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INTRODUCTION: FRAMING QUESTIONS AND MOTIVATION

Rural America has caught the nation’s attention. Our nation is full of questions about it. The media, voters, public officials, investors and neighbors are asking: “What is rural? What is happening there? Who lives there? Why? Why do they think the way they do? How are they doing? What can be done about it?”

This report addresses questions often asked by caring people who shepherd resources that could be channeled to advance rural people and places – foundation leaders, individual investors and government officials. “We’d like to do more for rural America,” they offer. “But who can we work with? And besides that, what works?”

The research behind this report is motivated by a specific version of that “what works” question: “What actions could shift mindsets, construct or revise systems and policies, and build capacity to advance rural community and economic development in a way that improves equity, health and prosperity for future generations?”

Rural practitioners have answers to these questions. So we looked to them – combining fresh research with what the Aspen Institute Community Strategies Group (CSG) continues to learn from development practitioners through our work in rural America. Since 1985, 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 has been in rural America. We have worked with rural doers from nearly every state, both on the ground and at peer gatherings that we have organized to help leaders from different places learn from and advise each other. In turn, CSG has gleaned insight from the people doing the best work to build and rebuild our nation’s rural economies.

At the heart of any positive, inclusive community and economic development action in rural places are the efforts of rural and regional intermediary organizations. Intermediary is a fuzzy term to some, so we’ll define what we mean in our context: Intermediaries are place-based organizations that work to improve prosperity and well-being by harnessing local and outside resources to design and deliver services and products to people, firms and organizations in their region.

This report focuses on the role – and aggregates the wisdom – of a specific set of intermediaries that are doing development differently in rural America. We have chosen to call them Rural Development Hubs – or Hubs for short. We focus here on Rural Development Hubs because they are main players advancing an asset-based, wealth-building, approach to rural community and economic development in this country. They are the most visible actors in rural America designing and implementing efforts that simultaneously:

- Increase and improve the assets that are fundamental to current and future prosperity: individual, intellectual, social, cultural, built, natural, political and financial capital.
- Increase the local ownership and control of those assets.
- Always include low-income people, places and firms in the design of their efforts – and in the benefits.

In short, 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.
To produce our findings, we conducted interviews with the leaders of 43 Rural Development Hubs from across the country. The interviews were candid, rich, provocative and inspiring. The conversations dug into how these practitioners and their organizations approach their work – their strategy, values and relationships in the community – along with their roles, how their organizations have evolved by necessity over time, and what helps or hinders their progress.

One thing our interviews reinforced: Innovation is not confined to urban America. Rural Development Hubs are full of the creative adaptation and ingenuity critical to doing the hard work of rebuilding economies and communities for the 21st century. Rural Hubs are also full of ideas about how to do more and better for rural America. Their recommendations should help investors, policymakers and other decision makers who have questions about rural America.

In issuing this report, we also invite conversation – constructive critique that sharpens our findings. We welcome a lively exchange of ideas about how to produce better community and economic development results in rural America, including how to strengthen existing Hubs and nurture new ones. By itself, building more and stronger Rural Development Hubs cannot do the whole job. But our experience and this report’s findings indicate that Hubs are a critical piece of our nation’s rural development ecosystem. In short, strengthening the enabling environment for Rural Development Hubs is an essential component for building equity, health and inclusive wealth in rural America and strong, vibrant, 21st Century prosperity for our nation.
THE CONTEXT FOR RURAL DEVELOPMENT
A Few Things to Know About Rural America

Knowing what is true about rural places and people is a challenge. Too often, people lump all of rural America into one “flyover-country” stereotype. But saying that all of rural America is the same is like saying Detroit and San Francisco are the same, or Birmingham and Boston. Here are a few truths worth knowing about rural America.

**Rural America Varies Widely by Economic Base and Geography.** Rural is typically defined — even in national data — as “non-metropolitan” or “non-urban.” This doesn’t tell us much. Perhaps due to this lack of precision and our nation’s agrarian roots, people still commonly equate rural with agriculture, fields of corn, cows and hardscrabble farmers. This is not only inaccurate; it is wide of the mark. From vibrant college towns to communities gone bust from the flight of paper mills or coal mines, from hopping cultural tourism locales to centers of furniture, machinery and textile manufacturing, rural America is anything but simply farmland, and it is anything but uniform. Rural New England, New Mexico, Montana, Louisiana and Kansas may share some similar conditions, but have strikingly different geographies, with differing economic engines and assets, populations, cultural values and origin stories.

Here’s one statistic that surprises most: While still economically and culturally important, agriculture now employs less than 5% of the rural workforce. Indeed, across rural America, it is services (professional, health, retail, social, tourism), manufacturing, energy and the public sector that are the primary employers and increasingly important drivers of rural economies.

**Rural America Is Growing, but Growth Is Uneven.** The too-conventional wisdom, repeated in the media and coffee shops, is that rural America is emptying out. The truth is that the U.S. rural population has been fairly stable in recent years and has shown modest growth each of the last two years, from 2016-18. Another contributing factor
to the mistaken “emptying” perception: Due to growth, many once-rural places have simply been reclassified as urban.\textsuperscript{5} And while the percentage of Americans who live in rural places has declined over time, the number of people living in rural America increased 11% from 1970-2010.\textsuperscript{6} Indeed, about half of our nation’s roughly 2000 rural counties grew in population from 2016-18. This has coincided with declining rural unemployment, rising incomes and declining poverty since 2013.\textsuperscript{7}

The rural places that are growing are typically those near metropolitan areas, those with abundant beauty and natural resources, those attracting retirees, and those employing immigrants. Some rural places are losing population, such as farming counties in the Great Plains and deeply poor counties in the South.\textsuperscript{8} But remarkably, every state in our union has both some growing and some declining rural counties.

**Like All of America, Rural America’s Population Profile is Changing.** While consistently older and whiter than the nation as a whole, rural America is increasingly diverse. People of color comprise 21% of the rural population – but produced 83% of its growth between 2000 and 2010.\textsuperscript{9} Patterns vary across geographies, but job-seeking immigrants are a driving force behind recent rural population upturns: From 2010-2016, immigrants were responsible for 37% of overall rural population growth.\textsuperscript{10} Other analysis shows areas with a rural “brain gain” of people aged 30-49 and 50-64\textsuperscript{11} – age groups that tend to move rural for a simpler pace of life, safety, security and lower housing cost. In a nation where cities are increasingly crowded and costly, rural places offer an affordable and high-quality alternative. Some rural communities have even launched recruitment campaigns for these age groups – and are succeeding.\textsuperscript{12}

**Economic, Social and Health Outcomes Lag in Many Rural Places.** The great variation from place to place in rural America includes economic, social and health outcomes, which, on average, lag those of urban places, sometimes alarmingly so. Much of this has to do with poverty. Since the 1960s, when poverty rates were first officially recorded, the incidence of non-metro (rural) poverty has been consistently higher relative to metro (urban) poverty. The difference has narrowed, but it remains. In 2017, the rural poverty rate stood at 16.4% compared to urban at 12.9%.\textsuperscript{13} For children, the rural poverty rate was 22.8%, more than five points higher than urban’s 17.7%.\textsuperscript{14} The good news: The number of rural counties ERS designates as “persistent poverty” – those with 20% or higher poverty for the previous four decennial census counts – has declined since the 1950s. The bad news: Most rural counties where severe poverty persists are found in the Mississippi Delta, Appalachia, northern Maine, Indian Country, and colonias (unincorporated rural communities along the U.S.-Mexico border) – with a few exceptions, predominantly counties where people of color are the majority.

Educational attainment and economic outcomes are also closely linked. Recent data shows rural Americans are increasingly well-educated, with the portion of rural Americans holding at least a high school diploma on par with urban.\textsuperscript{15} However, between 2000 and 2014, the gap between rural (19%) and urban Americans (33%) with a bachelor’s degree or higher grew from 11 to 14 percentage points.\textsuperscript{16}

**WHAT IS RURAL?**

Recently, the *New York Times* mini-crossword app provided this clue in its daily puzzle: “19.3% of Americans live here.” The answer was: rural. The 19.3% is based on the U.S. Census definition of rural – and equals about 60 million people.

But depending on what definition you use, the total rural population ranges from 60 million (19.3%) to 46.1 million – or 14%, based on the 2018 U.S. Office of Management and Budget (OMB) definition.

The definition of rural is an ongoing source of confusion. While what counts as urban has changed over time, the U.S. Census Bureau has consistently defined rural populations as a “non-urban population.” In 1910, the minimum threshold population to be considered “urban” was 2,500. Today, the Census and the OMB take into account density and “urban clusters.” Both now recognize urban centers as those with a population of more than 50,000 residents, with rural as places with fewer than 50,000 residents. It gets more complicated: There are additional definitions of rural for specific federal programs, plus a rural-urban spectrum used by the United States Department of Agriculture’s Economic Research Service (ERS).

Whether or not any of these is the “right” definition is not this report’s central concern. But in any discussion of rural people, places and policy, it is wise to acknowledge the core truth that rural conditions differ widely.

Using any simple rural-by-numbers definition to distribute resources does not account for critical differences. We need policies that work for all people and all places – we can and must do better.
At the same time, recent research documents rising rates of mortality and lower life expectancy in many rural places, particularly those with higher poverty rates and lower educational attainment.\(^{17}\) Not coincidentally, rural places with poor health outcomes also have the most stressed health delivery networks; more rural hospitals have closed in poor than in other rural places.\(^{18}\) In rural areas where opportunity is hard to come by, the opioid epidemic has taken hold, sowing chaos and deepening hopelessness. These rural places have captured the headlines and demand action and solutions. Even so, they do not reflect the full breadth of rural America’s conditions or experience.

**Rural and Urban are Connected in Interdependent Regions.** Most rural areas and nearby cities are entwined in relationships that define regions. But this relationship is not always realized or acknowledged, much less acted upon, and it can be as complex and varied as the rural landscape. Rural-urban ties can have one or more underpinnings: common geographic conditions such as watersheds or mountains; supply chains that fuel industry sectors with services, goods and talent; transportation- and affordability-driven employee commuting patterns; media markets; and the need (or mission) to secure a share of essential goods and services (such as food and energy) locally. In some areas, rural places and cities are reliable partners and provide important markets for each other. In others, intentional regional action is missing, and urban areas drain attention, energy or resources away from surrounding rural locales.

**Rural is Resource-Rich, Resilient and Creative.** Rural America has valuable assets, from water and natural resources to natural beauty, cultural capital, deep knowledge of place — and people with talent and resourcefulness. Some rural areas grapple with limited financial resources and acute infrastructure needs, such as antiquated water/wastewater systems or meager broadband. However, these constraints have also stimulated innovation and ingenuity in solving problems. The combination of few people, large geographies, challenges that extend across working landscapes (e.g., forest and watershed regions that span counties), and serious resource constraints can motivate collaboration across political boundaries. It can induce working together as partners, rather than as competitors, especially when there are too few resources to go it alone.
Rural Development and U.S. Policy:
A Very Brief Recent History

100+ Years Ago. In 1491, North America was a
predominately rural place — and had been for centuries.
Hundreds of diverse American Indian and Alaska Native
indigenous nations lived on these lands, and land was
central to their worldviews, spiritual lives and ability to
provide for themselves. When Europeans crossed the
ocean for exploration and colonization, the control of
land changed. Land west of the Mississippi was under
French rule until the Louisiana Purchase of 1803. The
Spanish controlled land from Texas to California and part
of Mexico until 1845 and 1848. The British took hold of
the Oregon Territories of the Pacific Northwest until 1846.
Native Americans consistently questioned and resisted
colonial claims.

Initially, the economy of the growing nation-in-formation
was largely agrarian. Much of its success was built on the
labor of Africans captured and brought to America as
slaves, on indentured servants from Europe who worked
for a contracted number of years in exchange for their
passage to America and their room and board, and on
other low-wage labor. The colonies of the “new world”
produced raw material for the more industrialized “old
world” to process and sell across their domains. Eventually
rejecting this mercantilist system, the northern states and
colonies launched centers of industry and cities to go with
them. At the same time, southern interests that benefitted
from the slavery-dependent agricultural “raw goods” trade
economy fought to defend the status quo.

The size of the United States and U.S. territories grew
rapidly during the 19th century. The federal government
began developing policies to populate new areas with
newcomers. Canals, railroads and road systems were
constructed to move people and goods thousands of
miles across the country. Efforts to relocate American
Indians became increasingly aggressive.

Starting in the 1860s, the Homestead Acts – a series of
laws establishing ways for Americans to acquire land –
opened up millions of acres and westward population
expansion began in earnest. For this still largely agrarian
nation, President Abraham Lincoln in 1862 created the
U.S. Department of Agriculture (USDA), and with it the
Land Grant University and Cooperative Extension System.
While discriminatory, for years, the Department of
Agriculture’s policies were seen as a means of stabilizing
the rural economy and millions of rural families engaged
in agriculture.

The end of slavery prompted radical change in
the economic and social order of rural and urban
communities alike. African Americans began moving
north to largely urban centers in the Northeast and
Midwest in search of opportunity. In the late 19th and
early 20th centuries, with a larger, increasingly dispersed
population, federal lawmakers paid close attention to the
local and regional effects of federal policy. For example,
the Interstate Commerce Act of 1887 sought to create an
equal playing field for businesses in all regions, including
less populated ones, by ensuring that railroad rates did
not favor one community over another by size.\textsuperscript{19} In 1913,
President Woodrow Wilson plainly expressed the value of
federal policy support for local economies: “…if America
discourages the locality, the community, the self-contained
town, she will kill the nation.”\textsuperscript{20}

A majority of Americans still lived rural, connected to
farming in some way, up to World War I. Even after that,
at the height of the Great Depression, President Franklin
Roosevelt signed into law programs designed to support
the agricultural economy and improve conservation
practices. At the same time, technology was mechanizing
agriculture and reducing the demand for farm labor, even

\begin{figure}
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\caption{Children of farm workers, El Rio, California, 1941.}
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as demand for workers boomed in manufacturing centers. This prompted more migration to cities – including millions of African Americans moving from the largely rural south to the urban north to make a better living.

**50+ Years Ago.** In the 1930s and 40s, the federal government made a concerted effort to address rural poverty. The New Deal’s Farm Security Administration – known for stunning photography of rural poverty in the Dust Bowl – provided education and relocation assistance to families living on exhausted, unproductive lands. Its successor, the Farmers Home Administration, provided loans and grants for housing, water systems and rural development. Concurrently, the federal government made hefty investments in rural public works infrastructure through new programs including the Civilian Conservation Corps, Tennessee Valley Authority and Rural Electrification Administration. Social Security and other social initiatives, such as the Rural Housing Act of 1949, contributed to improving the quality of life in rural America. These ground-breaking, national-scale efforts were designed to usher all U.S. regions into the modern era, as technological innovation continued at accelerating speed.

Around the same time, the federal government enacted new “termination” policies in the 1950s, ending its recognition of a large number of American Indian tribes. With these policies, the government withdrew vital social services guaranteed by treaties and launched a relocation program that provided American Indians incentives to move to large American cities. This resulted in the urbanization of approximately 750,000 Native people.

In the 1960s, images of abject poverty in Appalachia and other rural places hit national television screens via documentaries and political campaigns. In 1966, President Lyndon Johnson created a National Advisory Commission on Rural Poverty. Among other things, the Commission recognized that the very technology changes driving increases in agricultural efficiency and production were exacerbating rural poverty. It also found much of America’s rural poverty to be structural in nature, the result of policies and laws that systematically – if unwittingly – put rural places at a disadvantage. The Commission’s 158 recommendations ranged from increasing access to education to improving health care. Many were implemented and measurably improved day-to-day life for millions of rural people. In 1975, Congress enacted the Indian Self-Determination Act, a vital piece of legislation that ended the destructive termination policy and provided tribes with a wide range of opportunities to contract directly with the federal government to provide health, education and other services.

However, the rapid influx of corporate innovation and technology that jolted rural America before 1970 was a harbinger of quakes to come. The post-war growth of the 1950s and 1960s halted amidst double-digit inflation and two oil crises, prompting a political leadership change.

The 1980s ushered in a new policy era favoring tax cuts and deregulation and, with them, significant reductions in federal funds to states and localities. By the 1990s, the globalization of the economy and trade were in full force, hallmarked by the North American Free Trade Agreement and the World Trade Organization. These changes, coupled with a growing emphasis on productivity, efficiency and shareholder benefits, fundamentally changed the nature of rural economies. Big-box stores strained and drained independent businesses on Main Street. Corporate restructuring and consolidation transferred business ownership to outside holding companies and “accountability” to absentee shareholders far removed from the communities where their businesses were located – and where their employees lived and worked. Offshoring led to the closing of rural factories, call centers and firms up and down sector supply chains.

