

# Virginia's Rural Economic Analysis Program

REAP Policy Paper No. 12

## The Institutional Needs for Rural Development in Virginia George McDowell

The problems in rural Virginia are not self-correcting.

A great disparity exists in incomes between rural and urban/suburban communities in Virginia. Rural people are further disadvantaged because of limited access to schooling resources for children, to health care for families, and to digital infrastructure for businesses. As of 1998, 46 rural counties sent less revenue to the state than they received, resulting in a net drain on the state of \$189 million. Solving the well-being/economic development gap between rural people and places and the rest of the state is in everyone's self interest. Without some minimum set of institutions to advocate for and develop policies that are supportive of Virginia's rural communities, the market forces at work in the economy and society will lead to even greater disadvantage for rural people and places. The problems and the disparities are rooted in what economists call "external economies," which means they are not self-correcting by markets. Indeed, economic theory suggests they are likely to get worse.

Most of the development in rural Virginia communities is up to the people within those communities. Local people must either take advantage of the unique opportunities within their localities or work to overcome their unique problems. The institutions designed to support rural development must, therefore, do more than just address the private and public policies that make up the environment within which local people act. Rural development institutions must also support, guide, and assist local efforts by local people. Inevitably, regardless of what is done, some communities will become even grimmer places in which to live. Without intervention many communities will continue to drain state resources and remain difficult places in which to earn a living.

Rural development problems in Virginia and around the US suggest several necessary functions to create an environment where rural development can occur. Thus, when establishing institutions to support rural development,

these functions must be taken into consideration. The functions identified by rural development professionals around the country and in Virginia are as follows:

- Organizing rural interests
- Voice to champion rural issues
- Analysis of rural policy issues
- Researching rural issues
- Outreach/Intervention
- Policy development
- Leadership development
- Education/Training
- Innovation/Incubation/Catalyst
- Facilitation/Coordination of efforts
- Fund raising

The discussion that follows each of these functions will develop the supporting arguments for three separate institutions that will be required to provide a comprehensive rural development effort in the state. The three institutions envisioned are

1. an independent, nonpartisan, proactive organization to champion rural issues;
2. a policy center to carry out research and analysis on policy affecting rural communities; and
3. a rural community development intervention/outreach program.

The discussion of the functions will also examine how the separate institutions might relate to each other and to other rural development efforts in the state.

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Funding all the efforts simultaneously is unlikely in the immediate future. Therefore, the highest priority should be establishing the center to champion rural issues, a Center for Rural Virginia hereafter referred to as a rural center.

## Organizing Rural Interests

Throughout the US and in Europe as well, the major dilemma of a voice on behalf of rural places is that most rural people, except for those in farming, are not organized into coherent interest groups. Consequently, farm and agricultural commodity groups generally have the strongest rural voice. This disparity in the organizational strength between different rural interests is part of the basis for the erroneous public perception that rural equates to farming. Farming is almost exclusively a rural activity, but to develop a truly rural interest group, the agricultural voice, which is an asset, must be matched with other rural voices. Nonagricultural interests need to be organized and brought together with the agricultural groups before a *bona fide* rural voice and functional rural interest group exists.

Organizing rural interests must be independent of political interests if it is to be effective.

The development of a rural interest requires an independent, enduring organization that has the championing of rural issues as its principal mandate. Thus, one of the functions of a rural center is to organize and convene the many possible rural interests. Such activity will establish the common cause of helping rural communities in Virginia to prosper. This coalescing of rural interests must be independent of political party affiliation and must be able to continue regardless of the leadership of political institutions in the state. Therefore, it is inappropriate for government agencies to undertake the organization of this special interest activity.

## Championing rural issues

Rural people and places need an effective voice with state and national legislative bodies and agencies, as well as with portions of the private sector. That voice needs to articulate concerns about the differential impact of policies and programs that are frequently not advantageous to rural communities. The organization to champion rural issues must also be nonpartisan in order to carry out this function. Because the influence and the information necessary to this

championing function must come from an active rural interest group, this function should be in the same organization envisioned to organize that rural interest. As with the rural interest building function, this activity must transcend political parties and the vagaries of control in the state's political institutions, otherwise it will not endure. Clearly, this championing of rural issues cannot be carried out by governmental agencies—including institutions of higher education.

## Research and Policy Analysis

The research and policy analysis function is more than just the analysis of the impacts of new federal and state policies. It is also the analysis of existing policies that might impede development in rural communities or adversely affect rural people. For example, physician reimbursement rates from federal/state Medicaid and Medicare programs apparently have a discriminatory influence on the character of health care available in rural communities. The magnitude and full impact of these effects are yet to be fully documented and have not been analyzed in any detail in Virginia.

