



# Rural America: Philanthropy's Misunderstood Opportunity for Impact

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## About FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world’s toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, Shared Value Initiative, and Talent Rewire, to provide the tools and relationships that change agents need to be successful.

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# INTRODUCTION

FSG received funding from the Bill & Melinda Gates Foundation to develop a baseline summary on rural issues and implications for philanthropy.<sup>1</sup> This research was conducted over an eight-week period and is not comprehensive; it should be considered a very basic introduction to rural issues. FSG's process drew on the firm's experience working in rural areas, secondary research, and interviews with over 15 rural researchers, nonprofit practitioners, and philanthropists. This short research process illuminated a rural America that is vastly diverse, is full of promise and structural inequities, and has been, for the most part, overlooked by national funders. Our hope is that this report will elevate awareness of the importance of rural issues and help foundations begin to identify how they can broaden their impact by investing in rural communities.

This document is organized around the following questions that guided FSG's research:

- What is rural America?
- What are the root causes of the challenges that rural areas face?
- Who is working on rural issues?
- What are the implications for philanthropy?
- Appendix: What challenges and needed strategies exist for rural areas?  
Topics include Broadband, Civic Engagement and Media, Climate Change, COVID-19, Economic Development, Education, Health, and Housing.

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<sup>1</sup> This report is based on research funded by the Bill & Melinda Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect positions or policies of the Bill & Melinda Gates Foundation.

## Key Takeaways

- Rural communities in the United States contain roughly **59 million people, or 20% of the population**. Despite being older and higher proportion White than the nation as a whole, there is **significant diversity in the composition of rural communities, and people of color are the fastest growing segment** of rural populations overall.
- Rural areas are among the most disadvantaged in the country overall. In fact, **91 of the 100 most disadvantaged communities in the United States are rural**.
- Rural communities face **consistent inequities across social indicators** in areas such as health, education, and financial well-being. These inequities are the product of a range of **historical, economic, political, demographic, and structural factors** that are both national and region-specific.
- Though rural areas contain 20% of the population, **only 7% of funds from the top 1,200 major philanthropies goes to rural areas**, with significant variation in the availability and investment of philanthropic funds across regions.
- There is an **imperative for funders to increase their focus on rural areas, which will require a different way of working**. Effective rural philanthropy challenges pre-conceptions about rural communities, focuses on building from within and impact over scale, and prioritizes cocreation.

We would like to thank our colleagues Jeff Cohen, Christine McDow, Abigail Ridgway, and Kerry Rodriguez and the following for their thought partnership and contributions to this research:

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# WHAT IS RURAL AMERICA?

There is no one widely held definition of what constitutes “rural.” While often used as a geographic descriptor, there is inherent difficulty in determining the boundaries of urban areas and choosing population size thresholds. In fact, the [federal government](#) maintains several different rural definitions and classification systems. “Rural” is perhaps most accurately understood along a spectrum of population density and proximity to urban areas, ranging from extremely remote (often known as “frontier”) regions, such as rural Alaska, to commuter towns in the Hudson Valley of New York. The USDA’s Economic Research Service maintains a [series of relative scales and codes](#) for classifying rural areas, whereas the [Census Bureau](#)<sup>2,3</sup> has historically used a binary definition of “rural” as census tracts that are not part of “Urban Areas” (of at least 50,000 people) or “Urban Clusters” (between 2,500 and 50,000 people). Another way of defining “rural” used by the USDA’s Economic Research Service focuses on metro and nonmetro counties. This definition has the advantage of including small towns and cities in the “nonmetro” classification, and these places are often critical access points for education, health care, employment, and other services for the surrounding rural population.

“Rural” is also a cultural descriptor, constructed over centuries. Social scientists have identified a [series of themes](#) that people commonly associate with rural areas, including agriculture, natural amenities, tight-knit communities, and distinct regional traditions and values.

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2 Another commonly used [definition is from the Office of Management and Budget \(OMB\)](#), which builds on the Census definitions to develop metropolitan and micropolitan statistical areas, which encompass a broader commuting radius around urban areas and urban clusters, respectively. These OMB definitions are more expansive, covering 94% of the population and 47% of land area as of the 2010 census.

3 At the time of writing, the Census Bureau has proposed [new urban criteria](#) for the 2020 census that prioritize housing density, change population thresholds to align with other agencies, and cease to distinguish between “Urban Areas” and “Urban Clusters.”

Based on the Census definition, as of 2010<sup>4</sup> about 59 million people lived in rural areas (about 20% of the U.S. population). Notably, the rural population in the U.S. has remained relatively flat since 1900, when the rural population was around 46 million. During that same period of 1900 – 2010, the urban population of the U.S. grew from 30 million to 250 million, and early 2020 Census results show that the urban population has continued to grow, while rural growth has remained flat. The rural population is [aging](#), with the share of the population older than 65 growing from 11% to 18% between 1980 and 2016. While it is true that rural areas on the whole have a [higher proportion of White residents](#) than urban areas, as of 2020, 25% of rural residents were people of color (compared with 42% nationally). However, rural areas are quickly growing more diverse. Multiracial, Native Hawaiian and other Pacific Islander, Asian, and Hispanic communities all grew by more than 20% between 2010 and 2020, while the White rural population declined by 5% during that period.<sup>5</sup>

Rural communities face a [slew of disparities](#) across a range of social and economic indicators. In 2010, only 19% of rural residents held a bachelor's degree, compared with 35% in urban areas, and earnings per worker were only \$35,000 per year, compared with \$50,000 in urban areas. The gap in educational attainment is a complex challenge, with many factors contributing. For example, [approximately half of college graduates](#) from rural areas with student debt settle in urban areas in search of jobs that allow them to cover their debt. Many regions, counties, and communities in rural America have experienced chronic disinvestment in infrastructure and services, causing higher rates of concentrated poverty. Characterizing this trend are the roughly one in four children in rural areas who were poor in 2016, compared with about one in five children in urban areas.

Perhaps most strikingly, rural communities rank among the lowest across the U.S. in terms of health outcomes and face a growing "[mortality penalty](#)," in which the gap between rural and urban mortality rates grew by 75% between 2004 and 2016. In 2016 alone, 61,000 deaths would not have occurred if rural America had achieved the same improvements in health outcomes as urban America. Premature death rates are worsening among communities of color, with Black, Hispanic, and Native American communities having worse health, social, and economic outcomes than their White counterparts. Moreover, COVID-19 has exacerbated preexisting racial, geographic, and economic disparities that often converge in rural, low-income communities and communities of color.

