

Regional Solutions for Rural and Urban Challenges

Findings

Introduction

The purpose of the project is to test the hypothesis that regional collaboration and solution-seeking can be an effective way of improving social and economic opportunity and health for all people and places within a region. More specifically, the project has two main objectives:

- To identify and curate examples of policy and practice that demonstrate boundary-crossing, multi-sector solutions to regional challenges that advance opportunity, health, and well-being in a region without leaving behind rural areas and low-income people and people of color.
- To use the learning and insights from these examples to inform and inspire action among local, state, and national leadership in the public, private and philanthropic sectors by showing how, and under what conditions, regional solutions can be effective, and to articulate policy, research, and practice agendas that can be supportive.

These findings draw from four sources of information:

- **Literature Review**, primarily from the year 2000 to the present in two areas: 1) rural-urban connections and linkages drawing from regional science, political and social science, international development, and sustainability and land use literature; and 2) the literature on regional collaboration and regional governance from the disciplines of urban affairs and studies, public administration, and politics and public policy. Approximately 100 articles and book chapters were read for this literature review.
- **Interviews**, conducted with 46 experts and stakeholders to discuss the value and relevance of the project, obtain perspectives on framing, and invite recommendations for literature and potential projects and initiatives to be studied. The experts were generally experienced academics and leaders from the public and nonprofit sectors.
- **Case Studies**, in seven regions were selected for in-depth, on-site interviews with key informants and collaborators to understand the organization, the context, the nature of collaboration and rural-urban relationships, and the importance of equity. They were chosen from an initial list of 65 possible sites recommended by interviewees or culled from the literature review. Selections were based on a set of threshold criteria relating to rural-urban linkage, equity, collaboration, multi-sectoral scope, and impact measurement, and a set of diversity criteria for geography, organizational structure, issue areas, and impacted populations. They are:
 - **Amarillo Area Foundation/PATH Fund**: early stage regional effort to create entrepreneurship system in Texas Panhandle.



- **California Partnership for San Joaquin Valley (CPSV):** public-private partnership for eight counties in central California.
 - **Craft3:** community development financial institution (CDFI) serving multiple urban, rural, and tribal locations across Oregon and Washington with a balanced rural-urban loan portfolio.
 - **Land of Sky Council of Governments/ West Next Generation Network (West NGN):** a public-private-education initiative to bring broadband to rural mountainous counties in western North Carolina.
 - **Minnesota Community Economic Development Ecosystem:** statewide system of regional organizations and investments serving rural Minnesota.
 - **Sacramento Area Council of Governments/Rural Urban Connection Strategy (SACOG/RUCS):** rural outreach/policy strategy and GIS/analytical tools in Sacramento metropolitan area; integration of rural concerns into metropolitan planning.
 - **Sustainable Northwest:** non-profit organization working primarily in forestland communities in Oregon and Washington, bridging the environment vs. jobs divide.
- **Delta Forum:** As none of the case studies contained “persistent poverty” counties (mostly located in the lower Mississippi Delta, central Appalachia, the Texas-Mexico border, and the historic Black Belt that runs through Mississippi, Alabama, Georgia and Tennessee), the applicability of the findings were tested at a meeting in Memphis convened by the Federal Reserve Bank of St. Louis on December 3, 2019. Participants included representatives from organizations in the Delta who have a stake in the future of the region and who were able to make a substantive contribution to a discussion about the relevance of regional collaboration and solution-seeking.

This paper provides a summary of the key findings from the study, followed by discussions on the changing rural context, the case study geographies, organizational structures and their ecosystems, rural-urban interactions, community and economic development practice, policy and politics, collaboration and soft power, and equity.

Key Findings

The hypothesis that regional collaboration and solution-seeking can be an effective way of improving social and economic opportunity and health for all people and places within a region was given encouragement by this study but quantitative evidence confirming causal relationships between regional collaborative strategies and equity outcomes still needs to be confirmed by data to be conclusive.

The study affirms four key points:

1. **Rural America’s contribution to regional and national prosperity and well-being is poorly understood, largely unrecognized, and under-valued.**



Rural America is vast, complex, diverse, and evolving. The often-stated view that urban America thrives while rural America struggles is not supported by the data. In fact, economic growth and opportunity are uneven across the rural-urban continuum. There are struggling urban places and prospering rural places. The evolution of rural America is *spatial*, with growth at the urban-rural interface and decline in more remote areas; *economic*, through diversification beyond natural resources; and *demographic* as people of color migrate into areas that had previously been mostly Caucasian.

In the past, the rural-urban interdependence was understood as a compact, in which the countryside sends products and people to the city in exchange for the city's products, services and capital. This understanding has become frayed. Policy debates are framed as a false choice between rural and urban, drowning out the fundamental truth undergirding the compact that everyone benefits if urban and rural both do well.

Rural areas continue to contribute to the regional and national economy and well-being through economic supply chains, ecosystem services, materials and natural resources, commuting relationships (as housing prices in urban centers increase, people are forced to live further away from their jobs), growth spillover (rural areas absorb business and population growth that cannot be accommodated in cities), and recreational opportunities, as well as being a source of cultural values and traditions. However, the significance and the magnitude of these contributions are often unrecognized, undervalued, and almost always unmonetized. They are “hidden in plain sight” and most often are not part of the public dialogue.

2. Rural-urban interactions are promoted and managed by innovative regional organizations.

Two main types of organizations catalyze and manage rural-urban interactions. *Public and quasi-public regional development organizations* such as councils of government (COGs) which are structures for local governmental planning, resource allocation, and service delivery across multiple jurisdictions and *nonprofit regional community and economic development organizations*, which include programmatic agencies, community development financial institutions, community foundations, and public-private-nonprofit partnerships.

These structures emerge from the specific enabling environment in each region. They operate in regional economies historically dependent on natural resources: agriculture, oil and gas, timber and seafood. They are now subject to changing market dynamics, demographic forces, and technological change. Communities in these regions are going through transformation and, in some cases, deliberate re-invention. The initiatives are best understood as efforts to lead these transformations in positive directions.

While economic development and community development are usually conducted as separate activities, all the case study initiatives feature their integration. In Minnesota, the Initiative Foundations are hybrid institutions – community foundations that do small business lending as well as social purpose grantmaking, as are the regional development commissions, which combine governmental planning, coordination and service delivery functions with small business lending and economic development. Sustainable Northwest was founded on the then contentious idea that community-based conservation



efforts were the way to create jobs, strengthen rural communities, and restore the environment. The Sacramento Area Council of Governments brings land use management, economic development, agriculture and resource conservation into a unified planning framework.

A recent Aspen Institute report¹ highlights the importance of certain types of rural and regional intermediaries, known as “rural development hubs.” These hubs have certain qualities including the capacity for regional thinking and action, the ability to bridge across issues and silos, systems thinking and efforts to address gaps, creation of structures, products and tools for effective solutions, and collaboration, spanning local, state, and national connections. This study affirms the importance of rural development hubs and notes that several of the institutions in the case studies exemplify this form of action.

While specific policies and practices are important, their effectiveness is dependent on the functioning of the larger community economic development ecosystems. The California and Minnesota development ecosystems stand out for their extent and robustness. Both are products of long, evolutionary histories and as such, do not lend themselves to simple, mechanical replication. They exist because public and philanthropic leadership recognized the value of regional approaches and made investments in regional institutions over extended periods of time. Long-term and sustaining change happens not through one-off strategy interventions but through cultivation of these ecosystems.

3. Collaboration can effectively change prevailing regional power dynamics and resource allocation.

Collaborative regional approaches must be designed and implemented in the context of prevailing power dynamics; indeed, the current political climate elevates power issues to a central, critical position. At the state level, rural-urban coalitions are imperative to break through political gridlock. Productive rural-urban interactions and connections around practice and projects are a step towards building those political coalitions.

