

Rural Development Hubs

Strengthening America's Rural Innovation Infrastructure

Our nation – whether its media, voters, public officials, investors, neighbors or others – is full of questions about rural America. We often hear these two from caring people with assets – foundation leaders, individual investors and government officials: *We'd like to do more for rural America, who can we work with? And besides that, what works?*

One answer lies in the efforts of a special breed of rural and regional intermediaries, organizations at the heart of positive development-and-inclusion action in rural places. We call them **Rural Development Hubs**. Hubs are primary players advancing a fresh approach to community and economic development. They think of their job as identifying and connecting community assets to market demand to build lasting livelihoods, always including marginalized people, places and firms in both the action and the benefits. Hubs focus on all the critical ingredients in a region's *system* that either advance or impede prosperity – the integrated range of social, economic, health and environmental conditions needed for people and places to thrive.

In this brief...

We preview initial topline findings from the Aspen Institute Community Strategies Group's interviews with more than 40 field-leading Rural Development Hubs. Look for the forthcoming full report in Summer 2019.

This brief summarizes why Rural Development Hubs are important, how they work, and what it takes to do that work. It also discusses policy levers and enabling environments that can strengthen Rural Development Hubs, and that foster community and economic development that advances equity, health and prosperity *for all*.

A Fresh Approach to Community and Economic Development

Heavy on resource extraction and business attraction, “traditional” bricks-and-mortar approaches to community and economic development provide an insufficient, and sometimes ineffective, means to improve rural outcomes over the long run. It is local *people* who must make and influence strategic decisions, actions and investments to improve outcomes. Indeed, a fresh approach to development sees people at the heart of a community and its future. Effective rural development builds from local people and their know-how – coupled with the natural, built, social, political, cultural and financial assets within a community. It weaves those to generate productive enterprise that will produce and retain more wealth in the community, reinvest it to ensure enduring prosperity, and improve health and well-being for residents over generations. The people-factor focus means equity is central to successful development. It also means that, beyond simply “growth and jobs,” economic, social and health outcomes must all factor into measuring “development success.”

Many rural regions share common geographic, economic and cultural assets. But their multiple small jurisdictions often compete and have no mechanism to collaborate. Moreover, few small town and rural governments have planning departments, economists or experts solely devoted to making the economy work. In rural regions, where there is no “government of the region,” the work of identifying a community's assets and determining what kinds of investments, structures and policy will contribute to building a vibrant, inclusive and resilient local economy typically falls to community leaders working outside of government. Many of these are what we are calling Rural Development Hubs.

Rural Development Hubs: Not Just Any Intermediary – or Any One Kind of Intermediary

A Rural Development Hub is a place-rooted organization that is working hand-in-glove with people and organizations within and across a region to build inclusive wealth, increase local capacity, and create opportunities for better, health, well-being and livelihood. Hubs intentionally weave a system *and* strengthen its critical components – the people side, the business side, the local institutions and partnerships, and a region's range of natural, built, cultural, social and financial resources – so that it advances (rather than impedes) enduring equity, health and prosperity *for all* within a region.

But not every organization working in rural America has all the qualities of a Hub. And there is no “one kind” of rural intermediary that is reliably *always* a Rural Development Hub. To help drive home this point, we interviewed 43 Rural Development Hubs from across the nation that fell into this range of intermediary categories:

- Community Development Financial Institution
- Community Development Credit Union
- Community Development Corporation
- Community Action Agency
- Community Foundation
- Health Legacy Foundation
- Family Foundation
- Regional Foundation
- College and Community College
- Statewide Rural Organization
- “Unicorn” Regional Organization
- Cooperative and Social Enterprise

What do Rural Development Hubs do that sets them apart?

