Strengthening the Rural Carolinas

A Conceptual Framework for the Program for the Rural Carolinas

By
MDC Inc.

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The Program for the Rural Carolinas

The Duke Endowment's Program for the Rural Carolinas is a five-year effort to provide assistance to rural communities in North Carolina and South Carolina that are facing multiple challenges: flat or declining population growth, job losses, or high rates of poverty. The Program aims to assist the revitalization of rural communities by bringing together in each community the people and organizations that care about its future and challenging them to develop a shared vision for economic and community improvement, leading them in developing a concrete action plan to achieve their vision, and supporting them as they implement the plan. The Program is funded by The Duke Endowment, designed by MDC Inc., and managed by both organizations.

Community efforts center on the leadership of local institutions eligible to receive grants from The Duke Endowment – not-for-profit rural hospitals and rural United Methodist churches. The program has two distinct components. Seven communities are pursuing large-scale collaborative efforts to energize community development and strengthen economic vitality. Another 16 communities are developing innovative, smaller-scale projects with the potential for economic and community impact.

The Duke Endowment

Established in 1924 by North Carolina industrialist and philanthropist James Buchanan Duke, The Duke Endowment is one of the nation's largest private foundations. Its mission is to serve the people of North Carolina and South Carolina by supporting selected programs of higher education, health care, children's welfare, and spiritual life.

From its headquarters in Charlotte, The Endowment carries out Mr. Duke's wishes as outlined in his Indenture of Trust, which is The Endowment's governing document. In 2001, The Endowment awarded more than $116 million to aid organizations in the Carolinas. Grants since 1924 total almost $1.7 billion. The Endowment's newest grantmaking effort is its Program for the Rural Carolinas, designed to help Endowment grantees and other organizations in rural communities develop collaborative efforts to strengthen their local economies.

MDC Inc.

MDC's mission is to advance the South through strategies that expand opportunity, reduce poverty, and build inclusive communities. The organization furthers its mission by analyzing economic, workforce, and demographic trends to identify challenges that impede progress for the region and its people. To address those challenges, MDC works from multiple angles, including: developing responsive public policies; demonstrating effective programs; building institutional and community capacity for progress; and informing the public dialog on development issues.

Established in 1967 to help North Carolina make the transition from an agricultural to an industrial economy and from a segregated to an integrated workforce, MDC has spent the past 35 years publishing research and developing policies and programs to strengthen the workforce, foster economic development, and remove the barriers between people and jobs. MDC now works to facilitate the South's transition to a high-performing, multiracial society where economic, workforce, and community development work for all people and communities. MDC is a private, nonprofit supported with grants and contracts from foundations; federal, state, and local governments; and the private sector.

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Introduction

The economic and demographic forces currently affecting the South seriously threaten rural regions of the Carolinas. In a time of rapid change, rural leaders and institutions are struggling to maintain viability and ensure a future for themselves and their children. Some of the multiple disadvantages rural communities face include:

- A high dependence on traditional manufacturing, which is shedding jobs;
- Low education levels when economic development depends more than ever on a highly skilled workforce;
- Aging populations;
- Limited access to information technology and a lack of digital preparedness; and
- Thinning of the leadership ranks.

Current economic trends and public policy tend to favor large metropolitan areas. For reasons of industrial clustering, human capital, and financial resources, metro areas have captured most of the jobs in the new economy. And in many nonmetro counties lower-paying jobs in services and retail are replacing higher-paying work in factories.

_A growing prosperity and opportunity divide exists between nonmetro and metro counties in the Carolinas._

Conventional, single-shot solutions to the problem of rural decline are losing their effectiveness in the face of these complex trends. Industrial recruitment, massive infrastructure investments, and job training strategies alone seldom give depleted rural communities a fighting chance in a competitive, knowledge-based economy. At the same time, a generation of work in community development has taught us that successful community renewal invariably springs "from within," when the people who care about a community join together in fierce determination to revive their civic and economic fortunes, whatever the obstacles.

The Program for the Rural Carolinas, created in 2001 through a grant from The Duke Endowment, and co-managed by The Endowment and MDC Inc., is designed to help rural communities strengthen themselves. The Program has two goals for participating communities:

1. To increase employment, income, and wealth for people left behind by the economy and
2. To build the leadership, assets, and structures that support the long-term economic renewal of the community.

This document is intended as a guide for those participating in the initiative as they begin their efforts to work on renewing their communities, and for others interested in the design, focus, and intent of the Program.
I. The Current Situation

Who's 'left behind' and why does it matter?

To strengthen their communities, participants in the Program for the Rural Carolinas will focus on increasing employment, income, and assets for those "left behind by the economy" – specifically those who are currently of working age – while building the leadership, assets, and structures necessary to support long-term economic renewal. Those "left behind" will vary by community, but will broadly fall into four categories: people who have been employed, but recently laid off; those who have been chronically underemployed; those who have been unemployed for longer periods of time; and those who do not show up on unemployment rolls but are not working or are not working legally.

Recently laid off:

Across the Carolinas, layoffs and plant closings reached all-time records in 2001. More than 90,000 people lost their jobs in the two states that year. In the urban Carolinas, workers are often able to trade one good job for another. In the rural Carolinas, many workers are finding it hard to find a job that pays as well as the previous one, as they realize they lack the skills to compete in the global economy.

Working poor/underemployed:

Many in the rural Carolinas have worked for years in jobs that pay less than they need to support their family. In some cases, the "working poor" have the skills needed to qualify for improved employment but can't find the opportunities; in other cases, individuals lack the skills needed for better jobs. One North Carolina study found that more than one-third of its people make less than the amount needed to support their family at a minimal level.

"Officially" unemployed:

The unemployed may show up officially in county numbers if they are actively looking for work and are receiving benefits. Throughout the rural Carolinas, these official unemployment figures are on average two points higher than in urban areas: the 25 counties with the highest unemployment rates in both North Carolina and South Carolina, are all rural.

"Off-the-books" unemployed:

In addition, thousands of adults in the rural Carolinas are not officially counted as unemployed. These people may be:

- Undocumented workers;
- People no longer receiving unemployment benefits and not actively using Employment Security Commission services;
- Those who have given up on finding work;
- People with significant barriers to employment, such as lack of transportation, lack of child care, chemical dependency, or a record of incarceration; and
- People who are making a living through the underground economy.
Each community team in the Program for the Rural Carolinas will determine who in their community is "left behind by the economy" and develop strategies to help those people secure good employment and income along with savings and wealth-building opportunities. How the teams go about the work of helping those left behind will also build community leadership, assets, and structures to support the long-term economic renewal.

**Why are people and communities being left behind?**

A number of factors determine whether people and communities thrive or decline economically. In the rural Carolinas, a particular set of recent trends and entrenched challenges combine to prevent some people and communities from prospering.

Up through the late 20th century, the rural Carolinas had a competitive advantage over other parts of the country: Compared to other places, land here was inexpensive; taxes were low; labor was cheap. Tobacco and cotton production kept farms small and per-acre profits high. Textile and apparel companies and lumber and paper mills could operate at lower costs here than in other parts of the country, while still paying low-skilled workers relatively good wages.