Power dynamics between urban and rural areas can cut both ways. In Minnesota and California, rural areas had lacked power at the state level, leading to efforts to unify rural interests into a more powerful single voice. In other states, rural areas have power disproportionate to their population, depending on how legislative districts are drawn. In either case, power disparities can create a challenging context to pursue regional solutions.

At the federal and state levels, arguably the most important policies affecting regional solutions relate to investment flows. The notion of the rural-urban compact, where everyone benefits if rural and urban both do well, is a useful way to frame the balancing of resources between rural and urban places. If the interdependencies between rural and urban were better understood and quantified, the allocation of resources could be made more precise and perhaps less contentious.

¹ Community Strategies Group (2019). *Rural Development Hubs: Strengthening America’s Rural innovation Infrastructure*. Washington DC: Aspen Institute.



Collaboration is central to all the cases studied, the differences between them being a matter of strategy and scope and the way it is structured. Collaboration skills are essential because regional organizations, whether public or nonprofit, are generally created without formal powers of coercion and taxation. This applies even to well-established governance structures such as councils of government which have planning and coordinating powers but lack the real power to coerce compliance or independently drive implementation. Instead, they must rely on the “soft power” of education, persuasion, cooperation, and advocacy to get things done.

Collaboration, and thus power and influence can be amplified through regional-scale development efforts that are linked together into state-wide and even multi-state networks. These networks share and accelerate learning, promulgate multi-region initiatives, develop and advocate policy agendas, capture more resources, and develop a shared support infrastructure.

4. Equity in rural-urban interactions requires intentionality.

Equity has most often interpreted in the case studies as geographic equity – all parts of a region or state receiving their fair share. By virtue of their core values, some regional organizations have extended their understanding of equity to include racial, gender, income and wealth, health and other considerations. Foundation and federal funding requirements have often driven the adoption of diversity, equity, and inclusion strategies and actions.

Interviews with experts and the case studies voiced a consistent message that inequities are an inevitable outcome of prevailing market forces and policies and can only be overcome and addressed through *intentional* design, policy, and practice. Leaving things to chance or to evolve is not in the interests of rural communities, poorer neighborhoods, or people of color.

The Changing Rural Context

Common perspectives and images of rural America tend to be based on, at best, partial reality, including that it is predominantly reliant upon agriculture. Far from being homogenous and undifferentiated, rural America is vast, complex, diverse, and evolving. The often-stated view that urban America thrives while rural America struggles is not supported by the data. In fact, economic growth and opportunity is uneven across the rural-urban continuum. There are struggling urban places and prospering rural places.

The research literature identifies several ways in which rural areas are evolving. They include:

- **Shifting and Blurring Boundaries between Rural and Urban.** Social processes are shifting,



crossing, and blurring rural-urban boundaries.² Nonmetropolitan areas are regularly reclassified as metropolitan areas to reflect growing populations and expanding metropolitan influence, thus shifting boundaries outwards from the urban centers. People, ideas, and money cross back and forth between urban and rural areas, as improved transportation and communications accelerate commuting. Boundary *blurring* means that people and communities often experience both worlds – rural and urban – on a daily or regular basis. It becomes harder to discern bright lines between rural and urban, spatially, socially, and economically.

- **A New Type of Space.** These processes of shifting and blurring boundaries have led many researchers to reject the simple binary classification of space into “urban” or “rural” and instead to find new ways to describe the areas where urban and rural meet and mingle. “Ex-urban,” “rural-urban interface,” “peri-urban interface,” “urban-rural space” and other terminology appear in the literature as attempts to capture those places which lie between the developed urbanized core and the rural hinterland. This in-between space contains both urban and rural features. It has been described as a zone of interdependence, an area of intense social and economic interaction that links rural and urban people and communities, and a set of relationships that are continually changing as boundaries shift and blur and as people, capital, ideas move back and forth.³ In the case study research, counties that contained a mix of rural and urban places have gained population more rapidly than those that were strictly urban or rural, underscoring the significance of these in-between places.
- **Diverse Economic Landscapes.** While farming remains the main economic engine in many rural places, it has been replaced by manufacturing and service activities in other areas. One researcher has classified rural landscapes into four types which suggest the diversity of contemporary rural economies:⁴
 - *Productive landscapes*, such as those associated with agriculture, forestry and mining.
 - *Traditional landscapes* are where there is an emphasis on preserving cultural and historical heritage and scenery.
 - *Post-productive landscapes* are where the value of ecosystems services is recognized and protected.
 - *Consumptive landscapes* which include leisure and recreation, tourism, food and crafts, primary targeted at urban populations.
- **Demographic Change.** A continuing misperception is that urban areas are heterogenous in terms of race and ethnicity, whereas rural areas are predominantly white. However, a recent study of diversity along the rural-urban continuum finds that diversity now spreads across rural and suburban spaces in all types of context, further blurring rural-urban distinctions.⁵ The challenge, however, is the recent nature of this phenomenon along with the limited capacity of rural communities to deal with the educational, healthcare, and housing needs of a diverse population. Furthermore, the blurring of rural-urban spatial boundaries is being accompanied by a hardening of other boundaries, especially class and race, and that as rural and urban America are more interdependent, future discussions about social change in rural (or urban) will be more difficult without acknowledging the other.⁶

² Lichter & Ziliak, 2017

³ Lichter & Brown, 2011; Brown & Shucksmith, 2017; Lichter & Ziliak, 2017.

⁴ Hiner, 2014

⁵ Lee & Sharp, 2017

⁶ Lichter & Brown (2011)



The Case Study Geographies

The seven places researched in this study were chosen to represent a diversity of geographies. Many of the themes identified in the research literature reappeared in the case study interviews.

- **Multi-State Geographies, Oregon and Washington.** Two of the case study organizations, Craft3 and Sustainable Northwest, have regional footprints across Oregon and Washington states, which are divided by the Cascade mountain range. The main population centers are clustered to the west of the Cascades – Portland-Eugene in Oregon and Seattle-Tacoma in Washington, together with their state capitals of Salem and Olympia. The lands east of the Cascades are thought of as more “rural.” The metropolitan areas are characterized by rapid growth, new economy jobs, and increasing challenges of congestion, affordability, and gentrification, in contrast to the slower paced, economically struggling more rural regions. There is growing inequity in incomes, wealth, economic opportunities, and educational attainment between these regions, highlighting deep social, economic, cultural, and political rifts.
- **State-Wide Rural-Urban Divides.** Similar state-level divisions between urban and rural were evident in the Minnesota case study and with the California Partnership for the San Joaquin Valley. Minnesotans commonly distinguish the urban Twin Cities metropolitan area from the rest of the state, commonly called “Greater Minnesota” and considered rural. In California the agricultural, inland San Joaquin valley is perceived as “rural” while the large coastal metropolitan areas such as Los Angeles and the San Francisco Bay Area are considered “urban.” In both states, the disparities in economic and personal well-being between urban and rural places were the impetus for the initiatives profiled here.
- **Urban Core-Rural Periphery.** The other three case studies are multi-county regions encompassing metropolitan areas and surrounding counties with varying degrees of rurality. The Sacramento Area Council of Governments (SACOG) region consists of 6 counties in northern California dominated by the city of Sacramento and its suburbs. While all six counties are part of the metropolitan area, roughly 85 percent of the region’s landmass is treated as “rural” for regional planning purposes. Amarillo, a city of 203,000 people, is the urban core of the Texas Panhandle, a 26-county region of almost 26,000 square miles with a total population of 440,000. All of the surrounding counties, none of which has a population over 22,000, are rural. Asheville, with a population of 93,000, is the urban core of the four-county Land of Sky Region (432,000 total population) in western North Carolina. Asheville is the economic hub for the region which is otherwise predominantly rural.
- **Isolation.** While the Texas Panhandle and Land of Sky regions are roughly equal in total population, they differ in land mass (the Panhandle region is 14 times larger), population density, and degree of isolation. Asheville is about a one-hour’s drive from Greenville, SC (906,000 population metro area) and two hours from Charlotte, NC (2.6 million population metro area). The Texas Panhandle is far more isolated: the nearest major metropolitan cities to Amarillo are Oklahoma City, OK (260 miles; 1.4 million metro area population); Albuquerque, NM (270 miles; 916,000 metro area); and Dallas (334 miles; 7.5 million metro area). With this greater isolation, the Panhandle is much more of a region unto itself and has more limited economic development options. The lack of density also affects economic development by increasing travel time between places and making it harder to assemble a critical mass of actors to initiate change.



