

## Results of the Rural Virginia Prosperity Commission Study Karen Mundy and Wayne Purcell

The Rural Virginia Prosperity Commission (RVPC), legislatively created in 2000, had 18 members: 6 Delegates, 4 Senators, and 8 interested citizens. Its mission was “to undertake a detailed analysis of Virginia’s rural economies and recommend flexible but targeted state policies which, combined with local efforts, will help foster sustainable economic growth in Virginia’s rural areas” (House Joint Resolution No. 129). The final report of the Commission was due December 1, 2001.

Over the 18 months that the Commission conducted its study, it visited all regions of the state. It heard from local officials, businesspeople, educators, health care professionals, rural citizens, urban citizens, and students. It heard about problems, and it heard about ways localities and regions were already working to solve some of their problems. It heard that if only market forces are allowed to solve such problems as a declining number of quality jobs in rural areas, the market will do it by driving people out of rural communities and into the urban areas. As this solution is not acceptable to most people, state intervention is necessary.

The Commission learned that rural areas typically have declining populations, lower incomes, more adults without high school educations, fewer businesses and services to those businesses, and a smaller percent of their local budgets paid from local revenue sources than the more affluent urban areas. It learned that rural today is not the same as rural yesterday and that any disadvantages that have always characterized rural are greater today than yesterday. It learned that traditional rural enterprises--farming, fishing, and mining--can no longer support a sizeable population. And, perhaps, most

importantly it learned that rural communities will not change and prosper without outside intervention nor will a “one size fits all” approach to intervention work.

Some of the problems that rural areas face fall into the broad areas of lack of access to affordable broad band, high speed internet connections; lack of a workforce trained for high tech jobs; lack of access to credit for loans to start or expand businesses; lack of jobs; and probably most distressing, lack of local leadership. Since the problems took time to create, the Commission did not expect the problems to be solved overnight or with one “silver bullet” for all localities. Consequently, the Commission proposed a package of solutions that over time they believed would go a long way toward solving the problems of not only rural areas but also those of many inner cities.

The Commission adopted a strategy of “Rural Prosperity from the Grassroots.” The basic premise of this strategy begins with the proposition that each community needs to define for itself what prosperity means and to assume primary responsibility for taking positive steps to achieve its goals. Even if it were possible to define prosperity for all communities, prosperity could not be achieved without grassroots efforts. Hence, the most appropriate strategy, the Commission believes, is to empower community leaders to enhance economic activity and achieve prosperity in their own way. This grassroots strategy asks that the State create legislation that enables localities to meet their goals in ways acceptable to residents of the communities.

The specific legislation and budget recommendations address six strategic needs for prosperity in rural Virginia:

1. Capital Access,
2. Tiered Incentives for Investment in Lagging Rural Areas,

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3. Adult Education and Worker Training,
4. Digital Telecommunications Infrastructure,
5. Long-Term Institutional Support, and
6. Secretary of Agriculture.

Recommendations for three other areas were also proposed: other infrastructure (roads, sewer, water, and so forth), K-12 education, and primary industries. Many of the recommendations in these three areas are related to on-going programs and require longer-term research than the Commission can currently provide, and these areas already have advocates. Consequently, the Commission recommended the creation of a Rural Virginia Center (long-term institutional support) with these areas on the Center's agenda for follow-up.

### Proposed Legislation

At its final meeting in November, the Commission agreed to propose legislation and budget amendments relative to each of the strategic needs. The following bills represent the efforts of the legislators on the Commission to fulfill their mission. The text of these bills and the budget amendment can be found at <http://leg1.state.va.us/>.

To access the bill, under Bill Tracking click on "Bills and Resolutions." Where it asks for a bill number, type in the appropriate abbreviation: hb, sb, hj, sj, followed by the bill number. Do not leave any spaces. For example, House Bill 1020 would be entered as hb1020. Then hit the enter key on your keyboard.

#### Secretary of Agriculture:

House Bill (HB) 1020, Delegate Rob Bell, patron

Senate Bill (SB) 568, Senator Philip Puckett, patron

In slightly different legislation a Secretary of Agriculture and Forestry was proposed:

HB 737, Delegate Lacey Putney, patron

SB 599, Senator Charles Hawkins, patron

*Continuation of Commission as a Center for Rural Virginia:*

HJR 162 Delegate Clarke Hogan, patron

*Center for Innovative Technology (CIT) and the Secretary of Technology directed to study rural connectivity:*

HJR 163, Delegate Christopher Saxman, patron

*Local governments enabled to provide telecomm services, subject to willingness to sell system to private sector and SCC certification:*

HB 1021, Delegate Daniel Marshall, patron

SB 626, Senator Emmett Hanger, patron

Legislation similar to HB 1021 and SB 626 was proposed by Senator William Wampler in

SB 245 which would authorize local governments, subject to SCC certification, to provide telephone and

telecommunications services

*Virginia Community College System to provide non-credit workforce training at incremental cost:*

