

# Assessing the State of Rural Governance in the United States

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## INTRODUCTION

I have been asked to assess the state of U.S. rural governance. This is a rather daunting challenge. However, this issue is central to all that we must do in creating a more place-based, cross-sectoral regional framework for rural policy. So, we must begin somewhere. I'll briefly review the term "governance," in an attempt to place it within the lexicon of recent public policy and practice innovation and then address the dynamics that enhance its current relevance, nationally and, more particularly, in its rural dimension.

Then, I will move to the question of governance's current rural expression in the United States, discuss outcome measures with which to assess progress, and focus on the critical role of intermediary organizations in expanding its effective replication across the rural landscape. The closing section will provide an eclectic scorecard, reviewing hopeful models to watch and the challenges that still must be addressed.

## NEW GOVERNANCE 101: WHAT IS IT?

In spring 2004, the Rural Policy Research Institute (RUPRI) and Corporation for Enterprise Development (CFED) announced a new joint effort, the Rural Governance Initiative (RGI), focusing on how the future of rural America and its people might be enhanced through more effective and collaborative governance. In a working draft of the first position paper from this initiative, Director Nancy Stark offers these framing observations:

. . . The RGI focuses on how rural people and institutions make decisions about their collective well-being, in other words, the process of governance. While *government* speaks of formal institutions of the state (e.g., cities, counties, special districts, school systems, states, and Indian reservations), *governance* evokes a variety of decisionmaking practices by a wide range of people and organizations (e.g., nonprofit groups, faith-based organizations, community foundations, citizen alliances, and business associations). *Government* is the most recognized form of *governance*, but it is not the whole story.

The RGI believes that when people look exclusively to government to make critical decisions about their collective well-being, the decisionmaking process is flawed. And, when citizens put all of the blame for bad choices on the backs of government officials, they are disregarding the decisionmaking power and responsibility of other people and organizations, including themselves.

The idea for a Rural Governance Initiative emerged from RUPRI's analysis of public policy impacts on rural people and places, and CFED's on-the-ground work in expanding economic opportunity. Equally so, the RGI grew out of a series of meetings and dialogues on rural policy and practice held during the past four years. At these gatherings, diverse groups of practitioners, policymakers, and private sector leaders examined the nation's rural development policy and considered how to build a more rational and integrated policy agenda. Their thinking was informed by participants' own

research and experience and by studies of rural policy in the United States and abroad. . .

Indeed, many of the innovative leaders who participated in these various convenings, which RUPRI co-hosted, have presented, participated in these past Fed conferences, or are with us today. Governance is about integrative action and empowerment hope, addressing the challenge of asset-based development in communities lacking strong institutional capacity—these are all elements. But “new governance” is more than this, and it presents many very real challenges.

. . . People engaged in governance describe the process as frequently slow, frustrating, messy, and unpredictable because it pushes people and communities beyond their routine. Governance means collaboration: crossing sectors, recognizing regions, and sometimes establishing formal agreements among service providers. It also means sustained citizen engagement: seeking new voices, surfacing new ideas, and reaching new consensual goals. *Effective governance is the overlap of the two—the experiences of institutions and jurisdictions not only collaborating, but also engaging diverse citizens in meaningful and sustained ways.* This is the governance that lays the foundation for private and public entrepreneurship, and yields better social and economic outcomes for rural people. . . (Stark, 2004).

These developments in rethinking relationships across sectors and levels of government mirror an ongoing reassessment of the role, scope, and practice of the federal government and stand at the end of a nearly 20-year period in which public sector practice was heavily influenced by public management literature and practice framework continually in search of new and innovative models through which government might occur. While this was not necessarily a deficit-based model of public sector development, there remained at the core of all these public management “movements” a very real acknowledgement that the structure and practice of government was in serious need of

renaissance. This began with the new public management, was interwoven with attention to the issues of “devolution”—a 40-year process still unfolding—reinventing government, and now new governance. In all these incarnations, a new accountability focus, through performance measures and outcome-based evaluation, sought to improve the working of public sector organizations and move them toward a more entrepreneurial and less bureaucratic orientation.

Generalizations regarding complex institutional change are always dangerous. In assessing whether rhetoric or reality dynamics are at work here, one cannot ignore a growing agreement within the field that contemporary conceptions of governance reflect a new reality, the increasing interdependence of governmental and nongovernmental organizations—with the federal government’s role reducing over time. As Lovan, Shaffer, and Murray point out, this leads to a greater need for coordination, facilitation, and negotiation across and through policy networks that are diverse, often overlapping, and comprised of not only government but also private sector, nonprofit, and associational actors, each with unique power bases, roles and responsibilities, values, skills, and organizational resources (Lovan and others, 2004).

## THE IMPORTANCE OF A NEW GOVERNANCE FRAMEWORK

While these dynamics have been more and more evident over the past decade or so, several additional factors are coalescing to make new governance particularly critical at this time.

### The National Perspective

The federal government is not going to stop pushing responsibilities down to the states and localities, states are not going to stop pushing responsibilities down to the localities, and localities are not going to stop pushing responsibilities out to nonprofits. Nor are

federal, state, and local governments going to stop contracting out to private firms. Driven by unrelenting pressure to stay small, governments at all levels have created an ever-growing shadow of private and nonprofit employees that produce many of the goods and services once delivered in-house (Light, 1999).