- **The Delta.** For purposes of this study, the lower Mississippi Delta region includes 38 counties in Mississippi and Arkansas with a total population 1.1 million. Twenty-two of those counties are classified as “Persistent Poverty” counties by the Economic Research Service (ERS), U.S. Department of Agriculture.⁷ The Delta is predominantly African-American and agricultural with many residents descended from slaves. Many of the smaller communities are 80 percent or more African-American and have been losing population for decades, beginning with the Great Migration at the outset of World War I. While Delta communities are not that distant from the metropolitan centers of Memphis, TN, Little Rock AR, and Jackson MS, they suffer a high degree of social and economic isolation.

Organizational Structures and their Ecosystems

Through the interviews with experts and stakeholders, two main types of organizations were identified that have relevance for catalyzing and managing rural-urban interactions:

- **Regional development organizations**, which are structures for local governmental planning, resource allocation, program implementation, and service delivery across multiple counties, cities, and municipalities. Some are exclusively governmental, others are public-private partnerships. Nationally, some of these organizations are entirely urban/metropolitan-focused but others span both metropolitan and rural counties. Such regional organizations bring professional capacity and greater participation in beneficial funding programs (usually Federal) to rural counties, and generally reduce wasteful and disruptive internal competition within a region.
- **Nonprofit regional community and economic development organizations**, which include sector-specific research, advocacy, and programmatic agencies, community development financial institutions, community foundations, and public-private-nonprofit partnerships. Some of these are multi-state in scope, some mainly rural, but all are regional by design and by approach. They are distinguished by their trust networks and relationships, their power to convene and to broker agreements between conflicting interests, and their ability to combine deep local knowledge (boots on the ground) and broad regional and strategic perspectives.

The case study initiatives were led by organizations that fell into those two broad categories, but they represented a variety of structures and legal formats.

- **COGs and RDCs.** Two of the case studies, SACOG and Land of Sky Regional Council, are led by councils of government (COGs), voluntary associations that represent local governments to provide planning, coordination, and technical assistance on issues of mutual concern that cross jurisdictional lines. In California, COGs are constituted through Joint Powers Agreements among the participating entities, and in North Carolina, state enabling legislation allowed formation of multi-county regional planning districts.

⁷ ERS defines counties as being persistently poor if 20 percent or more of their populations were living in poverty based on the 1980, 1990, and 2000 decennial censuses and 2007-11 ACS 5-year estimates.



In the Minnesota case study, three of the state’s regional development commissions (RDCs) are featured, quasi-public entities similar to COGs authorized under the state Regional Development Act of 1969. Like COGs, the RDCs are governed by boards with private, public and civic sector representatives and carry out a variety of planning, coordination and implementation functions that address regional critical issues. Land of Sky Regional Council and the Minnesota RDCs are alike in that they are also economic development districts (EDDs) under the direction of the US Department of Commerce Economic Development Administration (EDA). SACOG is not an EDD and lacks those economic development capacities.

- **Community Foundations.** The Amarillo PATH Fund is a civic and private sector-led initiative intended to bring business assistance and capital to entrepreneurs throughout the Texas Panhandle region. While the PATH partnership includes three regional banks and a social service non-profit (Baptist Community Services), it is led by and housed at the Amarillo Area Foundation, a community foundation serving the Texas Panhandle with consolidated assets of over \$260 million.

In Minnesota, there are six initiative foundations (IFs), regional community development entities created in the 1980s by the McKnight Foundation in response to a state-wide farm crisis and general failure of the rural economy. While structured as community foundations, the IFs do small business lending in addition to grant making. They are hybrid institutions combining the capacities of a philanthropy with a CDFI. As of 2017, their combined endowments exceeded \$300 million and their loan portfolios totaled almost \$70 million.⁸

- **California Partnership for the San Joaquin Valley (CPSV).** This Partnership is unique among the case studies in that it has no formal legal structure. It was created by governor’s executive order in 2005 to improve the economy and the well-being of the people of the San Joaquin Valley. It has no charter beyond time-limited governor’s executive order; it is not incorporated as a for-profit, non-profit or quasi-public entity nor does it exist through a joint powers agreement as do the regional COGs. Instead, the CPSV derives its legitimacy and its power from its board of directors: 37 persons appointed by the Governor that includes 10 persons representing state agencies, 12 local government officials, 2 college presidents, and 14 representatives from the private sector, non-profit sector and labor.
- **Non-Profit Organizations.** Three organizations are 501(c)(3) nonprofits: a policy, advocacy, and technical assistance nonprofit (Sustainable Northwest), a CDFI focused on lending to businesses, communities, and consumers (Craft3), and a research and advocacy nonprofit whose mission is to develop and advocate for public policy that makes Minnesota’s economy more prosperous and fairer for all (Growth & Justice).

The first two organizations operate across Oregon and Washington and were organized in the early 1990s as responses to the conflict between the timber industry, environmental advocates, and the government over natural resource management, widely portrayed as “Jobs vs. The Environment.” Sustainable Northwest has been working at the interface of economic development and environmental conservation for 25 years. It has adopted a position of conflict resolution looking for ways in which wise stewardship of natural resources, particularly forestlands, can sustain economic opportunity in rural communities. Craft3 has grown from a 3-person staff operating in a single Washington county into a lending institution with \$150 million in total assets and offices in large and mid-size metropolitan and four rural communities (Astoria and Klamath Falls, OR; Port Angeles and Walla Walla, WA). It balances its lending between

⁸ McKnight Foundation. “Fact Sheet: The Minnesota Initiative Foundations.” https://www.mcknight.org/wp-content/uploads/16_MIF_factsheet.pdf



urban and rural areas and seeks to connect its activities from all of its offices to leverage two-state regional impact.