In the global economy of the 21st century, the rural South's traditional competitive advantages have vanished. There are always cheaper land, cheaper labor, and lower taxes somewhere else; and more and more companies are seeking those new places. Further, more and more companies that are staying are substituting machines for people, boosting production but decreasing employment. In this time of rapid change, rural leaders and institutions are struggling to maintain their economic viability and to ensure a future for themselves and their children in a time of rapid change and entrenched challenges.

**Job Loss**

Rural communities in the Carolinas are less likely to have businesses in growth industries, and they are also more likely to have the kinds of businesses that are struggling. Rural economies in the two states have been built around traditional manufacturing companies – textiles, apparel, lumber and wood products, furniture, tobacco processing, all of which are vulnerable now – or agriculture. Employment in textiles, the industry around which many of the economies of the rural Carolinas were built, has fallen by 50 percent in the past decade, and some forecasters predict that as many as 90 percent of those still working in textiles will lose their jobs in the next decade.4

Since 1920, when agriculture employed more than half of all workers in the Carolinas, agricultural employment has steadily declined – to just over 2 percent today.5 The past decade has seen income from tobacco, hogs, poultry, cotton, corn, and other agricultural products plummet, driving down the number of farms – and the number of farm workers – even further. Some new jobs are coming to rural areas, but increasingly they are in the retail and service sectors, where wages are typically lower.

The sort of job loss that rural communities are suffering essentially destroys the middle class. Those who can't find comparable opportunities either have to move out or accept lower-
paying jobs. Karl Stauber, former undersecretary of the U.S. Department of Agriculture for Research, Education and Economics, and now president of the Northwest Area Foundation, notes: "Without the middle class, rural America will become the involuntary home of the poor and the chosen home of pleasure seekers, producing a rural ghetto and a rural playground." Such an economy is unsustainable.

**Workforce Skills**

The loss of traditional manufacturing jobs in the rural Carolinas spotlights another critical challenge: many of the people working those jobs have limited skills and education. In many counties in the rural Carolinas, for example, fewer than half of those age 25 and older have high school degrees. At the same time, the global economy is demanding—and paying more for—highly skilled workers. In *The State of the South 1998*, MDC notes, "Too many Southern men see their careers based on their ability to do specific things: make things, drive things, dig things, lift things, or pick things. The economy, meanwhile, is rewarding those—regardless of race, gender, or ethnicity—who have the ability to think things."

Job loss leaves residents of rural communities limited options if they aren't willing or able to go back to school. They can move out of the county or face long daily commutes. They can take new, lower-paying jobs in the county and work additional hours to make ends meet; or they can try to get by on public assistance.

**Income and Wealth**

Rural areas in the Carolinas have a lower average wage per job than metro areas as well as having a lower per capita income. While some rural areas do have a lower cost of living than metro areas, the differences in income are greater than the differences in the cost of living, meaning many rural families have a harder time meeting their basic needs. In addition, less disposable income means less chance to put away money to fall back on in a financial crisis and much less chance to invest in wealth-building opportunities for the family's future, such as education savings accounts or business ownership.

Michael Sherraden, author of *Assets and the Poor*, states, "Few people have ever spent their way out of poverty. Those who escape will do so through saving and investing for long-term goals." The current system in many rural communities conspires against saving and investing. For many of those left behind by the economy, the primary interaction with the financial system is not with banks, credit unions, and mutual funds, but with check-cashing businesses and payday lenders, who make their money by loaning money to low-income workers at high rates of interest. That means the futures of struggling families are dominated by finding ways to manage their debt, rather than build equity. Until they can begin saving and investing money, they will fall further and further behind.

There are clear racial contrasts when it comes to wealth (all of a family's assets minus all of its debts). The Council of Economic Advisors noted that "very substantial wealth gaps between whites on the one hand and blacks and Hispanics on the other are found even among families with similar income." MDC's 1998 *Income and Wealth in the South* report indicated that in the South, the median white family's net worth was $68,660; the median black family's net worth was $18,800.
Aging

The rural Carolinas are growing at a slower rate than the states' metropolitan areas, and their populations are getting older as they lose high school seniors and gain senior citizens. In rural communities – especially those with beaches, golf courses, or other forms of scenic beauty – retirees are moving in. Meanwhile, young people looking for good jobs are moving out. As one applicant put it: "The biggest export we have every year is our high school graduating class."

In the two Carolinas, rural communities are already "older" than urban areas – in North Carolina, the percentage of people age 45 and older is 13 percent greater in rural areas than in urban areas; in South Carolina, rural places have 5.6 percent more in that age group. And the trend across the Carolinas is that the number of older adults will increase even more. By 2015, projections show that there will be 777,000 more people age 65 and older, and one million more age 45-64. By contrast, there will be 163,000 fewer workers age 20-44 years old.

Social Capital

Many towns and counties in the rural Carolinas are losing their sense of "community" – their belief that the place they live in and the people they live with matter. The late George Autry, founding president of MDC, described a variety of reasons our sense of community has deteriorated: "the automobile, which carried us away; TV and air-conditioning, which drove us inside; the two-earner family that wears us out; and now the computer that connects us to the next country and isolates us from next door."

Blacks, whites, Latinos, and Native Americans often work and live apart from one another. Rich folks and poor folks don't talk. Folks "born here" and folks "come here" shun each other. And this lost sense of community goes beyond the interpersonal – community organizations, agencies, and businesses don't always work together for the common good.

This sense of community has been described as "bridging social capital," networks that link people across the social divides of race, class, or religion. Examples include the civil rights movement, youth service groups, and ecumenical religious organizations. Sociologist Robert Putnam describes bridging social capital as a kind of "sociological WD-40" – it makes all parts of a community work better together – and notes that "social capital of the right sort boosts economic efficiency."

A lack of social capital can compromise a community's ability to make decisions about its economic future. A small group of people makes the decisions – acting in what it believes to be the best interest of the community – while others are not consulted or don't know how to make their voices heard. Services are duplicated. Economic opportunities are missed. A united community vision – and the will to implement it – doesn't exist.

Physical and Technological Infrastructure

Infrastructure plays an important role in the success of the economies of the communities of the rural Carolinas. Many businesses won't consider relocating or starting up in a community that doesn't have access to water and sewer lines; good transportation; natural gas; and,
increasingly, high-speed Internet access. Many people and businesses will not consider relocating to a community unless it has housing at affordable prices or good cultural amenities.\textsuperscript{12}

Some communities use their lack of infrastructure as an excuse for inaction – arguing they can't do anything unless someone builds them a highway or extends water and sewer lines. That's not true, but infrastructure can be a key tool for rural communities' economic development; many places don't have enough and need to find ways to build more.