**In the 21st Century.** These changes forced small towns and rural places to reinvent their communities and economies. Despite many bright spots, hopeful data points and valid counter narratives, the breakneck pace of technology and economic restructuring of recent decades has been hard on rural America. Rural places took longer to recover from the Great Recession than most cities. Though thriving rural towns and regions dot the nation’s landscape, the overall rates of unemployment, child
poverty, educational attainment, food insecurity, obesity, health coverage and other quality of life indicators are worse in rural than in urban areas.\textsuperscript{28}

Today, manufacturing and natural resources – such as timber, mining, natural gas and oil – remain key pillars of the rural economy. But in many places, other sectors – service, outdoor recreation, tourism, health care and the public sector, including education – are increasingly important and dominant. Agriculture remains a key driver in some places, although nationally less than 5\% of the rural workforce is employed in agriculture.\textsuperscript{29} Each of these sectors is experiencing both positive and not so positive trends – depending in part on place, strategy and leadership. The devolution of government and the growth in unfunded mandates make it hard to develop and implement strategies to address these trends, no matter their direction. So do spotty broadband coverage in an increasingly information-connection economy, and the scant resources under local control in multi-community rural regions.

While policy in many cabinet departments and agencies affects rural places, the U.S. Department of Agriculture (USDA), at least on paper, holds responsibility for coordinating rural policy across the federal government. Today, the Rural Development section of USDA is home to modern-day incarnations of several (but not all) 20th century agencies, authorities and programs created to combat rural poverty and to improve the quality of life in rural America. Many (but not all) of the laws that govern USDA Rural Development’s programs are reauthorized and revised via the “Farm Bill” – the omnibus farm, food and rural legislative package that Congress considers approximately every five years. Most attention to the Farm Bill – and lobbying around it – fuses around its component titles that deal with large commodity crops, land use and nutrition (e.g., the SNAP/food stamp program). The Rural Development title of the Farm Bill, which contains critical programs that aid the non-agriculture side of rural community and economic development, gets much less attention in the Farm Bill reauthorization process. That is because the non-ag rural development components of the bill are dwarfed by the commodity and nutrition programs, and because their funding levels are not determined by the Farm Bill, but via the annual appropriations process.

Today, many programs and policies important to rural America are found in agencies other than USDA. All the same, it is USDA that has the mandate to tend to national rural policy – and that has offices in small towns and rural regions throughout the country.

While rural places have both been subjected to economic change and have changed themselves in recent decades, proposals to build stronger rural places have largely stayed the same. Across the political spectrum, federal policy proposals recommend more strategic use of direct service programs (e.g., Medicaid) – via better coordination, implementation and/or service expansion – and investments in rural infrastructure, especially broadband. These proposals would markedly improve the economy and quality of life in rural America. But they are not enough to vault rural places into diversified, durable and inclusive economies that improve social and economic outcomes for all. These proposals do little to address the structures, systems and policies that routinely – if inadvertently – disadvantage rural people and places. Rural America needs some large-scale, systemic policy change at the federal and state levels, including an examination of whether or not the programs of USDA Rural Development align with modern rural realities. Rural America also needs a fresh approach to economic and community development – and more people and places that understand and practice it.
A Fresh Approach to Community and Economic Development

Over the last century or so, economic development efforts have been dominated by one primary focus: attracting businesses to locate – or relocate – and then grow in a place. Though people in the development profession do many things in their jobs, business attraction’s prevalence, promises and ribbon-cutting visuals have mistakenly shaped the popular image of what “economic development” means. This, in turn, has induced multi-state competitions with business-attraction packages that nationally total $80 billion a year – incentives whose zero-sum net effect is to starve many communities of the resources they need to finance essential services for their people and places.30,31

Parts of rural America benefited greatly from business attraction at one point – though often to the detriment of other places. For example, in the latter 20th Century, textile companies moved to the South from the Northeast, and auto manufacturing and supply chains moved from Great Lakes cities to rural locales around the country. A few decades later, many of those same businesses moved offshore, leaving those rural places behind. Other parts of rural America – especially those capitalizing on their natural resource base through drilling and mining, corporate agriculture, timber and paper – have experienced booms and busts. The busts have been occasioned by corporate consolidations, trade policies and pricing, as well as by global change trends such as the transition to using and producing cleaner forms of energy. Heavy on attraction and extraction, these “traditional” economic development approaches have been a rural mainstay. Their singular focus on growth and jobs as the primary measures of success has now proven insufficient – and sometimes ineffective – at improving rural economic and social outcomes over the long run. Resource extraction and business attraction will always have a place in rural economies. But especially in rural regions, it is time for a fresh approach to community and economic development.

The good news: Alternatives exist and Rural Development Hubs are practicing them. The emerging “wealth-creation” method – whereby communities build on what they have in order to do community and economic development differently – is based in part on the asset-building approach to community development championed by John McKnight and Jody Kretzmer, as well as Cornelia and Jan Flora’s “Community Capitals” framework.32,33 This approach focuses on generating and retaining a range of capitals within the community, reinvesting that wealth for future productivity, and improving the quality of life for community residents, rather than on viewing only growth and jobs as the primary measures of success.34 Investments in local people, local institutions, local resources, local partnerships and local systems are considered as essential and foundational in this development toolbox as are investments in infrastructure and firms. We call this asset-based, wealth-building and more encompassing approach “Doing Development Differently.”

Evidence of this new approach in action is mounting. Efforts to build regional and local food systems as well as “the 50-mile meal” (shortening the food-to-plate travel distance) are perhaps the most widespread and well-known. Other clear examples can be found in North Carolina’s textile industry, Appalachia’s wood products sector, Delta biofuels production, housing-related community development in the Texas borderlands, modern wood heat and outdoor recreation in the Northeast’s Northern Forest region, manufacturing in rural Minnesota, helping rural low-income families get ahead in Maine and western Maryland, and among Great Plains entrepreneurs. Key to a few emerging community wealth-building strategies is using “anchors” such as hospitals and colleges or tribal enterprises to center and distribute new local economic activity.35,36 A resurgence of cooperative-ownership initiatives in several industries is increasing inclusive local ownership and benefits. Practitioners in the “localism” movement have developed an ecosystem framework to guide communities in “how to build a healthy, equitable local economy.”37 Also gaining traction, WealthWorks – which embraces many of these frameworks in one approach – focuses on developing “value chain systems” of regional activity in order to build We must do economic development differently. We must make bold moves to shift our economy away from inequitable extraction of resources and towards a collective, inclusive vision of the future.

Heidi Khokhar
Rural Development Initiatives
and root local wealth, while always including those on the economic margins in the action and the benefits.  

This emphasis on local people and institutions and regional systems flows from the understanding that people are at the heart of a community and its future. It is local people and institutions that must produce strategic and viable decisions, actions and investments to improve outcomes. But how does this get organized in rural places?

Large municipalities may have planning departments, economists and expert staff devoted to making their economy work, but most small town, rural and regional governments do not. In rural places, the work of identifying a region’s assets and determining the investments that will help build a vibrant, inclusive and durable local economy is best done by community leaders and local organizations – such as Rural Development Hubs.

DOING ECONOMIC DEVELOPMENT DIFFERENTLY: WEALTHWORKS

WealthWorks is a model of wealth creation practiced by many Rural Development Hubs, both intentionally and unintentionally. A systematic approach recently advanced by national/local collaborations, it involves identifying enterprising opportunities within a region and engaging a wide range of partners to turn those opportunities into results that create more value, rooted in local people, places and firms.

WealthWorks practitioners identify what an area can – or could – do or make with its existing assets to meet a documented market demand. They then map the regional system of transactions, firms, talent and know-how necessary to meet that demand and identify gaps in this “value chain” system. Investing in these gaps presents opportunities to increase eight connected forms of local capital – individual, intellectual, natural, built, social, political, cultural and financial – as well as to increase local ownership and control of that capital. WealthWorks also identifies where low-income people, places and firms land in the value chain, and includes them in the economic action and benefits.

In short, a WealthWorks value chain is a network of people, businesses, organizations and agencies addressing a market opportunity to meet demand for specific products or services—advancing self-interest while building rooted local and regional wealth. It can be applied in any sector – from manufacturing to health care, food, energy efficiency, housing, tourism and more. See Wealthworks.org.
WHAT ARE RURAL DEVELOPMENT HUBS?
Rural Development Hubs: Not Just Any – Or Any One Kind – of Intermediary

Pursuing a development approach that generates inclusive wealth creation and investments in people, firms, sectors and systems requires an organization capable of doing what it takes: systems thinking and weaving, enterprise development, innovation and more. In the rural places where development is being done differently, a certain set of intermediaries – Rural Development Hubs – are typically leading the effort.

But first, what is an “intermediary”? Intermediaries are place-based organizations that work to improve prosperity and well-being by harnessing local and outside resources to design and deliver services and products to people, firms and organizations in their region. As MDC authors described back in 2001, intermediaries “sit in between the realms of local action and national policy.”

Intermediaries provide an array of services to local organizations, firms, entrepreneurs, individuals and families, while simultaneously providing eyes, ears and boots on the ground that can inform state and federal agencies, foundations and others — and knit them into the action.

Thousands of rural and regional intermediaries operate in the United States. But not all are created equal. Not all intermediaries work on community and economic development, and those that do may favor the “old school” traditional methods. Of those that do community and economic development, some focus on the “people” side – for example, community action agencies that provide services and support to low-income individuals and families, or community colleges that prepare people for careers. Others, such as community development financial institutions, provide finance and assistance to small businesses. Still others, such as community foundations, have flexible missions focused broadly on community betterment.

Within any category of intermediary, some choose narrow missions that are largely transactional; they focus on efficient delivery of resources and services – a good thing. We need such intermediaries to address the immediate needs in a region, but their transactions rarely change the rules or the system. Others seek to transform – to go beyond treating symptoms by working to cure and prevent the “disease” that caused the symptoms. It’s the difference between efficiently providing food to hungry families through food kitchens (transacting) and helping these same families change their circumstances and thrive so they no longer need food assistance (transforming).

The transformers fit our definition of a Rural Development Hub. The main players in rural America that are doing development differently, Hubs 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. They focus on all the critical ingredients that either expand or impede prosperity in a region – the people, the businesses, the local institutions and partnerships, and the range of natural, built, cultural, intellectual, social, political and financial resources. They work to strengthen these critical components and weave them into a system that advances enduring prosperity for all.

Again, not every intermediary working in rural America has the qualities of a Hub. And there is no one “kind” or “category” of rural intermediary that is reliably always a Rural Development Hub. For example, in our research, we engaged 43 Rural Development Hubs drawn from a wide range of intermediary categories, including:

- Community Development Financial Institution (CDFI), Private financial institutions dedicated to delivering responsible, affordable lending to help low-income, low-wealth and other disadvantaged people and communities join the economic mainstream.
• **Community Development Credit Union (CDCU).** Credit unions that serve low- and moderate-income people and communities, especially populations with limited access to safe financial services.

• **Community Development Corporation (CDC).** Nonprofit, community-based organizations focused on renewing their community – typically low-income, underserved areas that have experienced significant disinvestment – by rehabilitating buildings, establishing new businesses, and creating jobs for residents.

• **Community Action Agency (CAA).** Quasi-governmental organizations with a mandate to provide services to needy populations and connect them to greater opportunities in specific geographic regions. By law, CAA executive boards include low-income community members.

• **Community Foundation.** Public charities dedicated to improving lives and conditions within a defined local geographic area. The most flexible form of nonprofit, they can bring together the financial resources of individuals, families, businesses, government and other foundations, and use a wide range of tools to effect change – grantmaking, building locally controlled funds and endowment, fiscal sponsorship, convening, investing, lending and running programs. Many have geographic component funds or geographic affiliates that give them a wide reach in rural communities.

• **Health Legacy Foundation.** Sometimes called health conversion foundations, created when a nonprofit health organization (e.g., a hospital) is sold to a for-profit entity or when one transitions to for-profit status. Federal law requires that the proceeds of the sale be placed into a nonprofit foundation, which typically serves the same geographic region that the health organization served.

• **Family Foundation.** Derives its funds from members of a single family, sometimes over multiple generations. Its decision-making board includes one or more members of that family. Some family foundations dedicate all or part of their philanthropy to specific geographic areas.

• **Statewide and Multi-State Foundations.** Mission-driven private foundations with a geographic focus and/or an economic and social equity focus.

• **College and Community College.** Degree and certificate-granting institutions that provide academic and technical education and workforce training, ideally with some focus on jobs in industries based in its region.

• **Statewide Rural Organization.** An independent nonprofit that works statewide to analyze rural conditions, run programs, and advocate for policy change.

• **Social Enterprise/Cooperatives.** A nonprofit organization or collaborative that operates businesses as part of its mission – or vice versa – both to generate revenues and improve economic, social, equity and environmental outcomes for people and places.

• **“Unicorn” Regional Organization.** A free-standing nonprofit that does not fall into any other category. It works to improve an aspect of rural/regional economic and social well-being within a defined geographic area, which may include areas in more than one state.

It’s notable that government agencies do not appear on this list, nor do any organizations that are called economic development agencies. Public and development agencies do play important roles in rural development – and some are quite creative at it. But most of the visible innovation in doing development differently in rural America is being advanced by Rural Development Hubs that identify in one of the categories listed above.

The Hubs we interviewed play a catalytic and transformative role in their regions and communities. They are not focused on meeting immediate needs alone. They also aim for and deploy systemic and long-term interventions and investments that have the potential to strike at the root causes of poor rural social and economic outcomes and to strengthen the essential components that form a better foundation for lasting prosperity.
What Sets Rural Development Hubs Apart?

In recent decades, plenty of documented stories have surfaced about rural intermediaries stretching their missions and organizational boundaries to improve regional outcomes. We interviewed dozens of these “stretching” Rural Development Hubs to delve into what sets them apart from other intermediaries. Here is what our interviews and experience surfaced.

1. **Hubs think and work “region.”** Hubs use a regional mindset and pursue regional action, regardless of whether their work starts in one community or crosses state lines. They cite several reasons:
   - A place cannot do well – or better – without connections. The existence, linkage and relative strength of connections within a region make a difference on outcomes.
   - Most development work is hard to do alone, and because of low density and large distance, the partners necessary to do rural development typically are spread across a region, rather than all located in one town.
   - Industry sectors that drive economies tend to be regional, so the region becomes a natural action zone.
   - Scale matters. It is easier to negotiate with other regions and outside stakeholders as the critical mass of a “region” rather than as one organization or community. And working across a region better enables a Hub to assemble sufficient resources and work needed to maintain its efforts and organization.

Not only do Hubs think “region,” they induce others in their area to think “region” as well. This role is important because very few policy incentives encourage regional action. Rural actors often come to the table thinking about their own town or issue – not about regional connections or mutual reliance. Things as simple as high school sports rivalries among neighboring towns reinforce go-it-alone thinking, as do differing jurisdictions, elected leaders and governance. City residents, by contrast, may live in competing neighborhoods, but often think about the city as a whole – and are indeed legally part of that city, which makes it more natural to work together.

2. **Hubs assemble the region for discovery and dialogue.** Rural regions are home not just to multiple organizations, but to numerous political and municipal jurisdictions. The region of one Hub we studied, for example, includes a school district, a hospital, three counties, multiple towns and villages, and 15 additional special districts with varying footprints, all to serve roughly 33,000 full-time residents. This complexity, coupled with cumbersome and widespread geography, makes getting together, let alone doing anything together, time-consuming and difficult. Again, this is different in cities, where it’s logistically – in time, transportation options and distance – easier for people from several neighborhoods to gather.

And though perhaps a blinding flash of the obvious, here is another key point: There is no “government” of a rural region. No one “holds the whole.” No one has the official or assigned responsibility for a rural region’s welfare and action. In some places, a regional forum might exist – for example, a regional council of governments – but often it has limited scope and cannot take the risks essential to innovation.

A Hub steps into this void. Someone has to call the meeting. When a discussion must be had or an issue addressed, Hubs tend to be conveners, bringing together the region’s stakeholders across profession, politics, place, sector, role and class. They provide a safe place for dispersed and diverse actors to hash out the tough stuff of how to improve the livelihoods of people, place and economies. As intermediaries evolve into Hubs, our research shows, they typically become entities that look at the region as a whole, and provide the space (physical and psychological), the organizational flexibility, and the whole-region perspective to host and lead essential conversations.
3. Hubs are **of** their region, **know** their region, and are widely and deeply **trusted** in their region. Hubs live and work in the places they act in. This gives them an authentic voice. They also “show up” in the region, not just for work, but to build the understanding and relationships critical to making good decisions and working together. They travel far and wide to listen, be present, do work and become known. This way, when “things come up” and “stuff happens,” they bring ground-truth to the action and solutions table.