Growth & Justice (G&J) was founded in 2002 on the belief that economic growth must benefit everyone, that growth and justice are fundamentally connected. G&J functions as the parent organization for Thriving by Design, a website and network staffed by G&J employees, through which the Minnesota Equity Blueprint is being developed. The vision behind the Blueprint is to create a new state Rural Urban Development Act that embodies three themes: “a persistent concern and focus on rural and urban interdependence, a high priority on racial equity and other aspects of social justice, and a stronger integration of climate action with equity in all aspects of policy-making.”⁹

- **The California Ecosystem.** The organizations and initiatives profiled must be viewed in the context of their policy environments and institutional ecosystems. The unique policy environment in California has led to sustained state intervention and an acceptance of planning and coordination that is rare in other parts of the country. Regional institutions such as COGs have been embraced as a vital piece of state governance, both in recognition of the significant geographical, economic, and cultural differences across California and as an intermediary between the state and local governments. The State has also taken strong legislative actions over the past 50 years to tackle pressing issues such as air quality, the consequences of rapid urban growth, water quality and supply, and more recently sustainable communities, and reduction in greenhouse gas emissions. Frequently, the regional bodies such as COGs have been tasked with planning, advising, prioritizing investments, coordinating, oversight and otherwise implementing those objectives. In executing those responsibilities, regional bodies have had to build new capacities but, in turn, that activity has further legitimized the role of regional institutions and approaches.
- **The Minnesota Ecosystem.** Minnesota has a very well-developed local and regional community economic development systems. These regional systems are tied together through a layer of state-wide institutions and networks that facilitate shared learning and joint state-wide initiatives and policy agendas. The regional and state-wide systems encompass governmental, non-profit, and for-profit actors and are supported by public, philanthropic and private funding. While these systems are similar to those in other states, our qualitative judgment is that the development infrastructure in Minnesota is more robust, collaborative and functional than seen elsewhere.

As with California, the state of community economic development in Minnesota is a product of deliberate public policy choices and investments over a long period of time. The theme of regional approaches was initiated in the state’s 1969 Regional Development Act that set up the regional district boundaries and the RDCs. Senate Bill 1 in 1987 reaffirmed the rural-urban relationship, provided seed funding for the Initiative Foundations, and made additional investments and policy changes benefiting rural economic development. Several Minnesota foundations have provided consistent funding to non-profit organizations over a long time. As a result, Greater Minnesota has a more highly developed non-profit infrastructure compared to other parts of the country.

⁹ Thriving by Design, *One Minnesota Equity Blueprint Policy Priorities For the 2019-20 Legislature*.
https://growthandjustice.org/publication/One_MN_Equity_Blueprint_2019-20_Policy_Priorities.pdf



To summarize, different kinds of organizational structures pursue regional work: public regional development organizations, such as Councils of Government (SACOG, Land of Sky) and Regional Planning Commissions (Minnesota); community foundations (Minnesota, Amarillo); community development financial institutions (Craft3); and nonprofits (Minnesota, Sustainable Northwest). Their primary activity varies from planning and coordination (SACOG, Land of Sky) to business and project financing (Craft3, Amarillo, Minnesota) to collaborative convening and advocacy (Partnership for San Joaquin Valley, Sustainable Northwest). These structures emerge from the specific enabling environment in each region, which include state policy frameworks for regional governance, economic and demographic trends, the civic infrastructure (including philanthropy and non-profits), and power dynamics between rural and urban areas. The substantial differences between these environments underscores the futility of one-size-fits-all approaches to rural and regional development.

Rural-Urban Interactions

A long and rich history of scholarship has accumulated on the relationship between cities and their hinterlands. It can be traced back 200 years to von Thünen's production location theory, Christaller's central place theory in the 1930's, and to subsequent developments by more contemporary economists.¹⁰ More recent scholarship has broadened the understanding of the complex ways rural and urban places interact beyond the purely economic.

- **Rural-Urban Interactions Shape the Rural Economy.** Substantial literature on rural-urban interaction exists where researchers employ econometric models to estimate the economic dimensions of commuting, trade, and other economic linkages between urban areas and their rural hinterlands (sometimes termed core and periphery). One focus of these studies is to gauge whether population growth (and jobs and income) associated with urban concentration of economic activities yields net benefits for the surrounding rural areas (spread or spillover effects) or drain people and capital out of rural regions into the urban centers (backwash effects). Three themes emerge from the research:
 - **Benefits Favor Urban.** The benefits of urban-rural interactions generally favor urban centers. Urban cores attract income and investment flows that tend to stay within these cores and less likely to be distributed to the rural periphery. Income generated in or attracted to rural areas tends not to stick there but pass to the urban cores or to external owners.¹¹ Growth in urban employment has the effect of promoting rural population growth, but with rural communities competing for a share of that growth on the strength of their local communities. However, growth of rural employment has little impact on urban population growth.¹²
 - **Demographic and Business Location Patterns.** The economic dominance of cities is a strong and continuing centralizing force. However, significant counterforces can also be seen as households and firms move out to less congested and less expensive areas on the urban fringe. Falling transportation and communication costs, technological change

¹⁰See Irwin, Isserman, Kilkenny, & Partridge, 2010.

¹¹ Dabson, Johnson, Miller, & Robinson, 2009; Balamou & Psaltopoulos, 2006

¹² Feng & Patton, 2017.



and economic restructuring, rising incomes and changing tastes for natural amenities all drive this process of de-concentration.¹³

- **Spread Effects.** The most visible urban-rural interactions are commuting flows. Such flows are strengthening both in numbers and in proportion to their respective labor forces with the scale being a function of the size of the urban center and the distance of the rural community from that center.¹⁴ The spread effects are estimated to be in the range of 75 miles¹⁵ to 125 miles¹⁶ for those rural communities that can offer high quality of life and services for commuting residents. The larger the urban center, the greatest its impact on outlying rural economies¹⁷, but at least one study suggests the greatest benefits for rural communities come from interactions with medium-sized cities rather than the larger ones.¹⁸

- **Forms of Interdependence.** Rural-urban interdependence implies more than connection or interaction between rural and urban places. It asks the questions “why do rural areas matter to urban places and vice-versa?” and “how do changes in one place affect the other?” In the academic literature, Reimer, Barrett, & Vodden, & Bisson (2019) describe four spheres of interdependence:
 - **Trade and exchange** refer to economic interdependence, with exchanges of goods, services, labor, and finances. This includes commuting, supply chains, and issues of *where* value is added to raw materials and *who* benefits.
 - **Institutional interdependence** where seemingly geographically neutral policies may differentially impact urban and rural places, usually to the detriment of rural residents.
 - **Environmental interdependence** focuses on the impact of urban growth and development on air and water quality, productive farmland, and quality of life.
 - **Identity** is the fourth sphere, where attachment to place through language, dialect, traditions, architecture, music, and values, can be upended by insensitive interactions, developments and investments.

- **Interdependence in the Case Studies.** The case study research affirmed the basic interdependencies found in the literature review, with minor differences in terminology or categorization. The forms of interdependence most commonly cited in the case study interviews were:
 - **Supply Chains**, primarily around natural resource-based goods. Food is the clearest example as agriculture, food processing and distribution intertwine urban and rural economies.
 - **Ecosystem Services**, including clean water, clean air, flood control, habitat conservation, nutrient recycling, and pollination.

