



Toward a Community-Based Rural Policy: Implications for Community Development

**Presented to the
2003 Midstates
Community Development Conference
South Sioux City, Nebraska
March 25, 2003**

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Three Considerations:

I. The case for a rural policy “tipping point”

- The Farm Bill process and outcome
- A growing understanding of the true rural economy
- The new Census and its public policy implications
- Rethinking rural governance

II. Building a constituency for a community-based rural policy:

- New political realities
- The policy context
- Alternatives for consideration

III. Linking policy and community practice:


“Bring in the bridge builders!”






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- **The Farm Bill process and outcome**
- A growing understanding of the true rural economy
- The new Census and its public policy implications
- Redistricting, and the next two electoral cycles



“Rural” is much more than agriculture; and the future success of our nation’s family farms is critically linked to the economies of rural communities.

- Only 6.3% of rural Americans live on farms.
- Farming accounts for only 7.6% of rural employment.
- 90% of rural workers have non-farm jobs.
- In 1999, 90% of all farm operator’s household income came from off-farm sources.

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- Only 0.39% of the US population is engaged in farming as a primary occupation; and
 - Only 1.78% of the US rural population is engaged in farming as a primary occupation.

But . . .

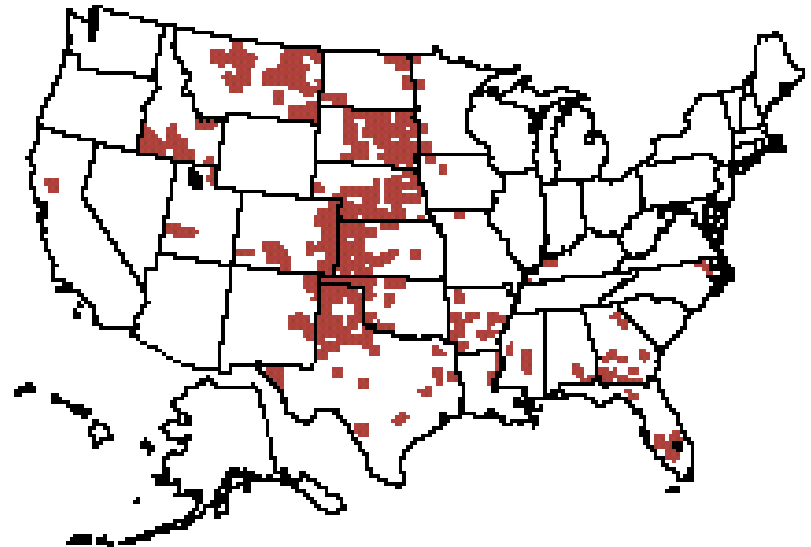
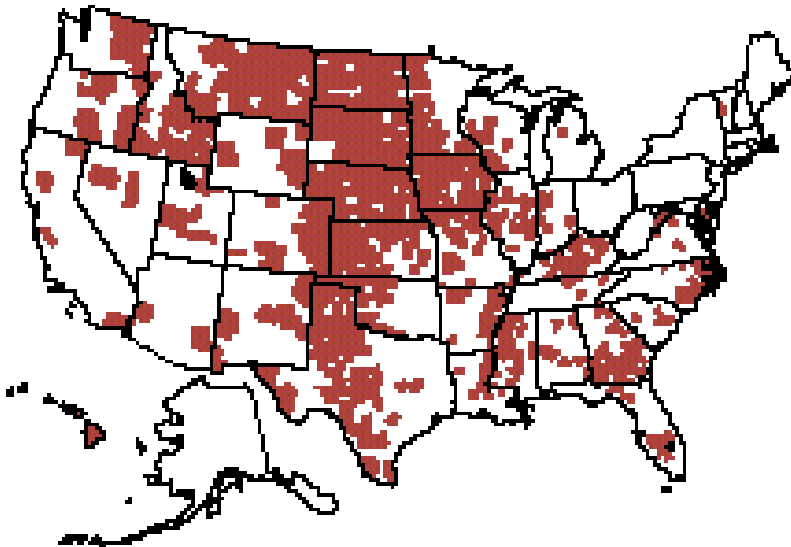
- In ag dependent counties, or rural areas where agriculture is the dominant sector, as in most of the Great Plains, we are literally in “crisis”!

Figure 21

Farm Earnings Less Important in Local Economies Now Than 30 Years Ago

Farming accounted for 20 percent or more of earnings in 877 nonmetro counties in 1969.

By 1999, farming accounted for 20 percent or more of earnings in only 258 nonmetro counties.



<i>ERS Farm Typology</i>	Number of Households	Avg. HH Income	Avg. Off-Farm Income	Avg. <i>earned</i> off-farm income	Percent of HH income from <i>earned</i> off-farm sources	Percent of HH income from <i>total</i> off-farm sources
Small Family Farms						
Limited Resource	126,920	\$9,534	\$13,114	\$5,862	61.5%	137.5%
Retirement	297,566	\$40,643	\$41,991	\$11,254	27.7%	103.3%
Residential / lifestyle	931,561	\$83,788	\$87,796	\$79,982	95.5%	104.8%
Farming-occupation low sales	480,441	\$39,764	\$39,892	\$22,379	56.3%	100.3%
Farming-occupation high sales	175,370	\$53,322	\$26,621	\$19,194	36.0%	49.9%
Large Family Farms	77,314	\$85,685	\$34,598	\$24,011	28.0%	40.4%
Very Large Family Farms	58,403	\$201,206	\$35,572	\$23,371	11.6%	17.7%

Source: ERS, February 2001






Farm / Farm Policy Structure:

- 2 million farms – 2% produce 50% of food / fiber
- 36% of farms participate in support programs (30% of total farm acreage)
- Between 1996 and 1998:
 - \$22.9 billion in farm subsidies
 - 144,000 participants received 61% of money
 - (7.2% of America's farmers received \$13.97 billion)
- The more farm dependant an area is, the more its economic growth lags the rest of America.



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The rural economy has strengthened and is slowly growing, but remains fragile and uneven:

- Over 2 million more rural Americans are employed today than at the start of the last decade.
- Until this downturn, rural unemployment had continued to decline -- lowest level since 1990 recession.
- Rural earnings, after a decade of decline, were rising at rates similar to urban, as was per capita income.

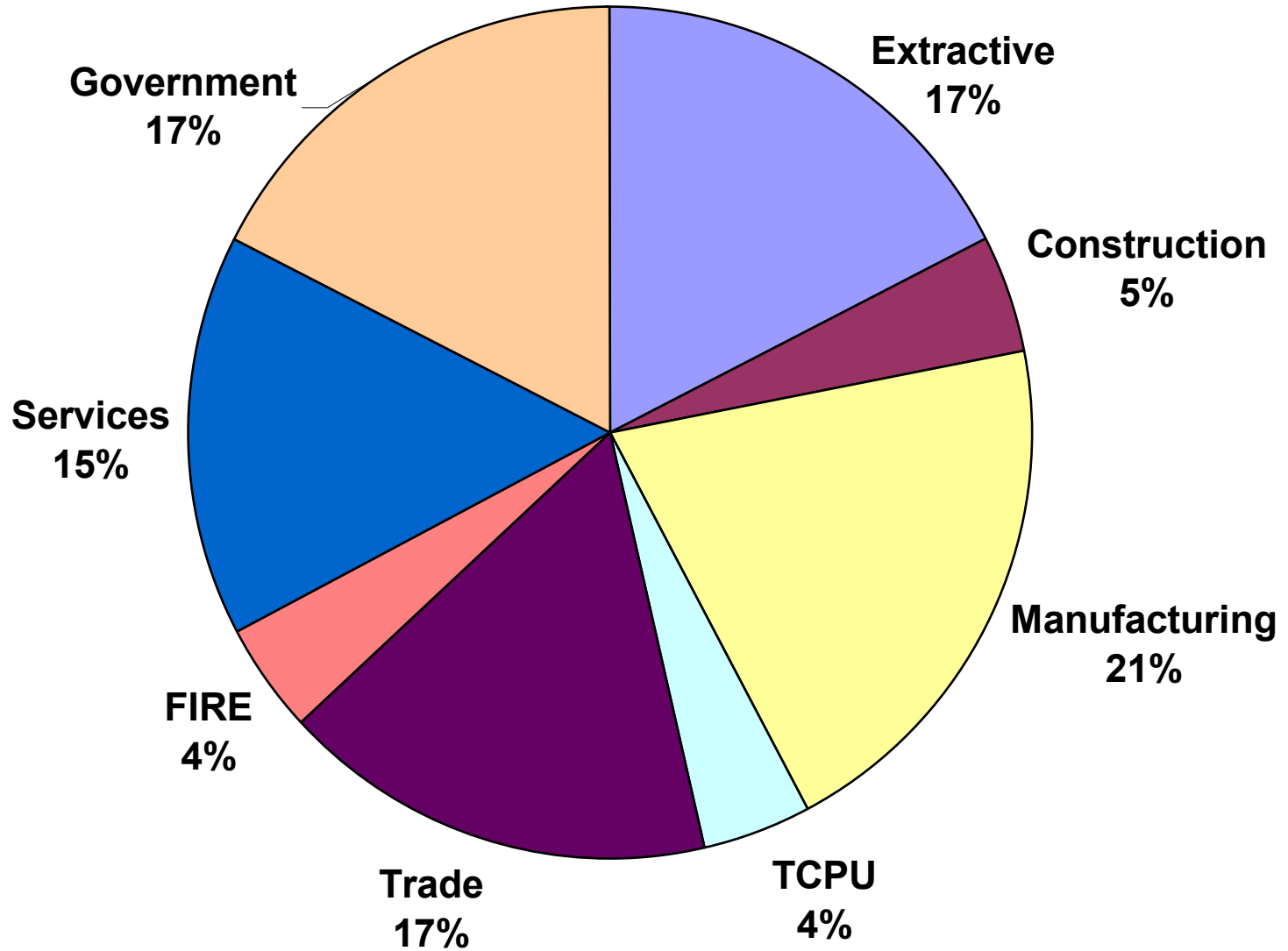


But . . .