Hubs know that building trust — up, down and sideways — is essential to their work. Hubs find ways to consult, stay in touch, and build relationships with as many types of community actors as they can manage. Hubs understand this means meeting their customers where they are, and that their customers range from colleague nonprofits to business owners, workers, striving families trying to get ahead, new immigrant populations, and students considering their futures. Each is a source of information critical to what to do and how to do it. Hub leaders told us, time and again, that when they have buy-in from their region’s business community, political leadership, civic associations and residents, they have the power to move and change fundamental social systems.

4. Hubs take the **long view**. Hubs think long-term, with an unwavering commitment to their communities. Achieving lasting outcomes through community and economic development work requires a multi-decade arc. This underscores the often uncomfortable – yet essential – Hub role of assembling and investing resources for a long-term payoff in places where residents have many immediate needs. As Clark Casteel of the Danville Regional Foundation in Virginia, noted, Hubs are in “…the transformation business, not the happiness business.”

This long-term commitment to a place, knowing that an intermediary isn’t going anywhere, is a vital ingredient in building the trust that enables collaboration. Patrick Woodie of the NC Rural Center offered: “As we enter our 33rd year, we have built deep trust and strong relationships with our rural communities, and we know they see the Rural Center as ‘one of us.’”

**Because we are in the community… we are able to understand the communities we are working with. It enables us to be so successful. We grew up with these people. We understand their needs, their cultures.**

Angie Main
NACDC Financial Services, Inc.
Taking the long view also liberates Hubs from jumping on the latest “action sensation” bandwagon. Instead, they take their cues from the community—and from careful analysis of what is going on. The end result, according to Heidi Khokhar of Rural Development Initiatives in Oregon: “Ultimately, if we do our job well, rural places have a living economy. They have strong community, are resilient, self-determining...it’s not something that happens in two-to four years.”

5. **Hubs bridge issues and silos.** Hubs are the antidote to “siloed” action. “Siloed” has almost become a trite expression except it is still true—many rural (and urban) organizations and efforts focus on one isolated issue or aspect of a challenge and stop there. Some realize that their work is only alleviating symptoms, not tackling root causes. But the limits of their mission stops them, or they feel unequipped or too stretched to do more.

However, economic and social challenges are rarely caused by one factor. They can’t be fully addressed without addressing a “system” of linked factors. Feeding hungry children, for example, is a good siloed thing to do. But unless the children’s family situation changes, they will be hungry tomorrow.

Likewise, a region can offer excellent training programs for would-be workers. But unless the programs are connected to the region’s businesses and the skills those businesses need, the training may not lead to landing a local job or produce value for the region.

Within a geographic region, effective intermediaries like Hubs can, as regional sociologist Ralph Richter puts it, “…not only bridge social and spatial but also cultural gaps. They represent the capability to link different worlds, whereas most of the other players are either involved in one or another of these environments.”

6. **Hubs analyze at the systems level, and intentionally address gaps in the system.** Mission, scope or funding streams often limit the ability (real or perceived) of local organizations to respond to community priorities or needs. Our interviews indicate that Hub leaders, no matter the type of organization, look beyond these limitations to take a wide view of their geographic, economic, social and cultural responsibilities.

Hubs tend to intentionally—or by nature—think “system.” They try to figure out whether the system is making things worse or is generating opportunities to make things better. They map the components or factors that perpetuate current outcomes or that could produce desired ones. They look for missing links in the system that demand action, or for underutilized resources that present opportunity. Rather than limiting themselves to their organization’s primary and required functions, they think creatively about assets and gaps—how to build the most from community assets, and how to plug gaps within regional systems through new enterprise or partnerships that produce local value. For Hubs, good is not good enough; it is all about getting to better.

7. **Hubs collaborate as an essential way of being and doing.** To do community and economic development differently, Hubs convene networks and create collaborating systems that otherwise wouldn’t exist, across multiple political and jurisdictional boundaries as well as extensive rural geographies. Some even see it as part of their performance framework, meaning that they hold themselves accountable for collaborating and view collaboration as a sign of a healthy organization and growing community vitality.

Building collaboration is not just a technique; it is in the DNA of Hub organizations.

Others have signaled the importance of collaboration in taking on community and economic development. In a 2014 address to the Boston Federal Reserve, Rip Rapson, CEO of the Kresge Foundation, underscored this: “...[C]ommunity and economic development presents a constellation of challenges so densely packed, intertwined and complex that the solutions must be systematic, not atomistic; dynamic, not rigid; long-term, not episodic; participatory, not hierarchical. It will be the increasingly rare circumstance in which these challenges can be resolved through neat and tidy technical interventions. Instead, communities will have to bring to bear multifaceted adaptive solutions requiring changes in beliefs, priorities and behaviors of multiple parties.”

Collaboration is a Hub’s bread and butter. Hubs foster regional collaboration that cuts across economic sectors, and that can work to unite urban and rural spaces. Though a few Hub leaders we interviewed view other regional organizations as competitors, the overwhelming majority identify...
collaboration and partnerships as essential to their work. Their partners range from organizations within the region with varying expertise to organizations trying to do something similar but in a different part of the country. Ines Polonius, CEO of the multi-state Communities Unlimited, bottom-lined the rationale for collaboration: "In my mind, the work done in rural places is dramatically different when you are able to build a collaborative of stakeholders, rather than one-off partnerships. We need to lift up the difference. Collaboratives are time- and money-intensive. But once you have collaborative systems in place, change begins to accelerate."

8. Hubs create structures, products and tools that foster collaborative doing. Regardless of whether their main mission is to provide direct services to families or to build business ecosystems, a central function of Hubs is to create structures – inventive products, services, programs or tools – that bring others more easily into right-sized collaborative action. They work horizontally and vertically across the political and resource spectrum to achieve results. A few examples:

- During the recent federal government shutdown, within one week, a CDFI Hub that had never done consumer lending developed a new instant loan product to help area residents employed by the federal government or its local contractors. The Hub recruited a local bank, a local employer and a foundation to collaborate. Absent that product and the Hub’s relationships, no collaboration.42

- A rural community action association Hub launched a certified car dealership and a family car ownership program after realizing that transportation was an insurmountable obstacle preventing striving but struggling rural families from getting ahead. The Hub engaged several public, foundation and private partners, and the effort improved family outcomes on multiple measures of well-being, more effectively than many of the agency’s other poverty-fighting programs. Absent the car ownership product and dealership structure and the Hub’s relationships, no collaboration.43, 44

- Several Hubs that are rural community foundations assembled regional workforce development collaboratives in their service areas, pulling local banks, employers, colleges and charities into the action, along with state technical assistance programs, university research, international experts, federal dollars – and more. Absent a Hub providing a coordinating backbone and its relationships, no collaboration.45, 46, 47

- An enterprising rural nonprofit Hub linked multiple partners’ efforts into a strategy to help single low-income mothers pursue college degrees and secure jobs while pursuing other family-strengthening goals for themselves and their children. The initiative was formalized through an unprecedented joint memorandum of understanding (MOU) among seven organizations that clearly spells out each organization’s responsibilities, with a local economic development agency serving as the effort’s home base. Absent the MOU tool and the Hub’s relationships that landed the effort a permanent home at the economic development agency, likely only a tenuous collaboration.48

The will and ingenuity to develop these mechanisms and tools, over time, builds relationships among collaborating organizations and understanding of each organization’s expertise. This helps Hubs and their partners tackle more complex challenges the next time they arise.

9. Hubs translate, span and integrate action between local and national actors. Groups working at the community level grasp what has worked and not worked locally. But they tend to lack the resources to connect to trends, innovations and funding sources elsewhere, especially at the national level.49 Likewise, many national and state leaders who marshal significant resources have a notional understanding of what rural communities need but lack the will or means to tailor action to specific rural places.
Hubs bridge the gulf between macro-scale rural economic development policies and micro-level community action, and do so in ways that transcend political boundaries. This work of connecting and translating between national, regional and community-level efforts and actors is important to rural development. The flow of ideas to and from rural places can be slow — made worse by the ongoing collapse of local newspapers and media outlets, not to mention spotty, substandard rural broadband coverage. In addition, national and state policy tends to be developed with urban places in mind, with limited understanding of the impact on the variety of rural places and economic bases.

Hubs know this, which leads to two kinds of Hub work. First, Hubs track federal and state policy and investors — including government, foundations, corporations and other investing funds — or strive to do so. They figure out what's available that applies to their region and tap it when possible. Second, when they can, Hubs inform policymakers and investors about how policy or investment design, requirements or restrictions help or hinder investment in rural places. And they advocate for changes that will facilitate healthier rural development.

10. Hubs flex, innovate and become what they need to become to get the job done. Overwhelmingly, Hub leaders described their organizations and approach to working in the community as entrepreneurial. Hubs fill gaps and offer programming, services and products that are beyond the mission, scope, reach or interest of their region’s other institutions. For example:

- Thirty-five years ago, few (if any) U.S. community foundations conducted business lending. This changed when rural community foundations in Minnesota spotted the need to fill business lending gaps in their regions that no one else would. Local business sectors could not modernize and improve jobs and wages without these gap loans. Community foundations in the state banded together to secure an Internal Revenue Service permission letter enabling them to lend to businesses as a charitable activity in areas of economic distress. Today, many community foundations lend to businesses — especially in rural America.

- In Texas, the Brownsville Community Development Corporation launched in 1974 with the goal of eliminating the community’s 1,500 outhouses. It moved from doing “just outhouses” to housing rehabs to new workforce housing construction, evolving into an equity-focused comprehensive housing organization. When more and more clients with low credit ratings needed housing, the Brownsville CDC began building multi-unit housing and rental properties — and also developed methods to provide financial education and credit-building services. It was one of the first CDCs in the country to create a revolving loan mortgage product using Community Development Block Grant funds, a technique that has since been adopted nationwide.

- The Land Buy-Back Program was the U.S. Department of the Interior’s “…collaborative effort with Indian Country to realize the historic opportunity afforded by the Cobell Settlement — a $1.9 billion Trust Land Consolidation Fund — to compensate individuals who voluntarily chose to sell fractional land interests for fair market value.” The Buy-Back Program prompted many American Indian tribal members to sell their interest in parcels of land. For some, an unintended consequence was losing the collateral essential to accessing credit. In the wake of the initial stream of buy-back activity, NACDC Financial Services, in Browning, Montana on the Blackfeet Reservation, created a short-term loan program so that Tribal members who had sold their land interests could access a line of credit, absent collateral.

Every Rural Development Hub has a story like this. One Hub leader, Peter Kilde of West CAP, Inc. in Wisconsin — the agency that developed the low-income car ownership program mentioned earlier — pointed out that this flexing and innovation can happen only if a layer of readiness is in place to attract and absorb necessary resources in the right way: “You can’t just throw money at a region and have it do what you want it to do. There are things you have to do first to get people ready and networks underway.”

In short, Hubs do in their regions what others with limited scope, funding constraints, lack of will or meager entrepreneurial muscle will not. What Hubs decide to do, or what they decide to morph into, emerges from consulting with the community and seeking a fuller analysis of the system. It results from constantly asking why and a persistent, eager search for how.
11. **Hubs take and tolerate risk.** Taking risks is fundamental to innovation. Hub leaders cite risk tolerance as critical in their move from a transactional to a transformative organization. And it has to start at the top. Some Hub CEOs reported investing significant time and energy to foster a board culture comfortable with both risk and the possibility of failure. Discussing a pivotal moment when the Neil and Louise Tillotson Fund of the New Hampshire Charitable Foundation adopted new risk and decision-making processes, director Kirsten Scobie cited the Tillotson Fund advisors’ rationale: “If we really want to make change and be part of catalyzing this region that has been in decline, we have got to be bold.”

Hubs’ bias towards bold action is a frequent refrain. Chrystel Cornelius of First Nations Oweesta Corporation in Longmont, Colorado, put it plainly: “We need to keep pushing boundaries, doing uncomfortable things, being in places that we normally are not. We need to have the tenacity and thicker skin to take rejection well and keep on going.”

12. **Hubs hold themselves accountable to the community—the whole community.** The community is the heart of a Hub’s work. When asked, “To whom are you accountable?” the overwhelming majority of Hub leaders responded that their organizations are primarily responsible to their community. Of course, they also cite fiduciary duties and responsibilities to investors, funders and the government. But their reputation in the community and the community’s trust is paramount to their ability to be effective.

The Northern Forest Center’s Rob Riley reinforced this point: “There is accountability to the board, but we feel really accountable to stakeholders in the region. That, to some degree, is how we measure impact. It’s about being respected and sought after because people know we can get the work done; it is the promise of what we can bring to a partnership.”

Some noted that their work responds to a disaffected community’s search for hope, opportunity and a new way of living. For Rural Development Hubs, the highest aspiration is creating vibrant communities where everyone can participate—in the economy, democracy and decision-making. Hubs know they have a place in the arc of positive change as they work to transform a place of need into a place of hope.
BUILDING A BETTER RURAL DEVELOPMENT ECOSYSTEM
Why Aren’t There Stronger – and More – Rural Development Hubs?

There are likely thousands of rural and regional intermediaries. Why haven’t more become Rural Development Hubs? Why aren’t some Hubs more robust? Here are some hindrances and challenges that face Hubs – and would-be Hubs – in their pursuit to transform their communities.

1. There is no business model or blueprint for Hubs. Sustaining a Hub is hard creative work that requires constant attention.

Hubs work to transform regional community and economic development outcomes. To do this, a Hub – regardless of whether it’s a CDFI, a community foundation, a community college or another type of intermediary – must constantly identify, raise, blend and braid streams of funds, large and small, from multiple sources. Each source requires its own use restrictions, outcome expectations, relationship development and maintenance, and evaluation and reporting duties. This happens because most funding, public or philanthropic, that Hub organizations can tap is structured to advance specific and limited activities or projects – usually related to a particular issue: education, housing, financial literacy, and so forth.

In some cases, the activities a grant funds align with the Hub’s plans. In many cases, Hubs must shoehorn what they are doing to match a grant program’s design and requirements. In both cases, a Hub must still braid the funded activity with other funded efforts and manage all these distinct components in order to implement a silo-crossing initiative or system-changing effort.

What is not specifically or easily supported here is the Hub’s core staff and capacity to set and advance its overall strategy, develop and manage its internal operations, conduct regular analysis, act nimbly and flexibly to address unanticipated developments – and to raise and braid funds. Hubs generally shave off small pieces of whatever project funding sources they can to support these core activities and to build contingency funds. But this, of course, creates yet another time-consuming puzzle project for Hubs. In short, although Hubs pursue transformational work, most funding available to them remains siloed and transactional. The sources don’t match some critical uses.

Three factors add to this challenge of sustaining both the core capacity and the mission activities of a Rural Development Hub:

• Working in rural regions costs more – in time and money, wear and tear. The common assumption that doing anything in rural places costs less than in metro areas does not hold. Doing development work in rural regions with small populations spread across a wide geography adds challenges and costs. A needed one-hour face-to-face meeting even within the region itself might take hours or a whole day. Beyond that, just getting to a metro area or state capital for a critical funder or policymaker conversation, or for a conference, can take an entire day or two, plus there’s the cost of gas, wear and tear on a vehicle, and the strain and fatigue of frequent long drives. But Hubs must keep showing up – in order to build the relationships and trust essential to their work. Distance and low population density also increase the per-capita costs of service delivery.

Many public programs are funded on a per-capita basis without regard to rural cost differentials. As a result, Hubs often must find ways to subsidize service delivery when per capita formulas fall short of actual costs.

• It’s hard to fund capacity-building and participation. It is commonly asserted that rural places and entrepreneurs lack access to business lending capital. This is true in some places. But a more common concern voiced by Hubs is the lack of a pipeline of local businesses sufficiently ready to use available capital. Many rural places have few or no business assistance organizations and are located far from any business assistance.
Hubs that conduct lending take this seriously and develop technical assistance, coaching and other services to foster entrepreneurship and prepare businesses for financing – but this fundamental “readiness” work is harder to fund. Likewise, Hubs that help low-income families get ahead may be able to find funding for essential components such as financial education or skills training classes, but not to cover “soft costs” like the gas and child care that families need to participate – which due to distance, are critical in rural places.

- **Trust-building and collaboration is hard to fund.** Hubs, by necessity, use a range of partnerships and coordinated work to improve rural outcomes. Where the bench of organizations that can help is lean, collaboration is especially critical for making progress. But rarely does collaboration generate self-supporting revenue – and it always takes extra time and effort, usually more than anticipated. Although many investors and funders require and applaud collaboration – and understand its necessity – few fund what it takes to collaborate well, especially beyond the start-up phase. Hubs generally must patch together resources needed to sustain collaboration.

Each Hub must address its sustainability essentially as a separate project on top of the work they are doing to change regional outcomes. This massive effort typically requires an enormous amount of time from a Hub’s executive director and/or top deputy, if there is one. In short, a Hub’s most creative and entrepreneurial doers often spend more time securing and managing funds than figuring out how to best deploy funds in their community.