**Financial Infrastructure**

Fast-growing rural firms play a key role in rural economies, but often they find their growth constrained by an inability to get financing that enables them to keep growing. Between 1975 and 1995, rural entrepreneurs in North Carolina started more than 3,000 firms that grew to more than $2 million in annual revenues. While these firms represented only about 4 percent of all companies created in rural counties during that time period, they created 77 percent of the new manufacturing jobs.\textsuperscript{13} These sorts of firms are obvious strong companies to turn to as communities try to stabilize their economies. But as these companies attempt to grow further, they are constrained by lack of capital; while local banks can provide some funding, local "angel" investors often put their money in national funds, and rural venture capital funds are virtually nonexistent.

**Public economies**

Rural economies are often public economies in two ways. First, the loss of traditional manufacturing companies means that the largest employers in many rural places are "public": schools; government; some of the hospitals; and, in an increasing number of places, prisons. In South Carolina, 11 rural counties have more than 20 percent of employed people working in government; in North Carolina, government employs more than 20 percent in 22 rural counties.\textsuperscript{14} Public economies can provide economic stability; they seldom create community wealth or strengthen regional competitiveness.

Second, rural areas are increasingly dependent on transfer payments from federal programs: welfare payments for those who can't make ends meet, Medicare/Medicaid payments for those who can't afford medical treatment, educational stipends to pay for worker retraining, subsidies to help support farmers.

**Leadership**

The leadership of communities in the rural Carolinas has deteriorated in the past decade. First, the changing economy has altered the pool of people available to lead. Large industrial plants have pulled up stakes and left the community altogether. The consolidation of farms means fewer total farmers and a smaller voice for agricultural interests. Locally owned banks have sold out to national banks. Multiple, small, locally owned businesses on Main Street have been forced out by a few larger national chains on the outskirts of town, and for the new people managing these businesses, the rural store or bank is typically a two-year stop.

Each of these changes has taken valuable monetary, intellectual, and leadership assets away from the town. The result is fewer of the "old" leaders are around anymore. At the same time, there are many other people – blacks, Latinos, young people, poor people – who in the past
and in the present feel excluded from being part of shaping the future of their communities. After years of exclusion, some who might have good ideas about how to help their community have decided that the community doesn't value their ideas and have either moved out or "checked out." They and others may be poised to be part of the future, as soon as the opportunity comes.

What will it take to address these challenges?

These challenges are, obviously, complex in nature, and many are entrenched – they are not about to just go away and will only reinforce the downward spiral that distressed communities are fighting. The need for a new approach is clear; old strategies have not proven effective in the face of the rapid economic changes of the late 20th century. While it is difficult for any community to change the way it goes about its business, it is now more critical than ever.

Job Loss

Rural communities must recognize their assets and use them as a basis for strategic efforts to develop new jobs. Rural areas have some things many urban areas don't: most have scenic beauty and strong cultural heritage that residents and visitors value; many have open spaces, clean air, and water that companies and retirees value; all have available workers who can work in or start businesses. They must plan proactively to determine what sorts of jobs and businesses want to stay in, develop in, or move in to their areas. Through these planning efforts, the rural Carolinas can begin to utilize their assets and focus their rebuilding efforts.

Work Skills

Addressing the skill shortage leaves rural leaders with a challenge: if workers want to upgrade their skills, they must be willing and able to go back to school full-time, must balance work and school at the same time, or must find employers willing to provide on-the-job training opportunities. In addition, adults must find the time, money, and support necessary to undertake skills training or more education. Skill training must be matched to sectors of emerging employment; otherwise, newly trained workers will migrate to where the jobs are.

Income and Wealth

The current market is not working for everyone – the gap between those who are successful and those who are left behind is widening. If those left behind in rural economies find new or better jobs that increase their earnings but can't find ways to save or invest, they remain vulnerable. Communities need to help those left behind save and invest so that they are able to own a home or a part of a business, literally building ownership of their own – and their community's – future. One study estimates that each dollar invested in matched savings accounts, for example, produces five times as much in net returns to the nation – in the form of new businesses, jobs, tax receipts, and earnings, as well as decreased welfare expenditures.15

Aging

The changes mean that at the same time more people will be demanding more goods and services, there will be fewer young workers available to provide them locally. Communities must find ways to hold onto their young people while taking active steps to integrate immigrants – on average much younger than native rural populations – into the lives of their
community. Rural communities also must accept the growing number of older citizens as a reality and take intentional steps to develop them as community assets – their assets include experience; free time; and, in some cases, the ability to invest money.

Social Capital
The challenges facing rural communities are more difficult than they have ever been, and no public consensus exists in most communities about how to resolve them. Efforts to reach such a consensus swiftly with the pace of economic change are often stymied by divisions along lines of race, class, geography, power, and values. And too many leaders lack the skills to bridge those gaps – they need a diverse team of local people to help them. Community efforts to increase employment, income, and wealth will only be short term unless there is a change in the way communities work together. They must begin by developing broad community agreement and commitment to support those efforts over the long term and by creating institutions that facilitate democratic problem solving.

Physical and Technological Infrastructure
Infrastructure has traditionally been, and should continue to be, a responsibility of government – but it is a critical challenge as rural communities in the Carolinas look for ways to rebuild the foundations of their economies. It costs money – money rural communities typically don't have. As government funds become tighter, and as rural areas lose political power at the state and federal government level due to urban population growth, rural communities will find public policy advocacy becoming increasingly important to their ability to influence government decisions about infrastructure.

Financial Infrastructure
There are typically three sources of investment for growing companies: banks, venture capital firms, and unaffiliated private investors. Rural areas face challenges with each of these groups. First, the number of locally owned banks is declining in the rural Carolinas, and branch banks may have less attachment to the rural communities they have offices in. Second, venture firms, typically centered in urban areas, have found rural firms difficult to get to and have found growth rates typically slower. (While North Carolina has developed a public/private venture capital organization, similar efforts in South Carolina have not yet succeeded.) Communities must take steps to compensate for or change these situations. Finally, private investors in rural areas who have often opted for greater returns outside of the community must be made aware of opportunities for investing at home.

Public Economies
While communities rebuild their economies, public employment and transfer payments provide some relative stability. But the greater the dependency of a rural economy on public funds, the more limited growth is (as federal and state governments devolve, local regions are asked to do more – without other new sources of income to call upon, they won't be able to). Developing a more diverse economy is a long-term proposition that requires a great deal of planning and community consensus.
Leadership

The departure of "old" leaders and the need for new ideas has created a strong motivation – if communities don't act now, they risk terminal decline. It has also created a void, a void that can be filled by new people – provided they have the time, energy, and passion to devote to becoming community leaders and provided communities make an intentional effort to include them. Those in power already must be open-minded about new ways of looking at their economy and welcoming to people who are new to the table. Those who have been outside of the power structure must be made aware of and willing to participate in opportunities to share their talents and ideas. Evidence suggests communities that encourage broad civic participation and invite fresh talent to contribute their energy and ideas grow and prosper more quickly than their peers.17
II. Envisioning a New Approach

The Cycle of Development

The Program for the Rural Carolinas encourages each community to define its goals in harmony with local values and to set appropriate goals that will lead toward prosperity. Doing this requires each community to take a close look at the "Cycle of Development" and how it is – or is not – working.

