

The Rural Program

A New Effort by The Duke Endowment to Help Strengthen Rural Communities in North Carolina and South Carolina

The Current Situation: Economic Decline in Rural North and South Carolina

The economic forces currently affecting the South seriously threaten rural regions of the Carolinas. In a time of rapid change, rural leaders and institutions are struggling to maintain economic viability and ensure a future for themselves and their children. In *State of the South 2000*, MDC Inc. describes some of the multiple disadvantages rural communities face, including:

- A high dependence on traditional manufacturing, which is shedding jobs;
- Low education levels when economic development depends more than ever on a highly skilled workforce; and
- Limited access to information technology and a lack of digital preparedness.

These global economic trends tend to favor large metropolitan areas.¹ For reasons of industrial clustering, human capital, and financial resources, metro areas have captured most of the jobs in the new economy. Between 1978 and 1997 employment in metro areas in the South increased by 63.7% while employment in nonmetro areas grew by only 28.9%. And in many nonmetro counties lower-paying jobs in services and retail are replacing higher-paying work in factories.

A growing prosperity and opportunity divide exists between nonmetro and metro counties in the Carolinas.

The decline in employment in textile and apparel industries has hit the rural Carolinas particularly hard. Most of the new jobs are being created in sectors such as business and health services, often scarce in rural areas. Unemployment in rural communities is typically high. While statewide unemployment figures range between 3% and 4% in North and South Carolina, many rural counties are experiencing double or even triple that rate.

The shifts in employment are affecting prosperity in rural communities. Only a handful of rural counties can approach or exceed the state average of median household

¹ Throughout this document, “rural” describes the nonmetro counties in North Carolina and South Carolina. The U.S. Department of Commerce and the U.S. Census categorize “nonmetro” as a county that does not have a city with a population over 50,000 and is not linked by commuting patterns to a metro area.

income. For most rural communities, the income resources available to work with are far smaller than the rest of the state.

Poverty continues to be pervasive in rural areas of the Carolinas. A large number of rural counties reported poverty levels of over 20% in 1997. Pockets of persistent poverty remain—areas where high levels of poverty were recorded in the 1970, 1980, and 1990 U.S. Census. These places are disconnected from the growth and prosperity that are being enjoyed elsewhere in the South.

The lack of opportunity is causing many rural residents to leave. Many rural counties are experiencing flat or declining population levels as youth migrate and the balance of the population ages, in contrast with significant increases in state populations.

The causes of this divide between rural and non-rural areas are multidimensional, complex, and deeply embedded.

The workforces in most rural communities are poorly positioned to compete in a knowledge economy. Educational attainment levels in rural areas are very low compared to state and metro averages. In many rural counties only slightly more than half of the population have a high school degree. Getting a good job in today's economic environment now requires postsecondary education and training, along with systems of lifelong learning.

Many of the rural communities most in economic distress also have large African-American populations. It is impossible to ignore the fact that rural distress is disproportionately affecting minority residents. Issues of racial equity and participation must be addressed to overcome the divisions that limit opportunities and create economic stagnation.

The leaders in rural communities are overburdened—there are too few people shouldering many large responsibilities. A critical factor in the success of fast-growing economic regions is a cadre of leadership that can make informed decisions and take action to respond to economic trends.

The Cycle of Development is not functioning in the rural Carolinas. (See Appendix, Chart 1.) Wealth is not being created, retained, and reinvested for the current and future well-being of these communities and people. At the same time state and national policy decisions on trade and economic development are often indifferent towards the conditions in rural areas or neglect to address their needs.

The counties that are the most distressed are challenged in multiple dimensions. MDC investigated six economic indicators in order to map the economic health of the rural counties. In North Carolina the counties of Bertie, Halifax, Northampton, and Warren were in the bottom fifth for most indicators. In South Carolina, Allendale, Dillon, Lee, Marion, Marlboro, and Williamsburg counties were also in the bottom fifth in almost every category. When coded on a map as "Most Challenged," these counties

form regional pockets of distress. Another tier of analysis is made up of counties that rate low for some indicators but are healthier in other areas. These are “Less Challenged” rural counties that have more of a foothold, although precarious, in the new economy. The “Least Challenged” rural counties have a consistently stronger performance with regard to the chosen economic indicators. (See Appendix, Chart 2.)