Even Hubs that appear to have a stable revenue base face challenges. CDFIs, which collect revenue from lending activities, still must find funding to build the know-how of striving businesses or to develop innovative products. Community foundations collect fees on the funds they hold – a model that was designed to sustain them when they were first founded over 100 years ago. But rural community foundations that go beyond grantmaking to spark collaborative action on critical issues must identify additional funding and partners to support this work, like any other rural Hub. Some Hubs thread this needle by working in both rural and urban areas or in both low- and high-income areas to balance their risks and revenue streams. Others create products that fill a need while also providing some revenue in return. For example, some CDFIs offer financial products to higher income markets, and others create technology and training products that are in demand – and saleable – to others around the country.

Hubs’ entrepreneurial activity is impressive – and laudable. But it’s hard work. The simple truth is: The challenge of establishing and maintaining Hubs as sustainable businesses keeps existing Hubs scrambling and keeps would-be Hubs from forming.

2. **Hubs need 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 this?**

Hubs take on aspects of economic and community development that cross disciplines. A Hub leader who is trained in social work and runs a community action agency may need to learn about water infrastructure, business and construction finance in order to build
affordable housing. Another Hub leader trained in business finance and running a CDFI may need to learn about building people’s credit scores and entrepreneurship training pedagogy. Leaders trained in English literature or non-profit management and running a Hub community foundation find they must learn how to “map a value chain” for their manufacturing, tourism or child care sectors. For Hub leaders, in the words of the old Department of Education postage stamp: “Learning Never Ends.”

This challenge extends to hiring talented young staff who might move into Hub leadership positions as part of a succession plan. Young people likely don’t even know that Hub jobs—which can be relatively exciting as jobs go—exist. Typically, young people have never imagined running a regional multi-disciplinary intermediary as a career track—and their school counselors haven’t either. Even if they do, they likely won’t find a college major that prepares them. Urban and regional planning curricula rarely focus much on rural, on the people side of economic development, or on non-profit management—and other relevant college majors are similarly narrow in scope. Of the young adults who do move or return to rural areas in their 30s with young families—and they increasingly do in some rural places—many have already established professions. Meanwhile, rural young people who don’t go to college or don’t leave the area also don’t know that good Hub jobs exist. Although they might be recruited for lower-level Hub jobs, they face the same cross-discipline and cross-function learning challenges as their degreed peers do in order to move up the “Hub career ladder.”

Even existing Hub leaders who seek useful training can’t easily find it in one place. They must seek out multiple association and issue-focused learning groups and opportunities on the many topics their job entails. When they do attend a conference, workshop or webinar to learn about a relevant development strategy or tactic, they rarely hear a presenter based in a rural place or one who has an intentional sensitivity to rural differences and approaches. This challenge is compounded by the typically higher cost (in time and money) of traveling from rural places; a generally lower budget for professional development; and unreliable broadband coverage to access all-things-Web, including webinars and online meetings.

The challenge of finding people to run rural Hubs is not due to a lack of leadership will or potential in rural places. It has more to do with specific knowledge about the job and how to do it. Rural Hubs’ hurdles to recruiting talent are akin to those that other rural professions face—with a twist. If it is hard to find a doctor to move to rural America—and it is—imagine finding someone to lead a multi-issue, multi-faceted, cross-place and cross-sector regional development organization for which there is no training program. Despite this, we interviewed several field-leading Hub CEOs who moved to rural for their Hub job. They have sought and gained the additional learning they need, in typical entrepreneurial fashion. But it has not been easy. And it is not the norm.

3. Rural communities and leaders that might build Hubs are isolated from “what is possible.”

What you don’t know can hurt you. Organizations that could play a transformative role by becoming a Hub often do not because they don’t know the art of the possible. Why? Rural organizations often work in relative isolation due to geographic distance, or they lack a connection to strong networks of like-minded organizations because those networks are not easily accessible or simply don’t exist.

This “not knowing what is possible” is born out in the experience of many Hubs. For example, Hub community foundation leaders cite gatherings where peers explain something unusual that they do related to economic development—such as business lending, running an Earned Income Tax Credit program, buying a building, community organizing, or managing a workforce development collaborative. Some colleague rural foundation leaders respond with raised eyebrows and say, “I didn’t know you could do that as a community foundation.” Leaders of other types of Hub organizations tell similar stories.

Even if an organization’s staff recognizes the potential to play a Hub role, getting the board on board to move in this direction is a lot of work. Explaining this potential to board members is especially essential and useful. When board leaders see what organizations that look like them have accomplished as Hubs, a fire is lit—stoked by hope for their community’s future and by the competitive impulse inherent in some rural places. They begin to think: If they can do it there, we have what it takes to do it here.
4. Some rural communities resist change.

Rural America is sometimes characterized by rugged individualism, competitive spirit, skepticism – and a reluctance to change. Some rural places that do resist change can be tough nurturing ground for Hubs. Resistance can stem from four primary – and not mutually exclusive – conditions:

- **The power dynamic is threatened.** Hubs can develop position and influence by doing effective work and producing results. But Hubs sometimes threaten the powers that be – the “old guard” or the rising “up-and-comers” – when they do things differently or take on some functions of a less effective local organization. Hubs build relationships and collaborations to overcome this, but they don’t always succeed.

- **A negative perception persists of being “done to” by outsiders rather than “doing with others.”** Rural communities can be understandably skeptical of non-local or national initiatives, especially if they have been burned in the past by failed promises resulting from short-term investments or by the damage left behind by extractive industries. Even within a region, a Hub may be perceived as an outsider; if it is headquartered in the region’s largest community, smaller towns in the area may deem it suspect. When a national organization sponsors that Hub’s initiative to benefit these skeptical communities, their concern can rise even further.

- **Political divides eclipse action.** Varying perceptions about who is doing the acting, why, and with what agenda can also foster resistance. Although rural leaders are typically unfailingly civil to each other, they also typically know each other’s small and large “p” politics. In rural places where politics has caused great rifts in the past, it can be hard to move any agenda that differs from the status quo.

- **There is no will to change.** Some places are comfortably intransigent. Their attitude is: *What is new will never be better than the old – and what we have is just fine.* Hubs – or anyone – can struggle to find partners or participation in these places.

These resistance factors can hamper the development of new Hubs and slow the success of existing Hubs. Getting over these hurdles can take generations of work. But it can be done.

5. Current and historic racism, discrimination, poverty and power inequities impede Hub development.

There is a direct correlation between communities with persistent poverty and communities with concentrations of people of color – in rural as well as urban America. In rural America, persistent poverty counties cluster in the Delta, in southern border states, in the Southeast, on American Indian reservations (the self-governing American Indian communities collectively defined in federal law as Indian Country) and in Appalachia. African American, Latinx and American Indian people comprise the majority population in most of these places, except Appalachia. In many, systemic racism persists in the economy and institutions, from the education system to hiring by local businesses to the health care system to social circles. This continues to generate inequities in power, wealth and income, as well as poor social, economic and health outcomes.

Also, the simple truth is: **Size Matters.** The needs and priorities of a rural town of 800 are often subsumed by the will of a neighboring rural town of 20,000. The interests of that rural town of 20,000 rarely register on the priority radar of a nearby city with a million, or of the state that houses them all. This power disparity repeats itself in domains from business investment to health care to education to funding formulas to elective office, and on and on.

Taken together, poverty, racism, structural discrimination and community size create an unmistakable power differential between rural and urban America. Rural places and populations have tremendous individual, social and cultural capital and potential. But they are victim to chronic disinvestment, weak infrastructure, limited financial capital, and a scarcity of durable, productive connections to power, critical resources and funding streams. This manifests in rural America as poor broadband, a lack of good jobs, low wages, scarce or distant services, prices for basic goods, poor quality housing, unaffordable health insurance, low access to quality health care, and diminishing opportunity.

Structural racism, poverty and low opportunity also rob a region of the future talent needed to revitalize rural America. Immigrants are the fastest growing population segment in rural America – and the poorest. Immigrants, when welcomed and assisted with their dreams, create new local businesses, increase enrollment to keep rural schools open, and contribute new leadership energy and cultural riches. They enliven
the place. The same can be said of any population that is included, welcomed and helped to achieve. A rural place that locks immigrants and other people of color out of opportunity drains its future chance to prosper. For rural America, this is the brain drain to fear.

Some rural regions experiencing persistent poverty and powerlessness have strong Hubs, but more need them. When an effective regional Hub emerges in a region with persistent poverty or historic discriminatory practices, it must work even harder than the average Hub for sustainability. A Hub with diverse leadership can even be perceived as a threat to the existing social order and thus struggle – or even be defunded. The work of operating a Hub in poor rural places that are home to populations of color is indeed even more challenging. And even more necessary.

6. Funding for Hub organizations, leaders and innovation is restricted and scarce.

Rural America is not a monolith. Action in a rural region must be tailored to its history, culture, story and current dynamics. There is no single blueprint that a Hub can pick up and apply to transform its local economy. Tailoring action to transform a rural economy requires flexibility and a long-term horizon. But for the most part, the extent that funding is available to help in this mission, it comes in the form of short-term investments, project-restricted and inflexible investments, and investments with high match requirements. On top of that, funding to support a Hub’s core operational capacity, its strategy-setting and collaboration efforts, and its professional and leadership development is in very short supply.

Short-term investment leads to starting and stopping programs. It disrupts services and can lead to destabilizing boom and bust cycles for a Hub, making it even harder to develop trust and sow hope. Funding that is restricted to specific activities or outcomes can help, but the Hub must typically find and braid this with other streams to really get a multi-faceted job done. This is more work and not always possible. Moreover, because restricted funding is often designed with urban-level scale and outcomes in mind, rural must scramble to meet – or cannot meet – that bar. Likewise, match formulas and amounts designed with urban in mind are hard or prohibitive for rural areas that have far fewer local donor, foundation or government resources to provide match. And the task of landing and weaving many investments that are restricted only to implementing projects of the Hub can starve the time, energy and focus needed to work on the Hub organization’s own viability, effectiveness and longer-term strategy – much less innovation.

This funding situation does not serve the needs of rural communities. But challenges with restricted and inflexible funding persist. For example:

- **Federal Government Resources.** For decades, federal rural development policy proposals have favored investments in physical infrastructure (including broadband), loan capital and human services. While essential, these are not a substitute for funding that builds and sustains strong local institutions and their leadership. While the federal government invests billions of public dollars a year in critical rural transportation, water, broadband, health care, loan funds, tax incentives, education and housing, it spends a fraction of that on technical assistance, training, planning, capacity building and operational support for the local organizations and leaders making the decisions to ensure that federal investments are strategically deployed.53

Few federal funding streams provide steady support to Hubs and other intermediaries. The Community Development Financial Institutions Fund, which helps build the capacity of CDFIs, and the Community Services Block Grant, a key funding source for Community Action Agencies, are exceptions – although each is frequently on the chopping block. USDA Rural Development’s Rural Community Development Initiative (RCDI) Grants program is useful, but at $4 million a year for all of rural America, the budget is miniscule. Other federal funding can be tapped via grant competitions and formulas to finance specific projects or services. But there is stiff competition for this relatively small pool, which makes planning ahead difficult for a Hub’s budget, staffing or work assignments. And the allowed use for these funds is often designed with urban in mind, carrying restrictions or specific performance measures that rural can find hard to meet or mold under rural conditions. Even when Hubs do get these funds, they face federal reporting requirements – burdensome even for well-resourced urban organizations – that can sap the funds and energy of low-resourced rural ones.

- **State and Local Government Resources.** The state resource situation is similar to the federal one.54 Add to that the fact that very few states have anyone in charge of rural development to help.

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**So much of what is decided in D.C. and state capitals doesn’t translate in rural regions. It often feels like we are being impacted in ways that are the exact opposite of what is intended.**

**Stacy Caldwell**
Tahoe Truckee Community Foundation
Rural places and organizations, especially in states with sizeable cities, must compete for scarce state dollars with urban and metropolitan places, which tend to have more political clout with the state legislatures and state agency staff in decision-making positions.

When it comes to local government funding, rural is also at a disadvantage. Though some regions have a coordinating council of governments, there truly is no “government” for a rural region. Instead, there are multiple governments – or jurisdictions – in any one region, many with limited or no taxing power. Most that do have some tax revenues are hard pressed to fund their basic functions and services. Occasionally, Hubs can tap local governments for small contributions for a specific effort, or for match dollars, or for staff time and in-kind resources when partnering on an effort. But local public funds are the least likely source of flexible funding for the work of Hubs.

- **National and Multi-State Philanthropic Investors.** National funders do not invest in rural America at rates comparable to their investment in urban America. Only 5.5 percent of the real value of grants made by large foundations domestically from 2005 to 2010 went to rural-based organizations, and the trend turned slightly downward during that period. Over the last decade, several national funders who historically and specifically funded rural America activity cut back or eliminated this focus amidst changes in staffing, leadership and organizational strategy. More recently, a few national foundations are showing interest again in rural, which is welcome. And several multi-state regional and statewide foundations have deepened their commitments to rural people and places, especially in regions of persistent poverty.

Even so, investments typically center on the foundation’s priority issue areas or strategies (e.g., education, future of work, community organizing). This focus on specific issues or strategies – as opposed to cross-cutting work – can make it hard for Hubs to access or meet national and regional funders’ expectations. That’s because Hubs, by definition, work across sectors, addressing various issues using a variety of methods; thus, their work rarely fits neatly into the categories a foundation uses to organize its work. For example, a Hub might work to increase local prosperity, ownership and jobs by using value chain analysis to develop local for-profit and non-profit enterprises and provide access to in-depth capacity-building technical assistance and affordable capital in a historically underserved, persistently poor place with little racial diversity. This Hub may have a hard time figuring out how to approach a funder that articulates its strategies as education, workforce development and organizing for equity, even though the Hub’s value chain work may end up focusing on those very pursuits. In short, there is often a gap between how Hubs organize and think of their work and how national and regional funders articulate and structure their strategies.

- **Rural-Based Philanthropic Investors.** Rural areas have fewer place-based funders than urban areas. The good news is the number and coverage of rural-based community foundations have increased dramatically over the last few decades, and they are slowly getting bolder. This includes thousands of “geographic affiliate” funds, established within a “lead” foundation, that target their funds and community-building to specific communities or counties. Also on the rise are health legacy foundations covering urban-rural regions served by a major medical facility or system. And family foundations devoted to rural areas dot the landscape. But with the exception of health legacy foundations and a few rural community and family foundations, many rural-based foundations have only modest resources to distribute and divide the little they have among the many who ask, which results in grants that are fairly small. Plus, many of these foundations are young, still establishing their strategies and not yet risk-takers. At this stage, they are likely sources of funding for discrete Hub projects and services; the hope is that, as these foundations grow, they will fund core operational funding for Hubs in the future, but that remains to be seen.

The interesting news about rural-rooted foundations – especially, but not only, community foundations – is that some have become Rural Development Hubs themselves, leading significant transformation in their regions. More are doing so as their board and staff really examine and take on the mission of “improving quality of life for all” in their geographic areas – along with the accompanying risks. But this does not solve the funding problem. Community foundations, once they take on Hub characteristics, must do the same as other Hubs: search for funding from other sources to sustain their role and the work – because the roles they
take on require more staff time than they can fund through their fee revenues, and because many of their endowed funds have restrictions and cannot be devoted to Hub efforts.

7. Reduced federal funding streams have strapped local government, civic institutions and community action.

American history is marked, in part, by a healthy and ongoing debate about the appropriate role of the federal government and the tension between national priorities and states’ rights. Often wildly independent and short on sources of potential revenue, rural places are caught in the crosshairs of this debate.

In our nation’s early years, most functions of government, such as providing for public safety and general welfare, were considered the states’ responsibility. In the 20th Century, federal support for state and local governments increased, and rapidly so, in response to the Great Depression and to national social movements on poverty and civil rights. In the 1960s, significant increases in federal aid to state and local governments helped create and finance critical family- and community-building organizations like community action agencies and community development corporations, many of them rural. Growth in such federal support for states and localities slowed in the 1970s, amidst the fiscal pressures of the Vietnam War. In 1981, Congress approved the largest reduction in the number of federal grants to state and local governments in U.S. history.

A Congressional Research Service report offers evidence of another major shift in federal grants to state and local governments since the 1980s: While the share of federal grants to state and local governments going to education, infrastructure and governance has declined, federal direct investments to Social Security and health insurance have grown. These social investments, targeted at individuals, are vital to improving family economic security and health.

However, concurrent investment in local organizations and factors fundamental to the functioning of a community are essential to secure system changes, sustain improvements and reduce persistent and emerging inequity over the long run. Reduced federal and state support has hamstrung the capacity of many local governments. This, in turn, has increased the importance of community-based organizations like rural Hubs. Disinvestment in state and local government as well as government’s inherent risk-aversion helps explain why Hubs have sprung up and become epicenters for coordination, collaboration and innovation. Ironically, the very same reductions in federal support for state and local governments also have made it harder for existing Hubs to survive and for aspiring innovative intermediaries to evolve into Hubs.

