

## VI. Rural Communities

Rural America is home to one-fifth of the Nation's people, keeper of natural amenities and national treasures, and safeguard of a unique part of American culture, tradition, and history. Rural America is a collage of people and places—an incredible diversity of races, ethnic groups, terrain, climate, amenities, businesses, and institutions. Rural residents and policy-makers, indeed all of America, face many decisions that will affect, if not determine, rural America's future. Rural development policy is no longer synonymous with agricultural policy, and it is time for a new

national discussion of policy for rural communities.

Farming no longer anchors most rural communities and economies as it did through the mid-20th century (figure 21). Seven out of eight rural counties are now dominated by varying mixes of manufacturing, services, and other nonfarming activities. This trend has sharply altered the relationship between farming and local economies, and today most small family farms are closely associated with diversified rural economies that offer off-farm income opportunities. Large farms still enhance some local economies, but developments in long-distance purchasing of inputs and marketing of products reduce the contribution. Consequently, traditional commodity support and farming-oriented development programs play an increasingly limited role in improving the prosperity of rural Americans.

Jobs and incomes are decreasing in many areas that are dependent on natural resource-based industries such as agriculture, mining, and forestry, but other places, often associated with rural amenities, are thriving. Declining areas must diversify

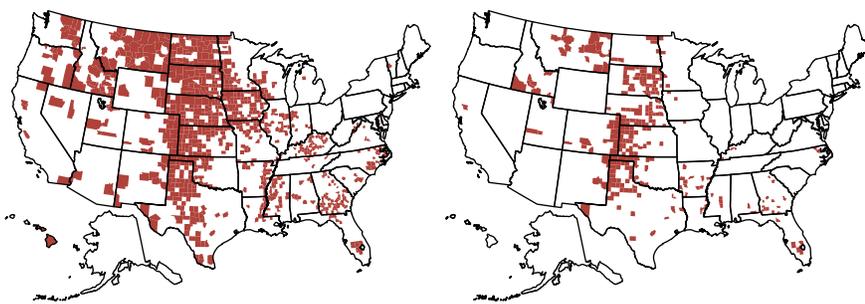


Figure 21

**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.



and attract new businesses, while growth areas must develop strategies to sustain their success. A prosperous rural America depends upon many of the same things as urban areas—good-paying jobs; access to critical services such as education, health care, technology, transportation, and communication; strong and safe communities; and a sustainable natural environment.

The challenges facing rural communities are wide-ranging and varied, and they defy homogeneous solutions. Farming communities in the Great Plains face different problems—with different solutions—than do poor areas of the Mississippi Delta or counties in California's Central Valley. At the same time, rural areas offer many advantages, including lower costs of living,

abundant scenic amenities, less congestion, and a slower paced lifestyle.

Rural America—its conditions and its future—is a local, State, and national concern. Its diversity presents opportunities for the creative application of programs and policies, and calls for unique partnerships among the spectrum of American institutions—different levels of government, the business community, public advocacy groups, and local organizations. New and innovative Federal approaches to sustainable community development are required, and improved program targeting, streamlining of programs, and program coordination are needed now more than ever.

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## Rural America Today

At the dawn of the 21st century, no one industry dominates the rural landscape, no single pattern of population decline or growth exists for all rural areas, and no statement about improvements and gaps in well-being applies to all rural people. Many rural areas are thriving, and during the 1990s, almost 8 percent of rural counties grew in population at more than twice the national average. Colorado was the epicenter of this high growth, but other clusters were found throughout the Rocky Mountain West, with smaller pockets in the Texas Hill Country, the Ozarks, the Atlantic and Gulf coasts, and northern Georgia (figure 22).

However, these favorable trends were not universal, and many areas of the Great Plains and western Corn Belt experienced significant population loss as they wrestled with declining agricultural employment and the lack of replacement jobs in other industries. Population loss was

also found in some low-income areas such as the Appalachian coal fields and the lower Mississippi Valley.