¹³ Castel, Wu, & Weber, 2011; Irwin, Bell, Bockstael, Newburn, & Partridge, 2009

¹⁴ Lewin, Weber, & Holland, 2013; Ali, Olfert, & Partridge, 2011

¹⁵ (Partridge, Ali, & Olfert, 2010

¹⁶ Wu, Weber, & Partridge, 2017

¹⁷ (Partridge, Ali, & Olfert, 2010

¹⁸ Berdegue & Soloaga, 2018



- **Materials and Natural Resources**, including timber, metals, minerals, and energy (renewable and non-renewable).
 - **Commuting Relationships**. As housing prices in urban centers increase, people are forced to live further away from their jobs. Rural and peri-urban areas provide housing for workers employed in urban areas.
 - **Growth Spillover**. Given high cost of land and housing in major urban areas, the rural areas absorb business and population growth that cannot be accommodated in cities.
 - **Identity and Recreation Values**. Rural places form part of the collective identity in some states. Minnesotans understand themselves in terms of such places: North Shore, the Cabin, the Boundary Waters, the “Lake” & “Up North”, and the tall grass prairies.
- **Hidden in Plain Sight**. The significance and the magnitude of rural-urban relationships are often unrecognized, undervalued, or unmonetized. While major metropolitan areas are usually thought to be the drivers of the state economies, a study in Minnesota estimated that 40 percent of all employment in traded industry sectors happened in Greater Minnesota (outside the Twin Cities region).¹⁹ SACOG’s Rural Urban Connections Strategy (RUCS) program found that the fruit and vegetable industry contributes \$1.2 billion to the regional economy, with most agricultural jobs in processing, manufacturing, and distribution located in urban areas. Despite the magnitude of its economic impact, interviewees said it took five years for the business community to see the value of agriculture to the economy. Additionally, the rural land base surrounding Sacramento supports not only agriculture but also provides water supply and flood protection, recreation and tourism, habitat conservation, and aggregate and timber for development. These benefits are generally not acknowledged or accounted for in policy decisions.
 - **Investment and Rural-Urban Compacts**. The traditional rural-urban compact, whereby the countryside sends products and people to the city in exchange for the city's products, services and capital, has become frayed. Economies have become more complex and political divides have emerged rooted around economic inequality, race, ethnicity and culture. Policy debates are too often framed as a false choice between rural and urban. However, there is a fundamental truth undergirding the compact notion which was best articulated by the organization Growth & Justice in Minnesota, which is that everyone benefits if urban and rural both do well. For that to happen, investments must be balanced between urban and rural areas. The social compact is a political consensus that permits equitable investment.
 - **Small Towns and Micropolitan Areas**. Some evidence suggests positive roles that small towns and micropolitan areas play in facilitating rural-urban connections. Towns have concentrations of community and institutional capacity, acting as ‘sub-poles’ for focusing rural development investments to take advantage of agglomeration economies and allow benefits to spread to rural areas.²⁰ However, one econometric study finds that small towns do not in fact act as poles, because flows of goods and services do not generate spillover

¹⁹Kate Searls. *Pilot Study: Estimating Rural and Urban Minnesota’s Interdependencies*. Minnesota Rural Partners, Inc. <http://www.localgovinstitute.org/Portals/0/Documents/Library/best-practices/rural-urban-linkages.pdf?ver=2016-11-17-124913-733>

²⁰ DETR, 2000



effects into the hinterland.²¹

In a similar vein, other research suggests that some micropolitan counties can serve as small urban cores in rural regions enabling upward mobility in ways that take advantage of their density and scale. Others can act as bridges between remote rural counties and metropolitan centers, supporting upward mobility of low-income youth in ways that both exploit the opportunities but revealing weaknesses associated with small size, lack of density, and limited technological capacity in rural communities.²²

In sum, rural America has unique assets and makes contributions to metropolitan America, which in turn provides the markets, resources, jobs, and services necessary for rural sustainability and competitiveness. In this formulation, recognition of rural-urban interdependence, of rural and urban needing each other, is deemed essential for state and national prosperity. It also becomes apparent that rural-urban interdependence is not so much a development strategy per se but rather a lens for looking at regions and relationships between regions. The interdependencies identified in the literature review and case study site visits exist naturally and organically, not as the creations of deliberate policy. These interdependencies could be made more apparent, brought out into the open, valued appropriately, and monetized. With that understanding, wiser policy and investment decisions can be made that balance the needs and capabilities of both places.

Community Economic Development Practice

The case studies probed the community and economic development strategies and practices employed by the participating institutions.

- **Functional Ecosystems.** In Minnesota, the RDCs and the Initiative Foundations have helped construct support ecosystems for economic development that generally seem to function effectively. These regional entities operate in an environment where each county usually has its own economic development staff as do many cities and towns. The local actors are often the ones to initiate an economic development project, for example assisting an existing business with expansion. The RDCs and Initiative Foundations support that effort by bringing together the resources, expertise and partners necessary for the local project to succeed. That support might include grant funding, capital, workforce training, business expertise, and infrastructure. Simultaneously, the RDCs and IFs also address region-wide systemic problems that inhibit economic growth and vitality, most notably the shortage of affordable housing, workforce development needs, and the lack of childcare. On these issues, they often connect with their counterparts around the state to advocate for more public resources and policy change.
- **Rural Development Hubs.** A study recently published by the Aspen Institute's Community Strategies Group highlights the importance of certain types of rural and regional intermediaries

²¹ Courtney et al, 2007

²² Weber, Fannin, Cordes, & Johnson 2017



known as “rural development hubs.”²³ These hubs have a number of characteristics including regional thinking and action, deep knowledge and understanding of their region, a long-term view and commitment, bridging across issues and silos, systems thinking, and the ability to create structures, products and tools for effective solutions, collaboration, spanning local, state, and national connections, innovation and adaptability, and willingness to tolerate risks. The RDCs, Initiative Foundations, and Craft3 exemplify this form of action.

- **Transformation and Reinvention.** With the possible exception of Land of Sky Regional Council, all of the organizations profiled in this study operate in regional economies significantly dependent on natural resources: agriculture (SACOG, Minnesota RDCs and IFs, Amarillo PATH, San Joaquin Valley, Craft3), oil and gas (Amarillo PATH, San Joaquin Valley), timber (Sustainable Northwest, Craft3, SACOG/RUCS), and seafood (Craft3). Communities in these regions are going through transformation and, in some cases, deliberate re-invention. The case study organizations were often at the forefront of these change processes:
 - **Forest Economies.** The rural economy of the Pacific Northwest is going through a long and painful transition brought about by global economic forces, shifts in Federal natural resources policies, long-term threats from climate change and immediate threats from wildfires, diseases, and urban expansion. Sustainable Northwest has pioneered place-based groups that emphasize inclusive planning processes to achieve balanced social, ecological, and economic objectives. It also created a for-profit subsidiary (Sustainable Northwest Woods) that buys and distributes sustainably wood products from small mills in rural communities to bolster sustainable economic development and job creation.
 - **Land Use Choices.** In the Sacramento region, population growth is converting farmland into housing, and market forces and environment and water constraints cause farmers to rethink their crop options. RUCS provides an array of analytical tools that can gauge the effects of land use and crop choices, identify trade-offs between competing land uses and forecast their potential outcomes. Development pressures often reduce economic arguments to short-term assessments of property taxes and highest and best use of land calculations; as a result, a range of other important metrics may not be considered such as jobs, air pollution, water, habitat and other conservation benefits, and long-term financial return.
 - **New Sectors.** There are numerous examples of case study organizations supporting the development of new industry sectors to diversify the economy, including: renewable energy, sustainable agriculture and food systems, advanced manufacturing, health and tourism. Craft3 has targeted lending programs in clean energy technology (in partnership with the state of Washington Department of Commerce) and sustainable food systems (in partnership with a coalition of philanthropies).
 - **Socio-Cultural Change.** As rural counties age or lose population, they often experience workforce shortages which in turn have drawn immigrants from urban centers or who have been recruited directly from Latin America by employers. These areas are coping with assimilating these new populations into their communities. In Minnesota, there are efforts to create “Welcoming Communities” – developing local skills for diversity, inclusion and cultural competence.

²³ <https://www.aspeninstitute.org/events/rural-development-hubs-action-innovators-for-rural-prosperity/>



- **Broadband.** Broadband is essential basic infrastructure in today’s economy. It is required for everything from major economic development projects to individual entrepreneurship to the delivery of services from telemedicine to children doing their homework. In many states, broadband deployment is market-driven with little regulatory intervention. This further divides communities and even regions into “haves” and “have nots” with poor and less populated places left further behind in the digital age. The Land of Sky West NGN initiative recruits broadband providers to deliver service to smaller communities in rural western North Carolina.
- **Integration Across Practice Areas.** Economic development and community development are usually separated. However, the Minnesota RDCs and the Initiative Foundations see the work as one and the same. Thus, they perceive the critical economic development issues to be housing, childcare, and workforce preparation. This is a far cry from the common refrains of reduce taxes, cut regulation, and recruit business through public subsidy. This shift has been prompted partly by rural workforce shortages which have forced greater communities to respond to housing, childcare and workforce development needs. Another factor integrating community and economic development might be that the IFs and the RDCs are “hybrid” institutions. The IFs are community foundations that make social purpose grants, but they also have small business development and lending functions much like CDFIs. Similarly, the RDCs conduct planning and programs for transportation, housing, land use, social services and the like but they are also economic development districts with business lending functions. They too must combine social purpose programming with economic development.

