing Public and Private Institutions*. Kansas City, MO: Federal Reserve Bank of Kansas City.
- ⁵ Light, Paul C. (1999). *The New Public Service*. Washington, DC: Brookings Institution Press.
- ⁷ Governor's (WV) Commission on Governing in the 21st Century. (2004). Report to Governor Bob Wise.
- ⁸ Gierisch, Bobby. (2004). *The Minnesota Model for Rural Development*. Unpublished RUPRI paper.
- ⁹ A collaborative includes several different types of organizations (including private, governmental, community-based, tribal, non-profit, educational, others) that work together to provide a full range of entrepreneurship development services to a diverse customer base within a defined region.
- ¹⁰ Cornell University, Department of City and Regional Planning, Government Restructuring Web site: <http://government.cce.cornell.edu>. Link to *Network Governance, Citizenship and Free Trade*.
- ¹¹ Deller, Steven. (November 2004). Governance Across the World. *Community Economics*. University of Wisconsin Extension.
- ¹² Simmons, LeAnn. (July 2004). What is Collaboration? *Community Matters*. Northwest Community Development Institute.
- ¹³ Chandler Center for Community Leadership, Oregon State University Extension and Central Oregon Community College. *Community Based Collaboration: Community Wellness Multiplied*. [Http://crs.uvm.edu/ncco/collab/wellness.html](http://crs.uvm.edu/ncco/collab/wellness.html).
- ¹⁴ Stark, Nancy. (1997). *Harvesting Hometown Jobs: The new small town guide to economic development*. National Center for Small Communities. Page 137.
- ¹⁵ This is the Rural Government Initiative's working definition of community builders.
- ¹⁶ Roundtable on Community Change. (March 2004). *Local Government and Community Building Project Overview*. Unpublished paper drawn from January 2004 meeting of a Roundtable sub-committee. Page 4.
- ¹⁷ Roundtable on Community Change Web site: www.aspeninstitute.org.
- ¹⁸ Roundtable on Community Change. Project Overview. Page 2.
- ¹⁹ Warner, Mildred. (2003). Competition, Cooperation, and Local Governance. In *Challenges for Rural America in the Twenty-First Century*. University Park, PA: Pennsylvania State University Press. Page 257.
- ²⁰ Johnson, Kirk. (July 23, 2004). How Drought Just Might Bring Water to the Navajo. *The New York Times*. Page A16. Statement by Mark Edwards, consultant to Gallup, NM.
- ²¹ Fluharty, Charles W. (May 2004). Op.cit.
- ²² Waugh, Terry. Personal communication, July 20, 2004.