Institutional Resources for Rural Development in the Carolinas

To identify assets and resources in rural areas of North and South Carolina, MDC developed both a county-by-county breakdown and a list of statewide and regional resources.

In general, the scan showed that there are a few primary institutions that serve all or most nonmetro counties in both Carolinas. The community college system in North Carolina and the technical colleges in South Carolina have an education and workforce development presence in every county. Smart Start programs provide child and family services in each county of North Carolina, and the First Steps program is following suit in South Carolina. The cooperative extension service provides valuable agricultural and/or community development assistance in all counties of both states. Community action agencies and community development corporations are also widespread throughout both states, offering such services as housing development, leadership development, job training, or child and family services.

Many of the significant institutions reflect regional alliances or partnerships. Several of the community colleges, Smart Start organizations, and community development corporations, for example, serve multicounty areas. This has implications for any initiative and recognizes that local economies are not bounded by county lines.

Another finding is that while community development credit unions maintain a significant presence in North Carolina, there are no community development-classified credit unions in South Carolina. This indicates a disparity in available capital between the nonmetro counties of North and South Carolina.

In the scan of statewide and regional resources, MDC found that both states have significant resources available from foundations. Foundations serving both states include The Duke Endowment, the Mary Reynolds Babcock Foundation, the Bank of America Foundation, the Carolina Power & Light Foundation, the Fund for Southern Communities, and the Wachovia Foundation. Notable foundations in North Carolina include the A.J. Fletcher Foundation, the Golden LEAF Foundation, the Kate B. Reynolds Charitable Trust, the Warner Foundation, and the Z. Smith Reynolds Foundation. In South Carolina, the list includes the Abney Foundation, the Self Family Foundation, the J. Marion Sims Foundation, the Sisters of Charity Foundation, and the Springs Foundation.

The scan for statewide and regional resources also showed that North Carolina has significantly more resources for technical assistance. North Carolina is home to such intermediary organizations as The Conservation Fund, HandMade in America, the Mountain Resource Center, MDC, the N.C. Rural Economic Development Center, the N.C. Community Development Initiative, and others. South Carolina has very few comparable organizations. Furthermore, in North Carolina there appears to be a stronger network of statewide organizations that promote minority economic development.

Crafting a Response to the Current Rural Situation: What Does and Doesn't Work

Conventional, single-shot solutions to the problem of rural decline appear to be losing their effectiveness nationwide as global trends favor the flow of development, jobs, and wealth to metropolitan areas. Industrial recruitment, massive infrastructure investments, and job training strategies alone seldom give depleted rural communities a fighting chance in a competitive, knowledge-based economy. At the same time, a generation of work in community development has taught us that successful community renewal invariably springs “from within,” when the people who care about a community join together in fierce determination to revive their civic and economic fortunes, whatever the obstacles.

Foundations concerned about the current rural situation therefore face a clear choice of two distinct approaches:

- To accept rural decline as an inevitable reality in a modern, urbanizing economy and to support projects that mitigate the symptoms associated with the decline of rural areas (growth of the dependent, aging population, loss of community services and programs) in ways that stabilize residents' current quality of life. This approach can have high immediate value for rural people and places but is unlikely to change the long-term trajectory of most rural communities because it fails to address the multiple causes of the civic and economic stress.
- To view rural community development as a process that can be influenced and accelerated and to support strategies that help rural people jump-start the Cycle of Development in their communities so that these places become more hopeful and self-sustaining. This approach is much harder to initiate, and takes much longer to produce mature fruit. It requires a long-term commitment to partnership among citizens, funders, and local institutions and involves sustained attention to cultivating citizen participation, developing community assets, and fostering inventive solutions to persistent barriers to development. Short term the work can be messy and may progress fitfully. Long term, done well, the payoff can be significant, as the experience of Tupelo, Mississippi; Blacksburg, Virginia; and Columbia, North Carolina, attest.

Two significant points affect the Endowment's consideration of the second approach. First, its funding relationships are primarily with institutions, whereas the work required to revive communities transcends institutional interests and boundaries. Second, the causes of rural decline are at heart economic. The Endowment has less experience and fewer institutional levers for working directly on economic renewal. Success in pursuing the second approach will turn on an answer to these strategic questions:

- Can the institutions with which the Endowment works be induced to give leadership to a process of “community engagement and renewal” that will address the causes of rural decline?
- Can projects result that will “improve community conditions for rural people and communities” in a reasonable period of time?