Some issues deserving attention elude analysts' knowledge about how to measure the effects. Some policy analysis is very complex and involves handling huge amounts of data. For these reasons, the rural policy analysis function needs to be located in conjunction with a social science/policy science department in a *research university*.<sup>1</sup> Only in an academic department mandated to carry out public policy research and analysis will the rural policy agenda gain from other programs and scholarship in the department. Indeed, the presence of a rural policy analysis unit associated with such a university program will serve to influence the rest of the scholarly agenda of the academic department, garnering additional benefits to the analysis of rural policy. A department primarily engaged in undergraduate instruction will not have this capacity because of time constraints on faculty and the lack of graduate students to assist in the necessary research and analysis.

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The agenda of research and policy analysis should be determined collaboratively by the research group and by the staff of a rural center. The research and policy capacities

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<sup>1</sup> Doctoral/Research Universities - Extensive: These institutions offer a wide range of baccalaureate programs, and are committed to graduate education through the doctorate awarding 50 or more doctoral degrees per year across at least 15 disciplines. Virginia has 4 of these institutions: Old Dominion University, University of Virginia, Virginia Commonwealth University, and Virginia Polytechnic Institute and State University. In some, if not all of them, funded research is as important a mission as is undergraduate instruction. It is this characteristic that is crucial to support rural development efforts.

required cannot be developed and maintained by the sporadic letting of consulting contracts for the analysis of specific issues. To conduct policy research and analysis within a rural center would be an inadequate duplication of the capacity and experience already available within the state's research universities.

## Policy Development

The preparation of realistic, effective policies to solve problems for rural people and places requires collaboration among researchers and analysts and those representing rural interests. Because it will be the institution championing rural issues that must help sell any particular policy, that rural center should take the lead in facilitating and coordinating rural policy development. However, since the areas or subjects in which policy change is needed or desired are complex and multitudinous, adding this function to the portfolio of a rural center is not seen as precluding any other group from developing policy prescriptions that affect rural communities.

## Intervention

By almost any estimate, a major dilemma of rural communities is a problem of leadership. A problem of "followership" also exists in many rural communities where circumstances have been grim for a long time, and many citizens are resigned to accepting that things cannot be changed. No matter the creativity of local leaders, leading discouraged followers is difficult. In some communities some residents, including leaders, are resistant to any change and wish to have things remain the way they have been.

Those with skills who remain in rural communities hold the few high paying jobs that remain in the primary industries of agriculture, mining, forestry, or fishing; work for government; or fill the few other good jobs in manufacturing or services that exist in the very thin economies. Many unskilled workers are underemployed (work less than full-time) or work on the fringes of the limited economy. Many rural residents who live on welfare or near the poverty line supplement their incomes by gardening for food and cutting wood for winter heat. They are busy keeping body and soul together and have little energy for doing things about their community, even if leadership were to exist.

In the face of these circumstances, a real possibility is that policy actions or programs that do not directly intervene in the community will have little or no effect. Technical assistance, leadership development, incentive programs, and even some new infrastructure will go unutilized or underutilized for the lack of initiatives at the community level. It is impossible to predict which communities will never pull themselves up. It is impossible to predict in which communities something or someone will happen that will turn the

community around, contrary to all the evidence and odds against success. Despite these impediments to local action, effective long-term development must come from within the community. In many places in the US and in the world, community development professionals working in a community over an extended period have been able to help overcome barriers to local action.

A rural community development program is needed to establish the capacity to intervene in poor rural communities to stimulate and affirm local residents seeking to take a chance on making their communities better. The program envisioned is patterned on the model employed by the Carroll County School Division in collaboration with Virginia Tech and on several rural community development programs operated by Cooperative Extension around the country most notable of which is in Wisconsin.

A rural center cannot effectively perform all the functions necessary to help improve conditions in rural Virginia. In some areas other institutions have an advantage and a rural center needs to facilitate and coordinate with other institutions to provide an effective economic and social development program for rural Virginia.

In the Carroll County case, the school division hired a community development specialist whose responsibility is two fold: first, the individual is to intervene in issues affecting the community by bringing resources and talent from outside the community to bear in solving the problems of the community; and second, the individual is to identify circumstances and opportunities in the course of the community development work where learning experiences for school children can be developed. Association with and access to Virginia Tech resources have been crucial to the success of the individuals in the Carroll County position since it was established in 1999. The community development agent relationship with Cooperative Extension and the university has helped to maintain the individual's role as a community educator and thus be outside of the political machinations of the county. The university relationship has brought university resources to the community. It has also helped find resources all across the country through other institutions and agencies that have provided funds, training, or ideas useful to Carroll County. In an institutionalized program of this kind in Virginia, research university support is essential to assure that the wide array of subject areas important to rural communities are represented in the university agenda of research and scholarship and available to support field staff.