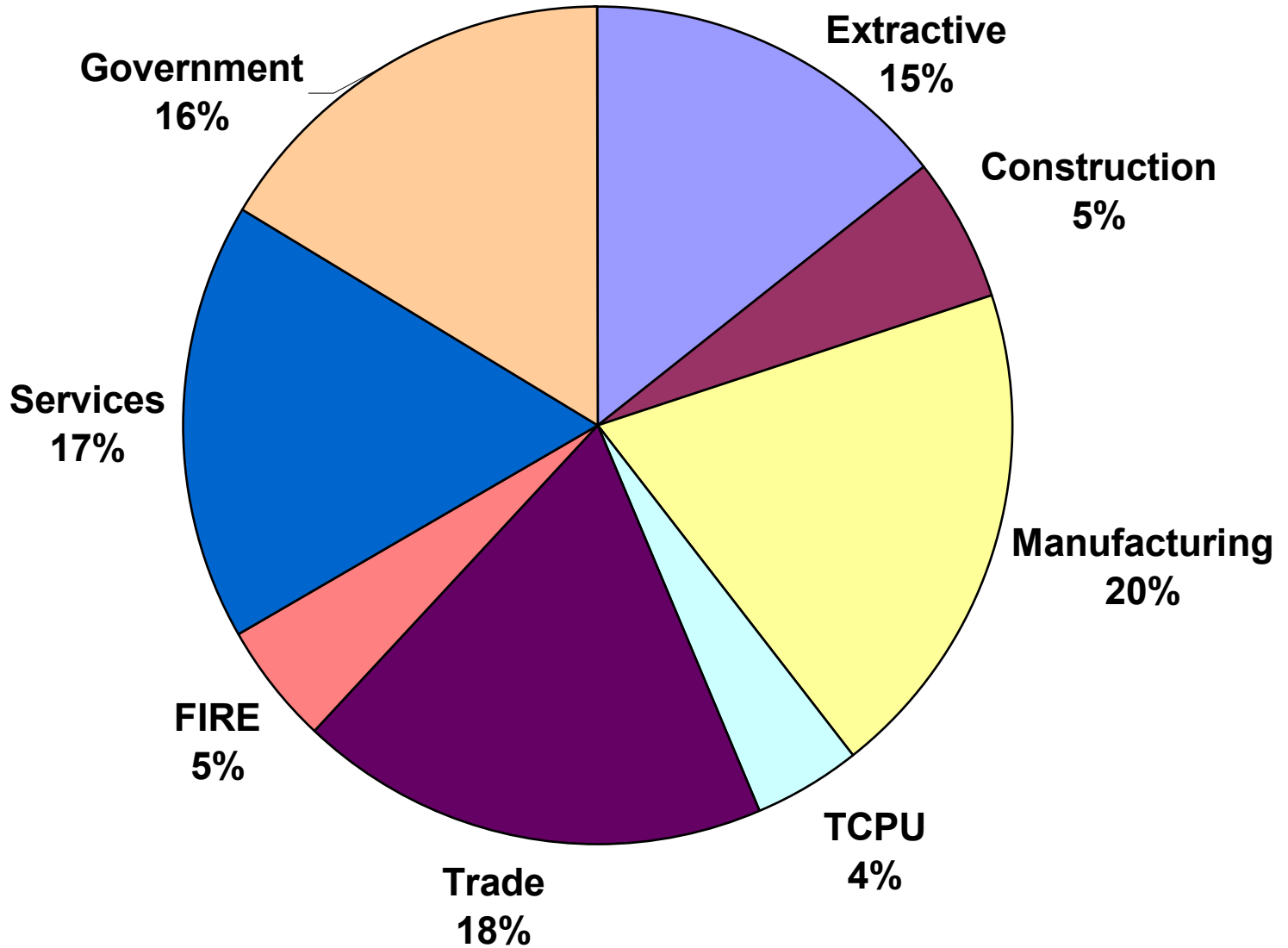
Rural employment is still dominated by low wage industries:

- In 1996, 23% of rural workers in the service sector
- Rural workers are nearly twice as likely to earn the minimum wage (12% - rural, 7%- urban)
- Rural workers remain more likely to be underemployed and are less likely to improve their employment circumstances over time. (40% less likely to move out of low wage jobs than central city residents)
- In 1999, 27% of rural workers over age 25 received wages that if earned full time, full year, would not lift a family of four above the official poverty line (5 million workers).

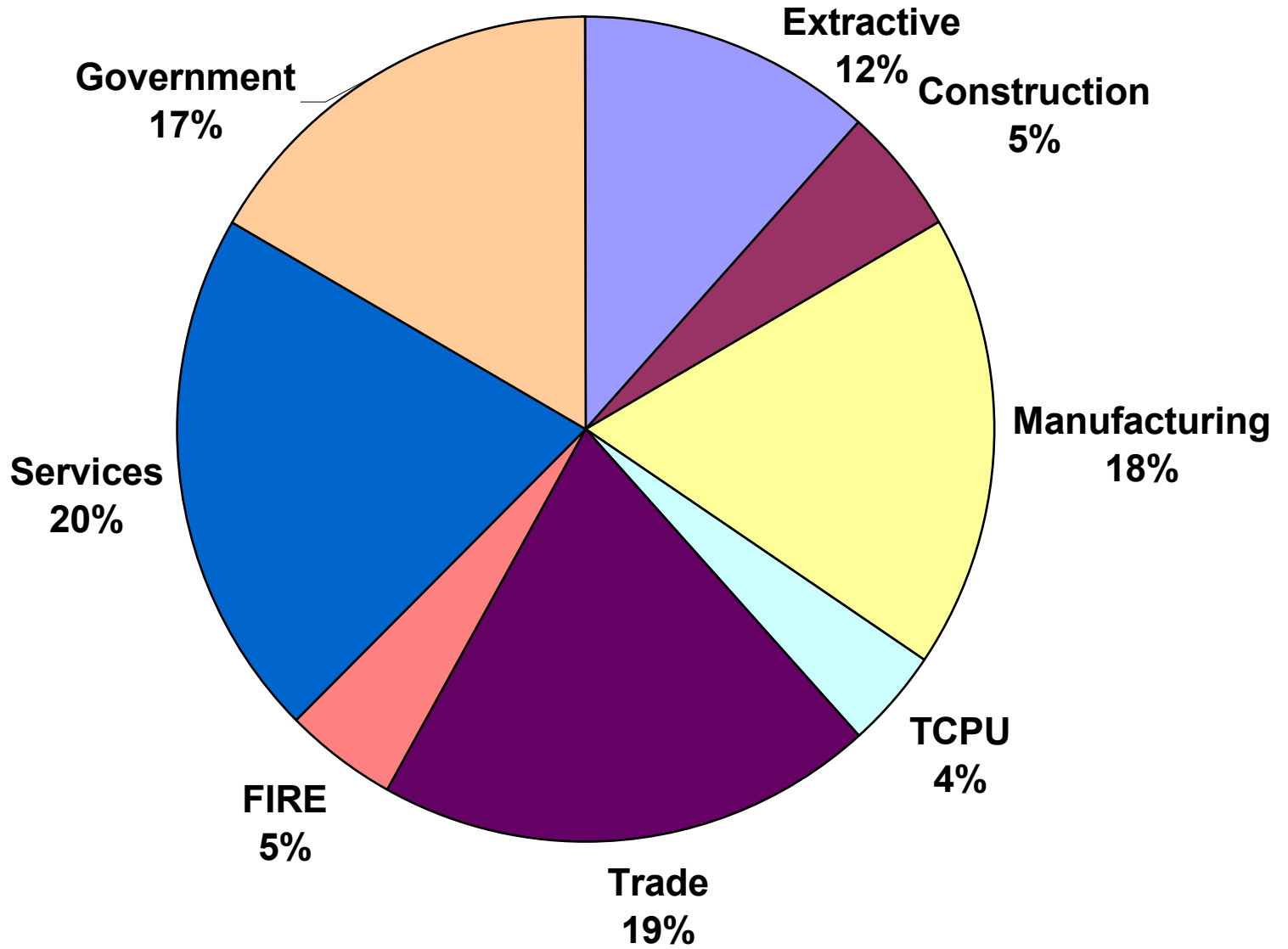
Distribution of Nonmetro Employment, 1969



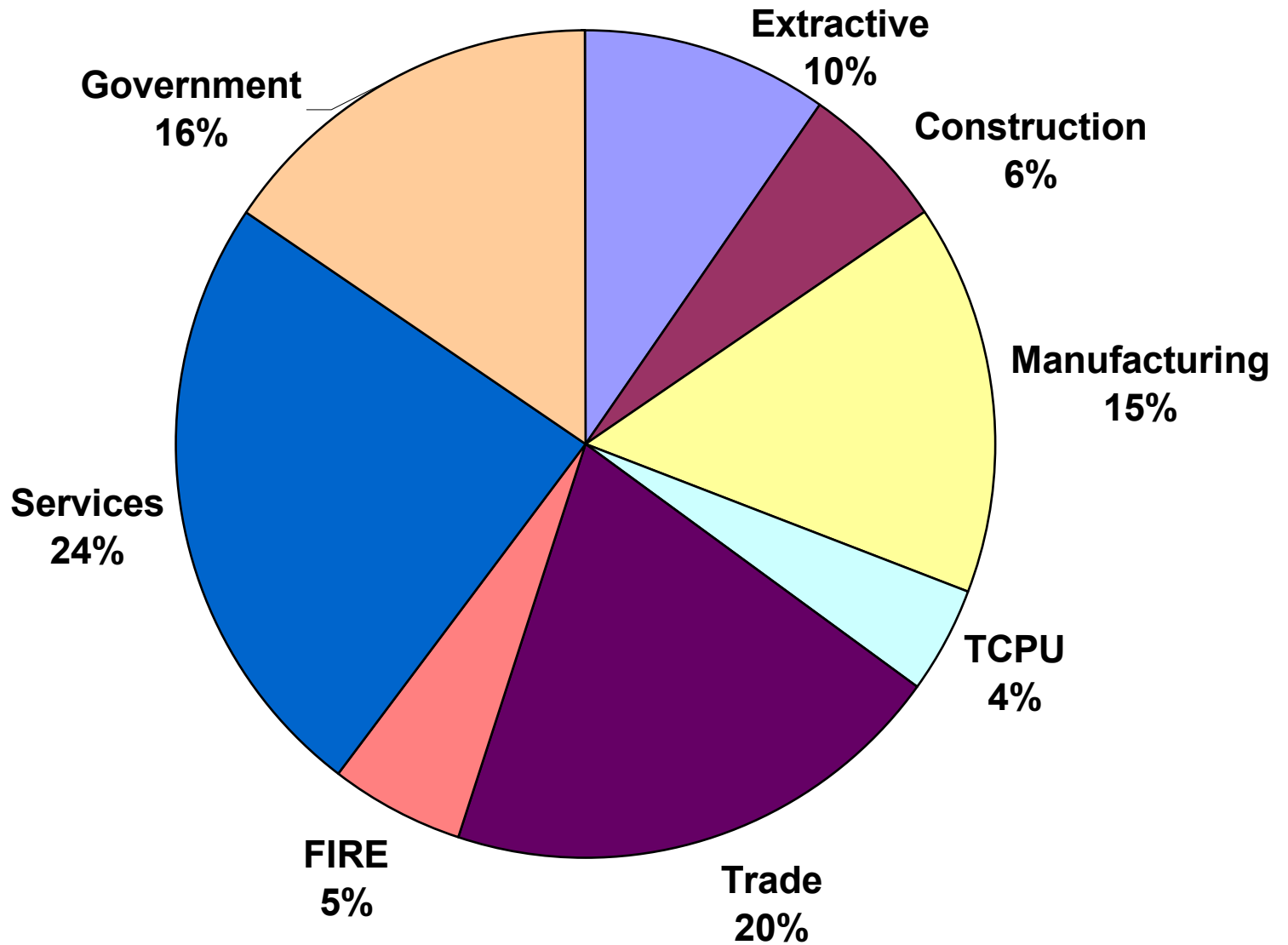
Distribution of Nonmetro Employment, 1979