The Cycle of Development

The Cycle of Development is a concept that explains the multiple factors influencing the success of an economy. It divides the activity of successful communities into three areas:

1. Good jobs – If people have good jobs, they make more money. They, and the businesses they work for or buy from, pay more in taxes, have more money to contribute privately to community organizations, and have more money to consume local goods and services.
2. Healthy community investment – If people have greater income, they can begin to build wealth. If businesses make more money, they can expand. When people and businesses invest those assets strategically in their communities (through business taxes, property taxes, and charitable contributions), public and nonprofit institutions get stronger and more effective.

3. Strong community – Stronger investments make for a stronger community – people are better educated, more likely to demand and be willing to pay for good community amenities, more likely to care about the future of their communities.

But in many places in the rural Carolinas, the Cycle has broken down. Good jobs are leaving – workers don't have the skills they need to command good wages. Investments in the region are shrinking – many people aren't able to build assets, and those who have assets aren't investing them in their communities. And community pride and ownership are drying up – people are beginning to lose faith in the future of their economies.

Guiding Principles of the Program for the Rural Carolinas

Resourceful, vital communities are characterized by a strong Cycle of Development that directs community wealth and assets toward creating and sustaining the preconditions for further development and wider well-being. When a broad base of community leaders in all sectors understands the Cycle of Development and focuses community resources and institutional policies to make the Cycle work, the resulting alignment makes the most of community energy and resources. The Program for the Rural Carolinas is designed, based on a set of guiding principles, to help rural communities strengthen themselves and make the Cycle work.

The rural Carolinas matter. Tom Lambeth, former executive director of the Z. Smith Reynolds Foundation and member of the Rural Prosperity Task Force, put it this way: "If there's a leak at one end of the boat, you can't sit at the other end and think it isn't going to affect you." The rural Carolinas are the source of much of the food, fiber, timber, land, water, and scenic beauty that make the states good places to live. We believe we have to invest in the rural Carolinas now or risk losing something unique while compromising the well-being of the states.

This generation of workers matters. Many adults are stuck in jobs with no prospects for improved income and no chance of saving or investing for their future. Some cannot secure work at all. Others are losing jobs every day in the rural Carolinas. Some are working two jobs to get by; some are commuting long distances to find work that supports their family; some are going back to school to get training; some are giving up and working in the underground economy or moving out. All of these decisions have consequences for these workers, their families, and the communities they live in. We believe we have to invest in this generation of workers now or risk losing the future.

Effective community development involves the entire community. Lasting community change happens neither top-down nor bottom-up, but rather from the inside out, when people representing a wide range of interests commit to work together on a few shared
goals. For a community to be successful, the process of change must involve a coming together of what MDC president David Dodson describes as "the movers and the shakers and the moved and the shaken." We believe that truly changing a community involves committing to truly changing the way a community comes together.

Solutions must be locally determined, and they must be informed. Many communities trying to determine how to change have looked exclusively outside for an agency or a silver-bullet solution to save them while neglecting the possibility that they might be able to address their own challenges. Outside resources can help, especially as community wealth disappears. But no one knows communities – the history, the politics, the people – better than the people who live in them. And they know that no outside investor has the commitment to the community that the people who live there do. Without a core team of committed people in the community working toward a common goal, no lasting change can happen.

At the same time, people all over the world are facing related challenges and developing innovative ways of addressing them. We believe communities must have local leaders who are informed about what has and hasn't worked elsewhere to develop the most effective approach to change for their community.

Healthy communities focus on their assets. The rural Carolinas have rich cultural traditions and diverse natural environments, formal and informal clubs and organizations, smart people, and a strong commitment to their future. While communities will need some resources from the outside, those resources can be much more effectively used if the community defines what it wants and needs based on its assets. These community strengths should form the baseline of any approach teams take. We believe that successful communities recognize and build on their assets as they attempt to reshape their future.

Change is difficult and takes a long time. Machiavelli noted in 1513 that "there is nothing more difficult to execute… than to introduce a new system of things." Those who are threatened by the change, he noted, will oppose it vigorously, while those who think they might support the change will be cautious since they haven't seen it in action yet. That's no different today. However, rural communities have little choice but to change. Bright young people are leaving; those who choose to stay have few job opportunities. The population is aging. Older workers are losing jobs and income as companies leave. City and county governments are losing the ability to deliver services.

Finally, we know that true change takes time – and that much of the work of small groups in leading their communities to change will take place after the official end of the Program for the Rural Carolinas. We believe we have to invest in teams of people who know change is hard and are committed to it anyway – over the long term.
III. Acting on the Vision

Given the current situation in the Carolinas, how the Cycle of Development is functioning, and the guiding principles for change, the Program for the Rural Carolinas takes a dual approach to strengthening rural communities. The goals of the program are to:

1. Increase employment, income, and wealth of people left behind by the economy; and

2. Build the leadership, assets, and structures that support long-term economic renewal for the community.

These goals reflect the conviction that rural community development is a process that can be influenced and accelerated. The Program for the Rural Carolinas focuses on these goals specifically to jump-start the Cycle of Development so that these places become more hopeful and self-sustaining. These goals allow wealth to be created, retained, and reinvested for the current and future well-being of these communities and people while building the necessary foundation for long-term revitalization. While we include strategy examples to illustrate many of these goals, each community will have to determine what particular strategies will be suit their situation, be they strategies similar to those noted here, strategies adapted from other sources, or new strategies innovated by the community.

Goal #1 – Increase employment, income, and wealth of people left behind by the economy.

In most rural communities, the Cycle of Development breaks down because of a lack of opportunity for folks to work in jobs that pay enough to support their families and save enough to weather crises or even invest for the future. This situation is detrimental not only to individuals and their families but to the greater community as well. Communities must repair this breakdown in the Cycle by: (A) increasing employment and income opportunities for people left behind by the economy and (B) increasing opportunities to build wealth for people left behind by the economy.

A. Increasing employment and income opportunities for people left behind by the economy

Good jobs, and the income they generate, are critical for a healthy Cycle of Development. Communities participating in the Program for the Rural Carolinas need to create avenues for those left behind to find productive, rewarding work by thinking in new ways to think about "job creation."
In this era of global competition, a community's prospects for increasing job opportunities depend on strengthening its foundation for economic change, focusing not only on business development but also on workforce development, not only on their physical infrastructure but also on their civic infrastructure.

Communities participating in the Program for the Rural Carolinas have a dual challenge as they try to rebuild their job base. They must take immediate steps to stabilize their economies, while investing the time and thought necessary to reorient them for the future. First, communities must address the crises they face – the lack of good, affordable jobs – by rethinking their approach to economic development and taking short-term steps to address their challenges. Second, they must consider the longer-term steps necessary to build a sustainable economic foundation.

**Thinking strategically**

Local development programs cannot simply say they are interested in "job creation." The Program for the Rural Carolinas urges rural communities to become much more specific by asking, "What specific goals do we have for those left behind?" Economic development must aim to raise the overall economic tide with a clear eye toward benefiting lower-income, lower-wealth residents. Objectives might include diversifying the economy to produce more well-paying jobs, boosting local ownership of businesses, helping existing businesses create career ladders that advance workers beyond entry-level employment, finding ways that old skills can be valued in the new economy, training under-skilled citizens to qualify for higher-skilled, higher-wage work, increasing savings rates or ownership of homes that appreciate in value.