The University of Wisconsin Cooperative Extension has the most extensive rural community development program in the country. Their Community, Natural Resource and Economic Development (CNRED) program has community

development extension agents in 65 of the 72 counties of the state. The agents focus primarily on intervening on issues affecting the community by bringing resources and talent from various campuses

of the University of Wisconsin to bear in solving the problems of the community. The problems of rural communities are clearly as complex as are the problems of agriculture, and so this extension program involves as many or more academic departments in the university as does the agricultural extension program. The CNRED program in Wisconsin, started in the late 1950s, today represents a commitment of 141 full time equivalents of professional time with 48 percent of the resources in the field and 52 percent at the campuses of the university.

Although operated by some agency like Cooperative Extension associated with a research university, oversight by and collaboration with a rural center is vital for this intervention/outreach function. However, to contemplate this function being operated by a rural center fails to take account of the complexity of the support base required and the experience in supporting such outreach activity as exists in the state's Land-Grant universities.

## **Outreach/Technical Assistance**

Technical assistance is the provision of expert knowledge in virtually any subject matter area that is needed to assist in solving a problem affecting one or more rural communities. A rural community development program that is involved in community intervention must include a number of faculty outreach positions in support of field staff. Those faculty specialists would also provide technical assistance directly to rural communities. Clearly, no single program will have all the expertise that may be required to provide the technical assistance needed by all rural communities in Virginia. One reason for envisioning the intervention part of the program at a major research university is because of the pool of talent that can be called upon as needed. In those circumstances where the technical assistance requirements exceed the talents formally associated with the program, a rural community development program would be able to broker assistance from other university faculty.

## **Leadership Development**

The need in rural Virginia for effective leadership development is such that any and all institutions that work on the problems of rural communities should consider leadership development as a part of their program portfolio. Therefore,

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collaboration between a rural center championing rural issues and other entities in the state, including programs of the state's research universities, will be important for effective

leadership development programs. Because of its coalition building efforts with a wide variety of groups, a rural center should logically have leadership development as part of its program portfolio, in part to assist various interest groups with their own internal leadership, as well as to directly serve the leadership of rural communities. A rural development intervention program should also include leadership development as part of its portfolio. The two partner organizations should often collaborate in conducting their leadership development efforts.

## **Education/Training**

Education and training are simply alternative ways to provide technical assistance to an audience where the need is common to a sufficient number of individuals that the group can be instructed together rather than one-on-one. Thus, both the rural center and the rural development intervention program would have occasions where their programs would be delivered as educational training sessions rather than by more intensive means. Again, because of the shared interest, the vision is for extensive collaboration between the two institutions.

## **Innovation/Incubation/Catalyst**

These three functions are handled together because they are more within the domain of art, style, and entrepreneurship than they are of science and management. Also, like the leadership development and education and training functions, it is difficult to see these as the sole domain of any single institutional entity dealing with rural development. The generation and development of new ideas and approaches, the incubation of new approaches to solving problems, and the role of catalysts within a group stimulating them to act in particularly productive ways should be the mandate of every institution seeking to contribute to the development of rural communities.

## **Fund Raising**

By the very nature of the proposed institutions to serve Virginia's rural people and places, a variety of funding sources will need to be available to support the programs of the respective institutions. Some granting entities will be more

interested in supporting the research university-based organization, and other funding agencies will only support an independent, nongovernmental organization (NGO) like a rural center. Therefore, each institution established in support of rural development in Virginia is envisioned to have fund raising as a part of its portfolio, and each should aggressively carry out that work to enhance the total rural development effort on behalf of Virginia.