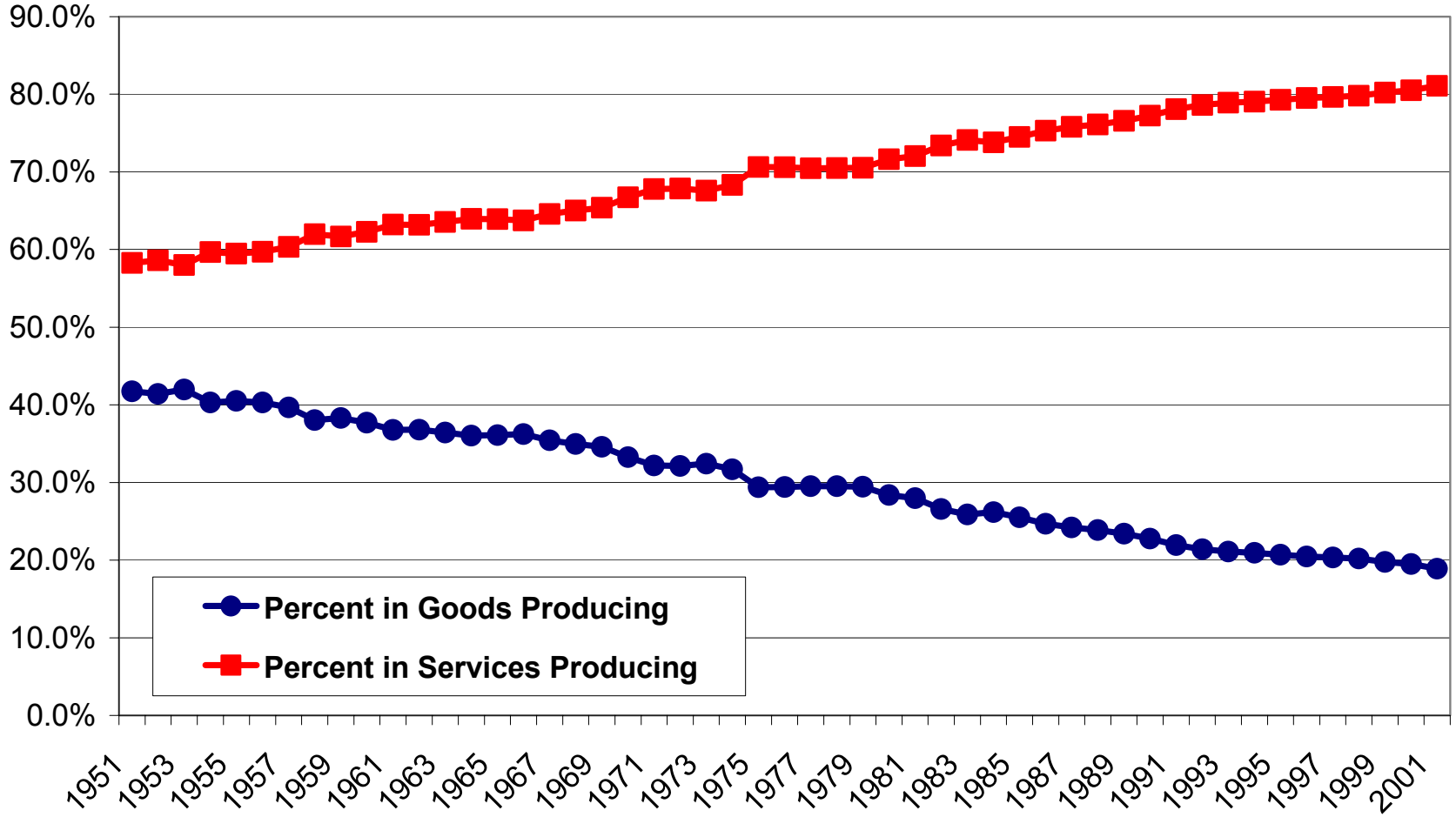
Distribution of Nonmetro Employment, 1989



Distribution of Nonmetro Employment, 1999

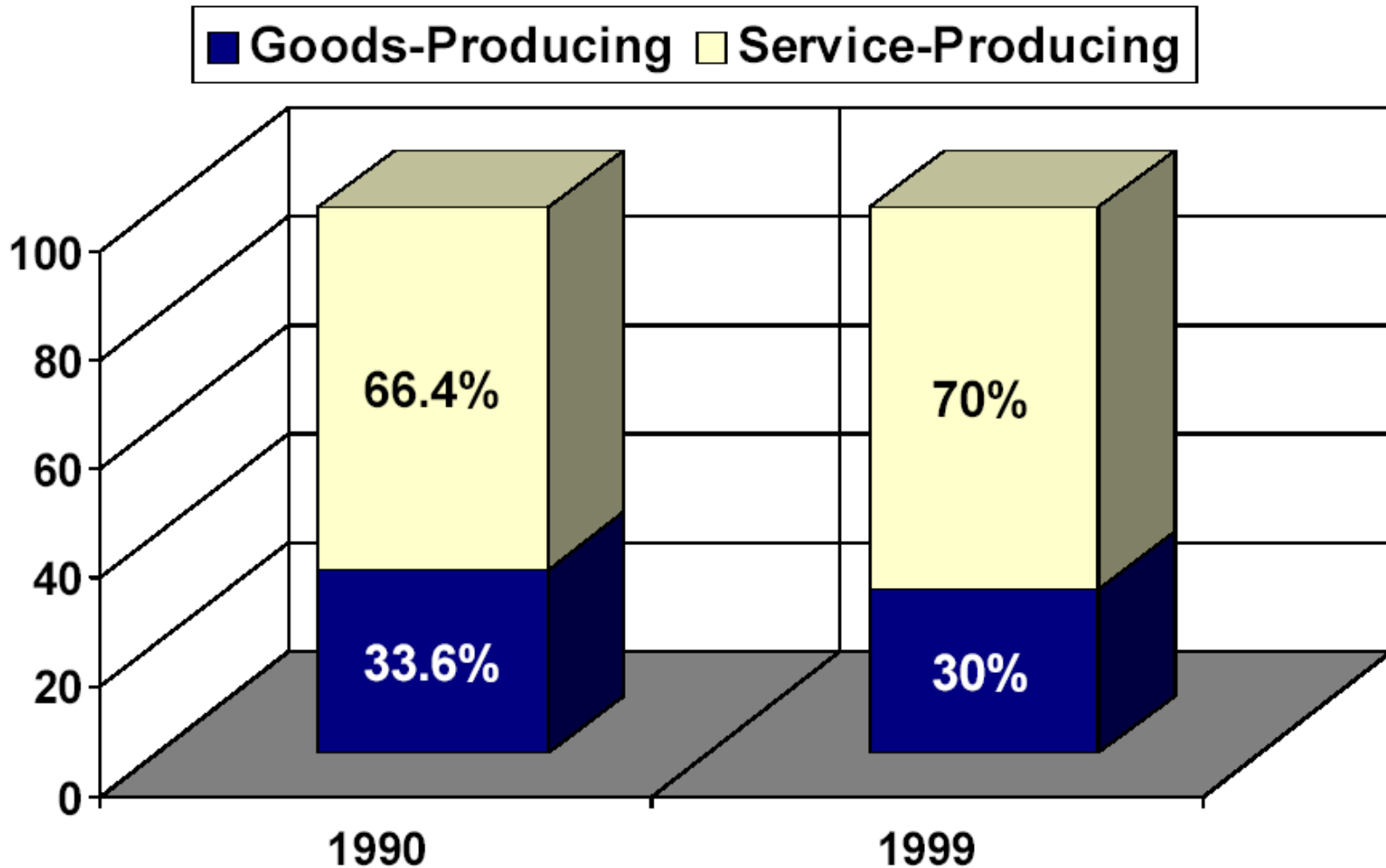



The Changing U.S. Economy: Percent Employment in Goods and Services Industries, 1951-2001



Source: RUPRI Analysis of BLS Data

Figure 1. Employment Composition in the Nonmetro U.S., 1990 and 1999





Between 1990-1996 there was a gain of 2,756,000 jobs in rural America – an increase of 11.3%.

However, between 1990-1996 there was only a negligible change in non-metropolitan job earnings – remaining more or less around \$22,493 per year per job. (1996)

In fact, the rural/urban earnings gap persisted and widened in the 1990s (from 73.8 to 70 percent).

Now, this downturn . . . !

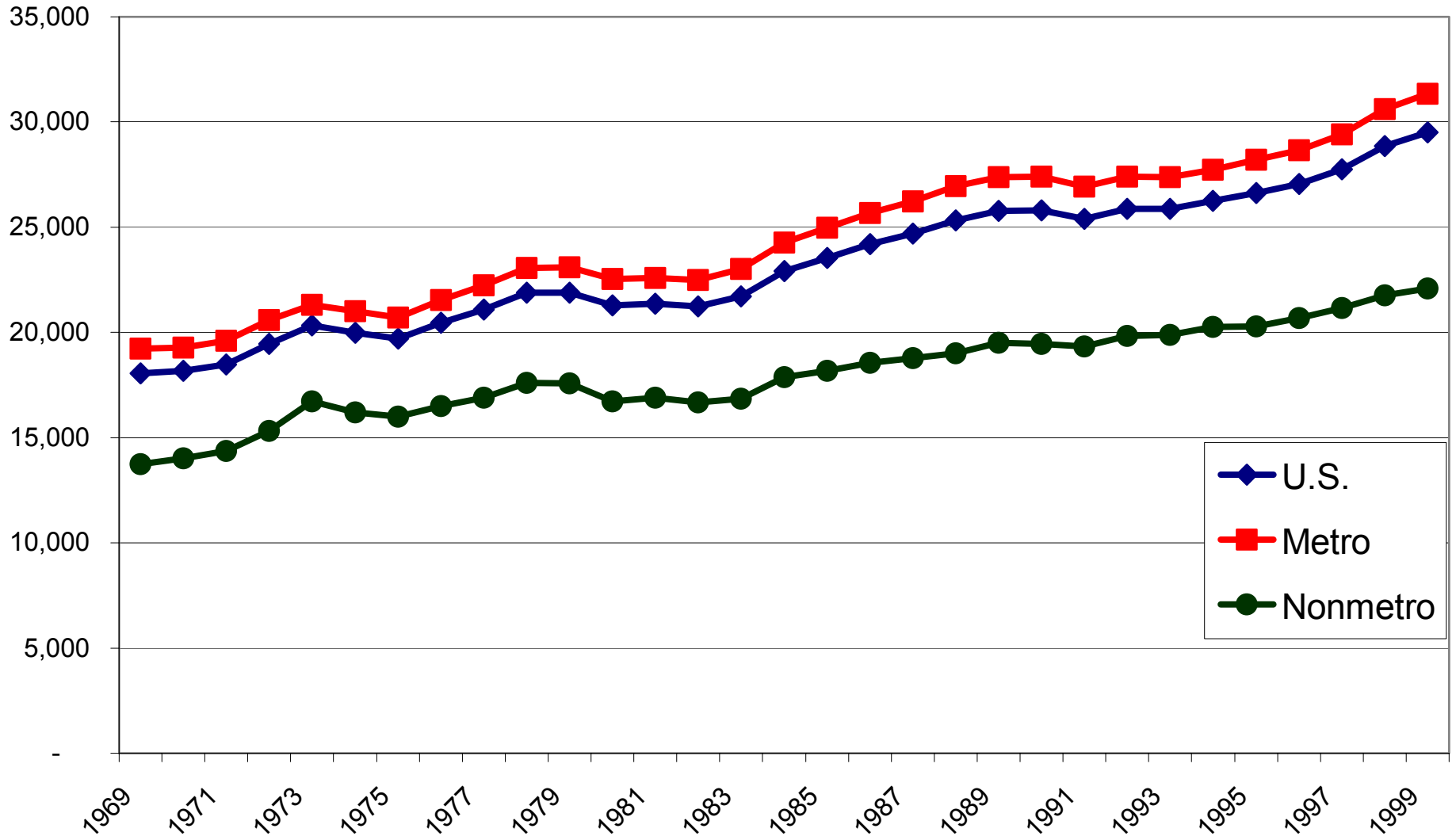


Therefore:

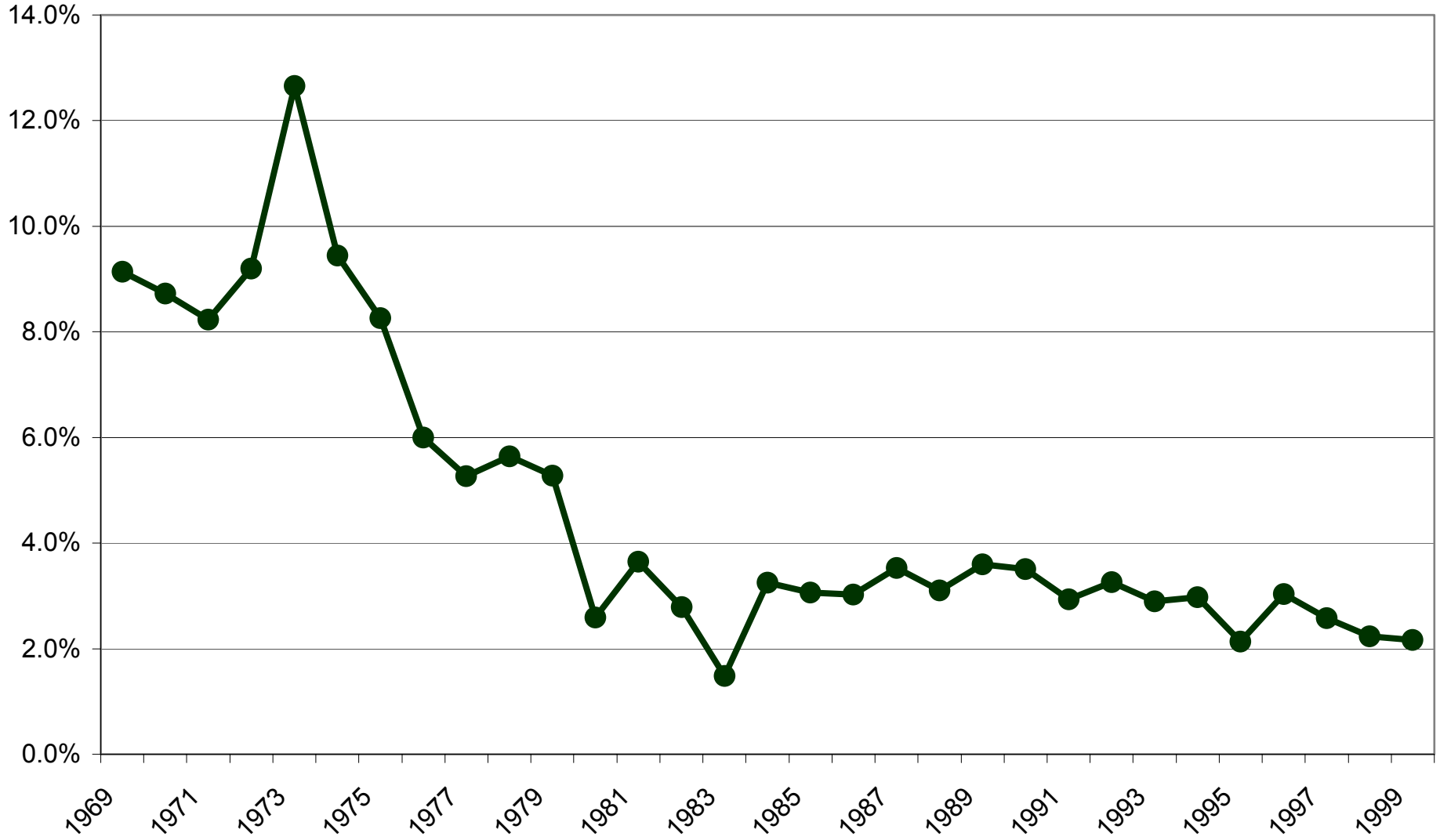
- Rural incomes remain lower than urban (1997 median: \$30K+ - Rural, 39K+ - Urban)
- Rural poor families are more likely to be employed and still poor. (In 1998, 2/3 of poor families had at least one member working at some time during the year; 16% had two or more members working; 29% had one or more full time, full year workers -- a 9% rise since 1996).

Per Capita Income in the U.S. and in Metro and Nonmetro Areas

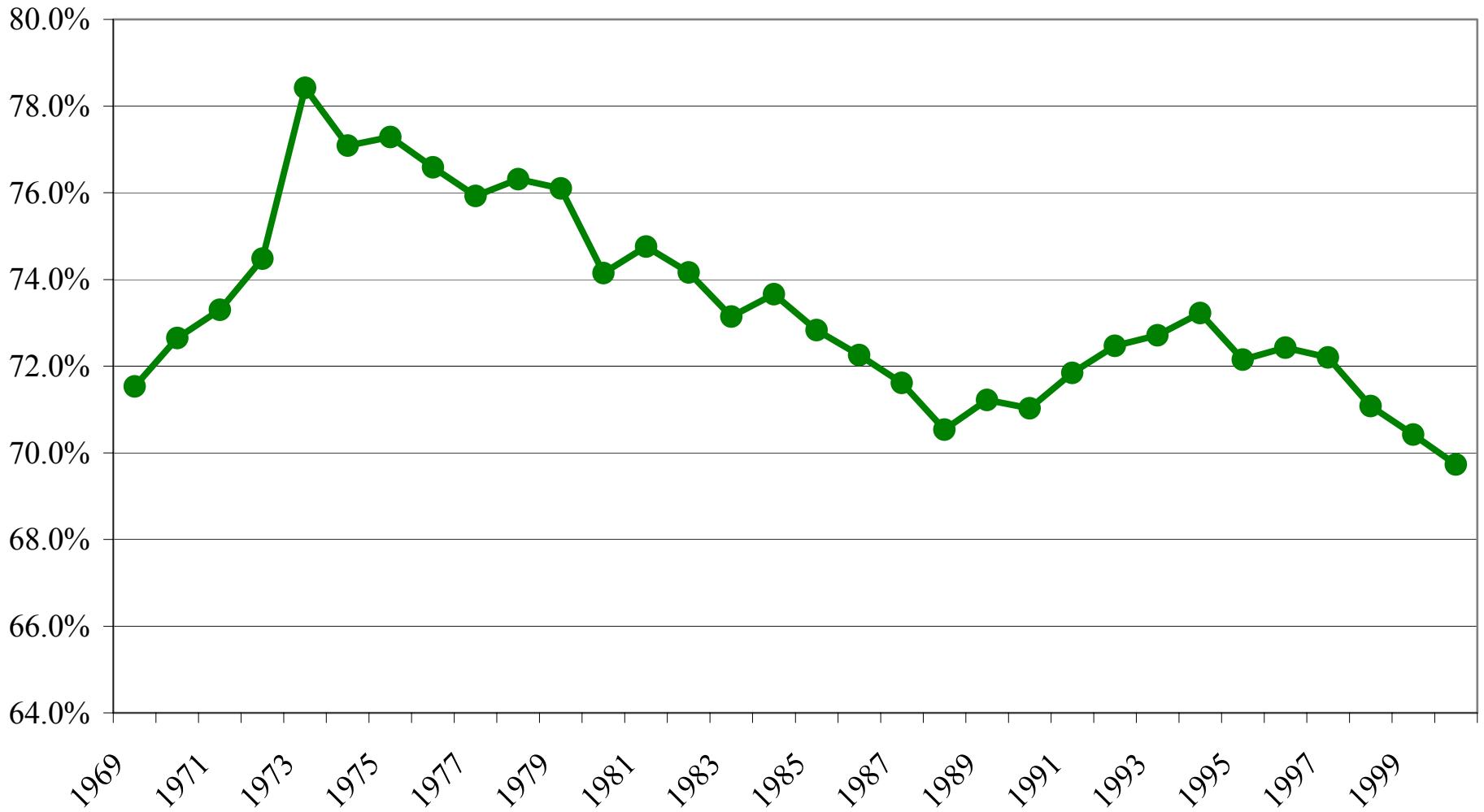
(all figures adjusted to 2000 dollars)