There were several other examples of integration across issue areas. Sustainable Northwest was founded on the then contentious idea that community-based conservation efforts were the way to create jobs, strengthen rural communities, and restore the environment. SACOG’s RUCS program brings land use management, economic development, agriculture and resource conservation into a unified planning framework. Growth & Justice’s Policy Agenda for 2019-2020 includes democracy and civic health, economic development, climate action and environment, infrastructure, transportation and transit, education, early childhood through post-secondary, broadband and digital inclusion, housing, immigration, criminal justice reform, and taxes, budgets, and investments. Similarly, the Partnership for the San Joaquin Valley has ten issue-specific work groups from water to higher education to economic development to health and community services. Its quarterly board meetings have become rich venues for cross-sector and cross-issue learning.

- **Rural Economic Centers.** Even within regions or counties that are losing population, there are usually some communities which continue to thrive. The stronger communities have become economic hubs, collecting and incubating business activity. Employment is concentrating in cities and towns that have competitive advantages and good local leadership. Meanwhile, desirable places with less employment are attracting commuters as residents, while towns that lack competitive advantage or amenities lose population and decline.

Craft3 has deliberately located its four rural offices in the economic centers of their regions. It acknowledges that some communities are not strong candidates for investment. This



strategy parallels findings in the academic literature that towns can act as ‘sub-poles’ focusing rural development or as bridges between remote rural counties and metropolitan centers. An important feature of Craft3’s approach is the development of “place strategies” for each of its eight offices plus Indian Country. These are assessments of the sub-regional economic status and trends, the small business financing ecosystem, and key community stakeholders and potential partners. The result is a set of priority areas for engagement, a sub-regional vision for Craft3, outcomes, tactics, and metrics.

As the case study research progressed, the emphasis shifted somewhat away from specific strategies and practices to the functioning of whole community economic development ecosystems. The California and Minnesota development ecosystems stood out for their extent and robustness. Both are products of long, evolutionary histories and as such, do not lend themselves to simple, mechanical replication. They exist because public and philanthropic leadership recognized the value of regional approaches and made investments in regional institutions over extended periods of time.

Policy and Politics

Public policy creates frameworks for action and directs resources to the highest priorities. The case study research explored policies that helped or hindered efforts towards regional solutions, rural-urban connection and equity. While the policy discussions were fruitful, they were somewhat overshadowed by a greater concern for the politics that underlie the policy-making process.

- **Venues and Resources.** Most of the policies encountered in this project fell into two categories: 1) policies that created or sustained institutions that served as venues for planning, coordination, discussion, implementation or monitoring; and 2) policies that provided resources for community economic development projects or programs. The first group contains the legislation and the gubernatorial executive orders that support organizations like COGs, regional development commissions, and the Partnership for the San Joaquin Valley. But policy can create venues in other ways as well. Sustainable Northwest organized a number of Forest Collaboratives of which 31 are still active in Oregon and Washington. These are place-based groups that aim to achieve a variety of outcomes for the national forests, such as reduction of the risk of wildfire, protection of drinking water sources, spurring rural economic development, enhancing recreation opportunities, and conserving flora and fauna. They were organized to provide input into the U.S. Forest Service’s forest management planning processes.
- **Policy and Power Disparities.** In Minnesota and California, interviewees expressed the power disparity between rural and urban areas and its implications to policy. The California Partnership for the San Joaquin Valley was born out of this uneven conflict between the Valley and state’s major urban centers. A consistent refrain from board members was that Los Angeles and the Bay Area were able to command resources from state government while the rest of the state fought over the scraps. The Partnership’s founding documents cite the fact that the Valley receives less funding per-capita than the state average. Power disparities lead Partnership Board members to want to speak for the Valley with a unified voice.



In Minnesota, the regional development organizations recognize that state-wide coalitions, which intrinsically require rural-urban connections, are necessary to move policy forward. Several state-wide structures such as the Minnesota Association of Development Organizations (MADO), the Rural Economic Development (RED) Group, and the Greater Minnesota Partnership are important vehicles for building those rural-urban coalitions. Notably, these organizations have found that the policy interests of urban and rural community economic development professionals frequently align. Housing supply and affordability, child care, workforce preparation, aging infrastructure, brownfield clean-up, and assimilating recent immigrants into workforce and community are challenges common to the Twin Cities and Greater Minnesota and require state-level policy action rather than being solvable solely through local or regional initiatives.

- **Power Disparities, the Counter-Argument.** This notion that rural areas are politically disadvantaged does not universally hold true. Power disparities can flow in multiple ways. At the Delta forum, it was pointed out that Little Rock, the state capital of Arkansas and the only city with population greater than 100,000, is maligned in a very rural state. Legislative redistricting has given rural legislators in some states power disproportionate to their population. In any case, power disparities can create a difficult context to pursue regional solutions.
- **Political and Cultural Divides.** Local and regional community economic development have been affected by political and cultural divides, analogous to the contentious national political climate. Rural Minnesota, for example, is going through significant cultural and demographic changes, often precipitating a backlash. The problem extends to urban areas where liberal residents are quick to dismissively characterize Greater Minnesota as “Trump country.” Rural practitioners acknowledge how difficult their work has become because of highly vocal conservative activists. Although urban-rural coalition building should be possible given commonalities of interest, it is difficult to negotiate in a climate of stark political division.

The California Partnership for the San Joaquin Valley has worked hard to sustain a political culture of bi-partisan dialogue and cooperation: Democrats and Republicans working together. Board members and working group participants are asked to “check their partisanship at the door” and operate on the basis of what is best for the Valley. Interviewees said the Valley itself has a long history of political leaders and agencies working across party aisles and that this culture has persisted despite the intensity of current political divides. The Partnership was built on this culture of cooperation and has been able to continue functioning by maintaining an open political culture.

- **Investment Flows.** Securing more public and private investment is critical for rural development. Craft3 originates \$50-\$60 million of loans per year which it consciously balances between urban and rural places. Its largest investments (over \$5 million) have been made disproportionately in rural communities. Its most successful consumer lending product finances replacement of failing septic systems are mostly located in rural places.



There have been successes in channeling public investments around transportation. The Partnership for the San Joaquin Valley has been able to influence the funding of railway and highways in the Valley. The RUCS analytics showed that transportation infrastructure was critical for getting goods to market and in turn vital to rural regeneration in the Sacramento area. Previously, SACOG's transportation planning was concerned only with reducing urban area traffic congestion.

The public investment process has been distorted by political divides. In the past, public investments could be balanced by horse trading: urban legislators would support funding for a rural project if rural legislators would approve an urban priority. Now, as Jane Leonard of Growth & Justice describes today's political environment, "there used to be a lot more bargaining. Now there's more hostage taking." Sustainable Northwest was active in a coalition of businesses, nonprofits, and community organizations that supported proposed legislation to introduce a cap-and-trade system in Oregon to limit greenhouse gas emissions, similar to one already in operation in California. The bill, among other things, would have brought substantial investment to rural Oregon and was calibrated to ensure broad-based support for both urban and rural interests. It failed when Republican legislators literally left the state, paralyzing government.