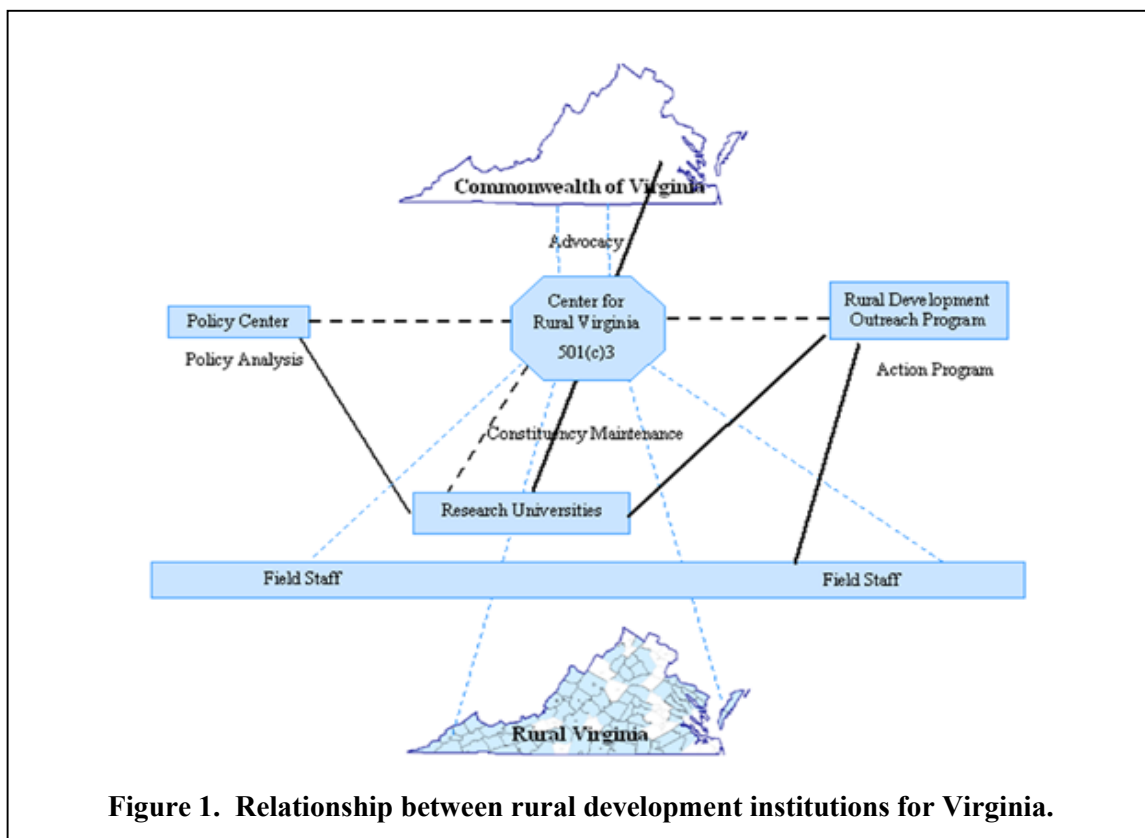
## Conclusions

Sometimes a community pulls itself up almost by its own bootstraps. However, in most rural communities bootstrap development will not happen. Leaving the development of rural communities to that hope or to the vagaries of the social and economic forces at work in the society will only make the rural situation more desperate and will make rural communities a larger claimant for support from the rest of the state.

Many things besides the functions discussed here are necessary in the development of rural Virginia. Access to business capital, various kinds of infrastructure, and incentives that encourage existing business to expand or established businesses to locate in rural communities are also very

important to the development of rural areas. But many of the things that must be done to develop rural communities, including making use of government and private sector programs, are place-specific. That is, many of the things that make communities develop are unique to the circumstances of each and every community. Most community development cannot be achieved by passing laws or developing “one size fits all” kinds of programs—this fact limits what government can and cannot do in rural development. The institutions and functions those institutions are intended to accomplish described in this report take into account this limitation on the role of government.

Figure 1 illustrates the envisioned relationship between the several institutions and shows the centrality of a rural center, the Center for Rural Virginia, as a first step in developing the institutional support for rural development in the Commonwealth. The solid lines represent state mandated responsibilities. The bold dotted lines represent the facilitation and coordination relationships between the Center for Rural Virginia and other organizations involved in rural development. No bold solid line exists between the state and the rural center because of its envisioned independence from the state, even though the Rural Virginia Prosperity Commission is embarked on initiating its establishment.



**Figure 1. Relationship between rural development institutions for Virginia.**

A summary of the role of a rural center with respect to the several functions is provided in Table 1.

The establishment of a rural center for Virginia would make apparent the need for the other functions and the institutional support required to bring them to bear on Virginia's problems. Virginia needs to address the problems of its rural areas with more than broad economic development programs—recognition of rural problems and the establishment of institutional support will address the problems both in the immediate future and in the long-run.

**Table 1. Necessary functions for a comprehensive rural development program and the role of a private, independent, proactive rural center.**

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***Direct functions of a rural center***

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***Organize rural interests***

***Champion rural issues***

***Fund raising***

***Facilitate and coordinate***

Policy analysis

Policy development

Research

Technical assistance

Leadership development

Education/training

Outreach/Intervention

Innovation/Incubation

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## Virginia Cooperative Extension

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