

## Q&A: The Aspen Institute's John Molinaro Says Wealth Building Can Have a Big Impact on Small Communities



John Molinaro

John Molinaro, codirector of the Community Strategies Group for international leadership organization the Aspen Institute in Washington, spoke to *Banking and Community Perspectives* about his perceptions of rural asset

building from a national perspective. He has 35 years of experience working to improve the viability of communities and the economic success of families. He was a featured speaker at the 2010 Regional Asset Building Forum in Tyler, Texas.

### Would you describe yourself as a rural asset-building advocate?

**Molinaro:** Our role is to help communities find ways to improve the economic viability of families and sustain their long-term success. We do that by providing a framework to help communities understand and plan ways to get struggling families into the financial mainstream. This is what I do; I guess that makes me an advocate.

### Can you tell us about RuFES?

**Molinaro:** It stands for Rural Family Economic Success. It is a framework developed by the Annie E. Casey Foundation, with assistance from the Aspen Institute. It incorporates 27 family-focused goals for advancing economic success to community leaders. Leaders initiate change in their own communities with Aspen's technical assistance. The core concepts include:

- Earn it—Strategies for increased earning and income
- Keep it—Strategies for stabilizing a family's financial life
- Grow it—Strategies for acquiring assets and building wealth in thriving communities

The RuFES approach first determines the support families need to get ahead, plans how to best provide it and then focuses resources on specific families. It sustains those efforts until families can stand on their own. As you implement the program, you measure outcomes and adapt your plan as needed.

### How do you get stakeholders to buy into the RuFES concept?

**Molinaro:** Our concepts center on self-reliance and strategies that teach survival tactics in a free-market economy. We also discuss the economic benefits of planning for the future. Leaders in a community know that many people around them are just one blown tire away from finding themselves on the welfare rolls. The concept remains easy to understand: When families pay bills on time, the economic benefits to a community are many. And when more people are able to pay taxes, social program costs tend to go down. Even very conservative leaders have an appreciation for these concepts.

### What are the major advantages for asset building in a rural setting? What are the disadvantages?

**Molinaro:** Let's start with the three major assets targeted by most asset-building programs: homes, businesses and education. The big advantage in a rural setting is that costs can be less, making these assets more attainable.

For example, homeownership can be much more affordable in a rural community. The disadvantage is that home values, in general, don't rise as quickly, if at all, so the benefits of acquiring the asset aren't as great. Also, with such an illiquid asset, it makes it difficult to take money out of your home when an emergency or necessity arises.

It can be easier to start a new business in a rural community, where entry costs tend to be lower and there can be less regulatory red tape. Another advantage can be market niches overlooked by retail chains because the sales volume would be too small to support their business models. The biggest disadvantage is fairly obvious in that you have fewer potential customers than you would have in an urban environment. Another problem in a rural setting is finding good, reliable data on market conditions and penetration.

Educational achievement in a rural setting can also be less expensive if there is a nearby college. With living costs usually below those of an urban market, it can be easier to support yourself while you attend college. The problem lies in that once you become educated, jobs may be difficult to find in an area with finite opportunities. The field selected for study does not always translate into a nearby job. So you may have to move to find employment, creating the common brain-drain

scenario. Adding to the difficulties, if you are forced to leave your rural setting, you may lose your base of support and find yourself having to pay for housing, food and child care expenses that were once provided by your family.

### What are some of the core beliefs and assumptions that hold true when you advance family economic success?

**Molinaro:** Children do well when their families do well, and families do better when they live in supportive communities. This framework really holds true. It is a multi-generational approach that focuses specifically on low-income citizens and their ability to better themselves. We take a more comprehensive planning approach to the complex web of issues faced by families. We tend to be multidimensional and coordinate strategies for the range of problems that get in the way.

### Can you describe rural capacity building across the country for asset-development programs?

**Molinaro:** Capacity building can be an issue, but it is dependent on which rural areas you are talking about. Some areas lack capacity; others are brimming with potential. The Internet can increase capacity for an organization taking on an asset-building initiative, but even today, we have huge swaths of rural America that lack reliable Internet service. With any asset-building initiative in a rural setting, even reaching a few people can make a significant difference in that community.

### Do family economic success and asset building tie into a community's economic development strategy?

**Molinaro:** I believe they do. When you invest in the family and give them economic tools to succeed—like Individual Development Account programs and access to free tax-preparation services—a community can grow from within. Those resources stay in the community. Investments in workforce development can also pay large dividends. Communities often misplace their resources and target manufacturing relocations, offering subsidies like tax abatements. Investment in business retention and expansion builds stronger companies with deeper roots in the community. That can create better opportunities for local residents and stronger local economies.