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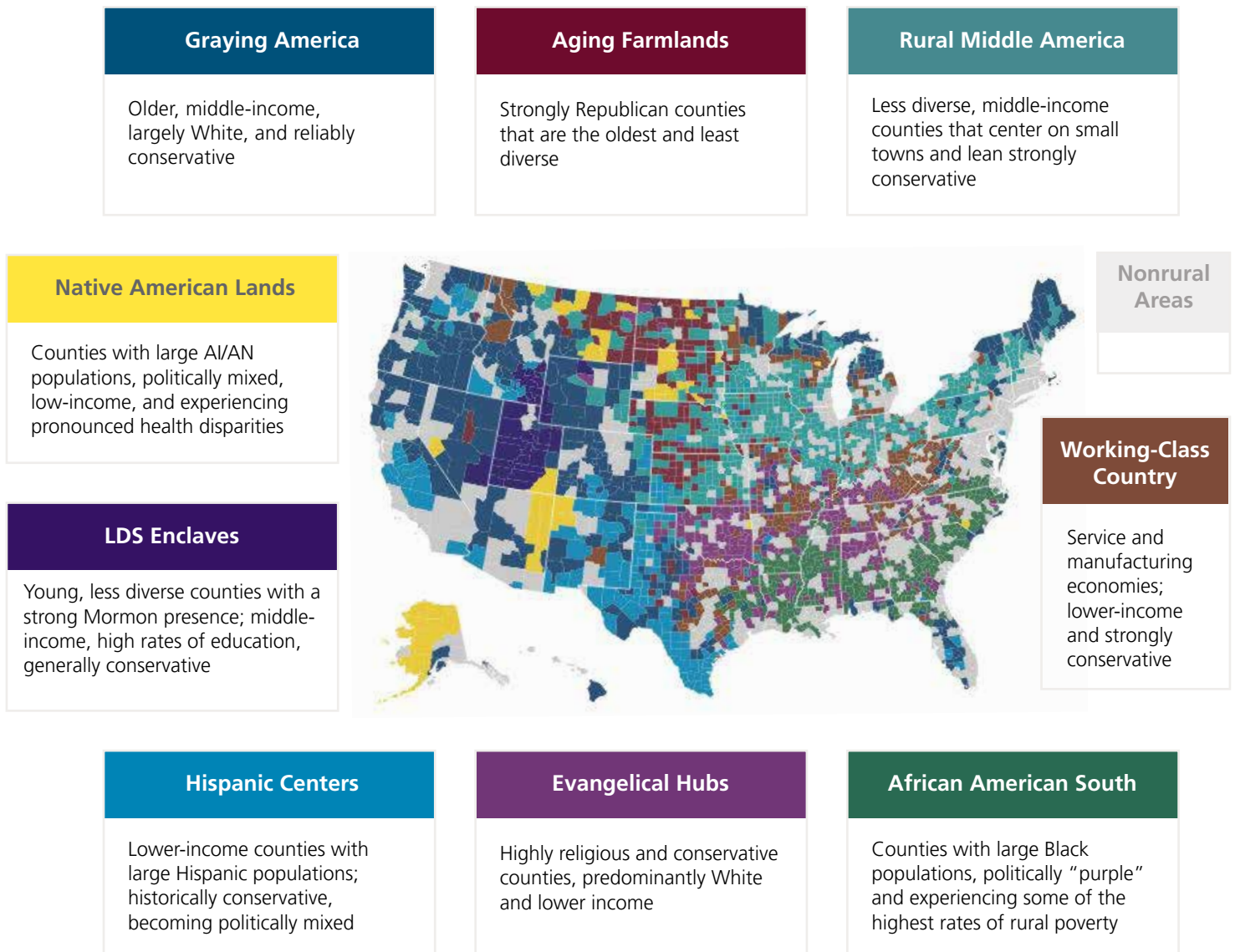
4 At the time of writing, 2020 Census data were still being published, so for the purposes of this report, we are using 2010 Census population totals. Early 2020 Census results indicate that the demographic trends largely remain consistent, though the exact statistics have shifted slightly.

5 2000 – 2010 growth rates for American Indian / Alaskan Native and Black rural populations were -0.5% and -6.4%, respectively.

## Types of Rural Communities

These summary demographic and socioeconomic descriptions of rural America belie its geographic, economic, racial, and cultural diversity. The American Communities Project has developed a helpful taxonomy for understanding the diversity of rural communities (see *Figure 1*). What's most important to remember is that rural America is not a monolith of small towns dotting sparse landscapes. In fact, there are many different types of rural communities. In each case, the regional context—historical, cultural, social, and economic—must be considered.

FIGURE 1. THE NINE RURAL COMMUNITY TYPES



Source: [The American Communities Project](#)