Paul Light's insightful book *The New Public Service* offers a detailed examination of how our nation's most influential schools of public policy, public management, and public affairs are addressing this new governance phenomenon. It provides stunning, market-based validation that these trends are entrenched within American public sector training and practice. Light's analysis of the career tracks and professional satisfaction levels of five graduating class cohorts—the master's degree graduates of the classes of 1973-74, 1978-79, 1983, 1988, and 1993 from our nation's most prestigious schools of public policy, administration, and public affairs—chronicles this emergent reality. Recent graduates are at least as likely to desire and enter a career in the private or nonprofit sectors as they are to enter government service. These new career paths also tend to be much more fluid, with far greater career switching across the three sectors than occurred in the careers of earlier classes in this study. Likewise, satisfaction levels in traditional government service tended to be lowering over time, although it still is viewed as positive by graduates whose careers had centered there.

In summary, Light's study shows a new governance orientation driving the career paths of the next generation of our nation's public servants, and it challenges our most elite schools of public policy to build curricular innovations, which address these realities. If a nation's future is in the minds and hearts of its children, then public policy and practice in this country will be about new governance for some time to come.

The trend lines described in this book are clear. Government is no longer the primary destination of choice for graduates of the top public policy schools.

The nonprofit and private sectors are providing more than half of the first jobs for graduates of the class of 1992. When the destinations were divided by levels of government, the federal government ran dead last as a first job for members of the class of 1993, while the nonprofit and private sectors ran first and second, respectively. Government is not out of the running, of course, but it most certainly now faces very strong competition. If government cannot recruit a majority of students who have made public service the centerpiece of their graduate work, one can easily imagine where it stands among students who have chosen law or business.

At least as measured by the career choices of the graduates interviewed here, the new public service has four other characteristics of note:

The first characteristic is diversity. The new public service is much more diverse than the government-centered public service of old. The second characteristic of the new public service is the rising interest in nongovernmental destinations, particularly in the nonprofit sector. The third characteristic of the new public service is switching. Members of the new public service simply do not stay put. The fourth and final characteristic of the new public service is its deep commitment to making a difference in the world. This is the one characteristic in which the new public service is indistinguishable from the old public service (Light, 1999, pp. 126-128).

Bob Lovan, Ron Shaffer, and Michael Murray offer another valuable perspective in their new book *Participatory Governance*. These long-time thought leaders and accomplished practitioners in rural development approach this subject from a rural perspective in a conceptual framework whose origins were developed in an international convening, which RUPRI co-sponsored in 1998. This book also speaks to the national drivers, which are forcing these developments: "Participatory governance is now part of the mainstream. Because public sector resources and capacities are now

inadequate for the scale of public problems, solutions also require the mobilization of effort from the business and associational sectors” (Lovan, Shaffer, and Murray, 2004, p. 250).

Don Kettl reinforces this perspective, but he also argues that while these structural realignments in government’s functioning have been well-intentioned and quite ambitious, compared to other nations, the United States must overcome systemic challenges that other nations are not forced to cope.

This really is a truly global effort. There are enormous similarities in the questions that people are asking, and resonance in the strategies that people have tried... The United States has adopted some of the most aggressive, ambitious, and sweeping efforts compared to all the other nations. It has launched more battles on more fronts than virtually any other country. On the other hand, our system of government makes it difficult to initiate and sustain that kind of change. By almost anybody’s measure, we have a more complicated environment to work in (Roberts, 1999, pp. 2-3).

All these analysts point to the fiscal, structural, and market forces driving this trajectory. The new governance framework now is widely recognized as a dominant new “given” in American public policy and administration. Responding to the political economies and intergovernmental dynamics at the heart of the current experiment with federalism in America, new governance is a reality.

### **The Importance of Rural Governance**

These developments are particularly critical in rural America. Because the federal government will continue to devolve roles and responsibilities down to states and localities, often in block-granting structures, the capacity of rural jurisdictions to compete for these funds is increasingly important. However, compared to their colleagues in urban and suburban governments, rural public decisionmakers are significantly

disadvantaged. Most rural jurisdictions have relatively few or no research staff, grant writers, technical assistance funding bases, or economic analysts. Many are led by part-time public servants, with few or no paid staff at all. On this uneven playing field, urban and suburban counterparts will almost always be victorious in competing with rural jurisdictions for scarce, competitively awarded state block grant funds.

Sadly, current federal policy exacerbates this structural disadvantage. The “Consolidated Federal Funds Report” for 2001 (the most recent reported data) shows that the federal government returned \$6,131 on a per capita basis to urban areas, while returning only \$6,020 to rural areas (W.K. Kellogg Foundation, 2004). This amounts to a nearly \$6 billion annual federal disadvantage to rural areas.

However, an equally challenging issue is the difference in the nature of these federal funds. In rural areas, 71 percent of these funds are transfer payments sent to individual citizens in the form of Medicare, Social Security, Farm Commodity Program payments, etc. In urban America, only 48 percent of these federal funds are transfers. This 23 percent differential builds the community infrastructure and capacity of urban America. This challenge is further heightened by the fact that Metropolitan Statistical Areas (MSAs) have a “place entitlement” to Housing and Urban Development (HUD) Community Development Block Grants (CDBG) from the federal government, which assures that these funds will be available each year, allowing multiyear capital and program planning—an excellent aggregation tool for integrative cross-sector public capacity building. This is also one of the most flexible federal funding programs. Unfortunately, rural towns and cities with populations under 50,000 people and counties with populations of less than 200,000 must compete against one another for a smaller, state-administered CDBG program. The program is not assured, nor does it have multiyear funding.

These capacity disadvantages are stark and additive. Each year from 1994-2001, the federal government

spent two to five times as much per capita on urban than rural community development and one-third as much on community resources in rural areas—an annual \$16.5 billion rural differential disadvantage (W.K. Kellogg Foundation, 2004).