- ²³ Rowley, Tom. (August 13, 2004). Entrepreneurship Means Adaptation. *Weekly Commentary*. Statement by Melanie Sabelhaus, Small Business Administration. Weekly Commentary is intended to help further the Rural Policy and Research Institute's mission to facilitate public dialogue concerning the impacts of public policy on rural people and places. The opinions expressed are solely those of the author and do not necessarily reflect the views or policy analyses of RUPRI, its collaborating organizations and institutions, or its funders.
- ²⁴ Ibid. Statement by Erik Pages, EntreWorks Consulting.
- ²⁵ Federal Reserve Bank of Kansas City. (Winter 2001). *Community Reinvestment*. Statement by Carol Meyer, Leadership Garden City program coordinator. Page 10.
- ²⁶ Flora, Cornelia Butler and Flora, Jan. (2003). Social Capital. In *Challenges for Rural America in the Twenty-First Century*. Page 225.
- ²⁷ Yost, Jeffrey. (March 2005). *HomeTown Competitiveness Update*. Nebraska Community Foundation News.
- ²⁸ Intergenerational Dialogue and Action Process Web site: www.pointsofviewinc.com.
- ²⁹ Waugh, Terry. (2004). Op.cit.
- ³⁰ Statement made at W.K. Kellogg Foundation's Rural Conference, Arlington, VA. October 29, 2003.
- ³¹ Stark, Nancy. (June 2002). *Technology and Grit at the Grassroots: Information technology, community engagement, and jobs in distressed rural communities*. National Center for Small Communities. Page 38.
- ³² The Duke Endowment. (September 2001). *The Rural Program: A New Effort by The Duke Endowment to Help Strengthen Rural Communities in North Carolina and South Carolina*. Page 4.
- ³³ Stark, Nancy. (1997). Op.cit. Page 13.
- ³⁴ DuBois, Felice. Rural Development Initiatives. Personal communication, June 10, 2004.
- ³⁵ For the purposes of this paper, we are grouping together all visioning approaches. However, we recognize that there are a variety of visioning techniques.
- ³⁶ Stark, Nancy. (1997). Op.cit. Page 15. Adapted from *Community Visioning/ Strategic Planning Programs: State of the Art*, North Central Regional Center for Rural Development, 1996.
- ³⁷ Barker, Joel. (1989). *Discovering the Future: The business of paradigms*.
- ³⁸ Stark, Nancy. (1997). Op.cit. Page 22.
- ³⁹ Ratner, Shanna. Yellow Wood Associates. Personal communication, February 28, 2005. Web site: www.yellowwood.org.
- ⁴⁰ Porter, Michael E. (February 2004). *Competitiveness in Rural U.S. Regions: Learning and Research Agenda*. Harvard Business School, Institute for Strategy and Competitiveness. Page 63.
- ⁴¹ Johnson, Stanley. (September 2001). *Conference Synthesis*. In The Center for the Study of Rural America, Exploring Policy Options for a New Rural America. Kansas City, MO: Federal Reserve Bank of Kansas City.
- ⁴² Kretzmann, John and McKnight, John. (1993). *Building Communities From the Inside Out : A path toward finding and mobilizing a community's assets*. Evanston, IL: Institute for Policy Research.
- ⁴³ Porter, Michael E. Op.cit. Page 62.
- ⁴⁴ Planning Decisions, Inc. (September 30, 2003). *Aroostook County Economic Cluster Report*. Page 2. Aroostook County Empowerment Zone Web site: www.arostookez.org.
- ⁴⁵ Porter, Michael E. Op.cit.
- ⁴⁶ Fluharty, Charles W. (May 2004). Op.cit.
- ⁴⁷ Sager, Mikki. Conservation Fund, North Carolina Office. Personal communication, April 8, 2005.
- ⁴⁸ HandMade in America Web site: www.handmadeinamerica.org.
- ⁴⁹ National Association of Counties (NACO), National Association of Towns and Townships (NATA/T)/National Center for Small Communities (NCSC), and National League of Cities (NLC), which has a Small Cities Council.

⁵⁰ Douglas, Nam. North Carolina Rural Economic Development Center. Personal communication, January 18, 2005.

⁵¹ Ibid.

⁵² NC Rural Center Web site: www.ncruralcenter.org.

⁵³ Briggs, Xavier de Souza. (May 2003). Op.cit.

⁵⁴ Flora, Cornelia Butler and Flora, Jan. (2003). Op.cit. Flora and Flora draw from the civic engagement work of Harvard University's Robert Putnam who defines social capital as the collective value of all "social networks" [who people know] and the inclinations that arise from these networks to do things for each other ["norms of reciprocity"]. For more information, visit the Saguaro Seminar Web site: www.ksg.harvard.edu/saguaro.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ USDA Economic Research Service, Rural America, Vol. 16, Issue 2, September 2001.

⁵⁸ RUPRI, MDC Inc. and Texas Tech University (2004). *Invigorating Rural Economies: The Rural Development Mission of Mississippi's Community Colleges*, Executive Summary. Yet to be published paper. Page 4.

⁵⁹ Topolsky, Janet. Aspen Institute, Community Strategies Group. Personal communication, April 19, 2005.

⁶⁰ Rural Development Philanthropy Web site: www.aspencsg.org/rdp.

⁶¹ Rural Development Initiatives Web site: www.rdiinc.org.

⁶² Yost, Jeffrey. Nebraska Community Foundation. www.nebcommfound.org.