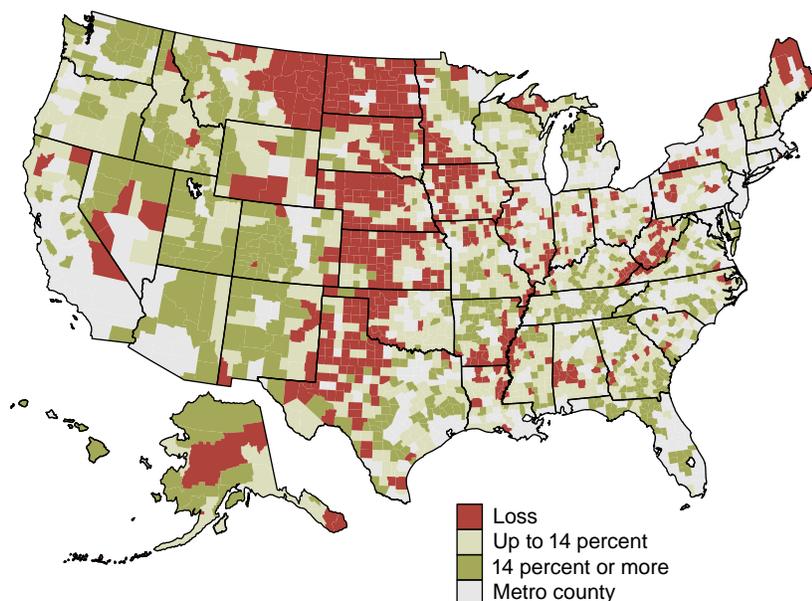
Poverty also has a regional flavor (figure 23). More than one-fifth of rural America had persistently high poverty rates (above 20 percent) in each of the last four decades. These chronically poor areas are heavily concentrated in the South, Appalachia, the Ozarks, the Mississippi Delta, the Rio Grande Valley, and the Native American reservations of the Southwest and Northern Plains. A disproportionate number of economically at-risk people—including racial/ethnic minorities and high school dropouts—characterize these areas, and, at the same time, the local economies of these areas often lag other rural places. However, these persistently poor counties are not synonymous with population-loss counties, and they experience different stresses.

## Opportunities in Rural America

The opportunities and challenges facing rural America are as varied as rural America itself, and local areas differ by needs and resources. Current commodity-based farm policies do not fully address the complexities of rural economies and populations. Federal economic development programs can acknowledge rural diversity by targeting program benefits to rural areas with high poverty rates and/or substantial declines in population and employment. These programs can provide needed infrastructure for economic development, provide employee training for the “new economy,” emphasize training in entrepreneurial and leadership skills, and encourage both business and tourism development. Federal efforts to encourage regional development initiatives, develop creative pilot programs, and provide incen-

Figure 22  
**Nonmetro Population Change, 1990-2000**

U.S. average growth was 14 percent for this period.



tives for areawide development strategies would be consistent with a comprehensive approach to rural policy.

The efforts of rural communities and counties to build longer term regional economic development plans are the first steps toward viable economic growth. These plans help local governments understand the benefits of reallocating scarce human and financial resources, while simultaneously trying to make the best use of available government programs and expertise. Modifying existing Empowerment Zones/Enterprise Communities programs to foster more effective regional-Federal efforts would enable limited government resources to be used over a broader range of rural areas.

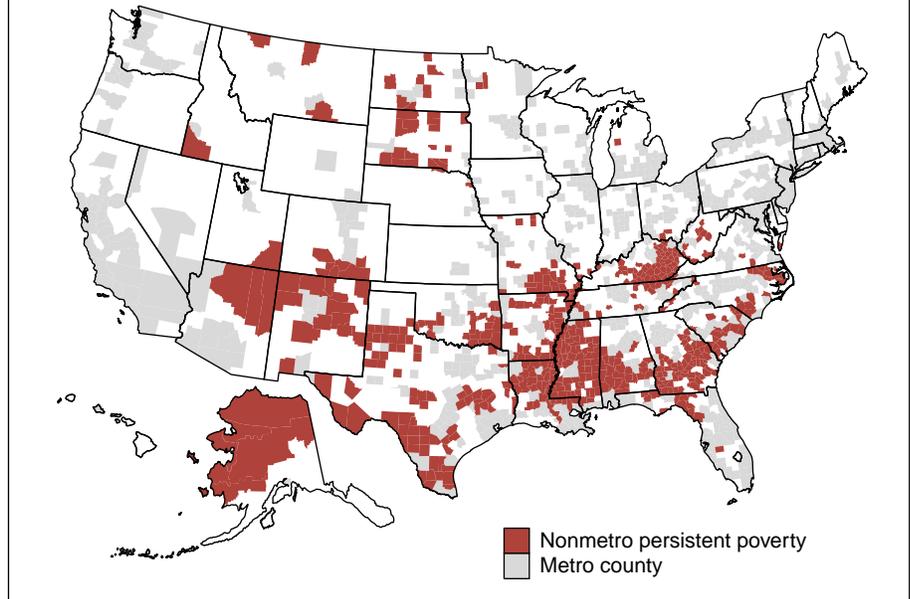
Although these programs are currently of a limited scope, there is a significant need to assist rural areas in developing and executing plans and strategies for new development initiatives. Achieving economic diversification and reducing dependence on traditional rural economic activities will require training, support, and education. Community leadership, traditional local governance, infrastructure analysis, and community planning will likely require new thinking, as old and new institutions blend to accommodate the needs of a changing rural America.