Different objectives point to different approaches – and not all approaches are created equal. For example, an exclusive focus on recruiting major industrial clients can lead to frustration and distract communities from finding smaller investors and may not leave them the time or energy to strengthen existing businesses and build the skills of the existing workforce.

Not all jobs are created equal, either. This is true not just in terms of job quality (for instance, wages, benefits, job security, and occupational safety all vary), but also in terms of the impact of a job on the economy. The most important distinction is between jobs that add to the "economic base" and jobs that maintain the economic base. Jobs that add to the economic base are in businesses that bring dollars into the region, for example through manufacturing new products or through tourism. Jobs that maintain the economic base are in businesses that recirculate consumer dollars within the region, for example through services or retail sales.

**Business development**

Successful rural communities look inward for job creation opportunities as well as outward. They work to help their workforce and existing businesses become more productive
and competitive, as well as assisting new business start-ups. They use multiple strategies to increase the pool of good jobs, including:

- *Holding the hand that feeds you* – Working proactively to enhance productivity and competitiveness of existing business and workers;

- *Understanding that small can be big* – Improving the odds of success for new businesses by providing technical assistance before, during, and after start-up and helping them to build their business based on local worker skills and the regional economy;

- *Making "peanut butter" instead of just selling peanuts* – Finding ways to add value to products before they leave the community;

- *Going for "base hits"* – Developing or recruiting smaller companies that fit into supply chains for nearby clusters of economic activity or that build on skills of workers in the community; and

- *Loving thy neighbors, even if you don't marry them* – Finding ways to build off of neighbors' success, recognizing that your regional economies are stronger than your local economy and forming strategic alliances; linking to urban centers; and drawing on the advantage or regional labor markets.

**Identifying competitive advantages**

How does a region go about building, rebuilding, or strengthening its economic base so that it works better for those left behind? What can we do better, faster, cheaper than other places? What can we make, sell, and trade in exchange for dollars from customers outside the region? Successful development efforts identify and build on the region's competitive advantages and develop new ones, looking in two general areas:

- *Taking what you've got* – Building on such strengths as available workers with unrecognized, undervalued, or transferable skills; existing regional industry clusters that create additional business opportunities; and natural and cultural resources; and

- *Making what you need* – Identifying opportunities in the regional economy and proactively developing the resources to take advantage of the opportunities.

The fundamental shift communities must make is to develop what Harvard professor Michael Porter consider the primary source of competitive advantage in healthy economies – a region's "innovative capacity." Communities that nurture this capacity and commit to continuous self-examination and improvement have a chance to prosper, and those that don't, don't.

**Increasing access to jobs**

Some rural areas have some good jobs going unfilled, either because available workers aren't trained, they have barriers such as transportation or child care, or they simply aren't aware
of them. Successful rural communities must look hard at themselves and make sure they are accomplishing two things:

- **Picking the low-hanging fruit** – Finding every available good job in the area, understanding its requirements, letting those left behind know about them, and helping them prepare for and retain them – for example, medical employment is a stealth growth area with unfilled jobs in many communities; and

- **Redefining the borders** – Recognizing that regional economies offer valuable opportunities to people in your community and finding ways to make transportation and other systems work for those left behind.

**Developing the existing workforce**

While it is critical to ensure that children are being nurtured and prepared for their future entry to the workforce, it is absolutely necessary to focus on the existing workforce to meet the needs of families and the community in both the short term and long term. Skills development and job placement and retention for this generation of workers must be a central focal point for economic development. Communities must acknowledge and overcome the barriers to such work, including recognizing that workforce training can be expensive, intimidating, and logistically difficult for the worker. They must take proactive steps to make it easier for people to get training, including:

- **Lowering the fences** – Recognizing that going back to school – or learning any new skills anywhere – is hard. Flexible hours, transportation, child care, and familiar facilities can all make training easier and more successful; and

- **Showing them the money** — Helping workers afford to get retraining using federal Workforce Investment Act funds available for those laid off as a result of free trade agreements and other targeted funds.

To succeed in building income and wealth for those left behind, communities must be willing to invest in developing skilled human capital, and they must make the case to workers about why it matters.

**B. Increasing opportunities to build wealth for people left behind by the economy**

The Program for the Rural Carolinas encourages communities to explore asset development as one of their approaches to helping those left behind. As is true with building the job base of the community, there are short-term and longer-term steps a community must take to begin building wealth for the community. Right away, communities need to consider adjusting some of their approaches to economic development and taking steps that can facilitate wealth building in the short term. But community change does not come immediately, and long-term strategies will also be necessary to fundamentally change the people and systems that make wealth building difficult.
Educating the community and its people

Financial savvy, for communities and for individuals, is not easily come by. To create an environment where people can save and invest and build wealth, it is first necessary to understand and agree that increasing the wealth of those left behind is an issue of community survival – the more wealth someone has, the more taxes they will pay, the more they will have to invest, and the more literal "buy-in" they will have to the community.

Rural communities must determine who is currently not building wealth in the community and address inequities as a community. And those who have been left behind must gain an understanding of personal finance and experience in using the community's financial infrastructure.

Developing the financial infrastructure

The financial infrastructure in many rural communities needs realignment to some degree to meet the needs of all potential customers, both individuals and businesses. This realignment includes:

- Traditional financial institutions helping nontraditional customers build wealth – through affordable mortgages, business finance tools, and savings programs;
- Creation of new or enhanced financial services by financial institutions to fill gaps in the community's system. Opportunities include Individual Development Accounts (IDAs), which help individuals accumulate savings by matching savings 2:1 or 3:1, low interest loans or "soft" second mortgages for first-time or low-income homebuyers, small business loans, and the federal New Markets program; and
- Ensuring that financial institutions and services work for those left behind (location, perception, hours of operation).

Strengthening the civic infrastructure

Wealth development is not just the province of banks and credit unions. Strong communities have a civic infrastructure that fills in the gaps, be it public agencies or nonprofits taking on roles from affordable housing development to financial literacy training to representing the community as a whole when appropriate. Communities must find ways for civic structure to support the work of nonprofits and other organizations in facilitating home ownership – and vice-versa. They must view the agencies and organizations that make up the civic infrastructure as a key part of overall community economic development.

Communities must recognize that Community Development Corporations (CDCs) and other nonprofits that lead home ownership and wealth-building efforts for those left behind in communities play a key role in leading these efforts but can't do it unless they have the institutional support and technical expertise to take on the work.

Communities must look outside for resources when wealth is spare inside, and the civic infrastructure is critical in this role. Communities should actively pursue Community
Development Block Grant and New Markets Initiative funds, as well as other resources for building community enterprises and assets.