Farm Income as a Percent of Total Income in Nonmetro Areas

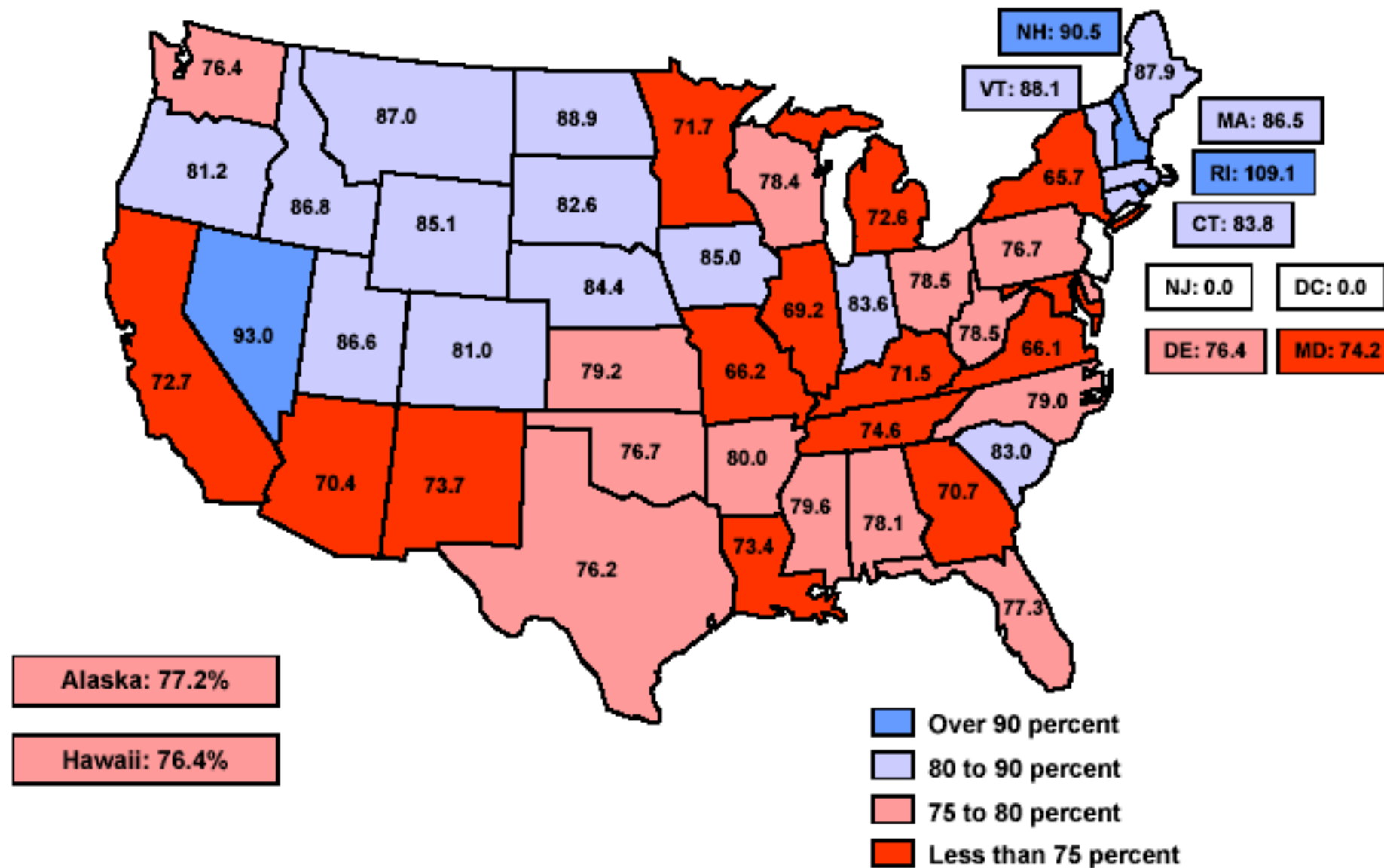


Per Capita Income Gap in the U.S. Nonmetro Income as a Percent of Metro Income



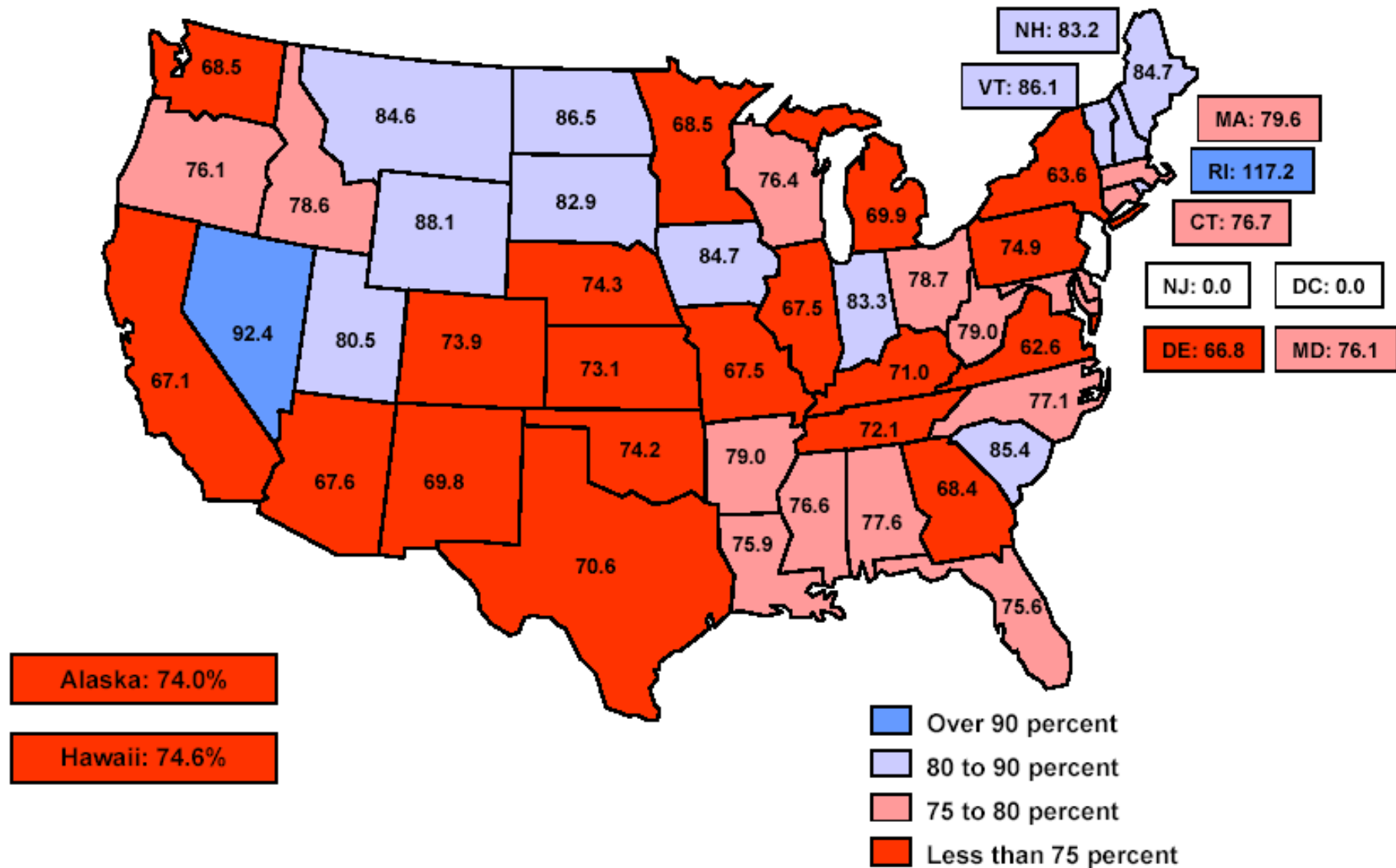
Source: RUPRI Analysis of BEA Data

Per Capita Income Gap in 1990: Nonmetro Per Capita Income as a Percent of Metro



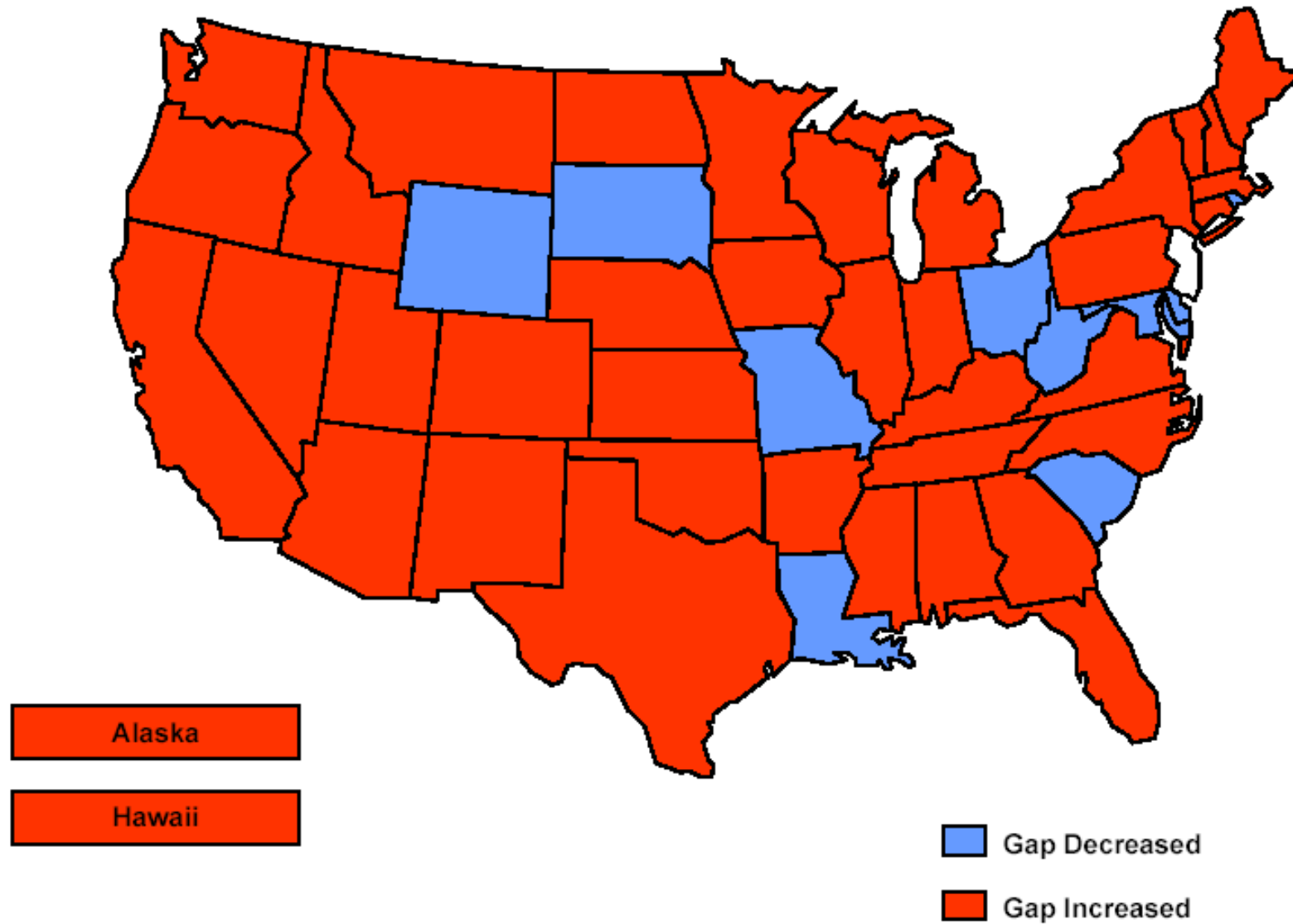
Note: New Jersey and Washington, D.C. do not have nonmetropolitan areas

Per Capita Income Gap in 2000: Nonmetro Per Capita Income as a Percent of Metro



Note: New Jersey and Washington, D.C. do not have nonmetropolitan areas

Change in the Per Capita Income Gap 1990 to 2000



Note: New Jersey and Washington, D.C. do not have nonmetropolitan areas

Table 1. Why the Increasing Gap in Average Earnings?

NM Industry Type	No. Employed 1990	No. Employed 1999	Job Growth 1990-99	Avg. Earnings 1999
Manufacturing	4,154,588	4,253,311	98,723	\$34,021
Retail Trade	3,947,257	4,819,448	872,191	\$15,111
Services	5,055,260	6,825,806	1,770,546	\$20,778


69% of employment growth in the nonmetro U.S. between 1990-99 was linked to the **Retail Trade** and **Services** sectors.

From: *Creating Vibrant Communities & Economies in Rural America*, Lionel J. Beaulieu, Southern Rural Development Center



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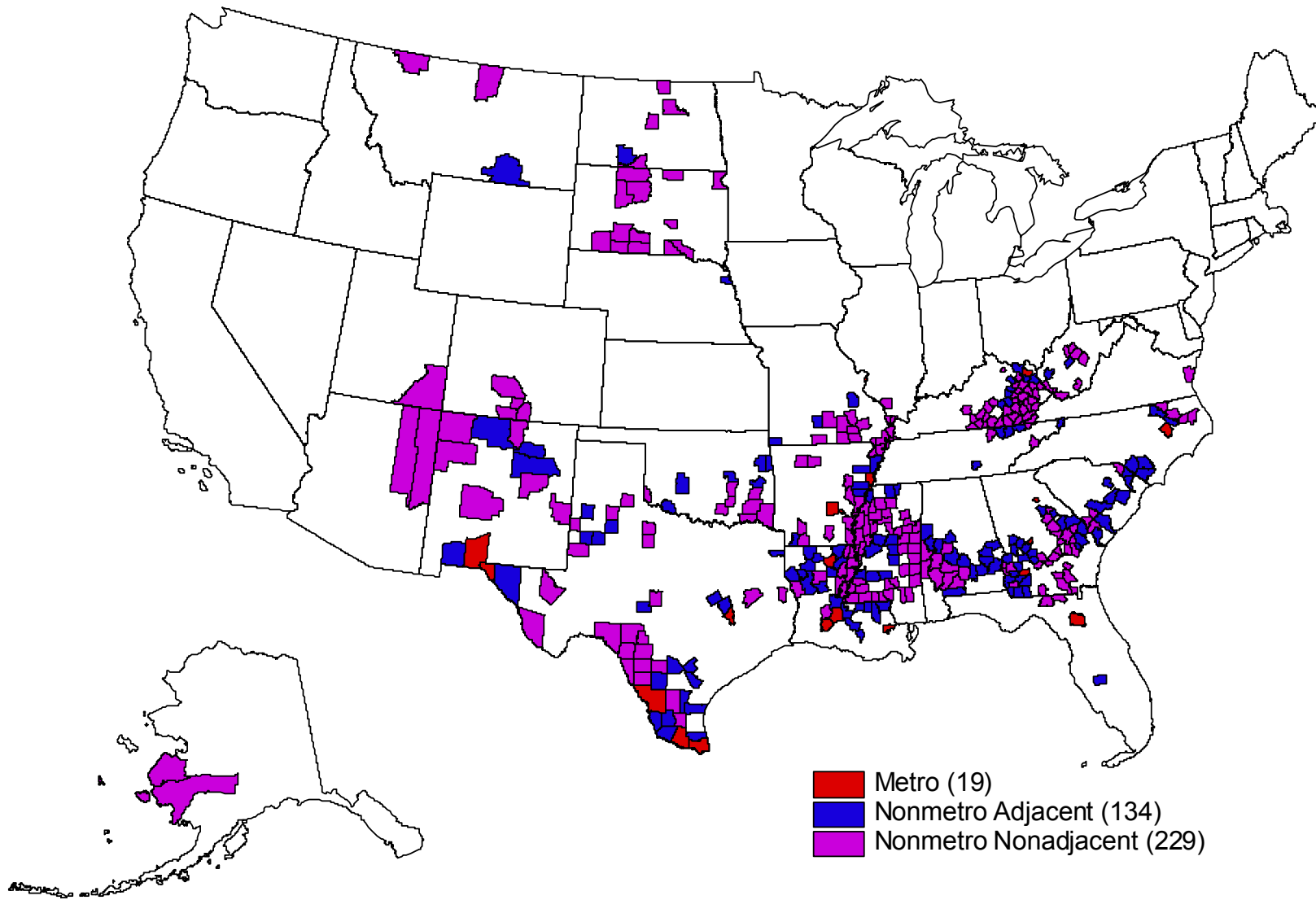