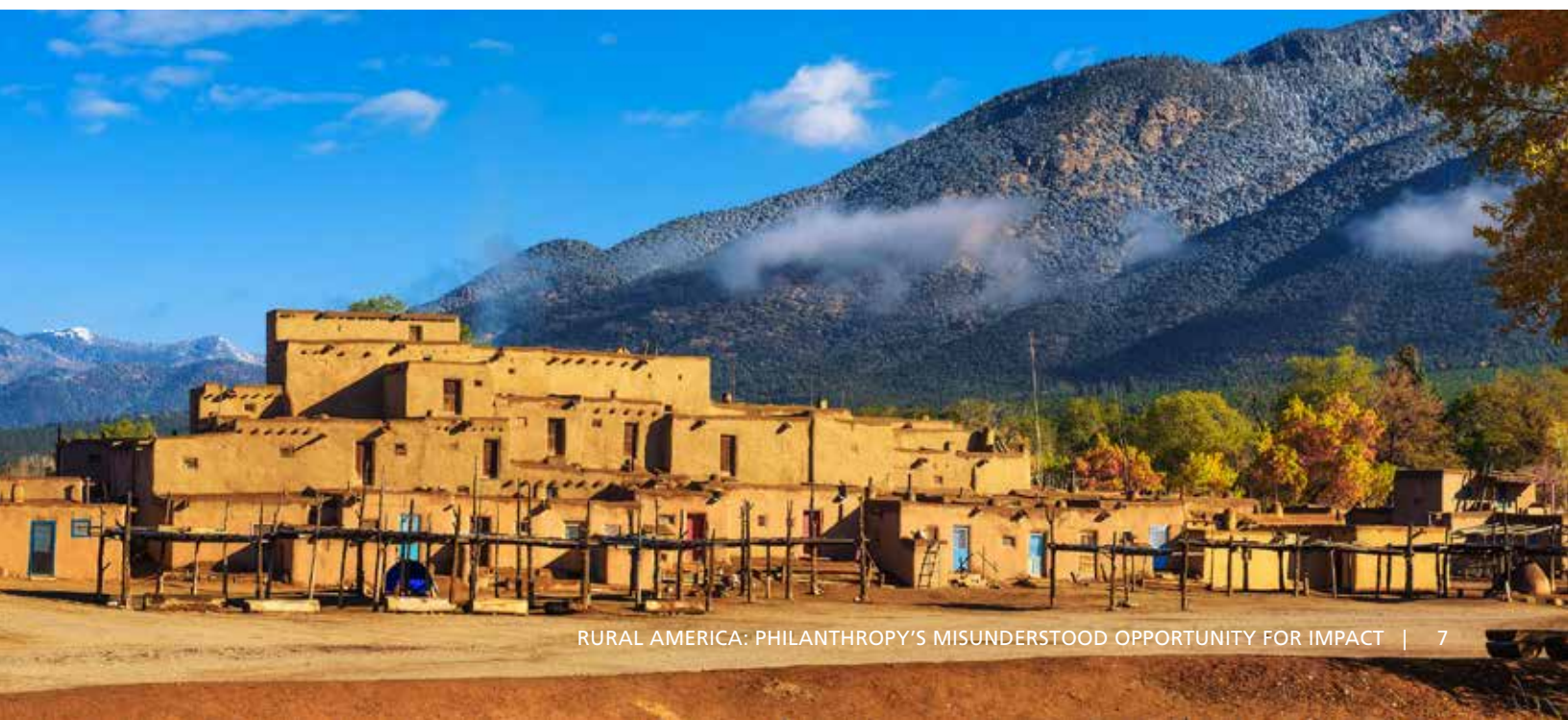


## Rural Economic Structures

In addition to the diversity of rural community types, it is also important to understand the range of rural economic structures. There isn't one dominant industry across all rural areas. Different industries, including agriculture, fishing, forestry, extractives, manufacturing, tourism, higher education, government services, military bases, and services for commuters and travelers, often anchor regional rural economies—and these have changed significantly over time and continue to do so. In addition to these anchor industries, many rural areas—particularly tribal lands<sup>6</sup>—have a substantial “informal” economy of crafting, bartering, and cash-based services.

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6 Jordan Lofthouse, “[Institutions and Economic Development on Native Lands](#),” *The Independent Review* 24, no. 2 (2019): 227 – 248.





# WHAT ARE THE ROOT CAUSES OF THE CHALLENGES THAT RURAL AREAS FACE?

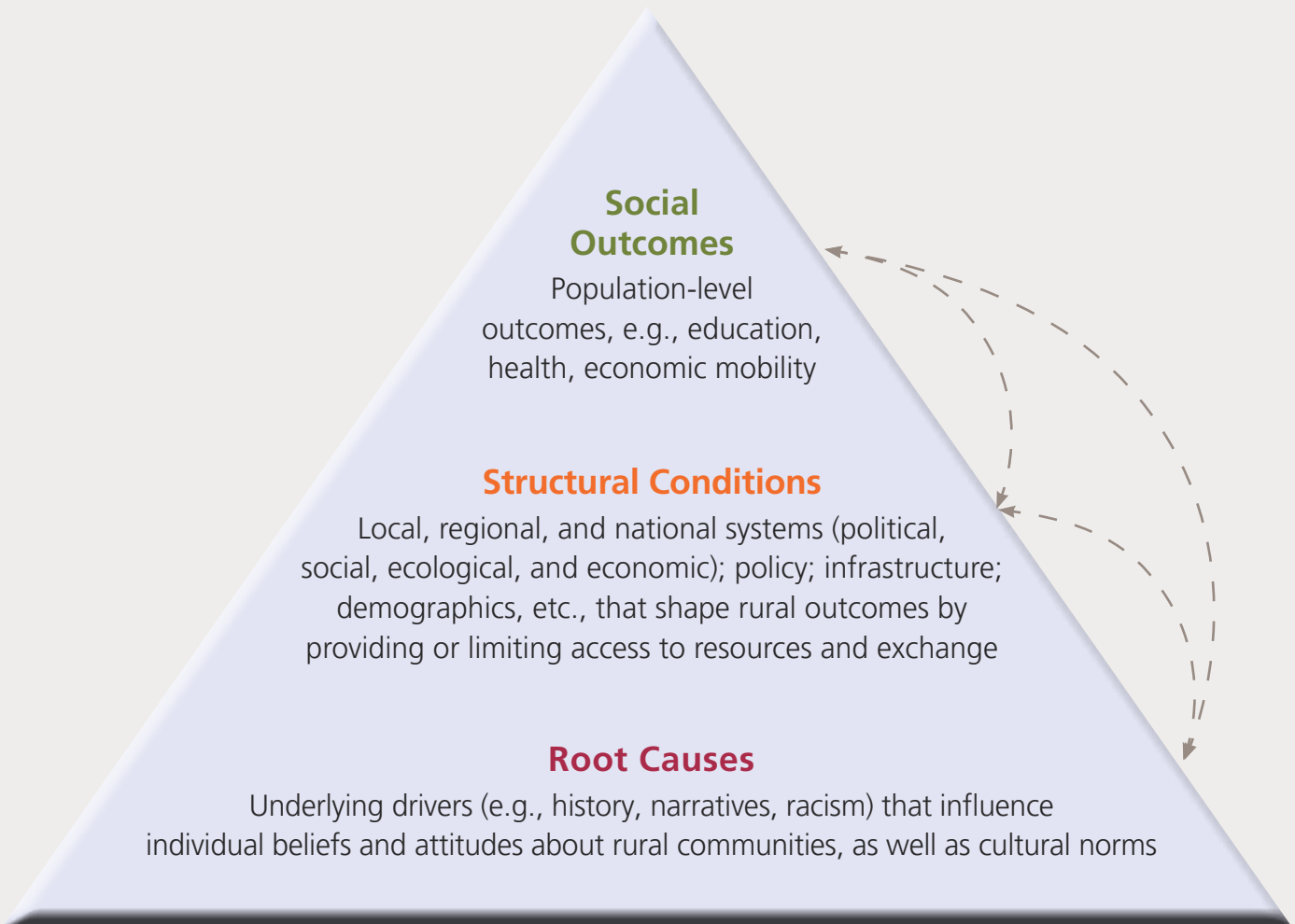
As illustrated by the American Communities Project rural typology, rural areas are tremendously diverse, and accordingly the needs of people in rural areas are highly context-specific. To support rural communities effectively, it is important to understand and account for the root causes that have led to the challenges that exist today. FSG has developed a framework to describe complex and interwoven factors that influence social outcomes in rural areas (see *Figure 2*). We posit that part of the challenge in addressing “rural issues” is that there is often a focus on specific technical solutions to achieve explicit social outcomes, without the requisite understanding of the root causes and structural conditions at play. In this section, we explore the role of root causes and structural conditions in shaping rural outcomes. In the appendix, we include summary findings on key challenges and promising strategies by social outcome area.

## Root Causes of Rural Inequities

### HISTORY AND REGIONAL CONTEXT

For centuries, rural regions have been the primary source of land, energy, water, and resources fundamental to the creation of the national economy. Despite the tremendous contribution of rural areas to our national prosperity and growth, historically, this relationship has been extractive and directed by urban capitalists. Millions of acres of land were taken from Native Americans and clear-cut for timber and farmland. America’s agricultural base and enabling industries were, in part, predicated on slavery. Coal, oil, and gas have

FIGURE 2. FRAMEWORK FOR UNDERSTANDING RURAL ISSUES



been extracted from rural regions in ways that have deeply damaged regional ecosystems. Water from rural regions travels long distances to provide growing cities with ample drinking water. Much of rural manufacturing and food processing is exploitative of low-wage, nonunionized, and often immigrant labor. Amid these challenges, very little of the wealth generated from rural resources and industries has been retained or invested in the communities where it was created. Rather, the wealth from rural resources and people has accrued in cities.