Unless or until these federal structural disadvantages can be addressed, rural America must look internally to better its competitive advantage. Given this challenge, how clear it is that rural regions must better aggregate and articulate a common vision; pool resources, talents, and capacities from all sectors; and develop an assets-based approach for new institutional partnerships in the private, nongovernmental organization (NGO), and philanthropic sectors to link with underresourced rural governments. Unfortunately, even here, rural areas are challenged by the lack of technical assistance funding available for such efforts and the relative lack of philanthropic capacity and grant making in rural regions. So, the case statement for robust rural governance is easily made.

The necessity for building this more integrative framework for rural policy and practice is gaining global attention. More than 120 senior policy officials, analysts, and practitioners gathered near Washington, D.C., March 25-26 to discuss the future of these efforts. The Organization for Economic Cooperation and Development (OECD), the Federal Reserve Bank of Kansas City, The Countryside Agency (United Kingdom), and RUPRI co-sponsored this international dialogue. It built upon deliberations regarding these challenges that have been ongoing within OECD's Division of Territorial Reviews and Governance.

Specifics of place, culture, and governmental structure vary across nations. However, there is a growing consensus within the OECD community that three major shifts must occur if a new rural policy framework is to succeed:

1. Public policy attention to rural areas must shift from a sectoral to a more integrated regional framework, in which multisectoral policy and program opportunities are coalesced within a place-based framework.
2. To accomplish this, public funding commitments must be realigned, shifting from a subsidy/dependency orientation toward one that captures and supports inherent regional competitive advantages.
3. A new rural governance framework must be developed in and through, which the above two shifts can be expressed.

Clearly, these are emergent understandings, and we should fully assume that this process is at least a decade-long journey. However, many countries already have embarked on such a course. The United States has a lot of ground to make up. Likewise, the journey to this new governance across the rural policy landscape may be much more difficult than the challenge governance faces in urban areas. Nonetheless, the rewards may be even more meaningful. As Stark points out:

Practicing good governance in rural areas presents particular opportunities and challenges because many rural communities have:

- Strong loyalty to grassroots organizations and institutions (e.g., local school, churches, and service clubs),
- Access to fewer, or more scattered, resources,
- Part-time elected officials shouldered with multiple administrative and financial responsibilities and little professional support, and
- Minimal experience in joining forces with neighboring communities to solve common problems (Stark, 2004).

The *raison d'être* for action to support this new model seems clear. Given its current structural disadvantage, rural America must rise to this challenge. It has no other options. In the next sections, an assessment framework to evaluate rural governance progress will be suggested, and an eclectic perusal of promising U.S. policy and practice models will be highlighted.

## ASSESSING RURAL GOVERNANCE IN THE UNITED STATES

### Defining Effective Outcomes

Attempting to assess the nature and scope of any new model is challenging. Rural governance is no exception. In undertaking this task, one must be particularly careful in the selection of early stage evaluative criteria. Are the values within the outcome measures appropriate? Are there hidden values unexpressed? Are there cultural and/or community values, which have not been taken into account? Are these precise enough to matter, yet general enough to encapsulate the fluid dynamics of such a social and organizational reality? These are all difficult questions. Nonetheless, one must begin somewhere.

Lovan and others offer an excellent starting point. They state that effective participatory governance:

- Is interactive,
  - Is strategically driven,
  - Comprises joint working,
  - Is multidimensional in scope,
  - Is reflective,
  - Is asset-based, and
  - Champions authentic dialogue
- (Lovan, Shaffer, and Murray, 2004).

Stark offers a similar perspective, with a slightly differing emphasis and language:

Through interviews with rural government officials and community practitioners,

the Rural Governance Initiative (RGI) identified the following seven principles of effective rural governance. By December 2004, the RGI will flesh out these principles in greater detail and develop illustrative case studies. The seven principles of effective rural governance include the following.

*Cross-border collaboration:* Forming a regional collaborative that crosses geographic borders (towns, cities, or counties) and institutional fault lines (private, public, and philanthropic sectors).

*Analysis of competitive advantages:* Examining the region's competitive advantages using current, reliable, and intelligible data.

*New, inclusive leadership:* Bringing forward new voices, including ethnic minorities, newcomers, youth, and others, who are typically absent or marginalized from the community's leadership.

*Involvement by key intermediaries:* Engaging at least one intermediary institution that can act as an honest broker, facilitate dialogues, and catalyze action.

*Grassroots visioning:* Undertaking a collective, pro-active visioning process to generate ideas, surface and address conflicts, and start building trust among diverse participants.

*Public entrepreneurial development:* Enriching the capacities of local elected officials and helping them to grow from caretakers to public entrepreneurs.

*Solid achievements and celebrations:* Tackling a few concrete projects with identifiable and measurable outcomes and celebrating these first achievements before embarking on new efforts (Stark, 2004).



Are these appropriate evaluative criteria by which to assess the rural new governance model? I would argue these are sufficient to begin the dialogue, and serve as a basis for this cursory, introductory treatment. Rigorous theoretical and analytic attention must be given to these phenomena, and I feel certain our academic colleagues will bring the needed critical depth and breadth to this important work in the years ahead.

### THE CRITICAL ROLE OF INTERMEDIARIES

As I began to assess this task and consider how this new model is expressing itself across our nation, I was struck again and again by the critical role “intermediary” organizations are playing in enabling this development. Xavier de Souza Briggs has authored a thoughtful monograph, as a contribution to the work of the *Art and Science of Community Problem-Solving Project* at the Kennedy School (Harvard University). The monograph offers the following definition of an intermediary: “Intermediaries are people and institutions that add value to the world indirectly, by connecting and supporting—i.e., by enabling others to be more effective. Intermediaries may act as facilitators, educators, capacity builders, social investors, performance managers, coalition builders, and organizers of new groups” (Briggs, 2003, p. 2).

