



Amarillo Site Visit Summary Report

Researchers: Katharine Ferguson & Deb Markley

Visit Dates: Monday July 29 – Wednesday 31, 2019

Interviewees

Brady Clark, PATH Fund, Amarillo Area Foundation, Amarillo, TX

Kyle Cowan, Wheelhouse Commercial Development, Lubbock, TX

Linda Crank, Senior Vice President, CRA and Fair Lending, Happy State Bank, Addison, TX

Steve Dalrymple, President, CEO, CLO, Baptist Community Services, Amarillo, TX

Kyle Ingham, Executive Director, Panhandle Regional Planning Commission, Amarillo, TX

Donna Dorman Madison, Program Coordinator, PATH Fund, Amarillo Area Foundation

Ginger Nelson, Mayor, City of Amarillo, TX

Puff Niegos, Board member, Amarillo Area Foundation, Amarillo, TX

Jackie Pearson, Immediate Past Board Chair, Amarillo Area Foundation, Amarillo, TX

Ines Polonius, CEO, Communities Unlimited, Fayetteville, AR

Tanya Sluder, Vice President, CRA Officer, First Capital Bank of Texas, Amarillo, TX

Clay Stribling, President & CEO, Amarillo Area Foundation, Amarillo, TX

Lizzie Ware Williams, Community Development Director, Amarillo National Bank, Amarillo, TX

Emily Wood, Vice President of Community Investment, Amarillo Area Foundation, Amarillo, TX

Gina Woodward, Regional Director, Small Business Development Center, West Texas A&M University, Amarillo/Canyon, TX

Background

- The PATH Fund is a civic and private sector-led initiative intended to bring business assistance and capital to entrepreneurs throughout the Texas Panhandle region. It is still very much in its infancy, but the journey thus far offers some insights into what it takes to create an effective collaboration that connects a city with its rural region.
- The origins of PATH go back nearly a decade when representatives from three regional banks – Happy State Bank, Amarillo National Bank, and First Capital Bank of Texas – and from the Amarillo Area Foundation and Baptist Community Services served together on a Junior Achievement Board. Some five years ago, with a shared interest in improving financial literacy, these stakeholder organizations prepared and rolled out a curriculum called Bank On, which unfortunately failed partly because of a lack of resident input. Nevertheless, the stakeholders maintained their commitment to do something impactful for the city and the region.
- One possibility they explored was establishing a Community Development Financial Institution (CDFI) for the Amarillo region. The Foundation and the stakeholders contracted with an Albuquerque consulting firm to assess the potential for a CDFI, but the consultant's report concluded that the stakeholders were out of touch with the needs of the community and that there was much to be learned before moving forward.
- Undaunted, the stakeholders, following a meeting with community leaders, hired a well-established and respected community organizer in Amarillo to help overcome the shortfalls identified by the consultants. His first move was to create a pilot program – PATH – that would be useful to residents and help the stakeholders learn about the on-the-ground needs of local existing and aspiring entrepreneurs. The project worked with six entrepreneurs from underserved neighborhoods in



north and east areas of Amarillo, providing one-on-one technical assistance, coaching, mentoring, and support.

Organization

- The PATH Fund is housed as an initiative at the Amarillo Area Foundation, a community foundation serving the Texas Panhandle with consolidated assets of over \$260 million. In 2017, the foundation made nearly \$2.3 million in discretionary grants for education, human services, health, arts, humanities and culture, and public benefit purposes, of which in broad terms one-half went to Amarillo projects, one-quarter to regional projects and one-quarter to rural projects.
- The Foundation's signature programs include *No Limits, No Excuses*, a community impact initiative to create pathways to postsecondary credentials that lead to living wage employment, *THRIVE Amarillo*, a scholarship program to increase enrollment in postsecondary education, and *Harrington Fellows* program to offer scholarships for gifted students to attend University of Texas at Austin.
- The Foundation's Vice President of Community Investment provides the backbone support for the PATH Fund and coordinates the work of two consultants who have been staffing the pilot project. Other support comes from the bank CRA officers and community outreach leads, as well as from the President/CEOs of the Foundation and Baptist Community Services.