Historically, State and local governments have had the primary responsibility for formulating policy responses to rural economic shortcomings. Recently, regional initiatives have achieved some level of success. In either case, the Federal Government will continue to support these efforts by encouraging communication among Federal, State, and local agencies, all working together to encourage and assist the private sector in the rural regions of our country.

Figure 23

### Nonmetro Persistent-Poverty Counties

These counties had 20 percent or more persons in poverty in 1960, 1970, 1980, and 1990.



Several forces are converging to make investments in energy-related industries profitable for rural areas.

## Innovation, Investment, and Income Generation

An environment should be created that will attract private investment to rural America. Three areas are targets of new policy initiatives: expanding value-added agricultural production, finding alternative methods to increase rural income from the natural resource asset base, and providing leadership in education, specifically entrepreneurial skills.

### Value-Added Agriculture

Many programs exist to promote value-added agricultural development, including cooperative programs, business and industry loans, Rural Business Enterprise and Opportunity Grants, and others. It is a priority to creatively integrate into these programs biobased and renewable energy production and distribution; livestock operations and value-added products, including methane utilization and odor control; environmental beautification; and other

innovative development opportunities.

### Natural Resource Base

Capitalizing on new uses of the Nation's natural resource base is essential. This resource base can provide water filtration systems, carbon sequestration, recreation, tourism, nontraditional energy sources, and other activities. In addition, new farm services, such as carbon stored in plants and the soil through carbon sequestration activities, can create new income opportunities while simultaneously addressing the public concern over greenhouse gas concentration in the atmosphere.

### Energy-Related industries

Several forces are converging to make investments in energy-related industries profitable for rural areas. First, domestic energy production has not kept pace with domestic energy use, resulting in energy price increases over the past 2 years. Second, rural areas are well suited as sites for the development of renewable energy as well as more traditional fossil-fuel energy production. Wind and solar energy are most economically generated in rural areas due to the openness of rural spaces and the need for large land areas for production.

Energy production from biomass offers enormous potential. Dedicated crops and agricultural residues can be used to produce transportation fuels, such as ethanol and biodiesel, and to power turbines to produce electricity. While ethanol production is growing rapidly, biodiesel and biomass electricity generation would benefit from research and development efforts and pilot projects to overcome barriers to expanded commercialization.

On another front, slow Federal review and approval processes have often thwarted energy production in rural areas. USDA is working with other agencies to speed this process



and accelerate development of energy projects. Another major barrier to siting new fossil fuel plants in the last 10 years has been proximity to objecting communities, and rural areas are potential candidates for new plants because of their lower population densities.

### Access to Capital

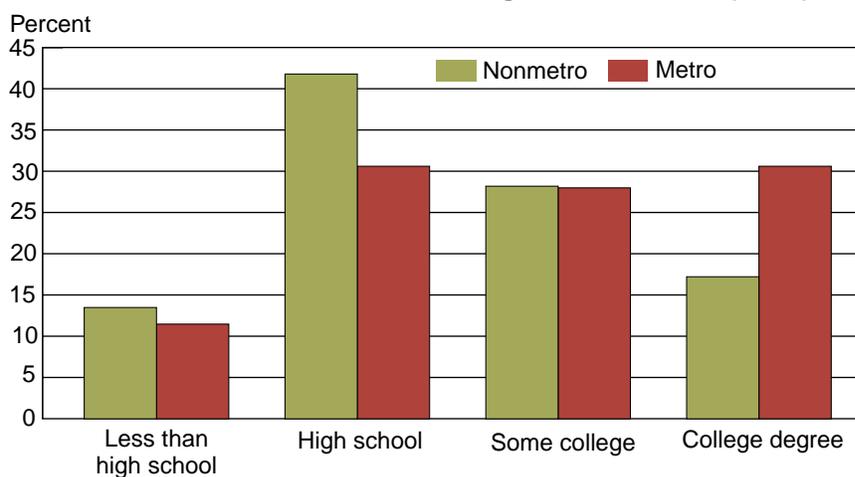
Equity capital is often in short supply in rural areas, and rural entrepreneurs must compete with urban businesspeople for scarce investment funds. However, some rural residents lack the skills to develop effective business plans and other ingredients of a successful business venture. Rural access to startup capital is also hampered by the inability of some rural residents to develop and sell proposals. Rural residents would benefit from assistance in developing strong business acumen as well as business communications skills.