You cannot develop the economy without also developing community and civic institutions.

Rob Riley
Northern Forest Center
10 Routes to a Stronger Rural Development Ecosystem

Two questions motivated the inquiry that led to this report – questions often posed by foundation leaders, individual investors and government officials, among others: “We’d like to do more for rural America, but who can we work with? And besides that, what works?” We converted these into a more specific “framing question” for our inquiry, one we thought could generate concrete answers that spark action: “What actions could shift mindsets, construct or revise systems and policies, and build capacity to advance rural community and economic development in a way that improves equity, health and prosperity for future generations?”

To seek answers, we consulted a set of rural community and economic development organizations whose actions have been addressing this question in their own places across the country: Rural Development Hubs. These region-acting, system-analyzing, entrepreneurial, gap-filling organizations work on and weave a full range of factors critical to healthy and enduring development: people, place and infrastructure; businesses, institutions and culture. Their approach and action and outcomes are more rightfully the definition of economic development than the business recruitment, bricks-and-mortar image still lodged in the public mind.

We focus here on Rural Development Hubs because they are components essential to advancing an asset-based, wealth-building, approach to rural community and economic development in this country. This approach emphasizes people, local institutions and systems thinking. Big cities have planners, financial divisions, community engagement specialists, and the financial resources to contract with experts when they lack the needed knowledge in-house. Big cities typically have the staff and expertise to navigate state government and to interact with the federal government, to travel and to learn from other cities around the country, and, increasingly, to harness data and technology in new, sophisticated ways. Very few small towns or rural communities have this kind of capacity. That doesn’t mean they want it or don’t need it.

Given the sheer number of small towns, rural counties and civic-sector organizations in rural America, it is impractical for national and regional funders and policymakers to engage with every entity out there. Rural Development Hubs can be a strategic entry point for these investors. Hubs are the most visible actors in rural America working to do development differently by designing and implementing efforts that simultaneously:

• Increase and improve the assets that are fundamental to current and future prosperity: individual, intellectual, social, cultural, built, natural, political and financial capital.

• Increase the local ownership and control of those assets.

• Include low-income people, places and firms in the design of their efforts – and in the benefits.

In short, given the pivotal roles Hubs play where they exist, supporting them – and the enabling environment for their work – is critical to advancing rural development and equity.

Many organizations have at least some attributes of Rural Development Hubs. Within our available resources, we interviewed 43 Hubs, a selection that represents a wide range of organization types, geography and populations, as well as economic and social situations in rural America. Based on Hub leaders’ insights and CSG’s knowledge from 35 years of experience, we developed 10 leading routes for strengthening the rural development infrastructure and ecosystem. These 10 routes and their accompanying recommendations are sorted into the three main categories listed in our framing question – all toward the ends of advancing rural community and economic development that improves equity, health and prosperity for future generations:

• Shifting Mindsets

• Constructing or Revising Systems and Policies

• Building Capacity

Who are these recommendations for? Policymakers, public, private and philanthropic investors – and anyone who holds a stake or interest in improving prosperity and equity not just in rural America, but in all of America – can find action ideas and value in the recommendations the Hubs shared. Hubs and other organizations working on the ground in rural regions and communities will also likely find useful ideas – and validation of their experience – here.
SHIFTING MINDSETS

1. UNDERSTAND THIS TRUTH: ADDRESSING EQUITY NATIONALLY REQUIRES INVESTMENTS IN RURAL AMERICA.

Achieving equity of opportunity is one of the great issues of our day, and many foundations and social impact investors are considering how they can further equity goals. But rural places and populations rarely figure sufficiently in public, philanthropic or private investors’ commitments to improving equity.

When it comes to racial equity, this is misguided. Twenty-one percent of our nation’s non-metro population comprises people of color – with Latinx people and American Indians each an increasing share of rural population.

When it comes to poverty, regardless of race, the percentage of rural people who are poor exceeds the urban share. Many social, economic and health outcomes in rural places lag those of urban places and the nation. The regions in the nation with the most persistent, intersectional poverty are rural, including the Delta, the colonias, Appalachia, Indian Country and immigrant communities.

Then there is power. Small and disaggregated, with little organized collective “voice,” distant from state capitals and urban financial or political centers, rural places are often overlooked or left out of decision-making. Rural people know this and feel it. Rural leaders do too. Invitations they receive to participate on conference panels and legislative hearings, as well as to serve on boards, often hint at tokenism.

The effects of geographic marginalization are stark. Policies and systems that, over decades, have driven a disproportionate share of resources, intentionally or unintentionally, towards urban centers, have failed to update agrarian and industrial-era policies to reflect modern rural realities. And they pit rural places against one another for the scarce remainders. The result is predictably poor rural services (e.g., broadband, healthcare, water) and the poorer equity, health and livelihood outcomes those help generate.

Bottom line: Systemic disinvestment in rural places – and the people who live in them – is an equity issue.

RECOMMENDATIONS:

- **Ask the rural question.** Review your organization’s strategies and priorities to see if they are relevant to and inclusive of rural people, places and issues, particularly rural places with persistent poverty and/or concentrations of people of color. Consider the criteria your organization uses for equity-focused grantmaking or investment to see whether rural places and people are included. If not, ensure that rural is integrated into any organizational strategy for increasing equity.

- **Up the investment in rural.** What percentage of your portfolio goes to rural? To rural places with persistent poverty and concentrations of communities of color? Do funding streams that invest in people as well as community and economic development include a fair proportion of rural coverage – and if not, how can they? Harness the power of your own central office to “do right by rural.” For example, consider procurement policies and practices – do you work with and support rural businesses in your region?

- **Exercise rural inclusion.** Be aware that the voices and needs of small places are often drowned out by the priorities and interests of bigger places. In response, be intentional about including rural voices. At national or regional conferences on any issue, having one rural-focused panel is not enough. A rural perspective adds value to every panel, not just for other rural people, but for what everyone can learn about strategy and practice innovation, and about rural America. Look at the makeup of your boards, staff and advisors – is there any rural voice at all? If there is, does it sufficiently represent rural’s many interests, breadth and diversity?

- **Track down policy differentials:** When writing a regulation, drafting legislation, or crafting something as simple as a telework policy, consider the potential effects on a range of rural populations and places. Consider differences in rural infrastructure, geography, distance, historic investment, information, power or access. Are decisions creating opportunities for people in different kinds of rural places, maintaining existing barriers to opportunity, or creating new barriers for rural people, organizations and firms?
2. INCREASE AMERICA’S RURAL CULTURAL COMPETENCY

Working in rural places requires a cultural competency rarely found in our predominately urban nation. Common misperceptions about rural people and places make productive communication and action challenging. The media over-represents a dystopic rural America – including social media specifically engineered for this purpose. Persistent negative images portray all of rural America as emptying out, rife with guns and drugs, festooned with faded flag bunting from bygone eras, and stocked with TV remote controls in the hands of residents in recliners. It also portrays rural America as white, with no diversity.

There is distress in rural America, just as there is in urban America. But, also as in urban America, rural has areas of striking innovation and growth, cultural richness and good jobs, beauty and enterprise. It also has people of every creed, politics and color, with immigrants and people of color the fastest growing demographic group in rural places.

Changing the negative and incorrect rural narrative to a truer, more balanced and nuanced narrative must start at home – everyone’s home. Many public sector professionals, foundation leaders, and investors, along with the media and some rural residents themselves, perpetuate negative stereotypes by repeating them or saying nothing. We all have some rural learning to do.

Language is important – sensitivity to language is important to getting work done anywhere. Many Hub leaders noted that the language funders use to articulate needs, priorities and challenges differs from the language rural people use – even when they’re trying to say the same thing. This challenge is compounded by the reality that language varies within rural, by region and culture. At times, Hubs must “code switch” between the words of funders and the words of rural communities. Hubs are well-positioned to serve as a broker, translating local language and norms into the parlance of government, philanthropy or the private sector – and back again. But this dynamic can be challenging to navigate.

RECOMMENDATIONS:

• Balance your rural media and data diet — and investment. Seek a truer picture of the range of place, culture, people and economy in rural America. For every negative article, video or news bite, seek a positive one. Ready sources include The Daily Yonder, reporters associated with the Institute for Rural Journalism and Community Issues, the America’s Rural Opportunity Series, the Life and Health in Rural America Series, a few mainstream media outlets that intentionally offer balanced content, and the websites and newsletters produced by Hubs and national rural organizations. Invest in fair media, both about rural and in rural, that balances analysis and informs about solutions, things that work and don’t, and why or why not. Consider your role in shedding light on the multiculturalism, diversity, nuance, and innovation within rural communities as part of your investment strategy. Also, check the rural data cited by any source before reusing it – to ensure it is valid, accurate and used with appropriate context.

• Erase stereotypes. Exercise the same balance, adherence to facts, and accurate portrayal of rural economic and population diversity in what you and your organization say and do. Feature people who live and work rural, including American Indians, Hispanic and Latinx Americans, African Americans and the growing population of immigrants from a multitude of nations. Vary the photo images you use, beyond stereotype – corn fields, tractors and vegetable stands represent only one aspect of rural America. Speak up when people or the media cite incorrect or one-sided facts or impressions about rural America.

• Listen for meaning. Listen closely not just for what words are used but for why they are used and the values behind them. For example, if a rural organization presents its focus as “What do we need to do to make our community a better place to live for everyone?”, recognize that it may be really talking about equity without using the word “equity,” for reasons important to its work on the ground. Meaningful attempts at

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Listen and learn how to be respectful of the culture you’re walking into. Parts of rural America may be anti-government or have other ideological divisions, but everywhere I go, people are completely and totally in love with their communities and committed to making sure their communities can thrive. They can see indicators that their communities are declining economically, but they are willing to work so hard. There is so much volunteerism, so much community leadership. What’s important is respecting that and not coming in with your own agenda. Instead meeting people where they are is key.

Anne Kubisch
The Ford Family Foundation
honest communication can be dicey and difficult, but developing a shared language of understanding unlocks the door to trust and respect.

- **Get cities to know and go rural.** Encourage urban initiatives to analyze the “interdependence value” that nearby rural adds to their economy (and vice versa). Provide incentives for a wider regional development effort that prioritizes equity and includes both urban and rural outcomes. The city of Sacramento, for example, has a rural-urban connections strategy manager within its regional council of governments who has prompted thinking about transportation, land-use, agriculture, and water management across the region.

- **Go there.** When you have a choice, go rural. Fly into flyover country. Hold more meetings and research activities in rural places, including Indian Country—and use them as an opportunity for you, your colleagues or other participants to visit with and learn from locals about what is and is not working. When you are looking for ideas or examples, always include rural perspectives and experience. And try the pie!

### 3. TRUST THE KNOW-WHAT AND KNOW-HOW OF RURAL DEVELOPMENT HUBS.

One takeaway truth arose in almost every Hub interview: the need for trust between all parties—between communities and Hubs as well as between Hubs and funders and investors. Hub leaders also stressed that trust takes time to build; it does not parachute in with a first conversation or investment.

Hubs value balance in the power dynamic with investors and policymakers—one that welcomes honest, open conversation. This enables both to share what they have learned, consider options, and think strategy. And it builds mutual respect. Many Hub leaders stressed how much they value the learning and social capital that come from frank exchange and idea-sharing with foundations and other partners.

Many rural people feel that outsiders perceive them and their organizations as not particularly savvy, up to speed or creative in their work—and that urbanites think they have nothing to learn from rural experience. Hub leaders highlighted one way to counter this: Funders and investors from outside the community must trust people on rural ground to design programming based on experience and tailored to the local situation.

Noting that rural people do not want to have outcomes dictated to them, Nick Mitchell-Bennett of the Brownsville Community Development Corporation in Texas summed it up succinctly, “If you are going to invest in Appalachia or Indian Country, let folks in Indian Country or in Appalachia define it the way it needs to work. If you trust that they will do good stuff, then let them do good stuff.”

### RECOMMENDATIONS:

- **Humbly learn.** Meet rural organizations and communities where they are and take the time to understand their starting point. Listen first. Start conversations by learning what Hubs know about their region’s situation, and what will help them respond to community needs and opportunity. Talk regularly to build trust.

- **Be willing to flex an agenda.** A big signal that you trust someone is when you change plans because of something they told you. There is a perception, occasionally true, that public, philanthropic and private investors arrive with the answer before asking any questions. If 10 rural Hubs report the real issue is “X,” but investors plan to do “Y,” that’s a good indication that the investment won’t work well. For both rural and investors to do better, consider that “X” factor.

- **Creatively build trust and mutual understanding.** If you are not rural-based, craft new ways to shift the thinking within your organization to better understand what it takes to work in rural places. For example, one regional funder had every staff member shadow a rural grantee for a week. Accept the occasional glorious failure as the price of innovation.
4. REIMAGINE WHAT “IMPACT” MEANS IN RURAL CONTEXTS.

Investors – government, foundations, the private sector or individual donors – generally want their investments to achieve the greatest possible impact. This often is articulated as “achieving scale.” Both scale and impact typically are defined as affecting more – whether it means more people, more businesses or more of something else. This “more” is often measured as raw numbers. This does not bode well for rural places because they will always lose a “large numbers” competition to urban.

The truth is that measuring only by raw numbers is limiting. There are other ways to think about impact. Here are ideas, harvested from our Hub exchanges, about what contributes to “rural-scale” thinking and to making a big impact in small places.

- **Impact as percentages, not raw numbers.** Investors often equate impact with “how many” rather than “what proportion of.” If a rural program successfully loans to 20 of 50 local businesses, and an urban counterpart loans to 150 of its 1000 businesses, the rural impact percentage (40%) is much higher than the urban (15%), even though the raw number is lower. Likewise, an investment that creates 20 jobs in a small town may employ a larger share of the working population and have a bigger community impact than creating 200 new jobs in a city. The same calculus might apply to patients treated as a percentage of a health-vulnerable population, or per capita revenue produced via tourism-related tax dollars, and so on. This may seem obvious, but it surprisingly is not.

- **Impact as outcomes.** Too often “impact” is measured via activities that are really “outputs”— for example, completed activities like the number of housing units constructed, number of loans made, number of meals served. These measures are useful to document action needed along the path, but long-run impact is all about outcomes on the well-being of people and place. With health, economic and social outcomes that lag urban areas, there is an urgent need to focus more on measuring short, intermediate and long-term outcomes in rural places, and verifying the connections between them.

- **Impact as reducing disparities.** There are places in rural America without running water and proper sanitation, with sub-standard housing, without broadband. Often these are places of persistent poverty, with high concentrations of people of color, and places that the 21st century economy has left behind. Investing to narrow disparities among race, class or place is another way of thinking about impact.

- **Impact as policy-change potential.** Impact can be accomplished by changing public and private policy so it enables – or no longer hinders – some aspect of development critical to progress in many rural places. Impact can also be accomplished via strengthening rural support for changes to a state or national policy that affects both rural and urban strategies and outcomes.

- **Impact as region-wide results.** Hubs, like investors, care about action or investments that improve the entire region today and set it on a better path for the future. What Hubs can do that few other civic-sector rural entities can is to make a region-wide impact. Whether it is essential infrastructure like water systems or broadband or filling a missing service gap, like dental care, that improves population health, Hubs make a region-wide, whole-community impact in rural.

**RECOMMENDATIONS:**

Impact is not where you start. It’s where you finish. From today’s starting block, getting rural America to the finish line means investing both in what already constitutes impact in rural, and in action that can eventually produce larger-number, cross-rural scale.

- **Co-create impact measures from relative starting points.** Impact in a company town that just lost its primary employer won’t look the same as in a remote tribal region that has struggled with systemic disinvestment for decades. It is possible to achieve significant impact in each place, but the metrics and measures will vary. Examine programs and reporting requirements to determine how “impact” is measured in rural investments to ensure it is measured based on proportional impact, not simply raw numbers — or is measured using one of the other concepts mentioned above. Don’t walk into a rural region with a rigid set of outcomes to achieve; instead, work with Hubs to develop measures that are meaningful and realistic indicators of progress for the region and the Hub, based on the conditions particular to the place, the starting point, and the work for which the Hub is best suited — or is building its capacity — to implement.
• **Invest in R&D for rural-friendly metrics and data.** Public, private and philanthropic funders and investors tend to focus on counting “widget” outputs rather than the critical preconditions or results that comprise or contribute to longer-term impact. This is confounded by the fact that good data at the rural level is notoriously meagre – even to measure outputs, much less more meaningful outcomes or impacts. Thus, for rural practitioners, determining a measure’s starting point and change data is a constant challenge. Few rural Hubs have the data capacity to fill data gaps or to devise inventive workarounds. Support research and development of rural-friendly metrics and data-sources that make it easier for rural practitioners and investors alike to track rural wealth creation, social and economic outcomes, and impact.