While the economy of rural America, in general, has improved, persistent pockets of intractable rural poverty remain:

- In general, poverty rates are higher in rural than urban areas. (15.7% rural and 12.6% urban, 1997)
- While the rural poverty rate declined by 1 ½% between 1997 and 1998 – still 14.3% [urban 12.3%].
- 7.5 million rural residents live in poverty; an additional 11% live close to poverty (between 100-150% of poverty) [urban 8%].
- Rural poverty is working poverty -- 2/3 of rural poor live in a family with at least one member working.
- Child poverty is higher in rural areas. (22.7% rural and 19.2% urban, 1997)
- Over half of rural children in female-headed households are in poverty. (3.2 million rural children, 1996.)

Persistent Poverty as of 1999

Poverty Rates of 20% or Higher in 1959, 1969, 1979, 1989 and 1999




Source: U.S. Census Bureau and
Economic Research Service, USDA
Map Prepared by RUPRI

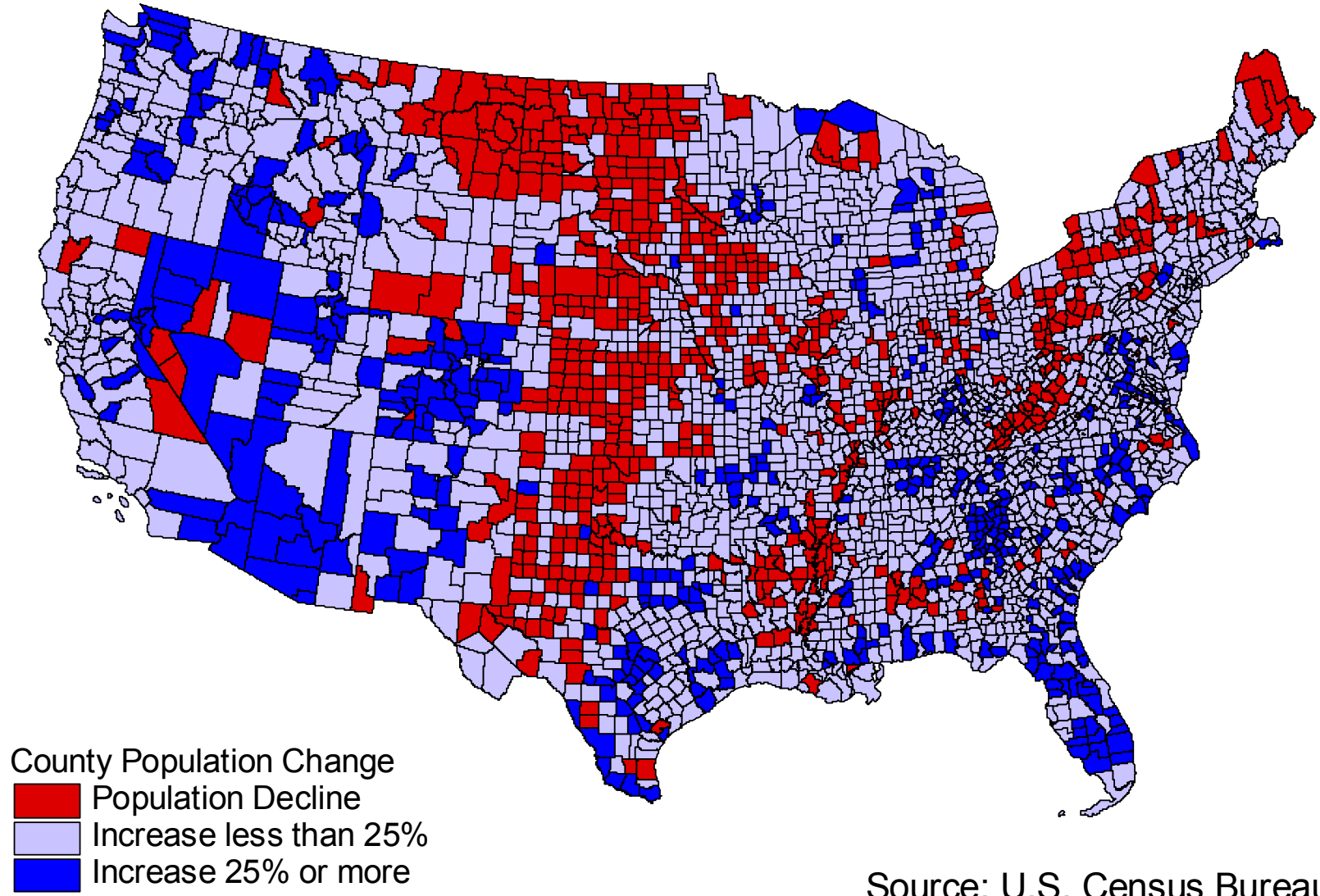


The Census population shifts were very significant:

- The 1990's saw a rural population rebound; which totally reversed the outmigration of the 1980's.
- 70% of rural counties grew in population from 1990 to 1999.
- But, this growth is largely concentrated in only 40% of rural counties.
- 7/8 of these growing counties derived some or all of their increase from in-migration of metro residents.
- 61% of rural counties experienced net in-migration between 1990 and 1999.
- In fact, between 1990 and 1999, 2.2 million more Americans moved from the city to the country, than the reverse.

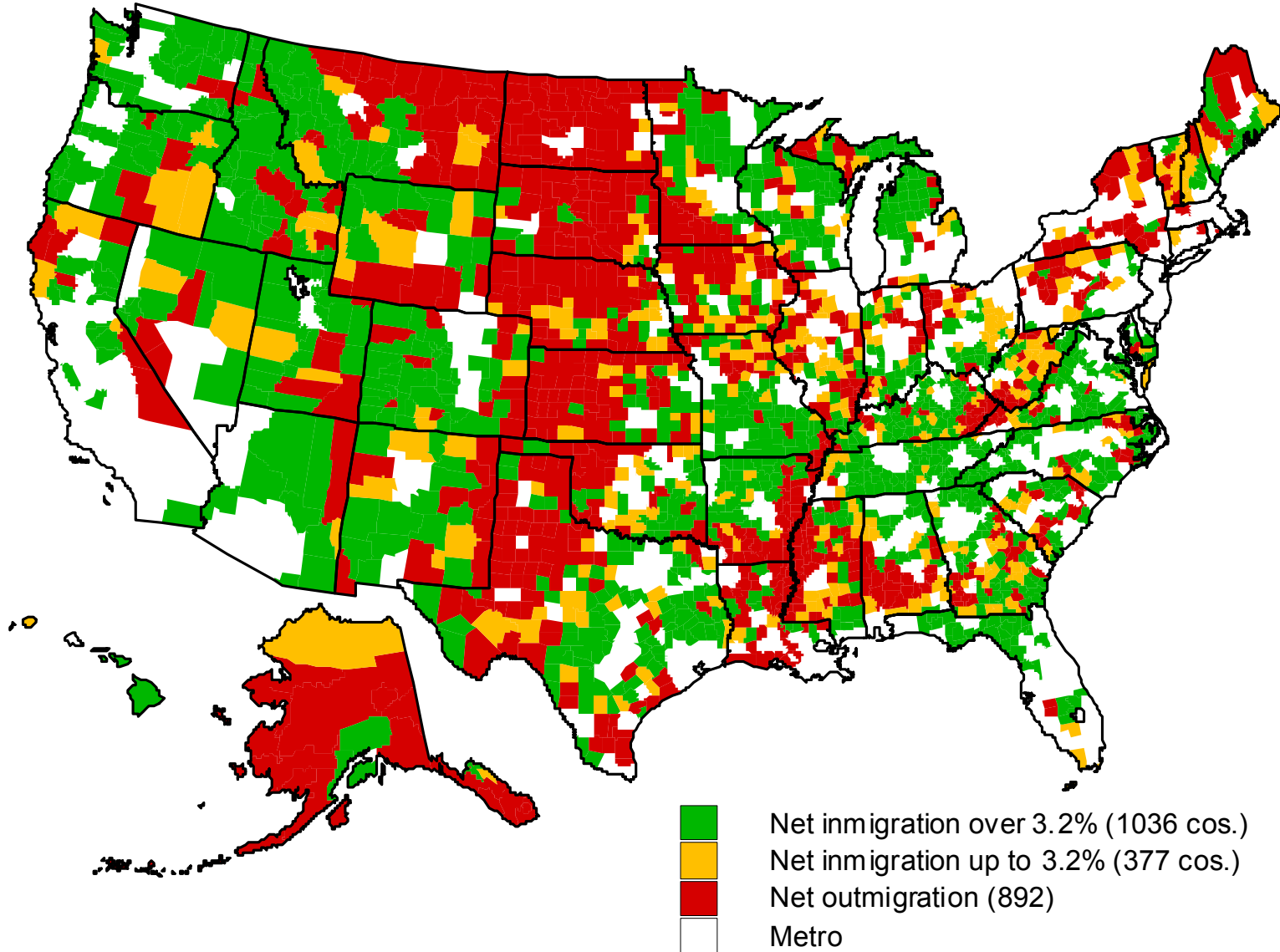
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- However, rural population increases have steadily dropped since momentarily exceeding urban levels in 1994-95.
 - And, all rural counties have turned downward in growth rate since 1995, except commuter counties:
 - Mining and farming dependent counties had the greatest relative fall-off in pace of growth.
 - In 1998-99, the rural population growth rate was less than half of urban.
 - And, the number of rural counties with decreasing population rose from 600 in 1990-95 to 855 in 1995-99.
 - Significant rural population declines continue in the Great Plains, and other “disadvantaged” rural areas.
 - And, numerous growth counties are experiencing expanding diversity in ethnic / racial composition, with attendant challenges.