## Education and Skills To Succeed

The wage gap between urban and rural workers reflects a rural workforce with less education and training on average than urban workers (figure 24). In the past, many rural areas hosted industries that required a reliable pool of low-cost workers. Today, a labor force with low education levels poses a challenge for many rural counties seeking economic development. Many rural jobs historically held by workers with limited education have been lost to changes in production technology or changing consumer demand. Employers are now more attracted to rural areas offering concentrations of well-educated and skilled workers.

Moreover, today's youth, regardless of where they ultimately live and work, will need an unprecedented level of education and technical skills to compete in the

Figure 24  
**Educational Attainment of Adults Age 25 and Older (1999)**



increasingly high-skill “new economy.” Programs such as 4-H clubs are needed more than ever, particularly in areas where rural schools are underfunded and plagued by dropouts. Rural employers complain less about the basic skills of local workers than about their reliability, interpersonal skills, and problem-solving abilities. These skills are not generally taught in schools but are basic to many youth programs. These programs, adapted to fit local needs and integrated with schools and other training programs, may be key to upgrading the workforce in traditionally low-skill, high-poverty areas. They may also help serve another need—to alert rural youth

to further education and training programs available to them.

Education and worker training will be essential in helping rural communities cultivate high-performance, knowledge-based companies. Rural human capital would be improved by strengthening classroom instructional quality. Technical assistance could ensure that best-practice models of distance learning are available to remote schools where the benefits from such technologies are greatest. Instructional quality could also be improved by promoting teacher recruitment and retention efforts in remote and poor rural areas. Efforts to facilitate school-to-work transition of youth are particularly important in isolated and distressed rural communities. The benefits of these strategies will be greatest in rural communities where existing workforce development programs (especially the Workforce Investment Act) face special challenges due to high rates of high school dropout or limited demand for youth labor.

## Protecting Rural Communities From Wildfire

One of the most significant conservation issues facing America today is the need to protect lives and property in communities near large areas of forested land, the so-called wildland-urban interface. Rural and volunteer fire departments provide the front line of defense on up to 90 percent of these high-risk and costly fires. While they have a good record in rapidly suppressing traditional wildland fires, these local resources often struggle to meet the complex demands of fighting fire in the wildland-urban interface. Safe and effective protection in these areas demands close coordination among local, State, and Federal firefighting resources.

The Federal Government, in cooperation with landowners and State, tribal, and local governments, can take action to reduce the risk to





communities and resources. Indeed, Federal funding for wildfire preparedness, suppression, and mitigation has dramatically increased in the last few years. A concentrated effort will assure these resources are used effectively. A top priority for minimizing risk is the reduction of fuels in forests and rangelands adjacent to and within communities. Particular emphasis should be placed on projects where fuel reduction can occur on adjoining State, private, or other non-Federal land to extend protection across the greatest possible area. Incentives and technical assistance to communities and private landowners to help minimize hazardous fuels on property can extend protection and enhance the safety and increase the effectiveness of firefighters.

The risk of rural fires can also be reduced by ensuring that personnel at the State and local level are prepared to fight wildland-urban interface fires. The USDA Forest Service's State and Volunteer Fire Assistance programs provide technical and financial assistance to local firefighting resources. In addition, Federal agencies must back up local firefighters by conferring incident manage-

ment skills and leadership. Finally, fire education programs geared toward homeowners and communities should emphasize planning and zoning requirements for fire-safe building materials, and landscaping to reduce the loss of lives and property.

