

Rural Development in Virginia—What Can State Government Do, If Anything?

Gary Larrowe and George McDowell

Development in rural communities embraces more than economic development. Attention to issues of schooling, management of natural resources, and to other assets that make any community a desirable place to live and work is also important to most communities. Because each community is unique, however, efforts to facilitate development in any rural community end up being the primary responsibility of the people within the community. For this reason, local government is a primary actor in rural development. State and federal government can design programs that will assist in local development. If local governments or the people within a locale do not know about or avail themselves of the programs, these broader efforts will have limited impact. The research evidence shows that predicting which communities will be successful in achieving their own goals and objectives and which ones will not be successful is very difficult.

In any community, improvement in jobs and incomes are presumed to be included as a part of the community's development objective because they are useful measures of well-being. A limited number of things a community can do will improve jobs and income. The regional economics literature suggests five:

1. attract new employers to the community;
2. encourage the formation of new businesses locally;
3. work with existing businesses to improve their profitability and to help them grow;
4. assist local businesses to develop local markets; and
5. re-acquire dollars taxed away by the broader units of government.

To these five, we add two more:

6. improve the performance and efficiency of local government; and

7. increase the returns to human resources by enhancing their productivity.

These lists make clear that most economic development in any place is based on the decisions of private individuals to do business in a particular place or to improve their potential earnings by seeking more training and education. As reported by Nancy Stark of the National Center for Small Communities, business analyst David Birch found "55 percent of all new jobs arise from expansions by existing businesses, and only 1 percent of net new jobs occur as a result of business relocations. As a result, [the remaining] *approximately 44 percent of new jobs are created by startup companies.*" This national trend in job creation through small business is particularly true in rural communities.

Actions of the Rural Virginia Prosperity Commission

Because of huge disparity between Virginia's rural and urban/suburban communities in economic and social well-being, the Virginia Legislature established the Rural Virginia Prosperity Commission (RVPC) in 2000. The RVPC has concluded its work after three years, and the major findings of the Commission are reflected in legislative or budget initiatives in the 2004 session of the General Assembly:

- Seeking a greater emphasis within state government for agriculture and forestry interests by establishing a Secretary of Agriculture and Forestry;

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- Encouraging a greater voice for rural interests within the state by establishing and funding a Center for Rural Virginia;
- Facilitating new, private investments through the Virginia Capital Access Program that encourages private banks to make more loans by reducing the risk they are attaching to “almost bankable” loans;
- Supporting access to broadband computer connectivity for underserved areas through assistance to the Center for Innovative Technology; and
- Encouraging adult education, workforce enhancement, technical training, investments, and job creation through a tiered incentive program targeted at the most distressed rural counties.

Most of these RVPC initiatives are consistent with the earlier list of things state governments can do to increase jobs or income. Unfortunately, the willingness, ability, and capacity of rural communities and rural people to take advantage of these and other rural development initiatives can substantially limit the effectiveness of such programs. Rural development starts within rural communities, and alternatives for the state to intervene at that level are limited. The Center for Rural Virginia is a longer term institutional initiative to keep rural issues before policy makers in the state and to facilitate needed change on behalf of rural people and places. A Center for Rural Virginia will be an important source of information and encouragement for rural people and will provide them with a voice on rural concerns, but the Center cannot make a difference if no initiative is taken at the community level.

One intervention at the local level that state government, local government, or both collaboratively can take to increase the odds of successful rural development is to employ community/county level community development professionals with connections to major research universities in the state. Just as agricultural extension agents bring farmers the newest and best farming ideas, community development extension agents around the country bring their communities the best ideas, contacts, analyses of community problems, data, funding partnerships, and access to other development professionals and ideas throughout the world because of their university connections. The only model in Virginia is in Carroll County, and the Carroll County program is instructive.

The Carroll County Model

In 1997, Gary Larowe, Carroll County Agricultural Extension Agent, was awarded a Kellogg Fellowship in international community development. Through that fellowship Larowe

discovered that many communities in the third world were solving their development problems by focusing within their own communities rather than basing their economic future on what the community could attract in relocated jobs. Larowe had conversations about his new insights for the county with Dr. Oliver McBride, Superintendent of Carroll County Schools. Together, over the next couple of years, they conceived of having a county extension staff member with community development responsibilities. McBride indicated that the school district would fund the position if Virginia Cooperative Extension would create it. McBride’s thinking was that such a position would be consistent with the mandate of the school system if the focus was to be on opportunities for development that would benefit the community, provide learning opportunities for school children, and generate future jobs in the community for people who grew up and were educated there. The Carroll County School Board supported the decision, and a memorandum of agreement was signed between Carroll County Schools and Virginia Tech. Larowe shifted from his agricultural agent responsibilities to his new position in November 1999.