Interviews with Hub leaders uncovered a dozen ways of working that sets Hubs apart from other organizations. Hubs:

1. **Think and work “Region.”** Whether based in one community or across state lines, Hubs do their work using a regional mindset and engaging regional action.
2. **Assemble the region for discovery and dialogue.** Rural regions are home to many organizations and political and municipal jurisdictions. Hubs assemble people across politics, class, sector and geographic boundaries.
3. **Are of their region, know their region, and trusted in their region.** Hubs live where they act. They offer authentic voice, building understanding and relationships critical to making good decisions and working together across difference.
4. **Take the long view.** Hubs think long-term with an unwavering, multi-generational commitment to the communities where they work. Achieving lasting outcomes spans generations and Hubs know their work has an arc of 20 to 50 years.
5. **Bridge across issues and silos.** Hubs are the antidote to “siloesd” action. They represent the capability to link different worlds of many other local, caring single-sector players (e.g., hospitals, schools, businesses).
6. **Actively analyze at the systems level, and intentionally address gaps in the system.** Hub leaders take a wide view of their geographic, economic, social and cultural responsibilities. They fill in thinking, action and resource gaps when mission, scope or funding streams limit the ability (real or perceived) of other organizations to respond to local priorities.
7. **Create structures, products and tools for effective solutions.** Hubs prompt, facilitate and create structures that bring partners together across service areas, sectors, municipal and political boundaries to provide solutions.
8. **Collaborate as an essential way of being and doing.** Collaboration (and partnership) is standard practice for Hubs. They foster transformational (not transactional) regional collaboration that cuts across economic sectors and urban/rural spaces.
9. **Translate, span and integrate action between local and national actors.** Bridging between macro-scale policies and micro-level community action, Hubs connect local people and projects to national trends, innovations and funding.
10. **Flex, innovate and become what they need to become to get the job done.** Hubs adapt their strategic direction and create new products and services to align with shifts in community needs.
11. **Take and tolerate risk.** Taking risk is fundamental to innovation. Hubs tend to have a high tolerance for calculated risk taking, some level of comfort with failure, and a mindset geared toward invention.
12. **Hold themselves accountable to the whole community.** Hubs consider themselves primarily responsible to their community, and to fostering “community” where *everyone* can participate – in the economy, democracy and decisionmaking.

Why aren't there stronger – and more – Rural Development Hubs?

One might wonder, if Hubs are so important to a fresh approach to community and economic development, why is their existence obscure? Why haven't more organizations become Hubs and taken to filling the gaps that Hubs do? Hub leaders shared the following reasons why the path to becoming a Hub can be an uphill battle.

- **There is no consistent business model or blueprint for Hubs. Sustaining one is hard, creative work that requires constant attention.** The challenge of establishing and maintaining a sustainable businesses model keeps existing Hubs scrambling and potential would-be Hubs from forming. Whereas Hubs pursue transformational work, most available funding remains siloesd and transactional; Hubs must raise, blend and braid it from multiple non-aligned sources.
- **Hubs require entrepreneurial, cross-discipline, systems-savvy, innovative leaders committed to a rural region over the long term. Where's the recruitment, training and sustaining program for that?** Given the multi-disciplinary nature of Hub work, a Hub leader needs a broad and varied knowledge base. Training for this kind of work doesn't exist in one place; instead, leaders must piece it together with information from numerous disciplines.
- **Rural communities and leaders that might build Hubs are isolated from “what is possible.”** Many rural organizations work in relative isolation, sometimes because of pure geographic distance and sometimes because they have no connection to strong networks of like-minded organizations, which either don't exist or are not easily accessible. Thus, rural organizations – not just staff, but also the board leaders critical to setting their mission, directions and sustainability – simply may not know the art of the possible.
- **Some rural communities resist change.** Indeed, change is hard in some rural places, which can make them tough nurturing ground for Hubs. A place may resist change because the power dynamic is threatened; because experiences from failed development efforts linger; because of negative perceptions about the motivators, actors and politics in an initiative; or because there is simply no will to change.