The Endowment believes it can answer these questions affirmatively by pursuing two related but independent strands of grant making for the next several years. It aspires to model a replicable strategy for rural community renewal while honoring its traditional areas of interest and expertise (higher education, health care, children's welfare, and spiritual life).

Objectives, Guiding Theories, Proposed Methods, and Timetable for a Rural Community Development Initiative

The Duke Endowment Initiative for the Rural Carolinas will focus on the following **objective**:

- Encourage and enable beneficiaries of The Duke Endowment to provide leadership in initiating and sustaining projects for building community resources that will battle the causes of rural decline.

The methods used to reach this objective are based on ideas drawn from research into past rural and community development initiatives:

- A focus on building assets and stimulating strategic investment. Resourceful communities are characterized by a strong “Cycle of Development” that directs community wealth and assets toward creating and sustaining the preconditions for further development and wider well-being. (See Appendix, Chart 1.) When a broad base of community leaders in all sectors understands the Cycle of Development and focuses community resources and institutional policies to make the Cycle work, the resulting alignment makes the most of community energy and resources. Unfortunately, the Cycle of Development fails to function in many rural communities. If wealth is created at all, it is tightly held or not reinvested productively in ways that advance community vitality and civic health. For the

community and its people to prosper, the Cycle must operate smoothly. Wealth and assets must be created and reinvested and their benefits shared widely.

- Careful attention to trust and relationships. Healthy intergroup relationships and deep reservoirs of civic trust facilitate community development. Said differently, divisiveness and development seldom coexist in the same place. Successful communities operate inclusively and transparently. They work to overcome the fault lines of race and the barriers of unequal power and participation. They understand that failure to collaborate or to share power breeds suspicion and saps the civic energy required to get things done. Successful community development initiatives address deficits of civic trust and repair tarnished intergroup relations before they attempt major projects.
- A challenging and achievable vision for the future. Successful communities have a clear picture of where they are headed. They make certain that leaders in all sectors of the community embrace the civic vision. A clear picture of the desired future generates hope and aligns civic energy toward a common destiny—two factors vital for overcoming community despair and indecision.
- Planning grounded in databased reality. Visions require plans to move ideas into action. Successful planning begins with an honest, databased assessment of the current situation that the community wishes to improve and is guided by measurable goals that reflect the community's long-term vision. When a planning process allows citizens to voice their concerns, expectations, and ideas, it fosters civic commitment and builds the analytic and interpersonal skills that are basic to good leadership.
- Openness to learning. There are no silver bullets or genie's lamps in rural development. Success at renewing rural communities requires innovation and openness to fresh ideas. Many rural communities suffer isolation from the very ideas that could help them progress. Learning from others and exposure to promising practices that have worked in other communities are essential to the civic change process.
- Time. Change takes time. Time for relationships of trust to form between citizens, and among funders, citizens, and helping agents. Time for analysis of the current situation and for the invention of solutions. Time for building institutional readiness and acceptance of new ideas. Time for new investments to bear fruit. Time for self-assessment and mid-course corrections. Time to build assets to sustain the progress made. Accordingly, the Ford, Kellogg, and Northwest Area foundations are now committing themselves to eight to 10 years of support for their major community change initiatives.
- Flexible resources. Community change requires investment in multiple dimensions: for planning, for team building for citizens providing leadership to the process, for the implementation of program ideas that emerge from the

community, for staffing of the initiative at the community level, for intermediaries who provide direct assistance and coaching to communities.

- Attention to sustainability. Inventive strategies for community development mean nothing if they cannot be sustained. Increasingly, funders like the Northwest Area Foundation and Ford Foundation are structuring their community change initiatives to leave behind pools of capital to sustain the community development process after foundations end their direct involvement.
- Accountability for results. Successful community development programs hold communities and institutions accountable for tangible results. At the same time they are realistic about the time required to produce results in communities that have experienced underinvestment, economic decline, and an erosion of hope.