Context

- The Texas Panhandle region is a 26-county area of almost 26,000 square miles. The 2019 estimated population is 439,145 of which 203,245 live in Amarillo and 269,397 in the Amarillo metropolitan area. For the region, approximately 70 percent of the population is white, 25 percent is Hispanic, and six percent is black, while in Potter County (where Amarillo is located), the white population is 49 percent of the total, Hispanic 35 percent, and black 10 percent.
- The principal economic activities are agriculture, petroleum, renewable energy, finance, healthcare, manufacturing, and education. Cattle ranching and food processing, oil fields and wells, copper and precious metal refining, wind farms and wind energy technology, and gear manufacturing are the region's signature industries.
- The region is relatively isolated -- Amarillo is closer in distance to Denver, Tulsa, and Albuquerque than it is to Austin, the Texas state capital, which is 500 miles away – which according to interviewees creates a strong sense of regional identity.

Collaboration

- At the center of the PATH Fund alongside the Amarillo Area Foundations are the longstanding stakeholders of civic and banking institutions.
 - Happy State Bank is the 21st largest bank in Texas with \$3.5 billion in assets and 39 branches, 27 of which are within and across the 26-county Panhandle region. The bank has a strong commitment from the leadership to investing in rural communities and its “we’ll make it happen” attitude makes them a strong collaborative partner. The interviews showed that the bank has clear opinions about the need to change Community Reinvestment Act (CRA) regulations to help them better address the realities of their rural region.
 - Amarillo State Bank is a fifth-generation family-owned bank with \$5 billion in assets and 19 branches in the region, primarily in Amarillo.
 - First National Bank of Texas is a community bank based in Midland, TX with assets of \$1.1 billion with two offices in Amarillo.
 - Baptist Community Services is nonprofit organization affiliated with the Baptist General Convention of Texas. Located in Amarillo operates a senior retirement campus, a short-term rehabilitation center for seniors, a fitness facility, and a children's food program. It also has a



- grant-making foundation, High Plains Christian Ministries Fund that promotes Christian causes and programs and healthcare services in the region.
- With the initiation of the PATH Fund, the stakeholders have reached out to two public sector organizations:
 - Small Business Development Center at West Texas A&M University is part of a nationwide network of centers supported by the U.S. Small Business Administration (SBA). It is funded by the SBA and the State of Texas to offer free and low-cost services to clients to 25 counties of the Texas Panhandle. Services include business plan assistance, financial projections, tax information, marketing plans, seminars and workshops, feasibility studies, and research services. The SBDC partnered with the PATH Fund on the pilot program to find clients, but with limited staffing (2.7 FTE) it does not have the capacity to provide either the intensive coaching inherent in the PATH model or adequately serve the rural counties across the region.
 - Panhandle Regional Planning Commission (PRPC) is the Council of Governments for the 26 counties of the Texas Panhandle. It provides a range of services to its member governments including economic development, aging, criminal justice, emergency preparedness, regional transportation planning, solid water management, water planning, and workforce development. With a staff of 44 and 90 member governments (counties, cities, special districts), the PRPC represents the main source of regional capacity. PRPC is an economic development district and operates two small loan funds —one targeted to rural entrepreneurs is capitalized by USDA’s Rural Microentrepreneur Assistant Program (RMAP) and the other targeted to Amarillo is capitalized by Amarillo banks. The PRPC has expressed interest in having these loan funds operated as part of a larger initiative as it does not have the capacity to allocate the staff resources needed to more fully deploy these funds throughout the region.
 - The stakeholders recognize that if they are to achieve their vision of an entrepreneurial ecosystem, they will have to scale-up substantially and find funding and organizational capacity beyond that which is currently available. In the words of City of Amarillo Mayor Ginger Nelson, they need to “think bigger” and “build for the long-term.” The next stage in expanding collaboration will likely be a partnership with Communities Unlimited.
 - Communities Unlimited based in Fayetteville, Arkansas has the mission of helping communities, small businesses, entrepreneurs, and families move away from poverty and towards sustainable prosperity. It is a Community Development Financial Institution (CDFI) and is a partner organization with the Rural Community Assistance Partnership (RCAP) providing water and wastewater disposal assistance to communities in seven southern states including Texas. The stakeholders see the potential of Communities Unlimited to create a sustainable regional model for providing technical assistance and lending in the Panhandle.

Rural-Urban Relationships

- Amarillo is the dominant urban area in an economic region that includes the Texas Panhandle and several counties in eastern New Mexico. Outside the Amarillo Metropolitan area, the largest city is Pampa with a population of 18,000. Five counties are within the Amarillo Metropolitan Area, five others are within four micropolitan areas, and the remaining 16 are essentially rural.
- During the interviews, Amarillo was often referred to as the biggest small town you’ll ever visit. There was a strong regional sensibility -- what is good for Amarillo is good for the region since people from across the Panhandle come to Amarillo with frequency, whether it be to buy groceries,



materials for the ranch, a car -- or simply for a change of scenery or to go to the mall. Asked whether Amarillites have reason to get out and into the towns around Amarillo, the answers were mixed, with recreation (e.g. fishing and hunting), a change of scenery and visiting family as the most likely reasons cited.