Based on his success in community development in Carroll County via programs such as those cited below, Larowe was urged by Virginia Tech to move to Danville in 2001 to work with 18 counties in Southside and Central Virginia. A replacement for Larowe, Jeff Hines, came into Carroll County and successfully initiated a number of efforts with VISTA and AmeriCorps. But after little more than a year of service, Hines had a job offer back home in West Virginia and left. By that time, Larowe had discovered that attempting to do community development work on behalf of multiple counties was very difficult given his set of talents and abilities, and he returned to Carroll County at the urging of McBride and the School Board.

A partial list of work carried out by the Carroll County Extension Community Development Specialist gives some idea of the scope of this activity.

1999 – present A “*Take Charge*” community visioning project generated multiple citizen interest groups to address Carroll County problems. (Assistance provided by Virginia Tech)

2000 - present *Chillsnet.org*. A community website initiated by a subcommittee of Take Charge. In 2003-2004 Chillsnet.org has more than 150,000 hits per month and has a paid full-time network coordinator. (Assistance from Virginia Tech and Blacksburg Electronic Village)

- 1999 – 2003 *Carter Pines Community Park* in Hillsville. A \$500,000 project harvesting significant timber from public lands and turning the parcel into a multiple use/natural resource educational resource for the community and the schools. Park dedicated in 2003.
- 2001 – Present *Crossroads Institute*. A \$6.2 million project combining K-12 education, the local business incubator, and post-secondary education/workforce development in a single multipurpose facility. Initiated by Carroll County Public Schools, it includes as partners Wytheville Community College, Southwest Regional Enterprise Center, Grayson County, Smyth Enterprise Center, Carroll County Manufacturing Technology Center, Lowe's Companies, Inc., Wythe County, Virginia Tech Cooperative Extension, Town of Hillsville, Galax Public Schools, Mt. Rogers Planning District, Town of Wytheville, Grayson County Public Schools, Smyth County, and City of Galax.

The initiative of Hines with VISTA and AmeriCorps volunteers in 2001 and continued by Larowe have resulted in 4 VISTA volunteers and 13 AmeriCorps volunteers working in Carroll County. The value to the community of these volunteers is well above the \$498,000 federal government cost. Larowe anticipates that the Vista/AmeriCorps effort in Carroll County will be further expanded and perhaps doubled in 2004-2005.

The *Crossroads Institute* (*Horizons* Vol. 15, No. 3 at <http://www.reap.vt.edu>) is the most ambitious undertaking led by Carroll County Public Schools and the community development extension specialist because it involves many partners in the region. Because of its unique approach to entrepreneurship which combines formal education, technical

education, and business incubation in a single facility, it has already won awards and attracted attention and money. The newest addition to the Crossroads Institute is its development and ownership of the for-profit firm *Crossroads Technologies, Inc.* that will employ high school students in programs such as the manufacturing of computers.

Conclusions

To solve the dilemma in America where more prosperous urban/suburban areas subsidize declining or stagnant rural areas, *states* must act to address the problems. States must act because economic forces alone will not always solve the problems in socially acceptable ways. In Virginia in 1998, the subsidization to 44 poor rural counties was \$189 million, almost 1.0 percent of the total state budget. The proposed actions of the Rural Virginia Prosperity Commission can make a difference in rural Virginia and start to correct the growing income difference between the "two Virginias." But those programs will only make a difference if rural people and rural communities avail themselves of the programs and incorporate them in their local planning efforts. The arrangement between Carroll County Public Schools and Virginia Tech Cooperative Extension to establish a community development position helps to assure that the state effort will be put to good use in that community. The Carroll County/Cooperative Extension arrangement suggests that such positions will more than pay their own way. A local professional acting as a facilitator could well be the missing ingredient in rural communities that have been reluctant to embrace the need for strategic planning and adjustment in a changing economic environment.

Reference

Stark, Nancy. "Spurring Entrepreneurship: Roles for Local Elected Leaders," *Small Community Quarterly*. National Center for Small Communities (Fall 2003). Found at <http://www.natat.org/nscs>. Last accessed 11 Feb. 2004.

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**** REAP** has been involved in an extensive planning effort to improve farm receipts. Governor Warner appointed a *Working Group on Farm Receipts* that is being coordinated by the office of the Secretary of Trade and Commerce, Michael Schewel. The Virginia Agriculture Summit in Charlottesville on February 24-25 highlighted the work of the group by focusing on alternative ways to improve receipts and profitability. Wayne Purcell represented REAP on the working group and spent time on research and new product development possibilities as ways to boost farm receipts.

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