The specifics of this extractive history vary widely across regions and communities. However, four specific rural communities, which are experiencing high rates of persistent poverty and some of the worst outcomes in the country across economic, education, and health indicators, illustrate the important link between regional history and present outcomes (see *Figure 3*).

**FIGURE 3. RURAL COMMUNITIES WITH THE HIGHEST POVERTY RATES**

### **Native American Lands**

- Over the course of American history, tribes were forced to leave their ancestral lands and settle in concentrated, remote tracts, often on the least valuable land available.
- Since the 1960s, tribal sovereignty laws provide the 573 federally recognized tribes the power of “self-rule,” including managing implementation of underfunded federal social services and economic development programs.
- Today, indigenous communities experience some of the highest rates of poverty and poorest mental health outcomes resulting from this multigenerational trauma.

### **Appalachia (Working-Class Country)**

- Appalachia has had higher rates of poverty and working poor than the country on average since at least the 1960s. This disparity is in part due to poor infrastructure in the mountainous region and a long legacy of corporate land ownership. In the 1980s, one study found that less than half of the land in Appalachia was held by local owners.
- In recent years, the decline of the coal industry has precipitated a dramatic rise in poverty, coupled with continued disinvestment. The region has also seen a dramatic rise in overdose deaths related to the opioid epidemic (as have other parts of the country).

### **Latinx Border Communities (Hispanic Centers)**

- Texas, New Mexico, Arizona, California, and other western states were once part of Mexico and share a distinct history and cultural heritage.
- Many communities along the border today are shaped by persistent migration and exchange, diverse cultures, some of the highest rates of poverty in the country, and the omnipresence of Customs and Border Protection (CBP) policies.
- Border communities grapple with a high burden of diabetes, cervical cancer, and tuberculosis, compounded by insufficient health infrastructure.

### **Black Rural South**

- Entrenched racism and the legacy of slavery, sharecropping, and land dispossession of Black farm owners have left the Black rural south with some of the highest income inequality and poverty rates in the country.
- Starting during reconstruction, these communities became dependent on low taxes and unorganized labor to attract manufacturing, which is now being displaced by automation, outsourcing, and other federal trade and economic policy factors.

## NARRATIVES

Americans hold complex, contradictory, and deeply ingrained narratives that shape our nation's policies and actions toward rural communities. One interviewee described this dynamic: "Americans simultaneously view rural areas with both romanticism and disdain." Indeed, as another interviewee pointed out, in many ways the country's romanticized (and White-dominant) national story is inherently rural, from the first settlers to Manifest Destiny. Currently, urban Americans romanticize rural areas as having a slower pace of life, close-knit communities, and greater connection to nature and food. This trend has been [accelerated by COVID-19](#) through increased flexibility to work remotely and concerns around health and the growing lack of affordability in cities. At the same time, many urbanites simultaneously view rural communities as old, White, bigoted, politically conservative, emptying out, backward, and irrevocably economically doomed.

In addition to the narratives that people in urban areas hold about rural communities, people in rural communities often hold internalized [narratives](#) about themselves. For instance, a narrative of self-reliance and independence is present in many rural communities. Rural communities also take pride in their close-knit communities and adherence to tradition and values, while not always addressing how these values and a panoptical sense of community can marginalize LGBTQ people and Black, Indigenous, and People of Color (BIPOC). A more recent and negative narrative that pervades many rural areas is a sense of invisibility in national media and discourse. Relatedly, many perpetuate a narrative of a lack of opportunity in rural areas and encourage young people to leave their communities to pursue economic mobility.

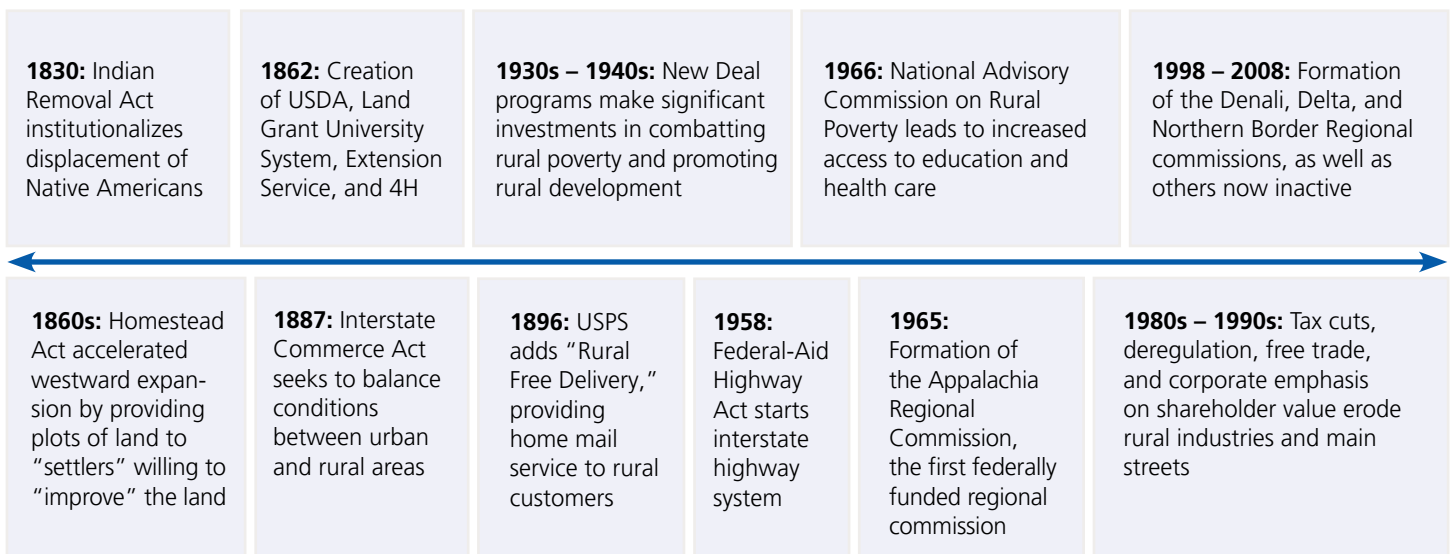
## Structural Conditions

### POLICY

Rural areas have been fundamentally shaped by policy decisions (e.g., appropriations, economic, land management, and agricultural) over the course of the nation's history (see *Figure 4*). For example, in the 1800s, rural policy primarily incentivized westward development through policies such as the Homestead Act. These expansionist strategies were inextricably linked with policies such as the Indian Removal Act, which institutionalized the displacement of Native Americans. In the early and mid-1900s, rural policy shifted to supporting rural economic development, initially through New Deal programs such as the Rural Electrification Act and then through the creation of regional economic development commissions,

including the Appalachia Regional Commission. Rural areas have also been influenced by macroeconomic policy decisions, such as the movement in the 1980s toward deregulation and free trade, which, through outsourcing, automation, and the rise of “big box” stores, decimated many rural industries and main streets.<sup>7</sup>

FIGURE 4. PARTIAL TIMELINE OF RURAL POLICY



Today, there is no intentional, overarching rural or rural “development” policy. Instead, rural places depend on a hodgepodge of programs spread across federal and state governments. In many cases, these programs are for urban and rural places alike, though at both the federal and state level there is also a smattering of rural-specific programs, offices, and funding streams across different state and federal departments. The U.S. Department of Agriculture is charged with coordinating rural policy at the federal level, although in practice deep silos persist. The Secretary of Agriculture has no authority over the programs and policies of other federal agencies, and there is no comprehensive rural agenda. Additionally, many of the programs that the USDA Rural Development Department provides are authorized in the Farm Bill (typically funded via annual appropriations measures and reauthorized every five years), and discussion of rural development is often subsumed by debates about agricultural subsidies and SNAP<sup>8</sup> benefits.