- An example of an informal regional structure was cited in talking with the City of Amarillo Mayor. When communities around the Panhandle have a question -- be it about water or finance -- the first call they often make is to the City of Amarillo to talk to the City Manager or other city staff for advice. Asked if this affects staffing or if there is a formal infrastructure within the city government to handle these requests, the mayor indicated there was not and that they simply “fit it in” to everything else they do.

Equity

- The growing diversity of the region, and particularly of the Amarillo area, raises questions about the importance of equity in the PATH Fund to date, the stakeholders, and the plans for developing a regional entrepreneurial ecosystem. The consultant hired to implement the pilot PATH project comes from a background of neighborhood organizing in Amarillo. His focus on equity led to the outcome that five out of the six entrepreneurs in the program were people of color.
- Amarillo Area Foundation has as its mission “to improve the quality of life for Texas Panhandle residents” and one of its core values is to “strive for equity, inclusiveness and opportunity in all we do...” The foundation has put equity at the core of its strategic plan to be launched in 2020, where equity encompasses rural and urban, and both gender and socio-economic inequities. It is also seeking to build a board that is more representative of the region they serve; currently there is only one non-white member, the chair of the board who is leader in the Amarillo Hispanic Chamber of Commerce.
- An example of intentionality comes from the Panhandle Regional Planning Commission where it was reported that five elected official and five at-large seats on the Board of Directors have been designated for people of color – a total of ten out of the 27 seats available.
- Looking forward, the possibility of partnering with Communities Unlimited should only reinforce the equity dimensions of the next stages for the collaboration, as evidenced by the following statement from the organization’s 2017 annual report:
 - *“Equity: People of all income levels and ethnicities deserve safe drinking water and clean wastewater. Entrepreneurs, regardless of their educational attainment, income or race, deserve the opportunity to turn an idea into a livelihood. Rural places and urban neighborhoods benefit when leaders from all parts of the community are engaged in planning and implementing strategies that affect them. Communities can only transition from surviving to thriving, when all members thrive.” (p.3)*

Commentary

- This is a case study of some of the preconditions for and building blocks of a regional approach to rural and urban development. It is story of how a small group of people came together to create a vision and who have stayed together over many years, and who are now grappling with what it takes to create a regional and sustainable model for entrepreneurship development in a large rural region dominated by a single large city.
- The original stakeholders – a community foundation, a community services organization, and three banks – tried two initiatives, a financial literacy program and the creation of a CDFI. These were unsuccessful for the same reason – they were not adequately connected to the people and communities they sought to serve. To address this failing, they hired a consultant with deep community roots to create a pilot entrepreneurship project targeted at people of color in two urban



neighborhoods. The interviews reported general satisfaction with the pilot's outcome, although its small scale (six would be entrepreneurs), its intensity (one-on-one coaching for people mainly in the pre-business start-up phase), and its urban focus were somewhat distant from the regional ecosystem vision.

- The pilot highlighted two important issues for the stakeholders. To be regional, they had to expand their collaboration to work with other organizations with a regional focus, which led them to the Small Business Development Center and the Panhandle Regional Planning Commission. This was an appropriate move but exposed the second issue. Neither organization had the staff capacity needed to provide entrepreneurship technical assistance and financing across the region.
- Moving forward, the stakeholders believe they have found a good partner from outside the region, Communities Unlimited to move them closer to their vision. The next challenge is finding the necessary level of resources initially to pay for Communities Unlimited's services and then to invest in creating the components of a regional entrepreneurship ecosystem. This in turn will mean expanding further the collaboration to federal and state agencies, private companies, and philanthropic and nonprofit organizations.
- It was the view of many of those interviewed that rural-urban relationships were well-established and was a natural consequence of being a rural region dominated by a large urban center, remote from other regions in the state. One said, "Amarillo thinks regionally -- we don't have a choice; it's kind of a necessity." It should be noted that the case study did not include interviews with people and organizations from the rural parts of the Panhandle.
- In many ways, the project has incorporated the idea of equity at a number of levels, strengthened by the ethos of the foundation and the community services agency and by the CRA requirements for bank community activities. There is every reason to expect that the involvement of Communities Unlimited will only reinforce equity as a dimension of the regional initiative.



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