- **Broadband and Regulatory Environments.** The Land of Sky case study revealed the opportunities and challenges in bringing broadband access to rural western North Carolina. The North Carolina regulatory environment is not favorable towards the deployment of broadband infrastructure into rural areas or the adoption of broadband technology for lower-income households. The State of North Carolina does not currently allow local governments to provide for or regulate broadband service, unlike sewer or water services which are treated as public utilities. As a result, county and municipal governments have avoided inserting themselves in broadband issues or including broadband communications as part of the infrastructure/utility component of their comprehensive plans. Moreover, the entities that normally deliver broadband services, such as data and internet service providers, telephone membership corporations, cable and satellite television, or commercial mobile radio service (including cell phones and pagers) are not regulated by the North Carolina Utilities Commission. Thus, there is no unified regulatory oversight of broadband, no public access to data about broadband rates and utility infrastructure, and no central policy-making body to lobby for broadband inclusion other than the state legislature.

Not surprisingly, North Carolina has one the nation's lowest broadband *adoption* rates at 16 percent. Adoption is particularly low among low-income households, primarily because of the cost or affordability of service, the perceived or actual costs of computers and laptops, and low levels of digital literacy. In this regulatory environment, the Land of Sky Regional Council has stepped in, through its West NGN (Next Generation Network) initiative, to push the market to build broadband infrastructure in rural areas and offer services at rates affordable to lower-income families.

At the federal and state levels, arguably the most important policies affecting the case study initiatives relate to investment flows. The notion of the rural-urban compact, where everyone benefits if rural



and urban both do well, is a useful way to frame the balancing of resources between rural and urban places. If the interdependencies between rural and urban could be monetized, the allocation of resources could be made more precise.

Issues of power are woven into any consideration of rural-urban interactions. Collaborative regional approaches can only be understood, designed, and implemented in the context of power dynamics; indeed, the current political climate elevates power issues to a central, critical position. If the goal is to achieve positive equitable outcomes for rural communities and economies, then ways must be found to encourage and shape productive rural-urban interactions and connections. Collaborative regional strategies and institutions that bring together rural and urban interests can lead to state policy changes and local or regional programs and projects to address inequities. Rural-urban coalitions are imperative to break through political gridlock.

Collaboration and Soft Power

Collaboration is central to all the cases, the differences between them being a matter of strategy and scope and the way they are structured. Collaboration is seen as a way of building trust, gaining support, and accessing skills, capacity and capital.

- **Collaboration Strategies.** Craft3 is primarily a lending institution for which collaboration and partnership are essential given its geographical spread across two states and its active engagement in social, economic, and environmental issues. Some examples of collaboration include:
 - **Business Lending.** Craft3 has a longstanding relationship with the State of Washington. This largely began with a partnership between Craft3 and the State Department of Commerce to create a small business credit fund during the Great Recession. The fund was capitalized by \$9 million from the federal pass-through State Small Business Credit initiative (SSBCI), \$2 million from Craft3 which leveraged over \$30 million from Wells Fargo and other banks. Total lending under this initiative was on the order of \$30 to \$40 million.
 - **Energy Conservation.** Working with the Cities of Portland and Seattle, the Energy Trust of Oregon and other partners, and by using federal dollars from the American Recovery and Reinvestment Act, Craft3 developed a home energy upgrade loan that is repaid through the borrower's utility bill. The product received additional support from the State of Washington several years after launch. To date, 4,000 families in Washington and Oregon have taken loans amounting to more than \$50 million to reduce energy use and create local jobs.
 - **Clean Water.** Craft3 has entered into a memorandum of understanding with nearly two dozen Washington counties to use State Department of Ecology funds to repair and replace septic systems to clean groundwater and waterways that impact shellfish harvest areas and public health. 1,500 loans have been made totaling \$33 million, helping keep 1,400 families (40 percent low income) in their homes.
 - **Indian Country.** Craft3 partnered with the Shoalwater Bay Tribe in southwest Washington to make one of the first-in-the-nation New Markets Tax Credit (NMTC)



investments in Indian Country for a wellness center in an area remote from adequate medical care. Additional investments in the Shoalwater Bay Tribe included resources to establish a water testing facility and to secure land on which to build an emergency tsunami shelter for the local community. This series of investments are an example of Craft3's approach to establishing long-term partnerships that result in "iterative" lending to maximize impacts over time.

- **Meta-Structures.** Local and regional organizations band together to create state-wide or even multi-state alliances to further policy, practice and learning objectives. Minnesota has an unusually well-developed set of state-wide organizations that tie together the different regional and local development organizations. Minnesota Rural Partners, created in the late 1980s as part of the USDA-led National Rural Development Partnership, was the original coordinating hub for rural development. When federal funding was cut in the early 2000s, the Regional Economic Development (RED) Group was formed in 2004 "to advocate for regional development and realign existing systems with the ultimate goal of increasing business and workforce growth in greater Minnesota."²⁴ The RED Group is active today. Its participants include the initiative foundations, the RDCs, the state Chamber of Commerce, the state colleges and university system, state Department of Employment and Economic Development (DEED) and other public, private and non-profit entities. In addition, the Initiative Foundations meet regularly as do the RDCs through their state association, the Minnesota Association of Development Organizations (MADO). The regional development entities often coordinate with the Coalition of Greater Minnesota Cities (CGMC) which brings together city officials primarily for state advocacy and its sister organization, the Greater Minnesota Partnership, which advocates for economic development policies and resources that benefit rural Minnesota.

Sustainable Northwest has helped create several state-wide and regional structures such as the Oregon Forest Collaborative Network and the Washington Forest Collaborative Network, building from its 31 local Forest Collaboratives. These are intended to foster a community of practice for sharing among the collaboratives and for building support for collaborative forest work at the state level. Sustainable Northwest also coordinates the Region 6 Collaborative Forest Landscape Restoration Program (CFLRP) to restore ecosystem health and create jobs in forest restoration in five National Forests in Washington and Oregon. CFLRP brings together public and private land managers, conservation interests, and tribes to engage in ten-year projects that take a landscape scale approach to forest restoration. Sustainable Northwest connects participants from the five projects for learning, identifying core needs, challenges and successes in CFLRP planning and implementation, and sharing successful practices.

- **Soft Power.** Regional organizations, whether public or nonprofit, are generally created without formal powers of coercion and taxation. This applies even to well-established governance structures such as councils of government which have planning and coordinating powers but lack the real power to coerce compliance or independently drive implementation. Instead, they must rely on education, persuasion, cooperation, and advocacy to get things done. This can be described as the application of 'soft power'.

²⁴ <https://www.greaterminnesota.net/regional-economic-development-red-group/>



The Partnership for the San Joaquin Valley is an excellent example of soft power. Its strength is its ability to work with key groups to find common ground on important issues and move them forward. Even though it has no authority or statutory standing, it serves as a relevant voice that is both trusted and considerate of the varied interests in the Valley, including urban and rural stakeholders. While the Partnership lacks formal power, its structure, with seven state agency heads sitting on its board of directors, gives it direct and unusual access to power. State legislators and members of the federal Congressional delegation regularly participate in Partnership board meetings, further strengthening the Partnership's influence. The broad representativeness of the board and the work groups gives the Partnership legitimacy.