7 A recent report from Pipa and Geismar at Brookings, [Reimagining Rural Policy: Organizing Federal Assistance to Maximize Rural Prosperity](#), provides an excellent summary and analysis of federal rural policy.

8 Supplemental Nutrition Assistance Program.

Complicating matters, many other key programs and funding streams critical to rural regions are within the purview of other congressional committees, so responsibility for responding to rural realities and creating coherence is muddled. In addition to a lack of coordination of rural-focused policies, rural areas often suffer from the “[structural urbanism](#)” of many policies and federal and state funding formulas, which are biased toward density and scale. For example, many public programs rely on per capita funding formulas while neglecting to account for ongoing factors in rural regions, such as travel time between population centers and small organizations with limited capacity. As a result, some, including the [Aspen Institute and Brookings Institution](#), are calling for a review and rethink of rural policy around a new series of principles, including:

- supporting local ownership and strategies to retain wealth in the communities where it is created,
- investing in people and institutions to build the capacity to enable local ownership,
- increasing the flexibility of federal and state funds to provide longer term support to meet local needs,
- measuring community outcomes (e.g., changes in the poverty rate), not individual outcomes (e.g., number of people lifted from poverty), with a focus on improving communities’ quality of life,
- embracing a regional mindset and approach, and
- focusing on racial equity and attending to the diversity of rural communities.

## DEMOGRAPHICS

Demographics are a major driver of the socioeconomic disparities experienced by rural communities: 1) lower population density limits the [talent pool](#) and markets for rural businesses, as do 2) low rates of post-secondary education and 3) declining workforce participation rates. These trends are exacerbated by a cycle of depopulation, in which economically mobile families leave a community when an anchor industry falters and/or [young people](#) from that community leave to pursue post-secondary education and then do not return (particularly if they have student debt). This outmigration can spark a negative feedback loop, as property values and public revenue decline with loss of population, leading to reduced funding for schools and government services and encouraging more people to leave. This trend can be somewhat offset by increased immigration and “[boomerang](#)” residents who return in their thirties and forties. With the rise in remote work, many areas (with sufficient broadband access) are seeking to attract other working-age newcomers as well. Beyond human capital, many rural areas also grapple with limited physical and digital infrastructure to support development.

## ECONOMIC STRUCTURES

As noted in the above sections on history and policy, the foundations of many rural economies involve extracting locally created wealth and transferring it to larger cities. This trend has evolved and accelerated over the past few decades, as concurrent policy and business trends have further consolidated wealth, including globalization and free trade, deregulation, industry consolidation, outsourcing, and automation. As a result, rural economies on average are lagging behind the rest of the country economically, and they face the greatest risk posed by the continuation of these trends, particularly automation. Indeed, a recent report from McKinsey, [\*The Future of Work in America: People and Places, Today and Tomorrow\*](#), found that 25 urban areas generated two-thirds of overall U.S. job growth since 2007, and looking forward through 2030, rural areas are projected to experience flat or negative job growth. Not only will flat and negative job growth be attributable to declines in agricultural employment amid continued growth in automation, but it will also affect other important areas including manufacturing, community services (such as teaching and public sector employment), food services, and office support.

Within this context, strategies for supporting rural development focus on aligning and making the most of local ecological, cultural, and economic assets to [build and retain wealth](#) locally. These strategies might include identifying anchor industries for investment, focusing on skills development and redevelopment, and expanding digital infrastructure and skills. These strategies have different manifestations and can take the form of cluster development, building up local value chains, or incentivizing local ownership structures. “[Rural development hubs](#),” such as universities, community development financial institutions (CDFIs), community foundations, or other intermediary organizations that have a cross-sectoral understanding of a region, often lead these initiatives.





# WHO IS WORKING ON RURAL ISSUES?

A wide range of actors are working on rural issues. That said, rural areas and rural research suffer from under-investment from the public, private, and philanthropic sectors and an inadequate level of attention in media, in policy discussions, and in the philanthropic community. While the landscape described here represents a strong group of committed rural advocates, this is just a snapshot of the myriad actors doing good—if under-resourced—work. There is significant need and opportunity for bringing more funding and attention to the field.

## Partial List of Rural Actors—Not Exhaustive

### FEDERAL GOVERNMENT AGENCIES

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- The **U.S. Department of Agriculture**, specifically **USDA Rural Development**, offers more than 40 programs that provide loans, loan guarantees, and some grants for rural development; in theory, the division also coordinates federal rural policy. Other key divisions within USDA include the Economic Research Service, the National Institute of Food and Agriculture, the Agricultural Marketing Service (local and regional food system programs), the Forest Service, and the Natural Resource Conservation Service, among others.
- Within the Department of Health and Human Services, the **Health Resources and Services Administration (HRSA) is home to the Office of Rural Health**. This office focuses on rural issues, and HRSA provides important funding for rural health research.
- A large portion of funds to rural regions for infrastructure come from the **Federal Department of Transportation**.

- The U.S. Department of Education has an **Office of Rural Education**.
- The **EPA's Office of Community Revitalization** provides technical assistance and capacity-building assistance to communities across the country, including several rural-focused offices.
- The **Department of Housing and Urban Development** does not have a rural-focused office or division, but it does have a handful of small, rural-specific programs. The **Community Development Block Grant** program that is run out of **HUD** is a mainstay for many rural community development efforts.
- The **Department of Interior** is of outsized importance in rural regions—especially in the west—because the agency has responsibility for public lands and manages the federal relationship with and programs specific to tribal nations.
- The **FCC** regulates and invests in broadband expansion efforts.
- The **Federal Reserve Board of Governors** and the **Community Economic Development Divisions** within the Federal Reserve Banks each have staff with rural expertise.

## OTHER EXAMPLES OF PUBLIC SECTOR ACTORS

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- Federally funded **Regional Development Commissions**
- **State Cooperative Extension** systems
- [Four Regional Rural Development Centers](#)
- [Kansas Office of Rural Prosperity](#)
- [Wisconsin Office of Rural Prosperity](#)
- [The Center for Rural Pennsylvania](#)

## RESEARCHERS

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- Few of the **major national think tanks** have much expertise dedicated to rural. Created as part of the war on poverty, the Housing Assistance Council (HAC) is stalwart in its high-quality data analysis and research, with a focus on housing and persistent poverty regions. Since 1985, the Aspen Community Strategies Group has provided research and convenings for leaders to help them build more prosperous regions, with a focus on rural communities. Headwaters Economics, the Urban Institute, the Joint Center, and, increasingly, a few key people within the Brookings Institution and the Center for American Progress research rural issues.