Briggs identifies five types of institutions or organizations that serve as intermediaries in promoting the public interest: government, civic, funder, issue-focused, and capacity building intermediaries.

1. *Government-as-intermediary*. Convene parties, lead civic process, educate the public, and find resources inside and outside the community.
  2. *Civic intermediaries*. (Non-governmental) play similar functions, typically without the regulatory or public spending authority of government.
  3. *Funder intermediaries*. Some charitable foundations or multifunder pools, which screen, validate, match, and allocate.
  4. *Issue-focused intermediaries*. Conduct research, advocate, do policy or program design in health, education, employment, housing, or some other field or public issue.
  5. *Capacity building intermediaries*. Emphasize developing other organizations or building up new capabilities in the community (Briggs, 2003, p. 11).
- In attempting to further delineate the role these intermediaries play, Briggs draws apt comparisons with the role played by brokers in the private sector. He suggests five lessons from brokers in the business world that apply to these public intermediary organizations:
1. The brokers’ “core currency” is held in relationships, through which useful, trustworthy information can flow.
  2. Recognized rules and standards, such as licensing, laws and regulation, and ethical codes of conduct, help protect buyers and sellers from unprepared and unscrupulous brokers.
  3. Brokers often occupy an unstable niche in the market.
  4. The brokers’ “value added” is generally priced into the transaction between buyers and sellers.
  5. A broker’s role may be temporary, depending on the dynamics of the market (Briggs, 2003, p. 7).

While this comparison may be less than satisfactory in all dimensions, this perspective reinforces the rather profound challenge faced by institutional innovators providing leadership for the rural governance efforts emerging across our nation's rural landscape. Briggs further underscores this tension, suggesting five specific strategic challenges for public intermediaries.

1. The most useful specific functions of an intermediary will often be ambiguous and will likely change over time.
2. Intermediaries may have to develop the market for what they wish to provide.
3. A given community may be home to multiple intermediaries with diverse and overlapping functions.
4. Broad community change—social, economic, and political—shifts the “market” for what intermediaries should contribute, and how and with what support.
5. Showing value added—credibly demonstrating the intermediary's contribution is an ongoing challenge (Briggs, 2003, pp. 11-13).

### THE THREE CRITICAL QUESTIONS

These summarize well the “dirt truth” faced by change agents seeking to build and sustain new rural governance models. Each of these challenges is very real and perhaps even more pronounced in its rural dimension. It is indeed true that leaders developing governance innovations in rural America often must create a market for their visions, ideas, and processes; sell them to voters, boards, customers, clients, or stakeholders; risk being challenged by other like-minded visionaries in other intermediaries; see

the interactional context for change flex, morph, or disappear before their eyes; and risk all this with very few mechanisms to validate the worth of the “glue” they are attempting to provide. Unfortunately, it also remains true that rural public entrepreneurs lack the risk management tools that are readily available to entrepreneurs in the private sector—one of our most difficult structural challenges.

Yet, thankfully, courageous community leaders and public servants across rural America continue to take these risks every day. As this model gains expression in rural policy and practice, three overriding questions must be answered, if such initiatives are to eventually gain traction, reach scale, and be replicated:

1. Who will be the champions? Where are the change agents, in both the public and private sectors, with sufficient standing to create the necessary support for this emergent new public entrepreneurship?
2. Where are the intermediary organizations to shoulder the burden of the difficult institutional innovations necessary to make this a reality within and across these organizations, institutions, and governments?
3. Where will we find the constituencies to drive and sustain these champions and intermediaries, as this paradigm shift occurs?

### THE CURRENT RURAL GOVERNANCE SCORECARD: HOW ARE WE DOING?

#### Hopeful Starts and Models to Watch

Where are the champions, the institutional innovations, and the committed constituencies



supporting these exciting new models? In this section, promising new models and hopeful start-ups will be highlighted. Many local, county, and regional efforts are under way across rural America, and many rural governance successes at this level could be showcased. However, in this brief overview, I have chosen to offer hopeful institutional innovations, which offer the potential for moving these efforts to scale. Therefore, this delimited snapshot focuses upon those institutional actors with sufficient aegis to provide support for a multitude of these local and regional “promising” practices, if so inclined. Admittedly, this is an eclectic listing, with apologies to the many public entrepreneurs, institutions, and organizations not mentioned in this necessarily brief overview. All do equally meaningful work to lift up rural governance practice in their organizations, communities, regions, or states.

The following exhibit most or all of the criteria listed above, some to a more inclusive extent than others, owing to structural or institutional settings and/or dynamics. These promising models are grouped into three prevailing expressions of rural governance.

1. Innovations in federal, regional, state, or local policy design, development, or administration;
2. Innovations in intergovernmental relationships; and
3. Innovations in nongovernmental organizations, cross-sectoral policy and practice, and public/private/philanthropic sector collaboration.

#### Policy Design, Development, or Administration

It is most encouraging that serious attention is now being given to governance innovations in rural policy design, development, and administration. A

number of initiatives have begun across federal and state governments, many of which offer great promise. Although all remain emergent, they offer hope that lessons might be learned, and initiatives scaled, over time.

*The Rural Strategic Investment Program (RSIP).* This program, passed within the Rural Development Title of the Farm Security and Rural Investment Act of 2002, is one of the most innovative rural legislative initiatives in recent history (<http://agriculture.house.gov/issues/farmbill/fbconfxt.pdf>). This program resulted from an amendment during final floor action in the U.S. House of Representatives by Rep. Eva Clayton (Democrat, North Carolina). It was the only House amendment passed on the bill, and through later conference committee action. The RSIP offers many unique rural governance opportunities:

1. Creates a new National Board on Rural America to administer this program and expand attention to regional strategic investment opportunities, which provide flexible funds for public-private partnerships to pursue innovative development strategies.
2. Enables self-selecting regional collaborations to craft entrepreneurially based, regional competitive advantaging initiatives for consideration by the national board, which would certify these new Regional Investment Boards.
3. Encourages cross-sectoral, multi-institutional, and government/NGO/private sector collaboration, while not duplicating existing federal agency funding programs.
4. Provisions strongly were recommended by the bipartisan Congressional Rural Caucus and had the support of most of

the organizations in the National Rural Network, including the associations of state and local governments. This broad level of support from so many significant national associations and NGOs seldom has been found for major rural development initiatives.