• **Employ partnerships.** National, multi-state and statewide initiatives often struggle to balance bandwidth with their need to reach enough communities in their operating footprint. In these cases, consider finding a Hub or a national or multi-state regional organization partner that already has a deep rural network, and work with them to help design, manage and mine the effort to pursue and achieve greater impact.

• **Support steps toward policy change.** Support rural action that defines or speeds helpful policy change. Hub activities can help create policy impact if they contribute to any or all of these four factors: (a) Pilot or identify – through local innovation or cross-site research – a policy change that will help rural (and possibly urban) places beyond their own, (b) Analyze and project the impact of the potential change, (c) Increase understanding of the policy change and its likely beneficial impact, and (d) Advocate for change.
5. DETECT AND ERADICATE GOVERNMENT SYSTEMS AND STRUCTURES THAT DISADVANTAGE RURAL AMERICA.

Rural communities and rural regions function within systems, forces and structures outside of their control – corporate concentration, financialization, widening wealth inequality and the technological revolution. These have ever-present effects on rural people, communities and economies. Rural communities are also disproportionately affected by the geographic concentration of power and wealth on the coasts, by globalization and trade, by changes in media, journalism and how information moves in the age of broadband, and by shifts in climate and ecological systems intertwined with the land, air and water that undergird rural lives and economies.

These tremendous economic and demographic transitions affect everything from a rural community’s sense of identity to its tax base and its local government’s ability to provide basic services. Indeed, how rural places are governed and financed is fundamental to the persistent differential between urban and rural areas. Nearly two-thirds of the nation’s roughly 3,100 counties are designated as rural. Most rural counties contain many independent municipalities, and rural county and local governments are typically small. State and federal fiscal policy and funding streams determine to a great extent what these local governments are required and allowed to do – as well as the resources available to help them do it. In recent years, even as federal and state unfunded mandates for state and local governments have increased, public funding streams for many state and local government activities have decreased, placing under-resourced rural places in a tighter bind. Beyond basic safety, education and infrastructure services, local government capacity in rural places for “non-essential” activities such as planning, economic development or community engagement is quite limited. When strategic and sufficiently resourced local governments partner with Hubs, they can be dynamic duos. But anecdotal evidence indicates that Hubs often pick up the slack when local governments are weak, strapped or lack capacity.

Most Hub leaders can point to federal or state laws, regulations, programs, policies and systems that solidify rural disadvantage. For example, the Community Development Block Grant (CDBG) program distributes funds using a fixed urban-centric formula set in statute. Most rural places do not receive funds through that CDBG Entitlement Program formula and must fight each other for the much smaller remainder of CDBG funds distributed competitively through the State CDBG program. Likewise, the Community Reinvestment Act (CRA), created in response to redlining, provides a proactive way to hold financial institutions accountable for serving underserved areas. To satisfy CRA requirements, financial institutions must demonstrate that they serve all their “assessment areas.” But CRA regulations require that assessment areas be based, in part, on where bank branches and deposit-taking ATMs are located – which in effect excludes already underserved rural communities that typically have neither. Thus, rural places in these banks’ regions may remain underserved with no way to hold the financial institution accountable.* Such systems and policies diminish rural chances to assemble resources to make things better.

Conversely, sometimes rural places are disadvantaged simply because there are no frameworks or systems in place – and, thus, no way to account for effects on or contributions of rural places. For example:

- Policymakers routinely estimate and consider the negative externalities associated with significant policy choices. The Clean Air Act, for example, provides a framework for considering and assigning a value to the negative effects of poor air quality on health and well-being, and subsequent decisions take this value into account. By contrast, though for centuries we have extracted natural resources and wealth from rural America to build the nation, little of the urban wealth created from these assets has flowed back to rural places. We have no framework to value the positive externalities that rural America has produced – or

*As of publication, the regulation governing CRA is under revision; many rural entities are optimistic that a new rule will “do right” (or better) by rural.
could produce — for America as a whole. Instead of using taxpayer dollars for business recruitment, for example, we could provide incentives for adding value through practices that responsibly steward natural capital (e.g., sustainable wood products and renewable energy) or that contribute to health and well-being (e.g., cleaner water, wildlife habitat, better food and building products).

- When the Office of Management and Budget estimates that a federal regulation will have an annual impact on the economy of at least $100 million, it triggers a more rigorous analysis of that rule’s full consequences. But that analysis evaluates aggregate impact only on the GDP and whole industry sectors. It does not consider specific local and regional effects. For example, a merger between two companies might bring down nationwide costs for goods and services but do so by eliminating thousands of rural jobs or putting many rural Main Street businesses out of business. Currently, no framework or criteria prompt federal policymakers to consider how a policy decision — be it approval of a merger, a trade deal or design of a funding formula — will affect geographies and communities of different sizes.

In addition, a host of existing laws and policies that specifically address rural needs have not kept up with the times. The Secure Rural Schools Act, for example, provides counties with school finance funding if their land base comprises primarily public land and thus produces little property tax revenue — like a state forest or national park. The Act’s funding formula is partly based on timber receipts. The shifts in the timber industry and changes in forest management have drastically altered how this program works — or doesn’t work for rural places. From agriculture to taxes, there are countless other laws and policies that, like this one, were designed for a 19th or 20th century rural (and analog) nation that no longer exists.

**RECOMMENDATIONS:**

- **Conduct rural impact audits of existing laws, program criteria and regulations.** It has taken a while to land rural America in this long-unexamined situation. It is time to take “rural stock” to identify the existing government regulations, program structures, system designs and formulas that are the most problematic for rural people, places and firms, and which, if changed, would leverage the most opportunity for healthier development and for improving equity. This is not a small task. It requires careful, methodical analysis. It is important work that can be done specified to the federal, state or sub-state level. It can be conducted by government itself, by universities or qualified researchers in think tanks or commercial firms. Foundations, investors or government at any level could financially support it, focusing on their geography of interest.

- **Assess and fact-check programs against promises and projections.** It is also important — and too rarely done — to take stock of whether programs actually deliver what they promise to rural places and people. These promises might be specific outcomes (e.g., jobs and wage levels), processes (e.g., engaging residents or employees in decision-making) or funding streams (e.g., tax revenues). Without some after-the-fact assessment or evaluation of what actually happened, elected and agency officials can claim success without accountability.

- **Support rural data collection, platforms and analysis.** Very little of the above can be done without reliable data at the rural level. The federal government now produces less granular rural data than it has in the past, and most “big data” projects now operating outside of government still short stop of detailed analysis when it comes to rural. There is plenty good room for foundations, corporate philanthropy and investors to support innovations in collecting and analyzing rural data — and in making it widely available for use.

- **Broadcast and use the results of these rural analyses.** The value of these audits and assessments are only as good as the change they engender. Foundations and other investors can support the spread of the facts and results, communicating key findings in both popular and specialized media, and through training for stakeholders to develop effective messages using the data.
6. DESIGN POLICIES AND PROGRAMS WITH RURAL IMPLEMENTATION IN MIND.

To advance rural progress, many programs, initiatives and investment opportunities could be better designed to make it easier for rural governments, businesses, Hubs and others to access the funding and resources they need to drive innovation in their region. A recent memo from the White House Rural Council to all federal agencies underlines this point, providing leading examples of “rural un-friendly” design and suggested remedies. From a goose and gander standpoint, what’s good for government rural redesign would be good for all investors.

Policy and program design that does not consider rural realities erects needless and sometimes perverse barriers – likely unintended – to accessing or using programs and investment opportunities. Intentional design that accounts for rural realities can control for many of these barriers. Here are some common barriers that Hubs point to:

- **Demography and geography restrictions.** Eligibility criteria that specify, for example, that “…the proposed geographic area must have at least 10,000 residents” rule out applications from many remote rural regions and tribal areas. Eligibility criteria that rely on census tracts and neglect any explanation for how rural applicants should address complexities like including or excluding metro areas, working in multiple counties, or navigating tribal boundaries fail to provide rural applicants the information they need to submit a successful application.

- **Size, cost and timeframe expectations.** At times, the required minimum size of a grant may be too large for a rural organization to realistically deploy in its region; given the Hub’s capacity or the region’s realities, it could overwhelm other essential work within the grant period. On the other side of the coin, long distances can cost rural organizations more in time and dollars to do certain kinds of work on rural ground; thus, small (or any size) grants can at times present a problem if program designers expect time and distance to cost the same as in urban. Even a grant-required flight to a national meeting of peers could require a three-hour drive to a regional airport and then a flight with a layover, all extra time and money that subtracts from a rural organization’s bottom line. Rarely do funding formulas fully account for differences in indirect cost rates or simply higher travel costs for rural-focused organizations. Also, the set timeframe in which a grant or program must produce required results can prove unrealistic for some rural places. Especially in rural areas with extreme distress or persistent poverty conditions, pursuing a funder’s desired outcomes may require additional preparation and readiness work in the community. Rigid timeframes can keep rural places from even applying.

- **Dictating the how.** Funders sometimes offer opportunities to deploy a specific strategy, approach, methodology or tool. In some cases, they are funding a pilot effort to learn if and how the approach works for rural – a useful thing that makes sense. In other cases, the approach has worked in some urban elsewhere, and a well-meaning funder now seeks rural replication of that precise model. Rural organizations may want to pursue this much-needed opportunity but realize it won’t work well in their community for several reasons, so they don’t apply. Or they do apply, in order to secure rare resources, and end up devoting extra unsupported time and effort trying to make something work that is not rural-friendly. For example, a recent national philanthropic initiative required forming local foundation collaboratives in order to participate. When aspiring rural areas applied that could not form a collaborative because they had only one foundation in their region, they were told they could not apply.

- **Scoring criteria and process.** Rural applicants often compete against urban counterparts when applying for funding. Some grant applications are scored using rigid criteria (such as high population density or walkability ratings) that immediately place rural at a disadvantage. Another confounding example: An applicant may be headquartered, for good reason, in the largest town or city in the applying rural region, but the application requires making itself a job in itself, and the resulting application can appear convoluted and bias any urban-centric application scorers against rural applicants.

- **Reporting and evaluation burden.** Some funders and investors require record-keeping, reporting and analysis that demands extensive time, expertise and even equipment capacity beyond
a rural organization’s reach. The simple act of applying and reporting online can be a bear in rural places that lack decent broadband coverage or upload/download speeds. Having to collect certain kinds of data, report frequently, and include non-relevant detail can strap rural non-profits that are less likely than their urban counterparts to have staff solely dedicated to such tasks. In addition, due to factors like time-lags, high error rates and the straight-up lack of available data at the sub-county level, even the most data-savvy rural organizations are persistently challenged by data reporting and evaluation requirements.

- **Match Requirements.** Many programs and initiatives require local organizations receiving funding awards or investments to match the contribution. The principles behind match – sharing risk, demonstrating a “skin in the game” level of commitment, and bringing more resources to the table – are sound. For Hubs, the issue is not the concept of match; it is the size and requirements of some matches, as well as the fairness with which some are deployed. Many rural regions have fewer local foundations, individual donors, organizations or companies that can be tapped for match. And that small group is tapped for everything, locally, including keeping the doors of Hubs and their partner organizations open. Rural municipalities and districts have limited tax revenue, and what they do have is heavily restricted, so they are rarely a good source for match. Despite this, many state, multi-state and national initiatives require rural match that equals, or sometimes exceeds, what is required of urban participants. Another issue is what counts as match. Many rural efforts require and, by necessity, rely on significant volunteer effort, but the value of volunteer hours and donated goods typically are not allowable as match.

**RECOMMENDATIONS:**

- **Make rural a forethought, not an afterthought.** When designing a new program, initiative, or a new funding or investment opportunity, commit time and resources on the front end to answer the question: What does it take to do this work in rural? Do this before establishing application criteria, outcomes expectations, and implementation requirements. Make it someone’s job to see and understand the rural consequences of program design. For example, a state government’s rural policy office (if there is one) could act as a central clearinghouse and technical assistance provider to state agencies – reviewing programs and rules and acting as an in-house go-to guide for all things rural. Use discretion to direct funding, staff time and resources towards high-need or underserved places.

- **Conduct regular rural participation and results audits.** On a regular cycle – at least once every two years – reexamine the existing community and economic development funding or partnership programs you fund or invest in, including those intended to reach individuals and families, to gauge rural participation and results. Use what you learn about what helped or hindered rural progress and/or rural participation to adjust program design, criteria and regulations. When making changes in response to what you learn, recruit and compensate a small group of rural experts and practitioners from different types of rural places and economies to review application, design and operations criteria for grants, loans and awards to learn how the criteria might affect rural and tribal applicants’ ability to apply and participate.

- **Simplify, support and redesign application processes.** Consider offering separate applications with distinct criteria for urban and rural places, in order to increase the number of successful applications from rural. Consider running separate review processes or panels for urban, rural and tribal applications. Also remember there is no “one rural” – so designs may need to take into account critical differences across rural – remote versus metro-adjacent rural, county sizes, different governance structures, and the like. Lower the barrier to apply by breaking the application process into multiple stages and asking for additional material only from applicants that advance to the next round. To help low-resourced and marginalized rural regions access funding and partnership opportunities, provide technical assistance, training and support so Hubs and other rural entities build the capacity they need to write strong applications.

- **Be flexible.** Balance the need for standardization with useful discretion to better address the needs and situation of a rural place or organization. Offer rural applicants the opportunity to discuss and negotiate flexibility when it comes to participation criteria, time frame, amounts, required methods, expected outcomes and how they will be measured. For example, if rural partners can’t access valid data to prove eligibility or demonstrate impact, invest in creating it or work with them to determine how to measure what is needed. Or, when match is required, design the match parameters with sensitivity to rural realities. Make them reasonably lower than – or at the very least, on par with – urban programs. Allow in-kind services and goods to qualify as match in rural regions, and/or negotiate match ratio, timeframe and other factors in the match compact. Alternatively, funders and investors could organize pools of funds specifically to provide rural match as a social impact investment, especially for high-need places, such as persistent poverty regions or those suffering significant distress due to economic turmoil or natural disasters.
7. SUPPORT ANALYSIS, PLANNING AND ACTION AT THE REGIONAL LEVEL.

Although working as a region makes sense for rural community and economic development, few systems or structures exist to do so. While there are often coordinating bodies – for example, councils of governments or regional planning districts – there is no established “government of a region” to make comprehensive decisions or investments on behalf of the region as a whole. A river water conservation district that spans 15 counties, a workforce board, or a tourism association might provide a platform to think regionally, but each of these entities has a relatively narrow mission with little flexibility to act outside its topical boundaries on other components of the region’s community and economic development system.

Enter Rural Development Hubs, which offer a platform for collaborative thinking and doing on a range of critical, interconnected, regional community and economic development challenges and opportunities. Hubs can prompt elected leaders, public servants, businesses, the leaders of local institutions, and residents to think about the region as a whole. And since many rural regions lack any formal cross-issue structure for regional planning or technical assistance to move from plan to action, Hubs often take on the role of strategic convener, systems thinker and advisor in the region.

But Hubs take on extra burdens to do this work. They need to analyze a region’s issues and conditions, fashion and finesse collaborations, and make the case to residents and resource providers that working as a region makes sense. This important analysis and strategy-setting component of Hub work is not something that government, foundations or other investors typically will fund. It is not a “project” or initiative that produces what look like tangible outcomes, even though it is the essential backbone for standing up ensuing efforts that will.

**RECOMMENDATIONS:**

Public and private investors, funders and partners can help raise the importance of – and make the case for – working regionally, and support what it takes to provide this regional platform.

- Support regional planning and analysis. Support Hub efforts to conduct regional analyses of economic and community development conditions and issues that undergird identifying assets, mapping systems, developing regional strategy and consensus, and determining appropriate “action-sheds” for collaboration.

- Encourage and reward regional action. Call for and set aside specific resources for regional efforts. Provide incentives for acting regionally and for cross-sector, cross-community collaboration by giving preference to regional approaches in selection processes or by supplying extra funding for the additional work it takes to formulate and manage regional efforts.

- Explore what defines a working region. Support Hub efforts to define a viable and coherent “working region” in their context, taking into account economic, population, equity, partnership, opportunity and sustainability factors. Or help create a tool that will help many Hubs and other intermediaries identify promising options for a working-region footprint.

- Nurture regional line-of-sight for interdependent rural and urban areas. Support the development of tools and evidence-based analysis that Hubs and regional actors can use to demonstrate the value that urban and rural areas in an intertwined region produce for each other – physically, economically and socially. Help rural-adjacent urban areas and urban-adjacent rural areas work together more for efficiency and effectiveness. Policymakers, academics and investors of all kinds can start by asking who inhabits the universe that their policies or investments either depend on or affect. Think “region” – and about the people not in the room, the places that might be left behind – and bring them into the conversation from the start.