- **Other institutes and organizations that focus on rural issues include:**

- Campbell University Rural Philanthropic Analysis Project
- Rural Studies Program at Oregon State University
- Carsey School of Public Policy at the University of New Hampshire
- Rural Health Research Centers
- Rural Policy Research Institute

## SECTOR ASSOCIATIONS

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- The **National Rural Education Association, National Rural Health Association, and National Rural Water Association** all support issue-focused practitioners in rural areas across the country.
- The **National Association of Public and Land Grant Universities** represents land grant universities and the Extension system.
- **National platforms** such as the Rural Community Assistance Partnership, Rural LISC, and HAC support regional networks and affiliates.

## FUNDERS

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- **Private foundations** focused on rural areas include the Mary Reynolds Babcock Foundation, the Bush Foundation, the Northwest Area Foundation, the Benedum Foundation, the Fisher Family Foundation, the Ford Family Foundation, and the Kate B. Reynolds Charitable Fund.
- **Community foundations** provide critical philanthropic infrastructure in rural areas.
- **Regional and national rural funders associations** include the Appalachia Funders Network and the Neighborhood Funders Group Integrated Rural Strategies Group.
- CDFIs such as Fahe, Rural LISC, and the Oweesta Corporation and **impact investors** such as the Iroquois Valley Farmland REIT provide social finance for rural development.
- **Funders endowed through wealth transfer and settlements**, including health and education conversion foundations, the Endowment for Forestry and Communities, and the Golden Leaf Foundation, serve rural communities.

## NATIONAL AND REGIONAL NONPROFITS

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- **National organizations support networks of place-based programs**, such as the Center on Rural Innovation, Healthy Places by Design, and Community Heart and Soul.
- The **Center for Rural Strategies** supports rural leadership development and awareness raising.
- **Thrive Rural**, a project of the Aspen Institute and the University of Wisconsin Population Health Institute with support from the Robert Wood Johnson Foundation, is focused on increasing connectivity and coordination across regions, sectors, and silos.
- **Rural Voices for Conservation Coalition**
- **LOCUS Impact Investing**
- **Partners for Rural Transformation**
- **The Heartland Fund**
- **RuralOrganizing.org**
- **Nonprofits focused on community-specific needs**, such as Farmworker Justice, the Black Farmers Network, and the Association on American Indian Affairs
- **Activists and influencers**, such as the Southern Coalition for Social Justice and Americans for Indian Opportunity





# WHAT ARE THE IMPLICATIONS FOR PHILANTHROPY?

Throughout the interviews conducted by FSG, respondents shared recommendations for how philanthropy can more effectively support rural communities. These recommendations broadly fell into two categories:

- **Invest more.** There is an imperative for foundations to increase funding to rural communities. Despite containing ~20% of the population, [rural communities only receive ~7% of foundation giving](#). Moreover, rural philanthropy is distributed unevenly and often concentrated in the “home” regions of companies or foundations, leaving many persistently impoverished areas that have carried the brunt of extractive economics with an even lower share of funding. One misperception preventing funders from investing in rural areas is the notion that rural communities are too diffuse, and there is “no way we can fund every town of less than 500 people.” In reality, rural communities are often anchored by small towns or cities that are regional service centers, providing foundations with high-leverage opportunities for regional impact. Many rural leaders see a need for foundations to invest in building the capacity of rural institutions in ways that will enable them to better leverage regional and federal programs to invest in their communities.
- **Learn and unlearn.** Other recommendations focused on the importance of accounting for regional history and context in rural areas, and the need for approaches that cultivate local assets. Taking this approach in a rural context can challenge some of the working norms of philanthropy. For example, building on local assets requires a degree of flexibility, as the types of grantees that funders are used to working with (nonprofits and intermediaries fluent in the latest field lingo) may not be present in rural areas. Though they may take a different approach, rural leaders are just as effective in their understanding of, and ability to create impact in, their communities.

Perhaps one of the most important biases that prevents philanthropy from focusing on rural areas is the perception that a focus on these communities is *antithetical to a foundation’s commitment to equity*. Many foundation leaders and staff hold a spoken or unspoken view that rural people are all old,

White, bigoted, and unsophisticated, and therefore undeserving of a funder's resources. This view is problematic in that it ignores the diversity of rural America and the fact that the [most disadvantaged communities](#) in the United States overall are rural communities of color. Additionally, this view ignores the significant disparities and structural barriers faced by most rural communities, including those that are predominantly White, and how addressing the issues that plague rural communities gets at the heart of the challenges facing the nation, including income inequality, health care access, climate change, and political polarization.

Below, please see a further summary of philanthropic best practices and recommendations.

### Best Practices of Rural Philanthropy

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- A focus on **supporting leaders** in communities, particularly from BIPOC and other underrepresented groups, and supporting **community-developed and -led** approaches.
- Taking **systems approaches** that understand and capitalize on the close relationships between issues and actors.
- Focusing on **regional wealth building** that aligns local social, economic, and environmental assets.
- Strengthening **regional relationships** between rural areas and anchor towns and metros.
- Creating **space for addressing local and regional history**, reckoning with past extraction and exploitation, and recasting legacy narratives.

### Specific Recommendations

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#### Invest more

- Clearly **articulate why** you are focusing on rural areas and issues, **and why now** and not before.
- Foundations focused on a specific urban area can **take a more regional view** that accounts for connections with surrounding rural areas.
- Make a **long-term** (5+ year) commitment.
- **Hire people** from rural backgrounds and/or with rural competencies.
- Utilize **MRIs or PRIs** to invest in rural start-ups directly, or in rural-focused development funds.

#### Learn and unlearn

- Interrogate and **challenge assumptions** that focusing on **rural areas is antithetical to equity**.
- Be patient and understand that **things may happen slower** because leaders balance multiple roles.
- **Think differently about impact**, particularly with regard to scale.
- **Reconsider "what a grantee looks like"** and be comfortable supporting rural leaders of all kinds, including with capacity building.
- Be **mindful of the history** of traditional or obvious partners.
- Be direct and **skip the jargon**.
- Prioritize **cocreation and listening**.



# CONCLUSION

Philanthropy as a whole has long overlooked rural America. It has ignored the fact that rural areas include some of the most historically marginalized communities in the United States, and these communities face significant inequities compared to urban counterparts on every major indicator of well-being, including wealth, health, and education. These inequities have been created and are reinforced by policies that disadvantage or insufficiently support rural communities, inaccurate and damaging narratives about rural Americans (held by both rural and urban people alike), and ongoing gaps in rural resources and infrastructure. In particular, inequities have impacted Black, Hispanic, and Native American communities in rural areas—especially in the South, along the border with Mexico, in tribal communities, and in growing immigrant communities across the country.