**Goal #2 – Build the leadership, assets, and structures that support long-term economic renewal for the community**

As communities develop strategies to increase employment, income, and assets for those left behind, they need to do so in ways that strengthen the community itself, by: (A) building cadres of leaders committed to the community's future; (B) building inside and outside assets that can be used to strengthen the community; and (C) creating new structures that help support the long-term economic renewal for the community.

**A. Building cadres of leaders**

*Forming the core team*

The Program for the Rural Carolinas believes that the formation of collaborative groups (we call them "teams") that share a commitment to community renewal can be a critical first step in building cadres of leaders to support the process of change. These teams should lead planning and implementation efforts during the Program but should also commit to playing long-term rebuilding roles in their communities on multiple levels, including:

- Gaining knowledge about the community's assets and challenges;
- Fostering collaboration between individuals and organizations by creating a participatory structure to foster dialog, building shared understanding of civic priorities, and building trust across disparate sectors of the community;
- Planning initiatives using the "Moving from Vision to Action" process, which uses data to drive a decision-making process;
- Overseeing the implementation of initiatives;
- Raising resources to ensure sustainability of projects;
- Evaluating the effectiveness of initiatives; and
- Continually scanning the horizon for new opportunities to achieve its vision.

It will be up to each team to determine its most appropriate roles in the short and long term.

*Who's on the team*

The Program for the Rural Carolinas asks groups interested in shaping the future of their community to form teams that "look like their community." That means finding ways to get significant input from representatives of diverse segments of the community – blacks, whites, Latinos; young and old – as well as from four major categories of people:

- Representatives of lead agencies (churches or hospitals);
- Employers (those who offer jobs);
- Helpers (those organizations and individuals who can help people find jobs); and
• Those left behind (those who need jobs). Even if those "left behind" cannot attend team meetings, each team will plan regular outreach activities to get feedback and advice from those affected by the economy.

While team membership may change over time as priorities evolve, each of these groups must play a role if a community is to design successful solutions to its challenges.

**Leading through the team**

Team members have been included because of their existing knowledge of the community, the importance of the groups they represent, and their passion to improve their communities. Through the Program for the Rural Carolinas, we expect that team members will become even more effective leaders in their communities for several reasons:

• **Knowledge is power** – Through exposure to one another and to others in the program and elsewhere, team members will have a better sense of what can be done and how it can be done most effectively;

• **Passion matters** – As team members learn more about what is possible, they also learn more about why it is important and develop the passion necessary to convince others what must be done; and

• **Resources are rare** – The team's ability to strategically invest the resources of the program independent of traditional funding silos gives the team a chance to lead in new ways that may not have been attempted before.

**Building off the core team**

A small team on its own can't have much impact on reinvigorating a community. In order for the team to build the foundation for long-term economic renewal, it must find ways to share its ideas with – and get ideas from – the larger community.

If a team's ideas are to succeed in the long term, they must be supported by the community as a whole – policymakers, average citizens, and those for whom the policies are being developed. The team's work must connect with institutions whose job it is to advance the community. If necessary, the team must work to transform those institutions if they are ineffective.

• Without the support of policymakers – state representatives, local elected officials, agency leaders – the best-laid plans can end up on a shelf, nicely packaged with no delivery scheduled. With them, a small idea can grow wings and bring change, not just to one community, but potentially to many.

• Without the support of average citizens – people who vote and volunteer – new funding initiatives are pitted against other priorities, and community commitments struggle. With their support, community initiatives get funding and legs and arms and hearts.
Without the support and input of those affected by the change, planners have no feedback on whether the ideas make sense. With their support, plans that sound good on paper can get a reality check before being dumped on unsuspecting "recipients."

_Bringing the entire community to the table_
Communities need to make a critical pivot from what Dr. Betsy Locke, president of The Duke Endowment, describes as "doing things to people and for people" to doing things together. Building a community engagement plan into the work of the team is a critical early step in that process. Different and creative models are required to engage folks typically least represented in community decision-making – poor folks and people of color:

- The diversity of the team – and the community consensus it allows to be forged – is its strength. A plan developed with input and energy from all parts of the community has a better chance of success, so it is critical for communities to acknowledge and overcome race and class divisions to include all voices and perspectives in the process;
- Addressing power inequities is critical to creating an environment that allows everyone to participate and allows outcomes that benefit those with the least power in the community. Teams must undertake their work in a manner that allows equitable participation while ensuring that the work itself results in equitable outcomes; and
- There is no room for turfism, elitism, or exclusivity in community development. Such practices inhibit the development and exchange of knowledge among the people and organizations being excluded. Knowledge is a critical asset in community development, allowing greater participation and progress.

_B. Capturing inside and outside assets to support the work_

In order to redirect the economies of rural areas, it is essential that communities develop products, services, or amenities that people outside of the county would pay for and develop expertise that would convince companies outside of the county to invest in local workers and businesses. Both strategies bring new dollars into the economy.

But it is equally important for rural communities to capture two others sources of "new" funding if they are to build the strength of their community.

_Inside assets_
One strategy is to find ways to capture greater investments by high-wealth individuals who already live there. Research by Brent Lane, former director of the Center for Entrepreneurship and Technology in the NC Department of Commerce, suggests that more than 19,000 people in the rural parts of the two states are "qualified investors" – individuals with substantial assets (those making more than $200,000 in income per year and with a net worth of more than $1 million) that could be invested in entrepreneurial companies in their own communities. His concept could be extended: these private investors also have assets that could
be invested in organizations doing work on behalf of their region, such as community foundations or the work of not-for-profit organizations.

Currently, though, he notes that there are few organized efforts to reach out to these individuals and encourage them to invest their money locally – instead, much of that money leaves the community for other investments.

In addition, a host of institutions exist that can help middle-class and working-class individuals build a stake in their communities. Community foundations serve to democratize philanthropy by encouraging broad community involvement and offering "donor-advised" funds that can be targeted to support local efforts. Community development financial institutions and workplace giving programs, or federated funds, are other savings and investment vehicles through which people of all incomes can support local schools, businesses, and other organizations that build the future of a community.

*Outside assets*

Similarly, rural communities in North and South Carolina often miss opportunities to access outside funding sources targeted toward strengthening the capacity of rural areas. Federal, state, and private philanthropic funding most often goes to those places that are aware of its availability and know how to apply for it, rather than those who most need it. Private venture capital funds are also available, but those funds historically have concentrated their investments in a narrow set of urban areas. Recently, North Carolina has launched the Economic Opportunity Fund, a venture fund focusing on investing in the state's 94 most rural counties. Efforts to launch a similar fund in South Carolina have not yet succeeded. As communities work to become self-sustaining, they should not ignore these funding sources that can help build their capacity to strengthen their communities.

Rural communities must find ways to attract new investment, not just in their economies, but in their people. Right now, rural institutions are weak, and the number of people able to work on community change are too few. But finding that funding is a challenge for communities throughout the South. As MDC noted in *The State of the South 1998*: "While the South has approximately one-third of the nation's population and two-fifths of its poverty, it has only one-tenth of the nation's philanthropic assets." That means they need to find new ways to capture some of the wealth that is in their communities but also to find ways to convince "outsiders" to invest in their future. Participants in the Program for the Rural Carolinas should commit to finding new resources.