HB1022, Delegate Robert Hurt, patron

SB 572, Senator Frank Ruff, patron

*Tiered tax incentive program for economically distressed localities:*

HB 1235, Delegate David Nutter, patron

SB 339, Senator Frank Ruff, patron

Several additional and related bills came directly from the study by the RVPC:

*Major business facility job tax credit; removes sunset clause and lowers jobs creation qualification criteria:*

HB 94, Delegate Allen Dudley, patron

*Local match requirements of governor's opportunity fund eliminated in economically distressed communities:*

HB 713, Delegate Ward Armstrong, patron

*Virginia Economic Development Partnership and Department of Business Assistance requested to redouble efforts in economically distressed communities:*

HJR 124, Delegate Ward Armstrong, patron

The recommended credit access program required a budget amendment (Item 108) because a capital access program already exists in Virginia. The Commission's recommendation was to increase the budget by \$2.5 million in 2002 and keep it at that level for 2003. This increase would enable the Virginia Small Business Financing Authority in the Department of Business Assistance to increase their staff so that they could focus on rural areas and to increase the money they have available for reserve funds.

With the budget situation as it currently is in Virginia, many initiatives were either tabled, vetoed (in which case they are not listed), or reduced in cost (Table 1).

**Bill:** legislative proposal before either house.

**Joint Resolution:** legislative proposal requiring approval of both houses and signature of Governor; generally limited to single appropriation for a specific purpose.

**Engrossed:** incorporates any amendments adopted by the house of origin; final bill passed by the house of origin and certified by the Clerk of the House or by the Secretary of the Senate.

**Enrolled:** final copy of a bill passed in identical form by both houses; certified by the Clerk of the House or the Secretary of the Senate and sent for signatures of the Speaker of the House, the President of the Senate, and the Governor.

**Table 1. Status of Proposed Legislation as of 14 February 2002.**

Topic	Bill	Status
Secretary of Agriculture	HB 1020 SB 568	Incorporated by General Law, 24 January <i>Continued</i> in General Law to 2003, 16 January; fiscal impact statement DPB, 18 January
Secretary of Agriculture and Forestry	HB 737 SB 599	<i>Continued</i> in Appropriations to 2003, 6 February <i>Continued</i> in Finance to 2003, 5 February
Continuation of Commission as a Center for Rural Virginia	HJR 162	Amendment in nature of substitute passed House 12 February; sent to Senate 13 February and Senate Rules Committee
Directs Center for Innovative Technology and the Secretary of Technology to Study Rural Connectivity	HJR 163	Passed House 12 February; sent to Senate 13 February and Senate Rules Committee
Enables local governments to provide telecomm services, subject to SCC certification and willingness to sell system to private sector	HB 1021 SB 626	Amendment in nature of substitute passed House 12 February; sent to Senate 13 February and Senate Commerce and Labor Committee Incorporated by Commerce and Labor, 4 February
Authorize local governments, subject to SCC certification, to provide telephone and telecommunications services	SB 245	Amendment in nature of substitute passed Senate 8 February; Read first time in House 13 February; sent to Commerce and Labor Committee
Virginia Community College System to provide non-credit workforce training at incremental cost	HB1022 SB 572	Sent to Senate 31 January; Senate Committee on Education and Health, 1 February Amendment in nature of substitute passed Senate 12 February; communicated to House 12 February
Tiered tax incentive program for economically distressed localities	HB 1235 SB 339	Amendment in nature of substitute passed House 9 February; sent to Senate 12 February and Finance Committee Left in Finance Committee 13 February
Major business facility job tax credit; removes sunset clause and lowers jobs creation qualification criteria	HB 94	<i>Continued</i> in Finance to 2003
Eliminate local match requirements of governor's opportunity fund in economically distressed communities	HB 713	<i>Continued</i> in General Laws to 2003
Request Virginia Economic Development Partnership and Department of Business Assistance to redouble efforts in economically distressed communities	HJR 124	Passed House 11 February; sent to Senate 12 February and Rules Committee
Department of Business Assistance	Item 108	\$1,250,000 for FY 02-03 and 03-04 of which \$250,000 used for 3 positions to enhance marketing and loan capacity capability

The proposed legislation is not intended to be a short-run solution. With several bills continued into the 2003 session, monitoring the progress of these bills and subsequent legislation is important.

### Notices

**\*\*Please** notify the REAP office if your address changes or if you know of anyone who would like to be added to our mailing list.

**\*\*How to reach us:** REAP, Department of Agricultural and Applied Economics 0401, Virginia Tech, Blacksburg, VA 24061; by phone: (540) 231-9443; by email: [reap01@vt.edu](mailto:reap01@vt.edu); or on the web at <http://www.reap.vt.edu/reap>

**\*\*From the Grassroots: Final Report of the Rural Virginia Prosperity Commission to the Governor and the General Assembly of Virginia** can be obtained either from the Commission website (<http://www.rvpc.vt.edu>) or by contacting the REAP office.

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