The Program

MDC has recommended and the Endowment trustees have approved a two-fold approach to addressing the challenges and opportunities facing the rural Carolinas:

- **Option 1.** Support for up to six community-building efforts led by Duke Endowment-eligible institutions and rural communities that have the will, potential, fairly high level of capacity, and the collaboration experience necessary to capitalize on their assets and jump-start the Cycle of Development;
- **Option 2.** Support for Duke Endowment-eligible rural institutions less well positioned for a community-wide effort but that have the interest and potential to undertake specific projects that will foster community development, asset building, or improved employment in distressed rural communities.

These two options will proceed independently, but participants will have structured opportunities to interact and exchange ideas so that learning circulates and multiplies during the course of the work. Each option is described briefly below. Each is expected to begin with a year of leadership building, planning, and organization, followed by a three-year period of implementation, with longer support possible if project outcomes are met.

Option 1 -- Support for high-potential rural communities: This program will work with up to six rural communities in the Carolinas that possess sufficient civic will, sufficient local institutional capacity among institutions eligible for Endowment funding and other civic partners, and some experience with cross-institutional collaboration to help them plan and implement community strategies to strengthen the Cycle of Development. MDC and the Endowment staff will make “scanning” site visits to communities during the first three to four months of the initiative to determine their seriousness and capacity to undertake the proposed work. MDC and the Endowment will

also hold three regional meetings for community representatives and institutions interested in the program. Criteria for selection in the program will probably include:

- A record of success in discrete community development projects and a will among leaders across the community to establish a deeper civic foundation for community renewal work at a greater scale
- One or more resident eligible institutions willing and able to sponsor and give leadership to a community renewal effort focused on accelerating the Cycle of Development
- An appreciation that the work of community building and community renewal may involve hard issues of race and power where these factors shape who participates in and benefits from community development efforts
- Individual leaders (civic and institutional) who have both passion and purpose for changing the current situation in their communities; leaders who are open to learning.
- Willingness to invest local resources, however modest, in partnership with the Endowment.

The project will seek geographic diversity between North Carolina and South Carolina and between the eastern and western regions of each state by aiming to select at least one community from each region of these states.

Once selected, communities will receive coaching and technical support to create a broad-based leadership team to guide their work, develop a community analysis, strategic plan, and concrete projects that hold promise for changing—or accelerating—their current economic or civic trajectory. The projects that emerge could address either significant barriers (racial divides, deficiencies in institutional capacity) or significant opportunities that the community identifies as critical to building on their assets and strengthening their Cycle of Development.

While being led by institutions eligible to receive funds from The Duke Endowment, the initiatives under this program will reflect a broader community-wide vision and goals. The expected outcomes will be two-fold: First, the specific projects should strengthen the development prospects of participating communities; second, each community's capacity to plan and implement collaborative approaches to civic change should grow, thereby developing leadership, relationships, and skills for future problem-solving. The six communities will join in an annual conference to share lessons about effective practices to lift up rural communities.

Option 2 -- Support for innovative rural institutions: The first step in this program will involve MDC's creating a "resource report" of innovative church-based, health care-based, and community-based rural development projects operating in the Carolinas and beyond that build income and assets for rural people and communities while providing needed services. These promising and effective projects, and ways they might be replicated or enhanced elsewhere in the Carolinas, will be discussed at the three regional meetings held for institutions interested in participating in the rural program. An RFP

process will follow and up to 20 institutions in the rural Carolinas will be supported to develop asset- and income-building rural programs related to their core institutional missions. Grantees will also meet in “learning clusters” composed of organizations pursuing similar strategies to build deeper knowledge about the requirements for success in rural development programming. The idea behind this funding stream is to support individual projects and build capacity in Duke Endowment-eligible institutions.

Timeline

The program timeline calls for selecting participating communities and awarding initial grants in 2001-02. Coaching, training, technical assistance, and implementation grants for participating communities will begin in 2002 and will run through 2005. Funded efforts will be evaluated to determine whether continuation grants will be awarded after 2005.

Budget

The proposed budget for the program allots about \$455,000 for the year 2001, which will be the year of preparing and launching the Option 1 and Option 2 programs. Full program operations will begin in 2002, with a budget of just over \$3.27 million. Slightly over \$3.35 million and \$3.32 million are budgeted for 2003 and 2004 respectively, with almost \$214,000 budgeted for 2005.

The proposed budget does not include the cost of evaluating community projects funded as part of the program.

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