C. Creating new structures that support long-term economic renewal

The rural Carolinas in general, and rural South Carolina in particular, have few community-based not-for-profit and governmental organizations in place that can provide leadership to community revitalization. The relative lack of other community-based organizations means fewer people are available whose official "job" it might be to participate in community change-efforts.
Strengthening existing structures

While the Carolinas do not have many primary nongovernmental institutions that serve all counties, public institutions are available which could be deployed in new ways to address community needs. The community college system in North Carolina and the technical college system in South Carolina offer services to all counties but don't necessarily have a physical presence in each county. State and regional planners could work together more efficiently to determine the most effective ways to coordinate these training systems with local needs and, in South Carolina, look for ways to coordinate the work of technical schools and adult education in addressing the needs of adults left behind by the economy. The university systems in both states have a clear role and stake in the economic future of the two states and have the potential to provide more concrete and applicable research and ideas.

The Cooperative Extension Service provides valuable agricultural and community development assistance in all counties of both states and has the capacity to become more involved in economic development activities as needed. Community action agencies and community development corporations are widespread in both states, and with increased capacity in South Carolina, could easily become key resources to rural communities.

Creating additional structures

In addition to finding ways to strengthen or improve current structures, communities participating in the Program for the Rural Carolinas may also find they need some new structures. The particular needs of rural communities vary – the issues they may find they want to address could cover a broad range, including:

- Formation of new or stronger cooperative organizations for people who work in agriculture;
- Creating or strengthening community development corporations or development financial institutions to help address wealth-building needs of those left behind. In North Carolina, the strength of the system makes growth easier to contemplate. In South Carolina, the absence of a system offers an opportunity for forward-looking rural entrepreneurs;
- Expansion of community foundations and federated funds to make it easier for a broad range of people to contribute to the financial strength of their communities; and
- Creation of regional rural pooled capital funds to make finance of rural business creation or expansion easier.

Changing policy structures

Local, state, and national policies sometimes make it difficult for rural communities to make changes. Policies are not typically intended to work against the interests of communities – in some cases, they are drawn up with identical rules for locations throughout the country, rural and urban, rich and poor. While such policies may be "fair" in that they create "one size fits all" criteria for all participants, they are not necessarily equitable – or effective in accomplishing the policy goal:
Some policies provide for identical amounts of investment for each participant, which can make it difficult for low-density communities to provide the same quality of service. An example of this might be a school funding formula that provides a flat amount of funding for each student.

Other policies assume every community has a comparable ability to pay. An example might be requiring communities to provide matching funds for water and sewer: rural communities may need the infrastructure but be unable to find the matching funds. A comparable issue is raised in the provision of state funds for teacher salaries or capital expenditures for colleges. Wealthier communities can supplement these funds to hire better teachers or build better buildings; poorer communities cannot.

Still other policies require that funding be kept in separate “silos” and restrict communities’ ability to establish cross-cutting programs that effectively address community-wide challenges. Examples might include requirements that prohibit or discourage workforce development organizations from co-locating or combining funds to serve those left behind or that discourage working on economic development projects across county lines.

In most cases these policies are not intended to work against the interests of rural communities, but they do. If policymakers can hear how to change the policies and can understand how the change will succeed, they will do it.

Communities that are part of the Program for the Rural Carolinas, as well as Program planners, should be willing to provide information to local, state, and national policymakers concerned about what is working – and not working – about current rural economic development policies and to advocate for changes that will give communities in the Program and across the two states a better chance of success.
IV. Sustaining the New Approach

The Program for the Rural Carolinas cannot be successful unless communities make a fundamental shift in their thinking – and believe that they have the power to shape their future. As Margaret Mead put it, "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has." At the same time, each community exists in a variety of contexts that simultaneously give it options and constrain its autonomy:

- Realities for "how things work" in that particular community – historic or current issues of race or class, or past failed efforts;
- Regional traditions and realities – lingering distrust of ongoing collaborative efforts;
- Geographical challenges and strengths;
- County, state, and national tax structures and rules; and
- The reality of the global economy.

The Program for the Rural Carolinas aims to help communities succeed by helping them to learn to work within each of these contexts and take advantage of some new structures that can help them succeed.

A Growing National Learning Network

Across the country and across the world, struggling communities – from third-world countries to inner-city neighborhoods to rural regions – are learning valuable lessons about how to revitalize themselves and find ways to operate in the current economy while maintaining those things that make them distinctive. It is the intent of the Program to ensure that participants have the opportunity to learn from the successes and failures and ideas of others working for economic change in a challenging world.

A Rural Carolinas Learning Network

While there are lessons to learn throughout the world, no group will be working in the same context as the group of communities selected for the Program. Our intention is to create an active and engaged learning network of these communities, so that they can learn together what's working in the particular context of the rural Carolinas to achieve the particular goals of the Program.

Option 1 communities will come together annually as a group to discuss their progress and share ideas in learning institutes (in some cases jointly with Option 2 sites). They will work with coaches who will help them in making progress as a group and will also keep them up to date on what other communities are working on. They will be able to bring in technical assistance from people skilled in particular subject areas. And they may choose to visit other places to see in person how community-change efforts are working.

Option 2 communities will learn through effective practice profiles prepared by MDC staff, focusing on the techniques and ideas attempted by other communities taking on projects
similar to those Option 2 communities are trying. They will learn through "learning clusters" that will bring together similarly focused communities and through a team of technical assistance providers able to help specific communities address specific needs. These needs could range from logistical, such as improving the way their team works together; to analytical, such as assessing workers' skills; to technical, such as getting advice on niche crop marketing.

Option 1 and Option 2 communities will also come together annually as a complete group to share learnings and celebrate success, and will contribute to and receive regular communications about the Program via electronic mail.

A note about specific strategies

One long-time observer of efforts to provide assistance in rural communities summarized what he had learned this way: "If you've seen one rural community, you've seen one rural community." What he meant was that one size never seems to fit all – what worked in one place never works the same way in another place, and even what worked five years ago in a community won't necessarily work now. Ideas, then, are just starting points for communities. Over time, they must be reworked, adapted, or thrown out based on their success. The key for communities working on change is to commit to continuous learning. The time to get started is now.
Appendix

Background and Logistics of the Program for the Rural Carolinas

Background

Since 1924, The Duke Endowment has invested in institutions that benefactor James B. Duke believed were critical to the future of the two Carolinas and the well-being of their people. As a businessman with a keen interest in economic development, he felt that rural areas provided the "bone and sinew" that supported the two states.

Thanks in part to the investments of The Endowment, rural Methodist churches, not-for-profit hospitals, children's homes, and institutions of higher learning have become key building blocks for the physical, mental, and spiritual health and well-being of the people of North and South Carolina.

In the 1990s, however, The Endowment came to believe that these institutions could play a broader role in the life of their communities by working together with other organizations.