Maintaining existing markets and creating new markets for better use of the small wood that is removed from wildlands as part of the fuels management program is essential. Programs to more effectively use small wood include technical assistance, training, seed funds for selected capital investments, identification of value-added income-producing opportunities, and applied research on additional uses for small wood. Small wood can be an ideal source of fuel for rural cogeneration plants and will increase energy production while stimulating rural economic growth.



## Infrastructure, Public Services, and Business Assistance

Telecommunications, electricity, water and waste disposal systems, and transportation infrastructure (such as highways and airports) are essential for rural development. But many rural communities face financial challenges because of a limited tax base, high costs associated with diseconomies of size, and difficulties adjusting to population growth or decline. Investments in needed infrastructure have increased in recent years, but they are costly and face challenges such as deregulation.

Many communities continue to lack infrastructure and public services, such as advanced telecommunications and air transportation services. Other public services (schools, hospitals, police and fire, libraries, and community centers, for example) are important for community as well as economic development, particularly in areas experiencing recent prosperity and growth. The Rural Housing Service provides assistance to communities for such facilities, but more can be done to ensure that the efforts of USDA, other Federal agencies, and State and local governments are addressing the needs of rural communities. Only through a coordinated effort by all stakeholders can the limited resources available for infrastructure and community facilities be put to best use.

Growth in high-paying jobs is needed to improve incomes and education in rural areas. However, the traditional approach for attracting firms into a region by offering tax breaks may no longer be sufficient. New approaches, such as efforts to provide training and tech-

nical assistance to clusters of firms and the provision of startup and equity capital to help new and existing firms grow, offer more potential for success. Continued assistance to help support rural businesses, infrastructure, and community facilities can help rural communities connect with the new economy and realize an enhanced quality of life.

Information and communications technology—aided by financial and technical assistance—can help smaller communities enjoy the same benefits that at one time accrued solely to cities, such as higher standards of health care and virtually unlimited educational opportunities. Options include Federal financial assistance for deploying broadband access or incentives for State, private, and public partnerships to develop fiber optic or wireless capabilities.

## Rural America Tomorrow

The diversity of rural America and the diminished role of farming heighten the role of institutions in helping to create vibrant, innovative market solutions to challenges facing rural communities. The Federal Government can provide a coordinating hand, but State and local problems are often most efficiently and effectively addressed by State and local residents. A reexamination of the Federal role in rural development activities is needed with the goals of streamlining programs, targeting resources to their most effective use, and improving program coordination at the Federal, State, and local level.



## Principles for Rural Communities

- **Recognize the diversity of rural America.** The opportunities and challenges facing rural America are as diverse as rural America itself, and there is no single recipe for prosperity.
- **Recognize that rural development policy is not synonymous with agricultural policy.** Traditional commodity support and farming-oriented development programs play an increasingly limited role in the improved well-being of rural Americans.
- **Understand the importance of the nonfarm economy in rural policy.** Farming no longer anchors most rural communities and economies. Instead, the non-farm economy anchors much of agriculture, and rural policy for the 21<sup>st</sup> century must recognize the increased importance of non-farm jobs and income as the drivers of rural economic activity.
- **Create an environment that will attract private investment.** Rural communities must adopt creative strategies to diversify the economy, attract new businesses, and sustain their successes.
- **Emphasize the need for greater education and technical skills.** Today's youth, regardless of where they ultimately live and work, will need an unprecedented level of education and technical skills to compete and succeed in the increasingly high-skill "new economy."
- **Capitalize on the natural resource base.** Rural areas are well suited as sites for the development of renewable energy as well as for more traditional fossil-fuel energy production.
- **Protect lives and property in the wildland-urban interface.** Rural citizens in rural communities near large areas of forested land need assurance that their lives and property are safe from wildfires. Innovative, coordinated, and aggressive approaches to the reduction of fuels in forests and rangelands are needed to extend protection across the greatest possible area.
- **Expand infrastructure, community facilities, and technology.** Such improvements will help rural communities connect with the "new economy" and realize an enhanced quality of life. New information and communication technologies can help smaller communities enjoy the same benefits that at one time accrued solely to cities.
- **Coordinate involvement of all stakeholders.** Rural community issues are often most effectively addressed at the local and State levels, but the Federal Government can provide an important coordinating role. A new look at the Federal role in rural development activities, with the goal of streamlining programs, targeting resources, and improving program coordination, is needed.