Percent Change in Population, 1990-2000



Source: U.S. Census Bureau
Map Prepared by RUPRI

Nonmetro net migration, 1990-99



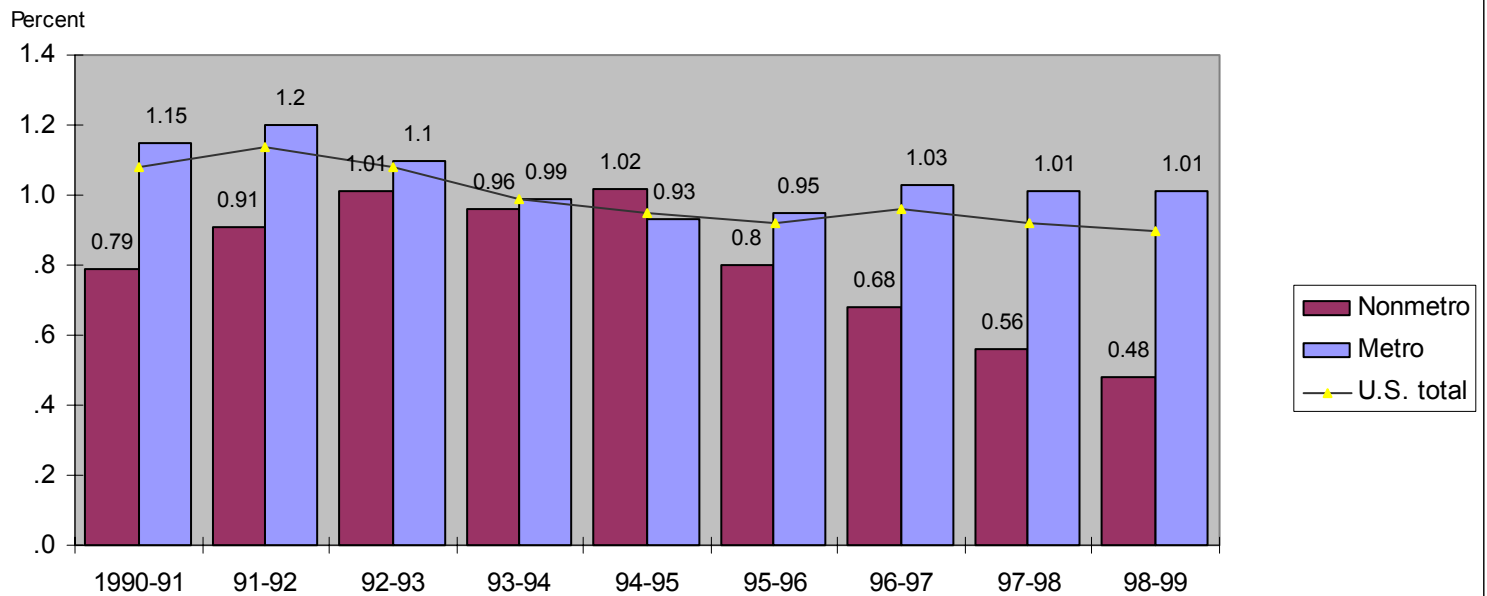
Source: Prepared by Economic Research Service, USDA, using data from the Bureau of the Census.

The US average for this period was 3.2 percent.
The Nonmetro average for this period was 4.4 percent.

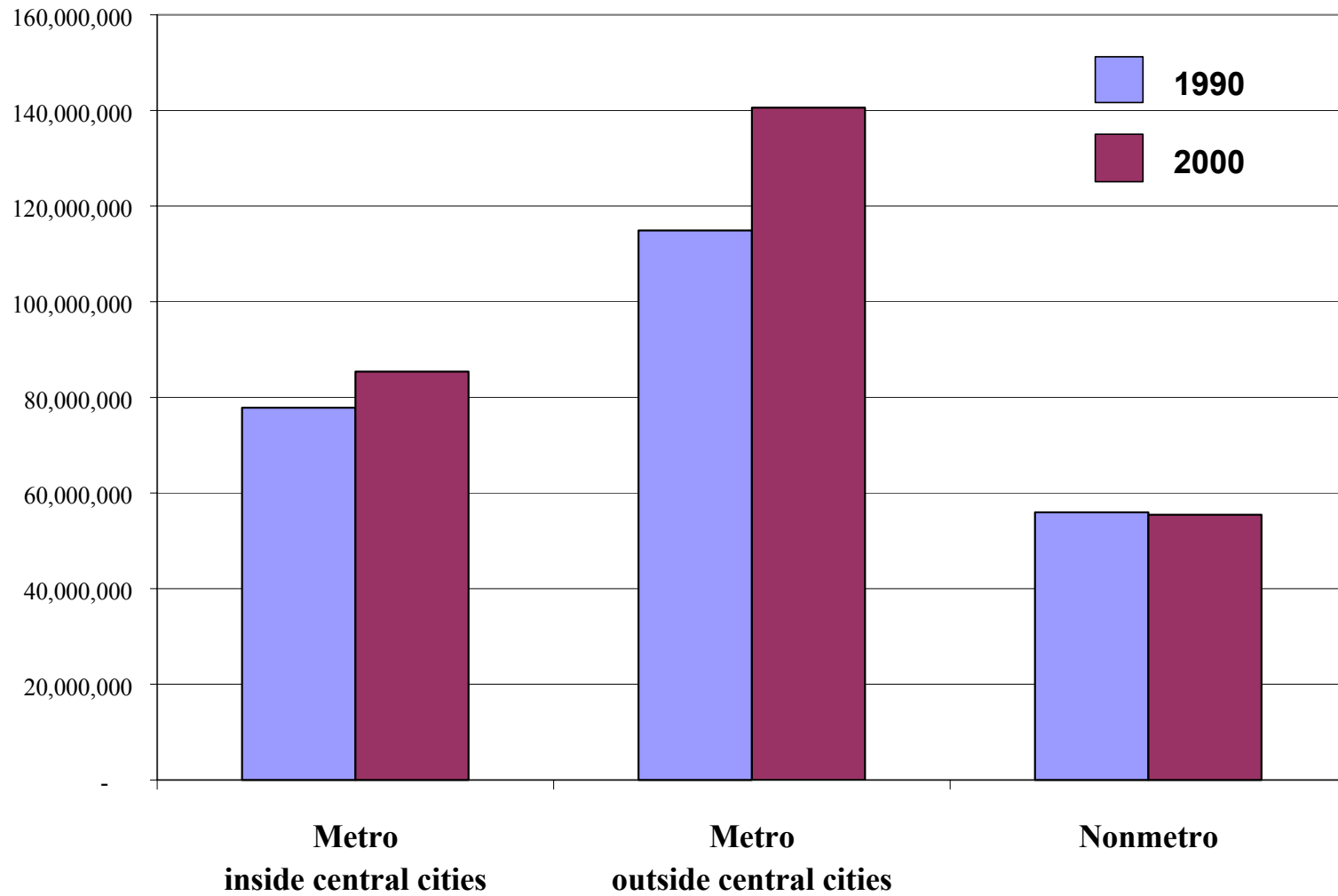
Figure 1

Annual population growth rates for metro counties, nonmetro counties, and the Nation, 1990-99

The pace of nonmetro population growth in 1998-99 continues the slowdown that began after 1994-95



Total Population, 1990 and 2000

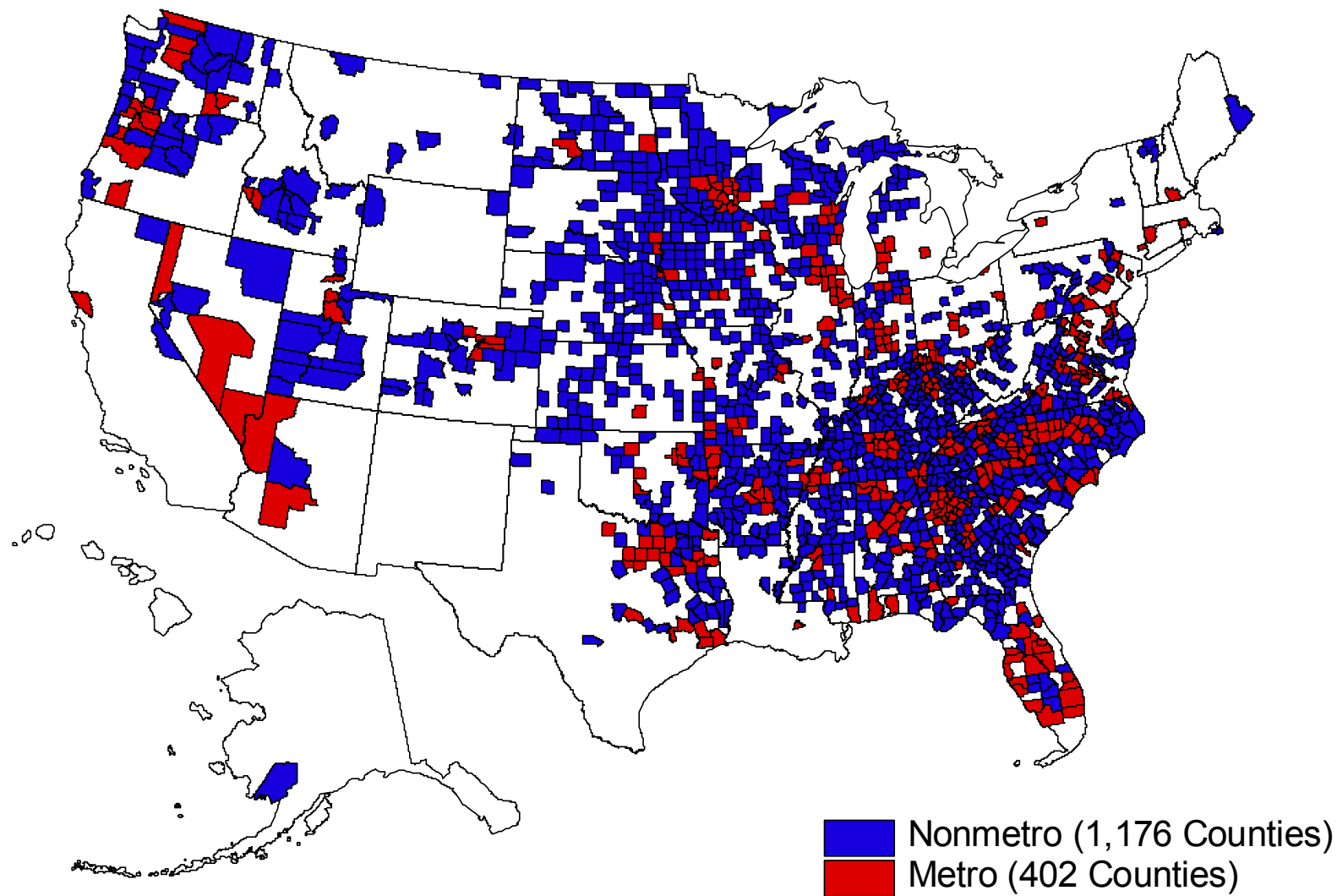


Source: U.S. Census Bureau

	Percent Change Total Population 1990-2000	Percent Change Hispanic Population 1990-2000
U.S. Total	13.2%	57.9%
Metropolitan Total	17.3%	59.2%
Metro inside central cities	9.7%	42.9%
Metro outside central cities	22.4%	80.8%
Nonmetro	-1.0%	45.7%