In 2000, The Endowment asked MDC to develop a broad-based program to help revitalize struggling rural communities in North and South Carolina. The request was encouraged by the success of a collaborative Children and Families Initiative begun in 1997. It was also in part a response to the findings of The Carolinas: Yesterday – Today – Tomorrow, an analysis of major economic and social trends commissioned by The Endowment in 1999 and conducted by MDC.

MDC, a not-for-profit organization with a mission of expanding opportunity, reducing poverty, and building more inclusive communities, has focused much of its work on building economic opportunity for poor people and poor places. MDC saw the request from The Endowment as an opportunity to strengthen the capacity of communities in the rural Carolinas to respond to the persistent problems and the immediate challenges they face.

In September 2001, The Endowment board voted to fund the proposed Program for the Rural Carolinas and asked MDC to provide technical assistance and serve as co-manager of the effort.

Through the Program for the Rural Carolinas, The Duke Endowment provides seven communities in the two states funding of $150,000 a year through the end of 2005 to mount comprehensive community-change efforts. Sixteen additional sites receive grants of $75,000 a year through the end of 2005 to take on smaller-scale, specific projects addressing economic revitalization and to build community capacity to develop comprehensive change efforts in the future.
Who is eligible for the funding?

The Program for the Rural Carolinas is intended to provide assistance to people living in counties in North and South Carolina that have an overall population density of fewer than 200 citizens per square mile.

During the application process, institutions, agencies, businesses, and individuals within the eligible counties – including elements of local government – were encouraged to form partnerships, or "teams," to develop projects for funding under this program. However, at least one member of each community team had to represent an institution eligible to receive grants from The Duke Endowment, and that institution is considered the "lead applicant."

Applications for the Program for the Rural Carolinas came overwhelmingly from teams whose lead applicants were hospitals and churches in rural North and South Carolina, institutions with clear interest in the economic, physical, and spiritual strength of adults working in their communities. In each case, the eligible institution applying agreed to serve as an involved member of the team shaping the activities in its community and as the local fiscal agent for the grant.

How can these "lead applicants" lead community renewal efforts?

Besides their role serving the spiritual needs of their members, churches can play a critical role in the social fabric of their communities, serving as places where people hold meetings, socialize, and plan community-serving projects. Many churches also manage programs benefiting the greater community, including soup kitchens, child care programs, and shelters. Whether working with their own church members or those outside of their walls, churches have a mission to reach out to those "left behind."

Besides their role in protecting the physical health of their patients, hospitals can play a significant role in strengthening the economic well-being of their communities. In many rural communities, hospitals are the largest employer. Hospital leaders typically serve in many other leadership roles in their communities. And hospitals have a vested interest in the economic well-being of their patients. The more financially stable a family is, the likelier it is to be healthy. The more economically vital a community is, the more likely its people are to be financially stable, and therefore healthier.

Both churches and hospitals face challenges as they assume leadership roles in the Program for the Rural Carolinas. First, United Methodist churches have itinerant ministers – they rarely stay more than six years in a single church. Secondly, many churches have ongoing debates about the extent to which the church should address the needs of non-church members. These challenges mean it is critically important for church ministers, lay leaders, and church members to be in agreement about the nature of the church's participation in the program. If the church leadership and membership shares a commitment to the program, the work will not only be sustainable, but will gain valuable arms and legs and minds doing the work – dozens of people interested in strengthening their community.

Rural not-for-profit hospitals have a different but no less intimidating series of challenges as they try to determine how to participate most effectively. Many rural hospitals are unstable
financially, as health care costs accelerate and reimbursement rates fluctuate. Some hospital boards may question investing time on a project that may not directly address health care issues. At the same time, these boards are often made up of some of the strongest leaders in the community. Their strong support can ensure that the efforts of the team are successful.

It will be one of the important jobs of the Program for the Rural Carolinas to determine how these institutions can perform effectively in helping to organize and build collaborative community leadership for change.

How should other team members relate to these lead applicants?

It is important for the local hospitals and churches serving as fiscal administrators of the program to recognize that they do not have to, and should not, view the responsibility for the success of the Program for the Rural Carolinas as exclusively theirs. In each community they should serve as key team members; they may or may not function as official "team leaders." For the Program for the Rural Carolinas to be successful, key decisions by the team – about management structure, program focus, and funding allocations – must be made by the team as a whole.

Categories of funding

Different communities have different degrees of readiness for change. The Program for the Rural Carolinas has created two options for participants, based on their experience in community-building efforts and the scope of those efforts.

**Option 1**

Seven teams will undertake comprehensive community-building efforts in their areas. Using their will, brains, and collaboration experience, during the Program for the Rural Carolinas they will launch large-scale, collaborative efforts that address the broad challenges they face. Option 1 communities will typically work on two to three different, but complementary, projects simultaneously based on a data-driven planning process.

Fundamental community change is never easy, and it takes time. Institutions participating in this effort must be willing to give leadership to a long-term, inclusive community-wide effort to address the needs of those left behind by the economy. Communities should be able to draw upon past success in smaller community development projects; should have a group of local leaders interested in changing the current situation; should be willing to take on a variety of tough issues – including race, class, and power – that may be impeding the community's progress; and should be willing to invest some local resources in the effort.

**Option 2**

Sixteen teams will undertake carefully focused projects in their communities that will build the employment, income, and wealth of those left behind by the economy, while beginning to build the foundation for long-term economic renewal.

Institutions participating in Option 2 typically have less capacity or experience than those participating in the broader-scale community-change efforts – but have the will to begin community renewal efforts. Option 2 is designed to bring together strong teams of people
around a specific project. Working together on a single, targeted project, the team will build unity, pride, and momentum that will help it undertake more comprehensive community renewal work later. These projects should address overarching community issues, with a particular focus on addressing the needs of those left behind by the economy.
End Notes

1 NC and SC Department of Commerce, 2001 Layoff Report.
2 “Working Hard is Not Enough,” NC Justice and Community Development Center, January 2001. No similar study has been done in South Carolina.
6 Center for the Study of Rural America, April 12, 2001.
7 While studies show that per capita income increases with each year of educational attainment, skills also matter. A recent analysis of job growth between September 2000 and October 2001 by Employment Trends (November 28, 2001) found nearly all the job gains came to those workers with graduate degrees and those with degrees in vocational programs. Meanwhile job growth for those with some college but no degree stayed flat, and nearly all the job losses came to those with a high school degree or less.
8 Income and Wealth in the South, MDC, May 1998.
9 Census 2000.
11 Bowling Alone, Robert Putnam, p. 23.
18 Building Communities from the Inside Out, John Kretzmann and John McKnight, pp. 5-10.
19 Ted Levine notes in the Winter 2002 Issue of the Economic Development Journal that there are 1,500 major expansions or plant relocations in the U.S. annually. There are roughly 15,000 development agencies in the country, a ratio of ten salespeople to each major customer (p. 5). Meanwhile, estimates are that between 75 and 80 percent of new jobs created in communities are created by existing employers.
21 Home ownership, or the lack of it, is one of the greatest determinants of a family’s net assets. Numerous studies show that those who purchase “stick-built” or high quality modular homes typically find that their purchases increase in value as opposed to those who rent or purchase mobile homes.