- Increase public investment in rural and regional institutions. Create more sources of public support for rural and regional intermediaries. For example: Update USDA Rural Development Rural Business Service programs to reflect the role of rural intermediary organizations as drivers of rural innovation. Revisit funding formulas and eligibility criteria for HUD technical assistance programs to ensure that rural
intermediaries, including Hubs, get a fair shake. Increase funding for the Community Development Financial Institutions Fund in the U.S. Department of the Treasury and consider how the Economic Development Administration can use the programs and tools it has to partner with and invest in Hubs.

• **Fill gaps in Hub capacity and coverage.** Large-scale impact can be hard to achieve community by community. Hubs are essentially “action bundlers” that help amass opportunity, challenges and action to produce impact. In geographic regions that lack Hubs, support their creation by making long-term, core funding investments. Help existing intermediaries that are willing and able to develop more capacity, range and tools to become Hubs. Support existing Hubs that want to extend their work into neighboring rural areas — by providing more funding for their core or their back-office transactional work. Invest in a Hub’s revenue-producing social enterprise if it helps the financial bottom line or improves service — especially if it has the potential to do the same for Hubs in other regions.

8. **BOOST PEER LEARNING FOR HUB STAFF AND BOARD LEADERS.**

Rural and regional work can be lonely. The physical geography and sheer geographic size of many rural regions contribute to a sense of isolation. Hub work can also be lonely because the number of transformation-focused rural practitioner colleagues is small — and most of them are far away.

When asked what they would do with a new source of flexible funds, many Hub leaders responded that they would try to share what they have learned with others. They also would double down to better understand what is working, why it works within certain communities, and what is replicable. Hub leaders also find great value in site visits to locations with excellent rural practices; seeing how other regions work inspires Hub staff and board members to adapt and innovate back home.

But Hubs — and many other intermediaries doing aspects of rural community and economic development — have no forum or vehicle to exchange learning, and few places to turn for ideas, advice and innovation leadership. And Hub leaders must scrape together funds to participate in professional development activities such as conferences, workshops and site visits. When they manage to get to promising national or multi-state convenings, they often find that rural speakers, examples and discussion are a relative asterisk on the agenda.

And there are other rubs. Because there is no organized curriculum or “major” at colleges or universities aligned with what a Hub does in rural America, the task of training staff is typically added to the plate of the Hub CEO or senior staff. And while board members are critical to establishing and maintaining a Hub’s systems-focused, cross-sector and transformational mission, when they retire, it takes time and effort to bring new board members up to speed on what a Hub does. That is a task in itself, usually delegated to the overburdened CEO. Yet, if not done, Hubs can totally change character when an executive director leaves and the board does not understand what skills they should look for in a new leader. Finally, like all organizations doing complex work, rural development organizations find it hard to marshal the time, dollar and staff resources to engage in a reflection-plan-action cycle, and to develop and track reliable measures needed to evaluate their work in relation to its intended outcomes.

In short, Hubs and other intermediaries want more rural-specific peer-learning opportunities and reflection resources, both for their organization’s and region’s benefit, and to signal validation of their difficult work in and for America.

**RECOMMENDATIONS:**

• **Create and sponsor rural action-learning cohorts.** Support well-structured, cross-site, cross-time rural peer-learning cohorts to help sets of Hubs and would-be Hub colleagues “go deep together” while each is addressing a specific similar challenge or set of challenges over the course of one to two years. Action-learning peer cohorts not only help participants make significant progress on the focus issue; they also catalyze organizational development, speed adaptation of innovations, and produce ideas for policy changes – all of which help produce scale.
• **Organize site visits.** Design opportunities, as part of national, multi-state, statewide and local initiatives, for rural staff, board members and partners to visit sites of excellence — in other words, each other — in order to share good practice and advice. Structure these so multiple teams can visit at the same time, which saves effort on the part of the site being visited and creates opportunity for the visiting teams to share and advise each other. Include site visits and peer-learning in funding budgets as a standard operating practice for the rural places and programs you invest in.

• **Conduct rural emerging-issue labs.** When common development issues surface in rural places and practice, or innovations and opportunities break through in development practice and policy, organize rural-specific learning laboratories to tackle the topic and ensure that early learning and insight is shared among rural and non-rural stakeholders and actors.

• **Organize and sponsor rural-specific convenings and networks.** Help rural innovators find rural innovators by supporting and conducting rural-only conferences and meetings for practitioners and board members. Establish a reliable, dedicated, intentional and well-funded national learning network for Hubs and other intermediaries throughout the country.

• **Support critical evaluation.** Provide resources and create partnerships — for example, with colleges and universities with rural and development expertise — to facilitate the evaluation of significant rural initiatives and innovations.

• **Develop next-gen leadership.** Create training, mentorship, fellowship, rural-specific education curriculum and other opportunities to help prepare young people eager to improve outcomes in rural America.
9. CREATE PIPELINES AND MARKETPLACES THAT CONNECT INVESTORS TO AMERICA’S RURAL DEVELOPMENT.

This is an era of relatively rapid innovation in investment vehicles and methods — from crowdfunding, to product placement partnerships where “$1 of every purchase goes to X,” to impact investing that seeks multiple (e.g., economic, equity, environmental) bottom-lines, to federally-designated Opportunity Zones that provide tax benefits to Zone investors. Although Hubs and other intermediaries try to quickly adapt, these investment trends and their benefits don’t easily find their way to rural America.

For example, the growing number of pooled investment funds created by high net worth donors, foundations and others rarely connect to rural opportunity, and many aren’t even looking for it. The burst of action around Opportunity Zones, for example, lacks sufficient bundlers or brokers who can help rural places access Zone investors. There is no marketplace to aggregate, make matches and channel available resources to rural places, rural projects or rural deals ripe for investment dollars. The universe of potential investors have no obvious switching station to find viable and exciting rural investment prospects, and the universe of potentially investable rural deals have no apparent switching station to find investors who might be interested. In other cases, rural places can’t act quickly enough to “ready good deals” in order to snag the available dollars.

And often there is a mismatch between the size and type of available capital — or an investor’s expectations — and what a rural project requires. For example, a community may need $5 million to upgrade a portion of its water system, with an anticipated return to the investor of 5%. But the investor may be looking to invest $50 million, with an expected return of 10%. Perhaps there is room to compromise on the return and, in theory, multiple rural projects could be bundled together to create a $50 million deal. The hitch is that finding these deals and creating a pipeline of investable projects tailored to meet the needs of both communities and investors is a whole lot of work. This could become an industry, but it is an industry in need of development — and a viable financial model.

The good news is that the recent national hype around impact investing is settling into solid action — and some rural community and family foundations and CDFIs are blazing trails on this front. A national support infrastructure for rural-focused impact investing is even developing — via LOCUS Impact Investing, piloted by a rural-serving CDFI. One Hub — the Kansas Health Foundation — has partnered with NetWork Kansas, a statewide organization cultivating an entrepreneurial ecosystem, to set up a statewide Community Philanthropy Innovation Fund. The Fund will match local impact investments curated and recommended by community vetting teams, while NetWork Kansas provides technical assistance to the funded enterprises and projects. (Now that’s a system!)

One innovative community foundation Hub — Incourage in south Wood County, Wisconsin – is breaking national ground in policy and practice with its commitment to invest all of its assets toward mission, emphasizing local enterprise and local benefit. For example, Incourage bought a local underutilized waterfront building, the Tribune, and has engaged hundreds of community members in designing the building for reuse. Incourage has developed investment-policy screens for its endowment that preference local and nearby businesses, or industries important to the local economic base. And Incourage is exercising its rights as a shareholder, related to the policies and practices of firms in its portfolio that create benefit or hardship for the region’s economy, environment and people. That’s a high bar, but it is being set — and being set in rural America. By a rural Hub organization.

Even so, these burgeoning investment opportunities are hard for most rural communities and businesses to tap. So, there is great potential. But Hubs, already punching above their weight class, would benefit from more resources and expertise in their corner to help snag a fair share of these investment opportunities for rural America.
RECOMMENDATIONS:

• **Support regional rural-deal preparation and readiness services.** Support Hub practices, innovations, tools and technical assistance services that help identify rural enterprises worthy of investment, prepare the enterprises to be “shovel-ready,” and promote them to investors.

• **Invest endowments in rural America.** Foundations and other organizations with endowments can invest a portion or all of their endowment portfolio in enterprises within rural portions of their geographic coverage areas or in industries that are critical to rural people, place and economy. Partner with rural CDFI Hubs or other relevant Hubs to conduct due diligence, technical assistance and loan-servicing when these investments provide direct loans to businesses.

• **Pool funds for rural development.** Interested public, philanthropic and private investors could help establish and contribute to a national – or multiple regional – pooled investment funds designated for investment in rural places, sectors, value chains, firms and organizations.

• **Stand up regional rural-development-investment switching stations.** Support the creation of regional, statewide, national, or industry-specific marketplace clearinghouses – and the development of a viable business model – to promote and connect the pipeline of investable, community-driven rural project and business deals to investors looking for return and impact.

• **Invest in rural social enterprises.** Hubs, just like high-performing urban counterparts, get good ideas that can become products or services others want and will pay for, producing revenue that helps sustain their organizations. As with any social enterprise, rural Hubs need capital to conduct the essential R&D, prototyping and market research needed to bring a new product or service to market. Recent decades have seen substantial interest and capital invested in urban innovation and social enterprise, but little in rural social ventures – despite plenty of concern about rural. Social enterprise is one route to achieving scale – so focus more multiple-bottom-line capital on rural innovators.
10. STRUCTURE INVESTMENTS AND INITIATIVES TO STRENGTHEN AND SUSTAIN SYSTEM-CHANGING ORGANIZATIONS.

The Hub leaders we consulted documented the considerable challenges they face to keep their organizations going. Like striving families and gig economy workers, many Hubs must “patch together” their organization’s income from multiple part-time jobs. They do so while meeting all the complex demands of running a “whole” organization in an environment where project funding is short-term, the pay for the toughest work is unpredictable with no safety net, and the regional economy, environment and social situation regularly call for a change in action.

Hubs patch their core operational funding together by pulling small amounts from projects here and there, running annual appeals for small gifts from locals, building smallish operating endowments (if they are lucky), and the like. Most funding that they raise is restricted to specific activities; and each thing funded brings different requirements, time frames and objectives, all of which have to be stitched together like a quilt. Planning — even for the next year — is extremely difficult due to uncertainty factors. For example, will a one-year funding stream be renewed? Will changing project requirements demand new staff capacity? Will “hot new trend” funder priorities eliminate funding for an effort that has just taken hold?

This is no way to run a Hub. By changing some practices, investors who care about rural America can help stabilize and build the capacity of effective rural organizations to do more, do better, and sustain efforts that work.

RECOMMENDATIONS:

• **Provide core operational and unrestricted programmatic support.** Policies that prohibit the use of funds for core operating support are not rural-friendly. Operating support is an investment in the long-term sustainability of an organization that is driving innovation in rural development. It covers the basic “gotta-have-it” administrative systems and leadership that any effective organization needs — and the breathing room to work on system mapping and strategy. Beyond that, helping a Hub build an operating endowment that helps stabilize a portion of its financial base over time is a gift that keeps on giving. Likewise, funds designated for specific program uses are helpful, but the restrictions they sometimes include can keep a rural organization from addressing a related or cross-cutting issue that could make a big difference. Flexible dollars allow Hubs to adjust efforts to “fit” rural, to build relationships and show up in the region, to engage the community in design, to do research and development — and to experiment when innovation is needed. Unrestricted dollars also place agency and power in the hands of local decision-makers — a value that many funders and investors champion.

• **Commit funds over longer time frames.** It is no secret that short-term funding rarely produces long-term results — nor is it uncommon knowledge that much of the funding intended to generate significant community and economic development outcomes arrives in one-year increments. Hub leaders emphasized that multi-year funding unleashes their ability to really “get at” a problem or opportunity, innovate and address it in system-changing and tailored ways.

• **Embrace innovation.** Don’t penalize risk-taking. Hub leaders reported that unless organizations have a stable core, the tough competition for resources perpetuates a scarcity mindset, making an organization more risk-averse — a disincentive for innovation. The lesson: Don’t immediately throw in the towel when Hubs try but fail. Failure may be a sign of healthy risk-taking. Defunding an organization that is trying something new inhibits the productive creativity needed to change rural outcomes.

• **New is not always better; don’t neglect to fund what has proven to work.** Hubs that have been at this rural work for decades seek investors who will support what is known to work, rather than constantly piloting or building new programs. Many Hub leaders mentioned efforts that they had to scale back or scrap — even though the efforts were working — because investors preferred to fund the next new idea. One rule of thumb worth considering: Balance an investment or funding portfolio by assigning restricted funding to the tried-and-true things and unrestricted funding to the new, complex and untested. Diversify!

These aren’t the kinds of things you can sprinkle fairy dust on and they will go away. [Hubs need] flexible, general operating support that allows them to do more of what they do...so they are not constantly working to chase the next dime.

Bill Bynum
HOPE
CREATE A CONSENSUS VISION AND FRAMEWORK FOR RURAL COMMUNITY AND ECONOMIC DEVELOPMENT.

Government, philanthropic and private investors have funded countless good efforts to improve the quality of life in rural America. Our interviews with 43 Hubs offered hard evidence that inventive methods and systems-change can make progress on critical development and equity issues in rural America. Capturing the breadth of creativity, the evolution in thinking, and the discrete practices Hubs and others are using to address old problems, adopt new ideas and reinvent rural economies, however, remains a challenge. Despite all the good deeds and transformative actions underway on the ground, a lack of cohesion and alignment is missing across the various efforts, accompanied by a vacuum of rural development vision at the national level – though the will and leadership to turn this around is now on the rise.

Consider this: The United Nations Sustainable Development Goals drive national and international action towards 17 shared/unifying long-term objectives that together signify improving the human condition. Thanks to the Paris Agreement climate accords, many nations are on track to meet – or in the process of adopting – aggressive renewable energy targets. The European Union has an overarching Rural Development Policy with six priorities and a set of corresponding Rural Development programs designed to help EU countries achieve these priorities that take into account each country’s geographic area and actions at the national, regional and local levels. In the U.S., when a natural disaster hits, the Stafford Act kicks in and the National Disaster Resilience Framework provides a system for coordinating disaster recovery across local, state and federal agencies. Goals and structures like these focus attention, establish a framework for aligned action, and ultimately drive both investment and policy change toward a common cause.

By contrast, there is no visible North Star, coherent framework, or theory of change that frames goals and organizes existing knowledge and understanding about what works in local and regional community and economic development to improve prosperity, mobility, health, opportunity and equity in rural America. But there could be – and should be. Knowledge is growing from the experience of residents, rural practitioners, intermediaries and Hubs in the hollows of Appalachia and the hills of Nebraska, the woods of Oregon and waters of Louisiana, the coasts of Maine and the pueblos of New Mexico. The task at hand is to assemble and organize what is known so that it is accessible, logical and actionable, propelling an increasingly cohering regional and rural community and economic development field – and informing even more useful research, effective practice, productive investment, creative action and redesigned policy.

With bottom-up knowledge, good science, smart policy, national expertise, and a cadre of committed leaders at hand, we can create a development framework truly fit for rural America. The task is gargantuan – that’s why we offer this as a “bonus” approach – but the time to build the vision and field is now.

RECOMMENDATIONS:

- **Create a “North Star” framework.**
  Shared vision and goals coupled with benchmarks and deadlines help drive action. Developing a robust, rigorous and modern regional and rural development vision and goals framework – one that reorients rural policy and practice around a long-term commitment to advancing equity along with prosperity outcomes, and that works across geographies and sectors – will require sustained attention and investment.

- **Build the learning function – and a stronger field.**
  Invest in building the field of rural community and economic development practice by sustaining the institutional development of rural-focused organizations and academic programs at the local, state and national level – actors who not only do economic and community development work but who also share knowledge from the field with the policy and academic worlds. Help national rural-focused intermediaries and institutions up their game so they can stop scraping for funding, and, instead, can engage on level footing with their urban-focused peers, work with each other more holistically and collaboratively across their respective “silos,” participate in the policy process, and better respond to practitioners. Create incentives for collaboration and finance the unrelenting work of coordination. Consider new and different coalitions and coordination in
building rural community and economic development into a vibrant, responsive, evidence-based and ever-evolving field. Cities are all the rage today; let’s create the same kind of momentum and institutional capacity for rural people and places.

- **Tap the seasoned while bringing in the new.** To keep the field from making old mistakes, and to chronicle useful stories and wisdom, honor the many practitioners, academics and policymakers who have dedicated their careers to rural community and economic development by capturing their knowledge before they retire. Support them — and the organizations they have led — with fellowships, oral history projects, and succession-planning grants to ensure that their experience informs the future. Concurrently, support and invest in developing a next-generation pipeline of savvy rural practitioners who want to lead rural community and economic development in their communities, become the next crop of rural sociologists, or serve in government. Help pursue both options by getting the old and new together through peer-learning, mentorships and other creative engagements.