5. Enables the crafting of a regionally-appropriate, cross-sectoral strategic vision; provides technical assistance funding to assure rigorous analytic support for assessing regional approaches; and provides flexibility and accountability while also exploiting identified opportunities for innovative public-private collaborations within regional strategic investments. It also assures performance oversight by the national board in each step of the development, implementation and evaluation of these innovative regional strategies.

While this initiative's mandatory \$100 million program funding level was eventually diverted to other Farm Bill programs, its support remains strong, and it stands as a statutory exemplar of what rural regional new governance could be.

*Department of Health and Human Services (HHS) Secretary Tommy Thompson's rural initiative.* One of the most innovative rural program design and administration initiatives in years was developed at Thompson's request in an effort to craft a more integrative framework for HHS programming. It particularly focused on the community and economic development implications of HHS policy, program, and funding. This initiative was staffed by a cross-departmental interagency working group, with primary responsibility housed within the Federal Office of Rural Health Policy/Health Resources and Services Administration (HRSA). As a first step, this team spent over a year building a rigorous, substantive assessment of all rural programs within the

department. This process has resulted in increased integration across the HHS portfolios, influenced the secretary's Rural Advisory Board to increase attention to governance concerns, and offered hope that these significant efforts will ultimately lead to increased integration of HHS rural programs (<http://www.hhs.gov/ruralinitiative/intro.html>).

*The Critical Access Hospitals (CAH)/Medicare Rural Hospital Flexibility Program (HHS/HRSA).* The Critical Access Hospital program is one of the most innovative "place-based" federal programs of the last 20 years. The program was designed initially to assure that rural hospitals—which are the only point of health care access in many rural areas—are offered enhanced Medicare reimbursement levels assuring continuation of hospital care service across the rural landscape. This program received strong bipartisan congressional support and strong support throughout the rural health sector communities. The CAH program has evolved over time into a much more integrated, regionally-based practice framework, "The Flex Program." For the program the State Offices of Rural Health, HHS/Office of Rural Health Policy (ORHP) research centers and technical assistance organizations, and the national and state rural health associations all collaborate to build expanding awareness and support for regionally-based, flexible program dynamics—to support a continuum of services across the rural landscape (<http://www.raconline.org>).

*USDA rural development programs and administration.* As the programs administered by the under secretary of Rural Development and the USDA continue to evolve and gain flexibility, additional potential for targeted, state-level governance initiatives are emerging. The last two Farm Bills have expanded the discretionary authority of the state USDA/Rural Development (RD) director. Under the current Bush administration, Under Secretaries Tom Dorr and Gilbert Gonzalez have provided leadership for the creation of several unique regional initiatives, in which USDA/RD funding has enabled

unique regional governance efforts in development in collaboration with a number of other federal agencies. In addition, these regional approaches have sought to exploit opportunities for greater collaboration with state and local governments and NGOs, as well as the private sector, in these efforts. While funding levels for rural development programs within the USDA remain meager, this evolving structural flexibility offers great promise and sufficient funding for this portfolio to be realized.

*The Economic Development Administration's (EDA) Regional Competitiveness Framework.* EDA Administrator David Sampson has begun a major effort to re-examine the competitiveness of U.S. rural regions and to build a research and development agenda that reflects these understandings. Mark Drabenstott and I were responders in a recent Washington, D.C., symposium. It highlighted the release of a major EDA-commissioned study by Harvard Professor Michael Porter, initiating this process ([http://www.eda.gov/ImageCache/EDA\\_Public/documents/pdfdocs/eda\\_5frural\\_5regions\\_5ffinal\\_2epdf/v1/eda\\_5frural\\_5regions\\_5ffinal.pdf](http://www.eda.gov/ImageCache/EDA_Public/documents/pdfdocs/eda_5frural_5regions_5ffinal_2epdf/v1/eda_5frural_5regions_5ffinal.pdf)). EDA's interest in addressing the need for rigorous, substantive analysis of rural regional competitive advantage is most promising. Should this focus be continued, and the analyses taken to sufficient scale and sensitivity across rural areas, it could provide an excellent opportunity for targeted assessments of regional competitive advantage to become a much more critical component of public and private sector investment, to create sufficient decision-support tools for local elected officials, who are undertaking such a development approach.

*State-level rural policy and governance initiatives.* Mirroring these federal initiatives, significant additional attention is being paid by state government to the need for a new rural policy model. Numerous governors have initiated efforts to address this challenge in the past five years. Several states have long-established programs to build more integrative rural policy programs and assessments. Among these are the North Carolina Rural Economic

Development Center, the Center for Rural Pennsylvania, and the Office of Rural Community Advancement in Texas. All these efforts vary structurally, but each seeks to build more integrative, cross-sectoral attention to rural issues.