- **Current and historic racism, discrimination, poverty and inequity impede Hub development.** Swaths of rural America are characterized by persistent poverty. In these and other rural places, discrimination, systemic racism and unequal opportunity persist in the economy and local institutions. This perpetuates inequities in power and in social, economic and health outcomes. Some of these regions have strong Rural Development Hubs. Others suffer from systemic disinvestment, weak infrastructure, limited financial capital, and scarcity of durable, productive connections to power, critical resources and funding streams – factors a rooted organization must overcome to transform into a Hub.
- **Investment in rural intermediaries, leaders and innovations is restricted and scarce.** Few sources of funding are available to support a Hub’s core operations, strategy-setting, collaboration and leadership building. Available funding is often short-term, project- or service-restricted, with high match requirements and expectations for urban-scale outcomes. Short-term investment means starting and stopping programs – which disrupt services and leads to boom and bust cycles for the Hub’s own stability.
- **A shrinking share of Federal support for communities and institutions.** Since the 1980s, as federal direct investments to Social Security and health insurance have grown, the share of federal grants to state and local governments to support education, infrastructure and governance have declined. Though the social investments have proven to improve family economic security and health, *concurrent* investment in local organizations and systems that are fundamental to the functioning of a community are essential to sustain improvements and reduce inequity over the long-run.

10 Ways to Improve Rural Outcomes – and Advance Rural Community and Economic Development

Here are 10 areas for action that can help: 1) *shift mindsets*, 2) *construct or revise systems and policies* and 3) *build capacity* to advance rural community and economic development that improves equity, health and prosperity for future generations.

Shift Mindsets

1. **Understand that addressing equity means investing in rural America.** Given the prevalence of poverty in rural America, and that rural poverty disproportionately affects communities of color, anyone working and investing to increase equity in America must include rural people and places. Poor comparative economic, health and social outcomes, and the power differential that favors urban over rural areas also demands that equity actors include rural in their action portfolios.
2. **Increase America’s rural cultural competency.** Working in rural places requires a cultural competency too rare in our predominately urban nation. Misperceptions about rural people, economies, workers and places present a challenge to productive communication and action. This can change with individuals, field leaders, communicators and investors all doing the work it takes to see – and intentionally portray – a truer picture of the range of people, place and economy that comprise rural America.
3. **Think bottom-up and trust the know-what and know-how of Rural Development Hubs.** Valuing local knowledge and applying a bottom-up mindset is a shift that can yield results in rural. Trust is essential to this change and something that takes time to build. Ways to value local knowledge and build trust include: Listen and meet organizations and communities where they are. Modify “set agendas” to better align with locally-identified priorities and needs. Find creative ways, like site visits, to build rural know-how within your organization. Another avenue for building trust and making bottom-up change: Accept the occasional glorious failure as the price of innovation.

4. **Recognize and value what “scale” means in rural America.** Rural places are often overlooked for investment because it is not clear how to “scale” within rural – meaning how to reach more people, places or “big numbers.” But in rural, a number that seems small in size might actually equal higher impact as a proportion of the population of businesses, people or factor affected; consider taking proportional impact into account. Moreover, the large number of rural counties and regions offer potential to pilot new ideas in places hungry for solutions and additional capacity; think about rural places as learning laboratories with a rapid and direct feedback loop. And think about how success in rural areas can affect policy: Allies and on-the-ground results in communities of all kinds can help build enough influence for a “scale” change in policy.

Construct or Revise Systems and Policies

5. **Detect and eradicate government systems and structures that disadvantage rural America.** Whether via absence or presence, some government funding formulas systematically place rural America at a disadvantage. For example, Community Development Block Grants provide funding via formula to cities, while rural towns in “non-entitlement areas” compete against one another for the small remaining balance of funds. Changing laws, regulations, eligibility criteria and formulas that perpetuate rural funding inequities is paramount. This has been essential to rendering legislative and regulatory changes in environmental and criminal justice policy, but it is yet to be built – and sustained – for rural policy. It demands the attention of experts with an understanding of public policy, budgets, law *and* rural places.