- **Converting Soft Power to Results.** Given its lacks regulatory, taxation or other formal power, what can a collaboration like the Partnership accomplish? Several different forms of action taken through soft power include:
 - **Launch of New Programs or Initiatives.** The Partnership has launched or encouraged other stakeholders to implement new initiatives such as the San Joaquin Valley Clean Energy Organization, the San Joaquin Valley Regional Broadband Consortium, and the eight-county coordination of the workforce development system.
 - **Negotiating Compromises.** Action may take the form of a negotiated agreed-upon course of action for a politically difficult situation. The Partnership has served that function on contentious water quality and water supply issues, presenting policy recommendations to the state which had consensus support.
 - **Resources.** The Partnership has been able to influence the flow of resources into the Valley, such as state legislative or agency-level funding decisions for railway or highway funding.
- **Managing Culture.** All forms of collaboration depend on a culture of trust and cooperation. The national political environment has multiplied the challenges in maintaining a collaborative culture. It is not accidental that Sustainable Northwest, an organization founded amidst battles between logging and environmental interests, cites conflict resolution as one of its core skills. The culture of collaboration can be lost if false moves are taken. The Partnership for the San Joaquin Valley will side-step issues that are too contentious and instead will direct its energies on those issues where it can find common ground. However, by consistently being a safe place for discussion, it has cultivated an environment whereby issues that provoke conflict in other settings can be discussed constructively within the venue of the Partnership, There even seems to be a paradox whereby the Partnership's *lack* of formal power gives space to more honest conversation and the building of common understanding.
- **From Planning to Implementation.** Many of the regional governmental structures, such as COGs have planning as their core business; however, planning and doing are not the same. SACOG's RUCS program has prioritized the development of new regional agriculture infrastructure. However, RUCS has been frustrated that projects such as food hubs, which have emerged out of the consultations and outreach, and supported by the analytics and business planning tools, have yet to be implemented. RUCS needs an entrepreneurial investment partner, such as a community development financial institution (CDFI), to assemble project financing, but



it seems that the CDFI infrastructure for economic development is under-developed in the Sacramento area.

Equity

In the stakeholder interviews, many suggested that inequities are an inevitable outcome of prevailing market forces and policies and can only be overcome and addressed through intentional design, policy, and practice. Some questioned whether regional approaches were relevant to societal goals such as equity (whether regional, racial, or economic opportunity) suggesting that regionalism is more appropriate for tackling such issues as infrastructure or economic development. The case study research revealed several strategies for intentionally achieving equity outcomes.

- **The Dimensions of Equity.** In the case study interviews, equity was most often interpreted as geographic equity – all parts of a region or state receiving their fair share. By virtue of their core values, some regional organizations have extended their understanding of equity to include racial, gender, income and wealth, health and other considerations. Some public entities are mandated to take equity into account in their planning processes. For example, as part of its Metropolitan Transportation Plan and Sustainable Communities Strategy, SACOG is required under Federal and state law to carry out an Environmental Justice analysis.
- **Voice.** In many ways, organizations in this study have promoted equity by giving voice to persons or communities who otherwise could not effectively participate in decision-making. For example,
 - Land of Sky’s West NGN Initiative gives voice and participation to smaller communities to gain the attention of large broadband providers.
 - RUCS gave voice to the agriculture and food processing industry and to the smaller communities in the SACOG region – the ones located in the 85 percent of the region’s landmass that had been previously labeled as “undifferentiated rural” in SACOG’s land use plans. SACOG has since institutionalized small-towns and communities as regular parts of their planning and documents.
 - The California Partnership for the San Joaquin Valley is charged with soliciting input from low-income communities and communities of color – the voices typically left out of the power structure.
 - Sustainable Northwest’s forest collaboratives provide a venue for the full spectrum of local and regional interests to participate in forest planning, including the timber industry, homeowners’ associations, recreational groups, environmental organizations, watershed councils and economic development agencies. While it can be challenging to manage such diverse stakeholder involvement, the collaboratives represent a better alternative to using the courts to resolve disputes.
 - Growth & Justice developed its Minnesota Equity Blueprint through a series of convenings and workshops held through the state. The specific policy recommendations collected from community members and organizations statewide between June 2018-December 2018 and prioritized at a December 2018 convening came from persons from each state senate district so that the group as a whole matched as closely as possible Minnesota’s projected race and ethnicity distributions for 2040.



- **Targeted Programs.** The organizations in this study also operate many programs targeted to specific demographic groups:
 - **Entrepreneurship.** Because of entry barriers into the labor market, small-scale entrepreneurship has long been a vital economic strategy for immigrant communities and people of color. Several organizations offer business development or financing serviced targeted to entrepreneurs of color including: the Initiative Foundation (Somali entrepreneurs in St Cloud, MN), Amarillo PATH (5 of 6 entrepreneurs in the pilot program are people of color); Craft3 (targeted lending to entrepreneurs of color in King County); and Long Prairie (MN) County EDC and Long Prairie Chamber of Commerce (support for Latino entrepreneurs).
 - **Digital Divide.** The digital divide is geographic (the places where service is or is not available) and demographic (the households that have the income and wherewithal to subscribe to high-speed service). The Land of Sky West NGN initiative attempts to address both divides. In the San Joaquin Valley, a program initiated through the Partnership for the San Joaquin Valley trains parents (mostly low-income, Latino, or both) in digital literacy.
 - **Indian Country.** Several organizations have made special efforts to work with Native American communities. Craft3 has invested \$18 million in Indian Country, with more large investments expected to close over the next year. It works with the five Native CDFIs in its region to build their capital base, expertise and lending processes. Sustainable Northwest has a tribal representative from the Umatilla Indian Reservation on its board and has worked with the Yakama Nation, a signatory member of the Tapash Sustainable Forest Collaborative along with The Nature Conservancy and the State of Washington. The Southwest Regional Development Commission in Minnesota assisted the Lower Sioux tribe with a business incubator.

- **Workforce and Welcoming Communities.** In Minnesota, the private sector often takes an important role in supporting diversity. The influx of people of color into Greater Minnesota has precipitated both resistance from residents who do not want change and a counter-reaction from those who wish to make their towns “Welcoming Communities.” Organizations like the RDCs and Initiative Foundations have been involved in strengthening the capacity of rural communities’ ability to address symptoms of changing race, ethnicity and culture. Certain large employers have taken the lead instituting changes in their businesses to make them more accommodating and supportive of people from different ethnic and cultural backgrounds. Because of their need for a larger workforce, the business community is often heavily involved in the broader Welcoming Community efforts.

- **Role of Foundations.** Foundation and Federal funding requirements have often driven the adoption of diversity, equity, and inclusion strategies and actions. An important philanthropy in Oregon, the Meyer Memorial Trust, has been very active in requiring its grantees to pay attention to DEI in funding proposals and managing projects. Thus, Sustainable Northwest introduced DEI workshops to its forest collaborative networks. SACOG has an Equity Working Group that oversees some of its planning processes, supported in part by a grant from the California Endowment. In Minnesota, the more progressive foundations such as the Blandin Foundation have consciously moved regional development organizations towards equity. Blandin sees equity as a thread going through all of its work and also has a training program called “Leadership in Ethnically Diverse Communities” to increase the capacity of rural leaders to



develop inclusive communities and reduce systemic racial and cultural barriers. It has funded innovative programs such as Region 5 Development Commission's pioneering Welcoming Communities work. More generally, as a funder of so many development organizations in Greater Minnesota, it can communicate its perspective and help them learn cultural competence skills.

Based on case study interviews, the conclusion is that regional strategies will not yield equitable outcomes without intentionality. Leaving things to chance or to evolve is not in the interests of rural communities, poorer neighborhoods, or people of color. The hypothesis that regional collaboration and solution-seeking can be an effective way of improving social and economic opportunity and health for all people and places within a region was given encouragement by this study but quantitative evidence confirming causal relationships between regional collaborative strategies and equity outcomes still needs to be confirmed by data to be conclusive.

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