Recently, this activity has ramped up significantly. In fact, in the last year, a number of new initiatives have emerged. In Utah, Senate Bill 50, offered by Sen. Thomas V. Hatch, created an Office of Rural Development within the Department of Community and Economic Development, along with supporting committees and boards in the executive and legislative branches. The House sponsor was Rep. Gordon E. Snow (codified as Utah Code Annotated 1953, Title 6, Charter 16, Sections 101-106; Title 36, Chapter 25, Sections 101-104; and Title 63C, Chapter 10, Sections 1-1-103 and 201-202). In Virginia, House Bill 1213, offered by delegate Steven Landes and others, created the Center for Rural Virginia as a 501(c)(3) corporation. Sen. Frank Ruff was the Senate sponsor, with numerous co-sponsors (Code of Virginia, Title 2.2, Chapter 27, Article 7, Sections 2720-2724). In Oregon, Executive Order No. 04-01 created the Office of Rural Policy within the office of the governor. In Louisiana, House Bill 1220, offered by Rep. Francis Thompson, created the Louisiana Center for Rural Initiatives at the Louisiana State University Agricultural Center, in partnership with Southern University. Since 1990, Louisiana has had an active Office of Rural Development in the governor's office. The Senate sponsor was Sen. Mike Smith and numerous co-sponsors (Louisiana Statutes Annotated—Revised Statutes, Title 3, Sections 331-332). All these efforts reflect the potential for enhanced state level attention in addressing the rural governance conundrum.

### **Intergovernmental Relationships**

The last decade has seen significant new attention given to governance issues within state and local practice. Almost every state has some unique

experimentation under way, and there are multiple initiatives in several states. At the national level, a unique set of intergovernmental relationships is evolving, and new public/private/philanthropic/NGO collaborations are under way. These are far too numerous to mention. However, below are a few collaborations that offer the potential for sustaining structural support.

*State and local intergovernmental dialogue.*

As governors and state legislatures turn new attention to issues of rural policy and governance, associations representing state and local levels of government are doing the same. In November 2002, Karen Miller, a commissioner from Boone County, Mo., and then president-elect of the National Association of Counties, provided leadership in developing a three-day dialogue among the key leadership of our state, regional, and local governments to establish a new framework for thinking about governance from a rural perspective. The senior leadership and executive staff of the League of Cities, the Council of State Governments, the National Association of Counties, the National Association of Development Organizations, the National Conference of State Legislatures, and the National Association of Towns and Townships participated in this discussion. It has evolved into ongoing, collaborative efforts across these organizations regarding rural governance issues.

*State legislative dialogue.* For the past three years, RUPRI has collaborated with the National Conference of State Legislatures and the Council of State Governments in co-hosting a convening of the chairs of agriculture of the states' Houses of Representatives and Senates. This historic collaboration has brought together for the first time

elected agricultural leaders in state houses, built a partnership between these two associations of government, and created a dialogue centered on a new awareness on the part of these legislators that agriculture must reach out in new ways to build regional rural economic drivers that move far beyond their sector. This Ag Chairs Summit has become a significant national event, and rural governance issues have been among the more significant components of this discussion.

*Rural policy academies.* During the past year, emanating from interest generated by discussions at the Ag Chairs Summit, the National Conference of State Legislatures and the Southern Legislative Conference (SLC) have developed two Rural Policy Academies. The academies are one-day events held in conjunction with national meetings of these associations, in which rural legislators meet to discuss a more focused, integrated, and regionally-based rural governance agenda. The SLC event, which was recently held in Little Rock, Ark., resulted in the formation of an SLC Rural Task Force, to advance this work institutionally and to focus ongoing legislative attention to a growing concern for a new rural governance framework.

*National Association of Counties (NACo) rural initiatives.* The National Association of Counties has evidenced a decade-long interest in rethinking the role of county government in rural policy dynamics. Early in the last decade, Colleen Landkamer, Blue Earth County, Minn., commissioner and current second vice president of the National Association of Counties, chaired a Rural Action Task Force within NACo. The task force evolved into a Rural Action Caucus (RAC),

a complementary organization to NACo's Large Urban Caucus. RAC has provided a central organizational locus within NACo for rural issues. It currently is chaired by Jane Halliburton, Story County, Iowa, commissioner. NACo has been central in many of the developing new governance initiatives outlined under the intergovernmental and NGO/ philanthropic sections of this paper, and the leadership provided by these strong and committed rural women has been a significant force in moving this agenda forward. During Karen Miller's reign as NACo president, she co-hosted with Wayne Myers, president of the National Rural Health Association and past director of the Federal Office of Rural Health Policy/HRSA/HHS, a multisector national rural policy dialogue. This two-day discussion brought together 30 leaders from many sectors across the rural landscape. These relationships have deepened and expanded since this retreat. That dialogue resulted in the development of a number of common projects for expanding the cross-sectoral opportunities within the new rural governance agenda.

*National Association of Development Organizations (NADO) initiatives.* Likewise, NADO also has provided significant leadership and vision for recent efforts to build more common intergovernmental attention to regional approaches and rural governance. Gary Gorshing, director of the South Western Oklahoma Development Authority (SWODA) and immediate past president of NADO has represented leadership in councils of government and regional development organizations in many of these national discussions. At this year's NADO training conference in Florida, the organization unveiled an exciting electronic civic discourse process to assess the opinions of the nation's leading regional development pro-

fessionals. With support from the W.K. Kellogg Foundation, this e-forum, "The Pulse of Small Town and Rural America," clearly indicated the will of this leadership community to reach out and expand interaction with other sectors and organizations. Results of this polling process are available on the NADO Web site, <http://www.nado.org/>.