Though the need is indisputable, perhaps more important to highlight is philanthropy's failure to notice the tremendous opportunity for investment in rural communities. Investments might start with leadership and community building and move toward interventions for individuals and families. Funders that are interested in systems change have a lot to gain by investing in rural America, as its smaller communities afford an opportunity to more deeply understand the systemic conditions that are holding challenges in place—whether those are relationships, power dynamics, cultural norms, or the ways in which policy is implemented. Addressing the acute challenges that rural Americans face, including political polarization, economic inequality, access to health care and education, and climate change, will be integral to and instructive in the challenges that we face as a country.

If foundations wish to work toward a more equitable society, they must deepen their commitment to rural America. For those with limited to no interactions or experiences with people who live in rural communities, this will require learning more about the history and context of the rural places they might invest in and unlearning the harmful stereotypes of rural people that have proliferated in the national discourse for years and have become more acute with the country's increasing political polarization. Foundations can lead the way in cutting through the harmful rhetoric and fund efforts that, instead of perpetuating the rural-urban divide, seek to dissolve it.



# APPENDIX

## What challenges and needed strategies exist for rural areas?

Please see on the following pages a summary of key findings on challenges, underlying causes, promising strategies, and illustrative resources for learning more in the areas of Broadband, Civic Engagement and Media, Climate Change, COVID-19, Economic Development, Education, Health, and Housing. We have selected these topics because they align with how funders and policy makers often approach their work and programs. However, it is important to note that there is significant interdependence among these issues, and that part of what is compelling to some funders about working in rural areas is the opportunity to more clearly “grasp the systems” in ways that are more challenging in urban environments. Moreover, these areas are all affected by crosscutting themes noted in the sections above, including macro-economic policy, demographic shifts, federal-state-local funding streams shaped by “structural urbanism,” and internal and external narratives about rural communities.



# BROADBAND

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## Key Challenges

- Official FCC estimates indicate that 14.5 million Americans do not have access to broadband; research now suggests the number is closer to 42 million. [Microsoft estimates](#) that 120.4 million Americans do not use the Internet at broadband speeds.
- Broadband access is widely seen as crucial to rural communities as an enabler of telehealth, remote work and learning, and precision agriculture.

## Underlying Causes

- Rural broadband is expensive and not sufficiently profitable to incentivize private expansion. It is estimated it would take approximately \$80 billion to connect all rural areas.
- The broadband market is monopolistic, and major providers actively stifle formation of locally owned broadband projects.

## Promising Strategies

- Government investment led by the FCC and USDA (including the \$20 billion Rural Digital Opportunity Fund) is the main driver of broadband expansion.
- Funders are providing support for community-led cooperative broadband project planning and implementation.
- Companies are pursuing alternative technologies for expanding broadband access, including Microsoft's Airband Initiative, which uses the TV spectrum for wireless broadband, and SpaceX's Starlink low-earth orbit satellite broadband.

## Resources to Learn More

- ["BroadbandNow Estimates Availability for all 50 States; Confirms that More than 42 Million Americans Do Not Have Access to Broadband,"](#) BroadbandNow, May 2021
- [Blandin Foundation Broadband Program](#)

# CIVIC ENGAGEMENT AND MEDIA

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## Key Challenges

- Rural areas are much more likely to be “civic deserts” with limited access to institutions that promote civic involvement, such as youth programs, culture and arts organizations, and religious congregations.
- Local media is on the decline, and 500 rural newspapers have closed or merged between 2004 and 2018.

## Underlying Causes

- Declines in access to civic institutions and local media are associated with broader macroeconomic trends and depopulation in rural areas.
- Media consolidation and the shift to online marketing have particularly impacted rural media.

## Promising Strategies

- Funders are supporting the strengthening of rural media through journalism collaboratives and investments, fellowships such as [Report for America](#), convenings, matching grant projects, and news literacy projects.
- Funders are supporting leadership development programs.
- [Front Porch Forum](#) is a successful alternative regional social network focused on community building in Vermont and New York state.

## Resources to Learn More

- [“Civic Deserts: 60% of Rural Millennials Lack Access to a Political Life,”](#) Center for Information and Research on Civic Learning and Engagement, March 2017
- [The Expanding News Desert](#), UNC Hussman School of Journalism and Media, 2018
- [“How Local Foundations Can Support Local News,”](#) Knight Foundation

# CLIMATE CHANGE

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## Key Challenges

- As evidenced by recent forest fire and hurricane seasons, climate change is projected to have a significant impact on rural communities and industries, including agriculture, fishing, forestry, and tourism, due to wildfires, droughts, changing precipitation patterns, and warming bodies of water.
- Tribal communities, Appalachia, the African American South, and Hispanic Centers along the border face the greatest risk due to existing socioeconomic challenges and their location in geographies that are more likely to experience the most severe harm.

## Underlying Causes

- Climate disasters (severe storms, wildfires, etc.) will be exacerbated in some of the most vulnerable rural communities due to poor infrastructure, high rates of under-insurance, and historical inequities in federal disaster relief funding.

## Promising Strategies

- Support rural communities to conduct climate risk assessment and resilience planning to protect their physical, economic, and cultural well-being amid climate change.
- Look for ways for carbon sequestration to create ongoing revenue streams for rural regions—a new model that is generative rather than extractive.
- Explore innovative financial strategies for conservation with goals including and beyond carbon sequestration, such as [Forest Resilience Bonds](#).

## Resources to Learn More

- [“Rural’s Connection to Environment Means Bigger Climate-Change Impact,”](#) Daily Yonder, January 2019
- [Rural Climate Network](#)
- [“Mapping Climate Risks by County and Community,”](#) American Communities Project, February 2021

# COVID-19

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## Key Challenges

- Throughout the first year of the pandemic, rural COVID rates generally tracked with the national average, but the combination of the Delta variant and lower rural vaccination rates has caused rural areas to experience significantly higher infection and death rates beginning in July 2021.
- Rural communities, particularly rural communities of color, including Tribal communities, the African American South, and Hispanic Centers, have been among the hardest hit by the pandemic of all communities in the United States.

## Underlying Causes

- Rural communities are often older and experience higher rates of disease and mortality generally, leaving them at higher risk for death and serious illness from COVID-19.
- The pandemic has strained already faltering rural hospitals and providers, forcing some rural providers to enact crisis standards of care and to send critical COVID patients to hospitals in urban centers and adjacent states.
- Frayed rural civic infrastructure and declines in local media have contributed to greater rates of vaccine hesitancy in some rural areas.
- Rural areas have received insufficient federal support, particularly early in the pandemic, as relief efforts prioritized urban areas with high case counts.

## Promising Strategies

- Advocate for greater consideration for rates of community risk and illness versus absolute case counts in directing COVID relief resources.
- Develop highly tailored, community-specific rural vaccination outreach campaigns, particularly in partnership with community leaders.