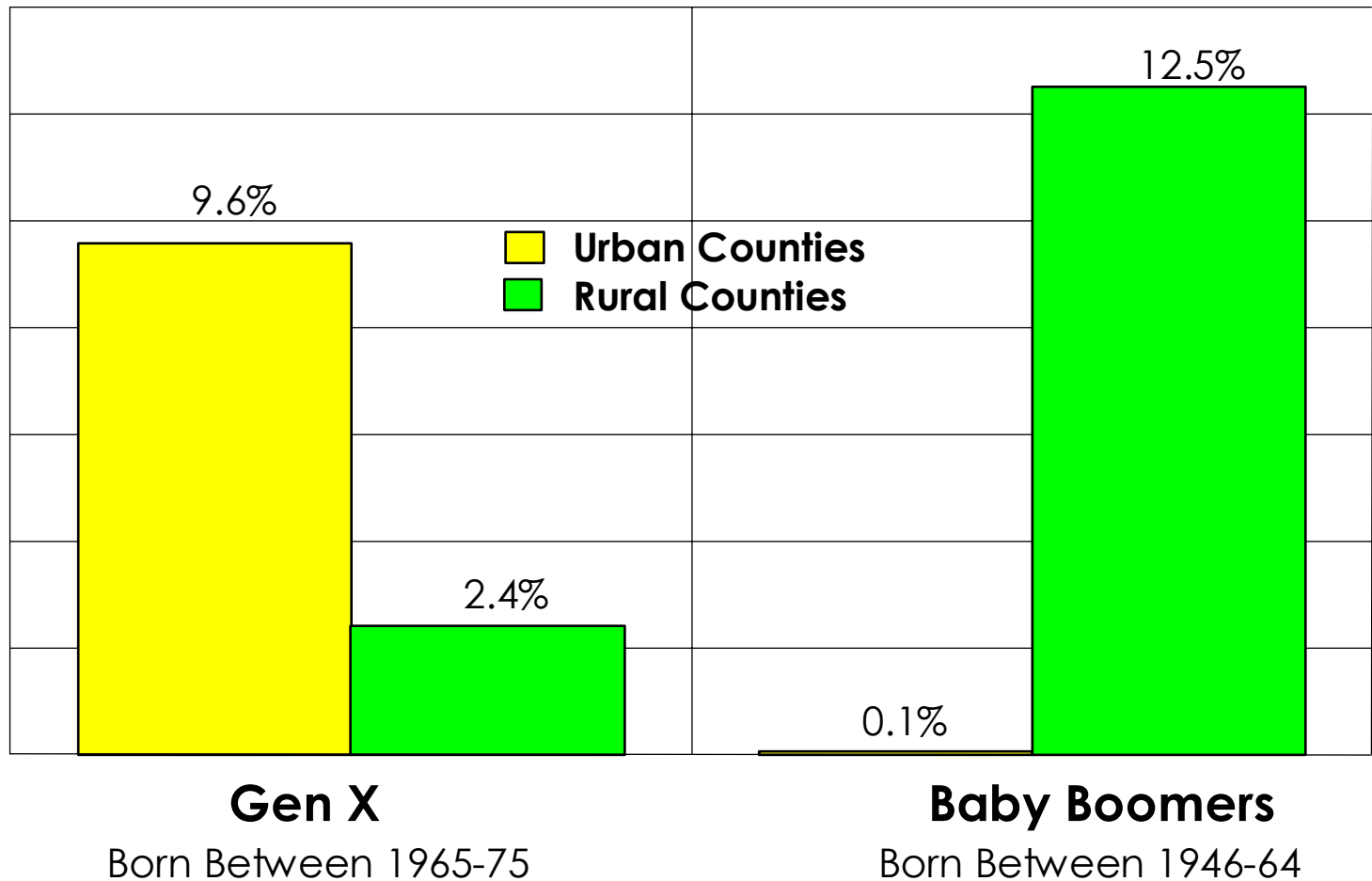
Source: U.S. Census Bureau

Counties with Increase in Hispanic Population of 100 Percent or More, 1990-2000



Source: U.S. Census Bureau
Map Prepared by RUPRI

Change in Rural & Urban Generations, 1990-2000





Human and Social Capital Considerations:

- Education:
 - Recent rural high school graduation rates match or exceed urban rates.
 - Rural dropout rates have fallen sharply in recent years,
- But --
 - Rural out-migration remains largely our youngest and most highly educated:
 - “Rural America’s most important export remains our best and our brightest.”
 - So, fewer young adults in rural areas seek post secondary education; have college degrees; and more have no high school diplomas (23.5% rural and 17.4% urban, 1997).
- Yet, --
 - Rural schools represented 22% of all public schools in 1997, but:
 - Only received 12.5% of federal funding
 - 14% of all state funding
 - 11% of all local funding



- **Health:**

- 22 million rural residents live in federally-designed Health Professions Shortage Areas, or Medically Underserved Areas, and
- Rural residents tend to have poorer health care access; lower health insurance coverage, and little or no managed care availability.

- **Welfare Reform: In 1996,**

- 21% of our nation's welfare population was rural.
- 15 states had more than 50% of their welfare population living in rural areas.
- Caseloads have declined, but:
 - Working age poverty hasn't (1992-1997):

Central cities	7% decline – 22 to 20%
Suburbs	10% decline – 10 to 9%
Rural	Unchanged – 17%



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The relationship between federal, state, and local governments and government revenue streams have a major impact on rural areas:

- 2,305 of our nation's 3,043 counties are rural (76% of counties, 83% of our nation's land, and 25% of our nation's population is rural).
- Rural economies are significantly dependent upon federal government transfer payments -- 20% of total personal income in rural America comes from federal transfers to rural community citizens.



Rural Governance: The Challenge for “Citizen Servants”

- 72% of county governments serve fewer than 50,000 persons.
- 700 of the 3,043 serve fewer than 10,000.
- 90% of the 36,001 sub-county general purpose governmental units serve less than 10,000.
 - 82% have populations under 5,000.
 - 51% serve less than 1,000.



II. Building a constituency for a community based rural policy:

- New political realities
- The policy context
- Alternatives for consideration

The New Political Realities

- **Suburbanization of the American public policy arena**
 - 1990 Census
 - 1992 Presidential Election
 - The 25/25/50 rule
 - 2000 Census
 - The Congressional reality
- **Devolution: “To” the states, or “through” the states?**
 - Current downturn has changed much, but . . .
 - 31 states have cut taxes since 1996
 - Since 1990, state and local government expenditures up 15%, in real terms
 - Nearly \$50 billion in current state budget deficits
 - Federal workforce reduced by 345,000 since 1990
 - State and local government workforce expanded by nearly 2 million in same period

The Rural Congressional Snapshot

- 1966 – Rural Majority in 181 House Districts (42%)
1993 – Rural Majority in 77 House Districts (18%)
Congressional Quarterly (60%) – 57 Districts (13%)
- Today, only thirteen states have a rural majority. These states represent 59 electoral votes. (Only 5 more than California, which is only 3% rural.)
- 1993 CRS study (1990 Census data):
 - No rural district in top 100 family median income districts.
 - Only two rural districts in top 200 family median income districts.
 - Most rural districts were in the bottom 100.



The Challenge of a National Rural Policy:

- Believable problem articulation
- National voice
- Coalition consensus
- Sustained, integrative implementation strategy
- Visionary leadership - AARP!



Why a National Rural Policy is So Difficult to Achieve

- “Rural” remains synonymous with “agriculture”
- A constituency has not been organized
 - Many sector-level constituencies
- Congressional and Administration programs remain fragmented.
 - No one Congressional Committee or Administrative Department with overall responsibility for rural policy and rural program integration



The “Policy” Component of Rural Policy

- What?
 - Integrative national rural policy
 - Global examples
 - National sector-level rural policy
 - Department initiatives
 - Congressional initiatives
 - Integrative state rural policy
 - Governor’s initiatives
 - Legislative initiatives
 - Public / private sector initiatives



The “Policy” Component of Rural Policy

- Who?
 - Potential “change agents” for a “new rural policy?”
 - President
 - Congress
 - Colleges / Universities
 - Governors
 - State Legislatures
 - Philanthropic community
 - Private sector
 - Building a constituency for action



Hopeful Developments of Possible Consequence:

- Congressional Rural Caucus – Presidential Letter
- National Rural Network:
 - New rural mission areas in many NGOs
- Farm Bill Rural Development Title
- HHS Secretary’s Rural Initiative
- State-level policy efforts
- Emergent, new rural leadership:
 - Expanding leadership role for women
- Kansas City Fed – Center for the Study of Rural America
- Expanding philanthropic interest in rural portfolio
- Rural “new governance”: public / private / philanthropic collaborations
- State Rural Development Councils





III. Linking policy and community practice: “Bring in the bridge builders!”



Building a new “rural pragmatism”

or

**“So, if we all care so much
about rural America,
Why is she in such bad shape?”**



“Would you tell me please, which way I ought to go from here?” said Alice.

“That depends a good deal on where you want to get,” said the cat.

“I don’t much care where,” said Alice.

“Then it doesn’t matter much which way you go,” said the cat.

- Lewis Carroll
Alice in Wonderland





Community Policy and Constituency Convergence:

Toward a Place-Based Policy: “Why Cities Matter . . .”


The Brookings Institution

Community Connections

Doug Nelson, President


The Annie E. Casey Foundation





“No snowflake in an avalanche
ever feels responsible!”

- Stanislaus Lezcynski



“The poet is the joiner,
he sees how they join.”

- Walt Whitman, 1855



The OECD Framework:

- Sector to Place
- Subsidy to Regional Competitiveness
- A Governance Structure to Accomplish Both



Challenges Facing All Rural Regions Today

- Technological Change
- Globalization
- Localization
- New Governance
- Changing Industrial Structure & Employment
- Changing Demographics
- Changing Lifestyles and Settlement Patterns
- Changing Political Economy



The New Institutional Framework for Rural Regional Advancement

- Regional Collaborations
- Jurisdictional Realignments
- A Cross-Sectoral Framework
- Optimizing the “Public / Private” Moment
- An Entrepreneurial Awakening
- The Critical Role of Intermediaries
- Finding New Institutional Actors!





Building Rural Public and Private Entrepreneurship



State Rural Policy Challenges:

- Acknowledging the Diversity of “Rurals”
- Addressing the “Two Economies” of Most States
- Addressing the “Out State” Challenge in a Suburban-Based Legislature


- 
- Rethinking the Ag / Natural Resources Role in Rural Development:
 - Is it Production, Processing, or Retail?
 - Are Local Food Systems Possible?
 - Rural residents qua rural resource consumers
 - Are There Local Natural Resource and Service Industry Possibilities?

- 
- Linking Ag and Natural Resources to These Regional Rural Strategies:
 - “Necessary, but not sufficient” model
 - Building community-based constituencies for “change support” and neutralizing the resistance of old turf tendencies.



State Policy Recommendations

- Rural Development Must Become a Major State Policy Goal
 - Associated with ag / natural resources policy, but not secondary to them
- State Rural Development Policy Must Be Focused:
 - Cross-sectoral
 - Cross-departmental
 - Cross-jurisdictional
 - Regionally Targeted



- State Rural Development Policy Must Have the Resources to Make a Difference:

- Planning
- Coordination
- Policy development and implementation
- Program design
- Evaluation

- 
- Policy Champions and Integrative Policy Intermediaries Must Be Found and Linked Strategically



What Can Communities Do:

- Facilitate / Support These Emergent Models
- Foster the New Economic Engines
- Become Change Agents
- Support Entrepreneurs (Public and Private!)



Redefining the Public Metaphor and Rhetoric for Rural America



**“The question is not what you
look at, but what you see.”**

-Henry David Thoreau