*The impact of regional authorities.* As interest in regional approaches to development has expanded, new federal attention has been paid to the potential of regional and multistate governance entities. The Appalachian Regional Commission (ARC), the Delta Authority, the Denali Commission, and the newly formed Great Plains Authority all offer intriguing and different models for multistate collaboration in regional development. Many other multistate regional efforts are emerging. The Southwest Regional Border Authority, the Southeast Crescent Authority, and the Northeast Regional Development Commission all have been proposed and are awaiting congressional action. The inland Northwest Economic Adjustment Strategy, a regional consortium, already has received federal funding for regional strategic development efforts. The ARC experience offers the longest standing model of this governance framework and has the most storied past. In recent years, ARC has increased efforts to enhance public and private entrepreneurship and asset-based development within its portfolio to support regional competitive advantage capture. While the structure and dynamics of these authorities vary, fascinating new experiments are emerging in each.

*The National Rural Development Partnership (NRDP).* The National Rural Development Partnership and State Rural Development Councils, initially formed early in the



administration of former President George H. W. Bush, were designed with the principles of rural governance in mind. Both NRDP and the State Rural Development Councils have evolved and changed over time, and most state councils have created unique governance structures of their own over the last decade. While current funding for this program remains weak, unique governance programs have been developed by state councils, and the NRDP continues to function as a national organization, although its federal funding remains at risk (<http://www.rurdev.usda.gov/nrdp/index.html>).

*NGO/philanthropic initiatives.* An exciting new array of nongovernmental initiatives in rural governance is under way—many linking to private and philanthropic sector activity. As with the sections above, this listing will be limited to those initiatives offering structural or institutional aegis to local and regional efforts within this sector.

*Foundation community interests.* The foundation community has increased its attention to rural policy/rural governance issues significantly over the past five years. Several of our nation's largest foundations now have an active rural grant-making portfolio, and many of these investments are designed to enhance rural governance, in one form or another. The work of the W.K. Kellogg Foundation, the Annie E. Casey Foundation, the Northwest Area Foundation, and state and regional foundations, such as the McKnight, Blandin, Bush, and Mary Reynolds Babcock foundations, and the Duke Endowment, are all addressing the governance dynamic within the rural policy equation. Some of these programs are specifically targeting cross-sectoral or regional approaches, and most are challenging grantees to articulate and implement strategies designed to enhance public/private/NGO sector integration. The W.K. Kellogg Foundation's new national

competition to create several regional rural entrepreneurship initiatives specifically seeks proposals that highlight systemic and integrative dimensions of this work. The ongoing rural poverty work of the Northwest Area Foundation also targets integrative community-based approaches, and the Annie E. Casey Foundation's Family Economic Success Model and Rural Kids Count programs both are designed to increase understanding of the essential role of new governance in changing rural outcomes for children, families, and communities.

*National Rural Funders Collaborative.* The National Rural Funders Collaborative is another example of the strong philanthropic community interest in new rural development approaches. This initiative, supported by national, regional, and local foundations, is in itself a new governance model. The grant making of this collaborative is now focused in four or five specific regions, seeking to lift up rural governance policy and practice frameworks within regional rural development (<http://www.nrfc.org/>).

*Community foundations.* In addition to the work of national and regional philanthropic groups, community foundations also are targeting the rural governance issue. While many outstanding examples exist, the Nebraska Community Foundation is doing some of the most creative programming regarding cross-sectoral systemic change. In this work, they are collaborating with two unique and innovative Nebraska-based NGOs, the Heartland Center for Leadership Development, and the Center for Rural Affairs, among others (<http://www.nebcommfound.org/>).

*National Rural Health Association (NRHA) initiatives.* The rural health sector has been a leader in moving a more



integrated governance framework to practice within rural communities and regions. While federal and state agencies have played a major role in this leadership, the National Rural Health Association (NRHA), the national advocacy organization for the multiple constituencies within the rural health sector, also should be given significant credit. NRHA has been blessed with enlightened and reflective leaders since its inception, and, over the last decade, it has moved to rethink its primary mission and focus. Recently, it increasingly has been guided by a realization that the rural health sector is only as healthy as the rural communities in which it serves. Consequently, major attention is now being given by NRHA to “healthy communities.” NRHA leadership has provided strong support for RUPRI’s ongoing governance initiatives, and NRHA has provided bridge staff and leadership support for many of the Office of Rural Health Policy’s most innovative new programs (<http://www.nrharural.org/>).

*Rural Community College Alliance (RCCA).* The Rural Community College Alliance is a new national association of rural community colleges and an outgrowth of the Ford Foundation. It is funded by the Rural Community College Initiative and coordinated by Making a Difference (MDC) Inc. in North Carolina, and now is supported by the North Central Regional Rural Development Center and the Southern Rural Development Center. RCCA is seeking to build a collaborative framework in which rural community colleges can create awareness of and support for the critical roles they play in rural governance, while building a leadership cadre among rural community college presidents. This would increase focus and attention on the critical community and

economic development missions of their institutions (<http://www.ruralcommunitycolleges.org/>).

*National Rural Network (NRN).* The National Rural Network, which was reformed as the Congressional Rural Caucus and reorganized four years ago, is a collaboration of nearly 40 of the nation’s most important rural advocacy organizations with government affairs offices in Washington, D.C. The NRN has provided a wonderful occasion for building multisector collaboration in policy development and advocacy. It provides an important platform for positioning rural governance issues on the national policy stage.

*National Organization of State Offices of Rural Health (NOSORH).* The State Offices of Rural Health and their national organization also have provided senior leadership for building a more integrative rural policy framework within the rural health sector. These efforts have resulted in many state rural summits and ongoing policy and practice. The directors of the State Offices of Rural Health also have played a key leadership role in moving the health sector to the forefront of a more integrative rural policy framework.