## Resources to Learn More

- [Covid-19 Dashboard for Rural America](#), The Daily Yonder
- [COVID-19 Vaccine Resources](#), National Rural Health Association

# ECONOMIC DEVELOPMENT

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## Key Challenges

- On average, rural communities have lower household incomes and employment rates than urban communities.
- Ninety-one of the one hundred most economically disadvantaged communities in the United States are rural.
- Appalachia, the African American South, Native American Lands, and Hispanic Centers in particular experience deep, persistent levels of poverty and lack basic community infrastructure, such as clean water or health care facilities.
- Looking forward, rural communities are particularly vulnerable to the effects of automation because of their reliance on capital-intensive industries (e.g., agriculture and manufacturing) and lack of tech jobs.

## Underlying Causes

- Structural features of rural economies, including lower population density and less physical and digital infrastructure, limit the talent pool, markets, and investment in rural industries.
- Globalization, automation, and an increased focus on productivity have significantly impacted rural manufacturing, forestry, mining, and agriculture. For example, farm productivity has increased by 75% since 1980, while farm employment has declined.
- Consolidation across industries in the past several decades (e.g., in agriculture, health care, retail, and restaurants) has decreased local business ownership and wealth retention while contributing to wage stagnation.

## Promising Strategies

- Promote asset-based regional economic development to align local strengths to build and retain wealth locally through local and cooperative ownership and local value chains.
- Increase the connectivity between urban and rural areas, using metro- and micropolitan areas as “growth poles” that support the development of surrounding rural regions.
- Prepare rural areas for the jobs of the future by expanding broadband coverage and developing next-gen career ecosystems that align education, employers, investors, and intermediaries.
- Commit to more—and more flexible—investment and systematic research on what works in rural community and economic development, including around trade and corporate policies that support rural economies.

## Resources to Learn More

- [“Understanding Communities of Deep Disadvantage,”](#) University of Michigan and Princeton University
- [The Future of Work in America](#), McKinsey Global Institute, July 2019
- [“What Unites and Divides Urban, Suburban and Rural Communities,”](#) Pew Research Center, May 2018
- [An Introduction to the Future of Work in the Black Rural South](#), Joint Center for Political and Economic Studies, February 2020
- [Promoting Community Vitality and Sustainability: The Community Capitals Framework](#), L. Beaulieu, Purdue University, October 2014
- [Investing in Rural Prosperity](#), Federal Reserve Bank of St. Louis, 2021

# EDUCATION

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## Key Challenges

- Many rural districts are very small and nationally average ~500 students.
- Rural students have higher high school graduation rates than urban students but lower rates of post-secondary attainment.
- Rural students have less access to AP tests but are more likely to take dual-enrollment courses during high school.
- The areas with the most extreme challenges with rural education outcomes and funding are concentrated in the South.

## Underlying Causes

- Rural schools in 12 states are disproportionately underfunded, and rural schools are more expensive to operate because of their limited economies of scale and higher transportation costs.
- Attracting teachers to rural schools and retaining them are persistent challenges is a persistent challenge.
- Many rural students of color experience deep poverty.
- Physical distance, lack of confidence in the future of rural areas, and an absence of professional role models are cited as key barriers to college attendance.

## Promising Strategies

- Improve data and research on rural education outcomes and methods.
- Build the capacity of rural K-12 and postsecondary institutions to offer more student counseling and navigation services, attract and retain teachers, better coordinate education and social services, and adopt blended learning.
- Support postsecondary programs designed to help rural and first-generation students acclimate and persist.
- Strengthen connections between education and workforce systems.

## Resources to Learn More

- [Why Rural Matters](#), Rural School and Community Trust, November 2019
- [Out of the Loop](#), Center for Public Education, January 2018
- [National Rural Education Association](#)

# HEALTH

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## Key Challenges

- Rural Americans face higher and growing rates of mortality from nearly all causes; the gap between rural and urban mortality rates increased by 75% between 2004 and 2016.
- There are dramatic racial and geographic rural health disparities, with Native American communities, the Southeast (especially the Black rural south), Hispanic Centers, and Appalachia and Working-Class Country experiencing the worst health outcomes.

## Underlying Causes

- Access to care is limited due to lower rates of insurance coverage, fewer providers per capita, physical distance to medical facilities, and ongoing closures of rural hospitals.
- The social determinants of health associated with lower household incomes, less access to exercise and healthy food, poor transportation, and higher rates of unintentional injuries associated with rural industries have disproportionate impact.
- Historical multi-generational trauma is associated with higher rates of mental health challenges.

## Promising Strategies

- Foster delivery model innovation to make more efficient use of provider teams and community health workers.
- Offer incentives to attract more providers to rural health care.
- Implement telehealth for primary, specialty, and behavioral health care.
- Address root causes of rural health disparities through community-led efforts to address the social determinants of health, aligning health care with adjacent sectors, such as education and social services, and conducting health promotion campaigns.
- Change policies to expand Medicaid and better fund rural hospitals.

## Resources to Learn More

- [Rural Health Information Hub](#) and its [Index of Rural Health Organizations](#)
- [“Rural Health and Well-Being in America,”](#) The Robert Wood Johnson Foundation
- [The Rural Health Safety Net Under Pressure: Understanding the Potential Impact of COVID-19](#), The Chartis Group, April 2020

# HOUSING

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## Key Challenges

- Though often considered an urban problem, housing affordability is a major challenge in rural communities as well. As of 2016, 28% of all rural residents were cost burdened, spending more than 30% of their income on housing costs, and 25% of rural renters were severely cost burdened, spending more than 50% of their income on rent.
- Rural residents often face a shortage of safe and healthy housing options, exposing them to risks associated with overcrowding, inadequate plumbing, poor indoor air quality from heating and cooling systems, and exposure to lead.
- Rural homelessness is a growing and insufficiently studied issue. Homelessness among rural public school students grew by 11% between the 2013 and 2016 school years, and homeless people in rural areas are more likely to be unsheltered and lack access to services than those living in suburban or urban areas.

## Underlying Causes

- There is a continued and growing disconnect between the generally lower and stagnant incomes of rural residents and rising construction costs, increasing the difficulty of financing new housing units and renovating existing housing.
- There is a wide regional variation in housing conditions and needs, requiring tailored approaches and funding mechanisms and high-capacity housing organizations in each region.
- Financial institution consolidation and the growing affordability crisis have contributed to increased difficulty accessing financing and ongoing declines in new mortgage origination in rural areas.
- Funding for HUD and USDA housing programs has fluctuated significantly.

## Promising Strategies

- Invest in the capacity of rural housing development organizations to help them better access and leverage federal and private resources for housing investment.
- Collaborate with local stakeholders (including health care organizations) to combine government, private, and social investment in renovating homes to improve energy efficiency and conditions affecting health and safety, and to help residents age in place.
- Promote community-based housing design that focuses on resilience, affordability, and “place-making” by reflecting local culture in architecture, such as the work of [Rural Studio](#) in Alabama and [MASS Design Group’s Sustainable Native Communities Design Lab](#).

## Resources to Learn More

- [The Housing Assistance Council](#)
- [Rental Housing for a 21st Century Rural America: A Platform for Production](#), Urban Institute and Housing Assistance Council, October 2018
- [“Unsheltered and Uncounted: Rural America’s Hidden Homeless,”](#) NPR, July 2019



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