- **Give rural tenure — and good data.** Connect, support and invest in universities and institutions that dive into rural realities and address the challenge of building evidence about what we know, what we need to learn and what we should measure under a rural development paradigm that aims to produce a range of community and individual asset-building outcomes. Maintain and invest in growing the rural-focused research expertise within the federal government, such as USDA’s Economic Research Service. Build tools that enable rural communities, regions, Hubs and governments to more easily access and use data and technology to drive decision-making, develop and implement programs, and evaluate impact.

- **Share the wealth of knowledge.** Create a system that enables rural practitioners to share their hard-earned wisdom from years of experience, useful failures and considerable successes with one another, as well as with academics and policymakers. Support regular peer-learning cohorts, site visits and other practitioner-driven learning opportunities; support practitioner sabbaticals to help with this process.

- **Reframe rural and communicate, communicate, communicate.** Replace the well-worn grooves in the American psyche about rural people and place. Invest in rewriting — and strategically communicating — rural narratives to showcase the diverse, complex, multi-cultural communities that comprise rural America and the value that rural places add to the nation as a whole. Support rural journalism, polling, message development and rural-focused communications platforms — and help Hubs along rural flyways, byways, highways and Main Streets share their stories far and wide.
APPENDICES
Endnotes


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All web addresses in these endnotes were active as of publication. For updates, please visit aspencsg.org and find the Endnotes page in the online version of this report. On that page, CSG will endeavor to provide either updated web addresses or an archive of any referenced resources for any web addresses printed here that become inactive.
Methodology

This Rural Development Hubs report is one product of research that the Aspen Institute Community Strategies Group (CSG) conducted in late 2018 and the first half of 2019 to address this framing question:

What actions could shift mindsets, construct or revise systems and policies, and build capacity to advance rural community and economic development in a way that improves equity, health and prosperity for future generations?

Our research activities included:

- **Literature Review.** CSG staff first collected and reviewed a wide range of publications – reports, books, academic papers, studies and lessons-learned articles and narratives – to help shape our thinking for our interview protocol and to ground the introductory sections of this report.

- **Hub Interviews.** CSG staff then conducted in-depth interviews with 43 different rural and regional intermediary organizations. *(See Appendix D.)* We identified the list of organizations to interview through multiple channels, primarily on the advice of the Rural Development Innovation Group (RDIG). Initially founded and convened in 2016 by the Northern Forest Center, the U.S. Endowment for Forestry and Communities, and the Aspen Institute Community Strategies Group, the Rural Development Innovation Group is a set of seasoned rural development practitioners and intermediaries from across the country who are well networked and deeply engaged in advancing rural community and economic development. Each of the 15 RDIG members was asked to contribute a list of intermediaries doing the best development work in rural America. CSG then combined and culled the list, in conjunction with our partners at the Robert Wood Johnson Foundation, to reflect and represent the wide range of intermediary organization types that act as Rural Development Hubs, as well as the range of geographic regions, economic bases and resident populations that comprise rural America.

Why interview 43? We interviewed as many Hub organizations as we could within the limits of our available time and resources. Our curation down to the group interviewed focused on establishing the range and balance described above within that number. There are many more organizations working in rural America that we would consider Hubs, or that are engaged in many of the Hub approaches and practices we define in this report.

CSG interviewed the Hubs in two stages. We first developed a 19-question interview protocol, with question groupings that addressed the internal operations and approach of the intermediary, critical factors external to the intermediary that affected their work in the region, and issues related to their capacity and sustainability over the long term. After we conducted the first 25 interviews, we drafted initial findings and tested them with the members of RDIG and key Foundation staff. We then conducted a second set of interviews with the remaining 18 organizations on the list. We asked all interviewees the same questions and probed with follow-ups as needed. We conducted the majority of interviews with the CEO or president of the intermediary, the remainder were with key leading staff members or with a staff team.

- **Rural Development Hubs Brief and Release.** We released our initial topline findings in a four-page brief on May 14, 2019. The release was accompanied by a public event – livestreamed nationally and moderated by Aspen Institute President, Dan Porterfield – that engaged in conversation with four Hub leaders: Rural Development Hubs: Action Infrastructure for Rural Prosperity. CSG invited anyone who participated in the event or who read the brief to provide additional comment and perspective.

  Note: The brief has now been revised into the separately available executive summary of this report. The event video can be found online by searching for its title on either the Aspen Institute website or on YouTube.

All these activities, taken together, provided the base for the content of this report.
How to Spot a Rural Development Hub

Many people have asked “Are you going to publish a list of Hubs?” and “How do I find the Rural Development Hub(s) in my state?”

This report and the research behind it represent a first foray at positing that there are indeed rural intermediaries acting as innovative hubs for rural community and economic development – agile, enterprising, cross-issue organizations that are taking on tasks and building capacity “well beyond the usual” to do whatever needs to be done to improve health, equity and prosperity outcomes for rural people, places and economies in their regions. It was not our intent to identify and list all such organizations. Rather our aim was to talk to organizations that already are recognizably doing this, to hear in their voice about the enabling environment that would help them do more and better, and to provide an opening nomenclature – Rural Development Hubs – that gives them a common name.

However, we can offer some guideposts for detecting characteristics and behaviors that can help anyone identify the “Hub Factor” within organizations. In doing so, please keep these caveats in mind:

• There is no clear on/off or yes/no switch for Hubs. It is more of a spectrum. Many rural regional organizations have both some strong elements of a Hub as well as factors that need strengthening. Our hypothesis is that the nation needs robust Rural Development Hubs as components of the essential infrastructure for rural innovation, systems change and progress. So, working with organizations that already demonstrate Hub characteristics and action – and strengthening Hub factors in all regional rural organizations – is a critical investment in all of America’s future.

• Hubs are critical players for improving regional outcomes and changing systems. But as we state earlier in this report, non-Hub local organizations focused on key issues are also critical, and Hubs need them as local partners. In other words, the fact that there are effective organizations acting and emerging as Rural Development Hubs does not mean that other local organizations are not also essential and deserving of investment.

Hub Recognition Factors

Here are some pointers for how to identify and gauge the “Hub Factor” of a regional organization working in rural America. These factors can be assessed in conversation with an organization’s board and staff, by reviewing an organization’s materials and media, or by “asking around.”

• Read the What are Rural Development Hubs? section of this report. It describes some key behaviors of Hubs that you can use as a partial checklist.

• Remember: A Hub may be any type of organization. We listed the many types of organizations that are acting as Hubs earlier in this report. (See the Rural Development Hubs: Not Just Any – Or Any One Kind – of Intermediary subsection of What are Rural Development Hubs?) Keep in mind, though, that if one CDFI or community action agency or community foundation (etc.!) is a Hub, it does not mean that all organizations of those types are Hubs.

• Examine the mission and functions of the intermediary organization. Most rural and regional Hubs are focused on finding solutions, and see improving a system of individual, family, community and economy outcomes as central to their mission – not just one of those. This sets Hubs apart as transformation organizations, rather than transactional ones that are more focused on one issue, and/or on delivering direct services that meet immediate needs.

• The Region Test: Look at the geographic scope. The geographic reach of rural and regional intermediary organizations varies widely; there is no specific optimal size, large or small, for a Hub. However, Hubs all work a region, across multiple jurisdictions – be that within one county, across multiple counties or even across multiple states. Some may be rooted in rural places, but also serve urban centers within the region – or vice versa.
• **Look at board and staff expertise and diversity.** Hubs tend to work hard to diversify the professions, geographic locations, age and class representation on their staff and boards — and strive to achieve the racial and ethnic diversity of the region they serve.

• **Look for evidence of an organizational strategy and future orientation.** CEOs we interviewed have been intentional about taking the time, making the space, and finding the resources to work on the organization itself — its meta-strategy and the organizational development to pursue it — rather than simply to continue the work of the organization.

• **Consider their relationship to power.** Hubs are not power brokers for the region, nor do they work to maintain status quo power structures. Hubs seek to build power among residents, to increase the capacity of other public-interest-minded organizations, and to increase collaborative leadership in the region. Hubs work to advance equity in all its forms — power, race, class, gender, and so forth.

• **Look for “building from within.”** Hubs focus on engaging the community and identifying local assets, building solutions from the ground up rather than seeking rescue from outside the region. They develop outside relationships to support the work on the ground and to find partners to fill gaps, not to be “the first answer.”

• **Look for a creative “stretch factor.”** Most Hubs start with the core area of expertise called for by their type or organization — like business assistance or charitable giving or education or direct service to poor families — but stretch to do things outside the “typical action zone” of their type of intermediary when the situation calls for it. Look for whether the organization has done new and different things, and built collaboratives, to find solutions.

• **Look at diversity of funding sources for their Hub work.** Because Hubs are doing creative, entrepreneurial work, their sources of funding tend to be more numerous and unusual than that of more “transactional” organizations.

• **The Showing-Up Test: Look at the extent and frequency of their rural presence.** Hubs have lots of miles on their odometers. The extent to which staff (and board members) show up in different parts of the region, not only when work demands it, but simply to listen and establish relationships, is a key Hub indicator. Having offices and staff physically located in rural environs of the region is another good sign (though not always a deal-maker or deal-breaker).

• **Look for evidence of vision, healthy risk taking, assessment and reflective practice.** Visionary leadership is what ultimately pushes an organization to go beyond basic program delivery and to think creatively about assets, gaps, and the “right” role of an organization in a place. Almost all our interviewees said their ideal board is made up of systems thinkers who encourage innovation, not “yes people” who rubber stamp things. Look for a board and staff that pushes the organization to take risks, reflects on what they have learned on a regular cycle, and that openly talks about failure.

• **Talk to existing Hubs.** If you want to find a Hub in your state, one good idea is to contact one of the Hubs we interviewed and ask for their suggestions. Since Hubs are typically collaborative and humble, you are likely to get an honest and helpful response. (See the list of interviewees in the next appendix.)

Finally, we are not averse to developing a provisional list of Rural Development Hubs — though we have no means or field methods at this juncture to certify any organization as a Hub. But we offer this opening to start such a list. If you think your organization (or an organization you know well) is a Hub, we want to know. Please send us a note at csg@aspeninst.org introducing the organization, and in what ways you think the organization is a Hub. By crowdsourcing information from around the country, we may be in a better position to point the next well-meaning soul who inquires to an existing or aspirational Hub in their state or region.
List of Rural Development Hubs Interviewed

David Adame – President and CEO. Chicanos Por La Causa. Phoenix, AZ

Diana Anderson – President and CEO / Scott Marquardt – Vice President. Southwest Initiative Foundation. Hutchinson, MN

Brian Angus – CEO. Fresno Economic Opportunities Commission. Fresno, CA

Keith Bisson – President. Coastal Enterprises, Inc. Brunswick, ME

Derek Brandes – President. Walla Walla Community College. Walla Walla, WA

Terry Brunner – Chief Program Officer. Grow New Mexico. Albuquerque, NM

Bill Bynum – CEO. HOPE. Jackson, MS

Stacy Caldwell – CEO. Tahoe Truckee Community Foundation. Truckee, CA

Michael Cartney – President. Lake Area Technical Institute. Watertown, SD

Nils Christoffersen – Executive Director. Wallowa Resources. Enterprise, OR

Mike Clayborne – President. CREATE Foundation. Tupelo, MS

Chrystel Cornelius – Executive Director. First Nations Oweesta Corporation. Longmont, CO

Brian Depew – Executive Director. Center for Rural Affairs. Lyons, NE

Rob Goldsmith – President and CEO. People Incorporated. Abingdon, VA

Molly Hemstreet – Executive Co-director. The Industrial Commons. Morganton, NC

Cheryal Lee Hills – Executive Director. Region 5 Development Commission. Staples, MN

Heidi Khokhar – Executive Director. Rural Development Initiatives. Eugene, OR

Peter Kilde – Executive Director. West Central Wisconsin Community Action Agency, Inc. Glenwood City, WI

Jim King – CEO and President. Fahe. Berea, KY

Anne Kubisch – President. Ford Family Foundation. Roseburg, OR

Angie Main – Executive Director. NACDC Financial Services, Inc. Browning, MT

Charley Martin-Berry – Executive Director. Community Caring Collaborative. East Machias, ME

Justin Maxson – Executive Director. Mary Reynolds Babcock Foundation. Winston-Salem, NC

Nick Mitchell-Bennett – Executive Director. Community Development Corporation of Brownsville. Brownsville, Texas

John Molinaro – President and CEO. Appalachian Partnership, Inc. Nelsonville, OH

Ines Polonius – CEO. Communities Unlimited. Fayetteville, AR

Steve Radley – President and CEO. NetWork Kansas. Wichita, KS

Rebecca Reynolds – Executive Director. Little Dixie Community Action Agency. Hugo, OK
Rob Riley – President / Joe Short – Vice President. Northern Forest Center. Concord, NH

Kelly Ryan – CEO. Incourage Community Foundation. Wisconsin Rapids, WI

Mikki Sager – Director, Resourceful Communities and Vice President / Kathleen Marks – North Carolina Director, Resourceful Communities / Monica McCann – Associate Director, Resourceful Communities. The Conservation Fund. Arlington, VA

Monica Schuyler – Executive Director. Pennies from Heaven Foundation. Ludington, MI

Kirsten Scobie – Director of Tillotson Funds. The Neil and Louise Tillotson Fund of the New Hampshire Charitable Foundation. Hanover, NH

Karl Stauber – President and CEO (outgoing) / Clark Casteel – President and CEO (incoming). Danville Regional Foundation. Danville, VA

Jennie L. Stephens – CEO. Center for Heirs’ Property Preservation. Charleston, SC

Frances Sykes – President / Jackie Edwards – Vice President of Strategic Engagement. The Pascale Sykes Foundation. Redbank and Vineland, NJ

Jeff Usher – Senior Program Officer. Kansas Health Foundation. Wichita, KS

Dennis West – President. Northern Initiatives. Marquette, MI

Shereece West-Scantlebury – CEO. Winthrop Rockefeller Foundation. Little Rock, AR

Gregory Williams – President / Kimberly McKay – Vice President for Student Services / Valerie Jones – Vice President for Instruction / Donald Wood – Vice President for Institutional Effectiveness. Odessa Community College. Odessa, TX

Patrick Woodie – President / Jason Gray – Senior Fellow for Research and Policy / John Coggin – Director of Advocacy / Tiffany Gladney – Policy and Government Affairs Manager. NC Rural Center. Raleigh, NC

Duane Yoder – President. Garrett County Community Action Committee. Oakland, MD

Adam Zimmerman – President and CEO. Craft3. Seattle, WA
Acknowledgements

The Aspen Institute Community Strategies Group (CSG) thanks the many wise, creative and committed rural practitioners who generously and genially participated in the interviews that inform this report. They shared their practical know-how, their personal stories of the "why" behind their commitment to rural places, their ideas for small- and large-scale innovation and system change — and everything in between. This report is rooted in the everyday work and verve of these many passionate and dedicated Rural Development Hub leaders and stakeholders.

We are, as always, ever grateful to the members of the Rural Development Innovation Group for their inspiration, insight, commitment and caring advice that led to CSG proposing this work and that kept us true throughout this project. They consistently informed and sharpened our understanding with their first-hand rural development experience and keen questioning. RDIG members consistently tethered our concepts to rural realities, practicalities and ground-truth.

Thanks to Katharine Ferguson, CSG associate director, who led the Rural Development Hub interview team, and CSG program associate Clifford Deaton, who assisted; they reversed those roles to produce the literature review. CSG executive director Janet Topolsky joined them to team-write and produce this final report. We thank Joseph Waldow, Winter-Spring 2019 associate with Aspen CSG, who eagerly and ably helped with the mechanics and details of conducting interviews and compiling this report.

And we were delighted and grateful to work with the creative (and ever-patient) Sogand Sepassi and Steve Johnson of the Institute’s Communications team, who designed this report.

A round of thanks to Jesse Abrams, Assistant Professor at the Warnell School of Forestry and Natural Resources and Savannah River Ecology Laboratory at the University of Georgia for sharing your wisdom on governance and rural development, which greatly enhanced our literature review. We also appreciate the energy and support of Isadora Sharon — and the California Center for Rural Policy at Humboldt State University for supporting her — for her assistance with textual analysis of interview transcripts.

Finally, we are grateful for the generous support of the Robert Wood Johnson Foundation. Beyond providing the financial resources that made this project possible, we greatly valued the ongoing dialogue with the Foundation staff and their probing interest in and concern for both rural and urban America. They have helped push and open the boundaries of our thinking in good ways along the way, and we hope that shows in the final product.

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