*Rural policy consortia/state policy institutes.* Over the last decade, as state and local policies have become more critical in the continued devolution of federal policy, a number of state and/or regional rural policy institutes or organizations have been formed—within state government, state or regional universities, or NGOs. Recently, RUPRI has assisted in the development of the National Rural Policy Consortium, an effort to better integrate this work, capture synergy, and enhance substantive analytic support for state and local public policy

decisionmaking. These institutions and organizations are all champions for the new rural governance framework and are collaborating in new and innovative ways in many states. For example, the Illinois Institute for Rural Affairs and the Center for Rural Policy and Development in Mankato, Minn., are two unique and different models, and both are doing outstanding state policy work in governance. Other rural research centers, often targeting sector-specific analysis, are all searching for ways to build more integrative regional governance frameworks.

The recognition of the necessity for a new rural policy and practice framework is quite evident. These rural governance examples are but a few of the many new models at work across rural America. In this brief overview, I have chosen not to list the many specific community, or regionally-based efforts. These are myriad and offer great hope that this process is taking hold at the community and regional level. However, for this perspective and work to move to scale in policy and practice, champions must move institutions, and constituencies must support public entrepreneurs in these efforts. While there is much work to be done, promising models exist.

## CONCLUSION

### Challenges to be Addressed

While promising practices are evident, significant structural challenges to rural governance remain. Among the more pressing are the following.

*Decision support tools for public sector action.* Rigorous quantitative analysis to assess local and regional competitive advantage. As mentioned above, finding appropriate risk management tools for courageous public servants, who are seeking to support new development models, remains troublesome.

Public decisionmakers have no dearth of consultants willing to extract dollars from the public till with “black box” solutions. Likewise, many sectoral actors offer ulterior-based solutions, which quite often lack the integrative perspective necessary for truly effective regional reassessment. Lacking this quality analysis, public decisions often will remain incremental and less than optimal. Several land-grant universities offer these services as a public good, and the dedicated regional economists working at these institutions, all of whom collaborate within RUPRI’s Community Policy Analysis Network (CPAN), comprise this cadre of public servants. However, scaling this public sector presence would require significant additional investments from either state governments or state universities, and those do not appear to be forthcoming.

*Public sector leadership development.* Educating the next generation of rural public sector leaders, regarding this model, is critical. In most of the organizations mentioned above, a significant intergenerational leadership transfer will occur over the next decade. This provides a phenomenal opportunity for an institutional renaissance, but it also harbors the risk of the loss of significant institutional capacity and human resource investments in these current leaders. Our nation’s university systems, Extension Services, public policy institutions and schools of public policy and management all are well-positioned to address this rural differential challenge. Each also could build capacity to provide objective regional analysis for public servants, at the scale necessary. Both are among our greatest challenges in implementing rural governance.

*Support for boundary crossers.* Until these institutional commitments are forthcom-

ing, we must find ways to sustain and support the “boundary and border crossers” among us. Each of the participants in this conference, and most particularly the presenters, are examples of the public entrepreneurs we must support. However, this remains a huge challenge, particularly at the local level. Building of reflective leadership opportunities, peer mentoring and support structures, and risk management tools for our boundary and border crossers must be accomplished.

*Keeping place in space.* Building regional approaches, while remaining sensitive to culture and community, is a huge challenge. The dialectic between regional and community development remains difficult. We must assure we continue to allow “the place” to be in “space,” and that community and context remain nested within new regional approaches. Our future must not be constrained by the perspective of an 1860 surveyor, as Mark Drabensstott opined, or the site of our Friday night football games. The cultural context and community framing, which inform these myopias also are a storehouse of great wisdom, passion, and commitment. As we seek to build an expansive world view for policy and practice, these realities must not be ignored.

*Bridging the rural/urban divide.* The rural/urban dichotomy so often imposed by others must be consciously acknowledged and challenged in our work. This always has been a central challenge for public policy decisionmakers. While I remain hopeful in this regard, these constituencies continue to be deeply divided in our nation. We have not yet found an operational framework to link their common futures. This must be done, and the regional framing offers such an opportunity.

*Bridging the public policy/community practice chasm.* There remains a chasm between the public policy and community practitioner communities within the United States. While this is closing, often we remain challenged to even find a common language. As we move forward, we must continue to build a very inclusive framing for this work, not an exclusionary one.

#### THE URGENT NEED FOR INNOVATIVE INSTITUTIONAL LEADERSHIP

What does the scorecard look like? As Thoreau observed, “The question is not what you look at, but what you see.” Rural governance is happening. There are many successful models at work, and there are many potential champions. These “promising starts” are expressed in each of our public sectors, throughout nongovernmental and community-based practice groups, at all levels of government and in all regions of our nation. One can observe both phenomenal successes, and, sadly, continuing forces of resistance to change. Our challenge is moving from unique instances or programs—which are often driven by the courage of charismatic leaders, or an institutional, organizational, or community crisis—to systematic, structural shifts, which can scale these opportunities and replicate these successes across the breadth and depth of rural policy and practice.

Until this outcome can be secured, sufficient risk management for true public entrepreneurs will not exist. It is clear we are building a “community of change” across space, and that this is a journey, not a destination. I would caution us that our first principle should be to do no harm. Bringing together disparate constituencies with very diverse values, power bases, skills, and organizational resources remains a tremendous challenge. While we risk both waiting too long for organic change to occur, we also can damage future opportunities with precipitous action, where trusted brokerage has not yet emerged. In these instances, as in all others, mean-

ingful commitments to these processes from established rural institutions significantly would enhance the chances of success. This remains both our greatest hope and greatest deficiency.

As we survey the current rural policy and practice landscape, we see rural governance champions at work and constituencies are poised for action in their support. Both await the serious institutional commitments necessary to sustain them. These are yet to be developed. As Cassius observed, “The fault, dear Brutus, is not in our stars, But in ourselves, that we are underlings” (William Shakespeare, “Julius Caesar,” I, ii, pp. 140-141).

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