- 6. Employ a “rural lens” when designing and implementing policies and programs.** Sometimes the way a program is implemented, or how a funding opportunity is structured, is out of step with rural realities. For example, allowable geography, the required size of aggregate outcomes, the size of a grant, high match requirements, the application process itself, and scoring criteria are factors that can make it hard for rural places to access available resources. Instead, align with rural realities from the start: Make rural a *forethought*, not an *afterthought*, when designing programs, application and review processes, and access to funding streams.
- 9. Support peer-learning for Hub staff and board leaders to improve rural practice and results.** Rural intermediaries seek, desire and benefit from organized, *rural-specific*, peer-learning opportunities and resources – which are extremely rare. To respond: Support cross-site peer-learning cohorts and national and regional learning laboratories that help Hubs and would-be Hubs share what’s working. Create opportunities for site visits to places of rural development excellence. Include site-visits and peer-learning in funding budgets as standard operating practice. Co-create next-gen rural development leadership training and mentorship programs. Sponsor rural-specific conferences and meetings. Establish a reliable, dedicated, intentional national learning network for intermediary organizations, practitioners and policymakers serving rural regions throughout the country.

Build Capacity

- 7. Support analysis and action at the regional level.** Effecting positive change in rural America benefits from working across a region, but few systems or structures exist for doing so. Regional work is poorly funded and rarely incentivized. To change this: Support Hubs that step in and play a coordinating role across a region. Provide incentives for regional effort, action and collaboration. Set aside a portion of resources for regional action. Research the interdependence of urban and rural areas. Encourage adjacent rural areas – and rural and urban areas – to work together for efficiency and effectiveness.
- 8. Create marketplaces that facilitate rural investment.** From impact investing to Opportunity Zones, the *will* to invest in rural places is growing. But there is less clarity about *how*. Rural Hubs and places would benefit from more capacity to analyze and organize to tap these opportunities. Other ways to tackle this: Investors could create national regional rural-focused investment funds. Foundations at every level could set aside a portion of the portfolio for rural investment. Funders could support the creation of a marketplace, clearing-houses and technical assistance services to help Hubs identify, prep, and promote rural investments.
- 10. Value, support, and invest in people, local institutions and systems—including Rural Development Hubs.** Hub leaders constantly patch their core funding together, pulling small percentages from projects here and there, running annual appeals for local small gifts, building small endowments (if they are lucky), and the like. This is no way to run a Hub. Investors that care about rural America could help stabilize and build the capacity of Hub organizations to do more, do better and sustain lasting efforts by changing some of their own practices. For example: Provide core support, endowment and flexible funding for regional project and service efforts. Commit and invest over the longer time frames – from the five to twenty years – it takes to solidly launch and sustain community and economic development efforts so that they will succeed. Invest in innovation, but don’t penalize risk-taking innovators when things don’t work now and then; at the same time, don’t stop supporting proven practice because it isn’t the “shiny new thing.” Create more sources of federal funding for regional intermediary organizations.

Bonus!

- 11. Create a national framework for rural and regional community and economic development – and a defined field.** Government, philanthropic and private investors have funded a myriad of good things meant to improve the quality of life in rural America. However, there is no coherent framework or “theory of change” for rural America into which these good deeds fit. Given emerging knowledge and experience with today’s drivers of rural economy, health, mobility, opportunity and prosperity, there could be –and there should be. Let’s build a robust body of knowledge and a more cohering field, based on the experience of rural practitioners and the intersecting academic disciplines – and concurrently, redesign federal, state and local action to fit a framework that is truly fit for rural America.

Since 1985, the **Aspen Institute Community Strategies Group (CSG)** has helped connect, equip and inspire local leaders as they build more prosperous regions and advance those living on the economic margins. More than 75% of our work in that 35 years has focused on rural America. We have worked with rural doers from nearly every state, both developing strategy on the ground and convening them to learn from each other. In turn, we have learned from the people doing the best work of building and rebuilding strong, inclusive rural communities and economies.

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