



# Advancing Rural Prosperity

Policy strategies to support equitable development in rural communities



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# Introduction

Rural America is not a monolith but rather a rich mixture of communities, people, cultures, and a myriad of strengths. Our current historical moment presents an opportunity to build on these assets and advance equitable development in rural places. For instance, the federal government's focus on equity through agency action plans and federal funding available through the Infrastructure Investment and Jobs Act and the American Rescue Plan Act are examples of resources that state and local leaders can leverage. States across the country are establishing state rural offices in recognition of the importance of strategically aligning state agency efforts, policies, and resources to better serve rural communities. Increased awareness of structural racism and discrimination as key drivers of challenges, the impacts of climate change, and the growing wealth gap exacerbated by the COVID-19 pandemic are forcing many to reconsider the kind of solutions we need. Rural communities are at the forefront in addressing these issues and are reimagining rural development.

Solutions to improve quality of life and advance equitable development in rural communities often fail to address the deep-rooted and unjust laws, policies, and practices that have shaped the physical, economic, and social conditions of rural populations over many generations. The Association for Neighborhood and Housing Development states, "Equitable economic development empowers low income communities, immigrant communities, and communities of color in accessing good jobs and stable neighborhoods."<sup>1</sup> Adding an equity lens to economic development requires centering the perspectives and needs of priority populations like Black, Indigenous, and other people of color (BIPOC) who have traditionally been excluded from consideration and decision making. As a result, many rural BIPOC residents have endured a disproportionate burden from past policy decisions – for instance, lack of water; untreated wastewater; limited or no broadband access; and limited access to entrepreneurial opportunities and jobs. The compounding effect of disinvestment in rural communities, greater prevalence of poverty, and structural racism and discrimination is most acutely felt by BIPOC experiencing persistent poverty in rural communities.

# About This Brief

This strategy brief is part of the Toward Better Rural Futures project, which seeks to address the systemic and structural barriers and chronic disinvestment that impede rural and tribal communities' health, well-being, and opportunity and that perpetuate deep-rooted inequities. Toward Better Rural Futures aims to foster greater collaboration and alignment across local, regional, and state levels of government, equipping leaders with the tools and knowledge to fundamentally shift power, opportunity, and resources in order to create healthy rural places where everyone can thrive.

At the outset of this project, a comprehensive policy scan was designed and conducted to identify state and local policies that can advance racial equity and equitable economic development in rural communities of Black, Indigenous, and other people of color (BIPOC) that are experiencing persistent poverty. Recognizing that increasing meaningful participation in decision making for BIPOC in rural places and decreasing place, race, and class divides are essential to achieving rural prosperity for all, we designed our policy assessment to identify which policies have the highest potential to drive these impacts.

This strategy brief is designed to ...

1. Serve as a guide for state and local policymakers, community leaders, and public and private entities interested in supporting equitable rural economic development, and
2. Provide strategies that have the highest potential to meaningfully affect BIPOC experiencing persistent poverty in rural communities.

While the majority of funding and decision making for economic development lies within the purview of various levels of government (federal, state, local, and tribal), in many cases, some strategies can also be implemented by community-based organizations (CBOs), nonprofits, grassroots organizations, or philanthropic organizations that have an interest in wealth building and place-based development.

# Rural Economic Development



Rural communities face a unique set of factors, challenges, and opportunities that shape their ability to advance equitable development priorities. No rural community is alike; their strengths and challenges are nuanced, and factoring local context and histories into economic development approaches is essential.

Furthermore, rural communities are part of geographic regions and economies that are dynamic and complex.<sup>2</sup> Rural communities have a long, fraught history of extractive and exclusionary policymaking. For decades, many public and private policies and practices have created barriers to building healthy rural communities and economies.<sup>3</sup> Policies and practices have at times exploited rather than enhanced rural resources, making it harder for rural places to access investment – for example, investment criteria that tend to give preference to urban applicants and exclude rural communities from decision-making processes.<sup>4</sup> These and other factors undergird the call by rural development practitioners to do rural development differently by shifting from a “winner takes all” approach to one based on the idea that everyone can win by working together to build on a region’s existing underutilized assets.<sup>5</sup> Economic and community development efforts also need to be tailored to the local context and rooted in an understanding of a community’s assets and residents’ knowledge of how best to connect and leverage those assets to create progressively greater opportunity over time.<sup>6</sup>

Before we dive deeper into economic challenges and opportunities as well as equitable development strategies, the next three sections will provide fundamental context on rural communities.

## Defining Rural

Several definitions of *rural* are used in the United States, depending on the agency, organization, or intent. In any given region, the distinction between rural and urban may not be clear-cut; rather, most places lie somewhere on a spectrum between rural and urban. Rural places are most often defined as “non-metro areas,” which are counties with some combination of the following:

- Open countryside
- Rural towns (places with fewer than 2,500 people)
- Urban areas with populations ranging from 2,500 to 49,999 that are not part of larger labor market areas (metropolitan areas)<sup>7</sup>

Aside from population size and geographic isolation, rural America is also generally characterized by low population density and low built density. For more information on the complexities of defining *rural*, please consult the Center on Rural Innovation’s [blog post on defining rural America](#).

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*Economic development efforts need to be tailored to the local context and rooted in an understanding of a community’s assets and residents’ knowledge of how best to create greater opportunity.*

## Rural Demographics

In 2020, 46 million residents – 14% of the total US population – were living in approximately 1,976 counties that are classified as non-metro areas. A typical rural county contains 23,000 residents, compared with a typical urban county's 245,000 residents.<sup>8</sup> Over the past decade, rural America has experienced a decline in population growth. From 2010 to 2020, the US population grew 7.4%, which is significant compared with the 0.6% population decline that rural counties experienced during the same period.<sup>9</sup> Even that difference hides a tale of two rural Americas. Rural counties with persistent poverty – those in which 20% or more of the population has been living at or below the federal poverty line for over 30 years – experienced a 5.7% population decline from 2010 to 2020, while rural counties without persistent poverty experienced population growth of 0.1%, which was slightly higher than that of rural counties overall.<sup>10</sup> While all counties experienced decreases in employment during the pandemic, rural counties experienced lower rates of job losses. This result can be attributed to the fact that unemployment rates were already significantly higher in rural communities. Non-metro counties with persistent poverty had an unemployment rate of 6.7%, compared with 4.7% in non-metro counties without persistent poverty.<sup>11</sup>

## Black, Indigenous & Other People of Color in Rural America

Rural America is often described as a homogenous place, but this depiction is far from the truth. Most rural places continue to have a white majority; however, rural populations have diversified over the decade from 2010 to 2020. In 2020, 24% of rural Americans were people of color, compared with 20% in 2010.<sup>12</sup> While rural Black, Native, and Asian populations remained stable over the last decade, the rural Hispanic population grew significantly. In 2020, Hispanic people represented the largest share of rural people of color 9% (4.1 million), followed by Black people at 7.7% (3.5 million), Native people at 2.5% (1.1 million), and Asian people at 1% (500,000).<sup>13</sup>

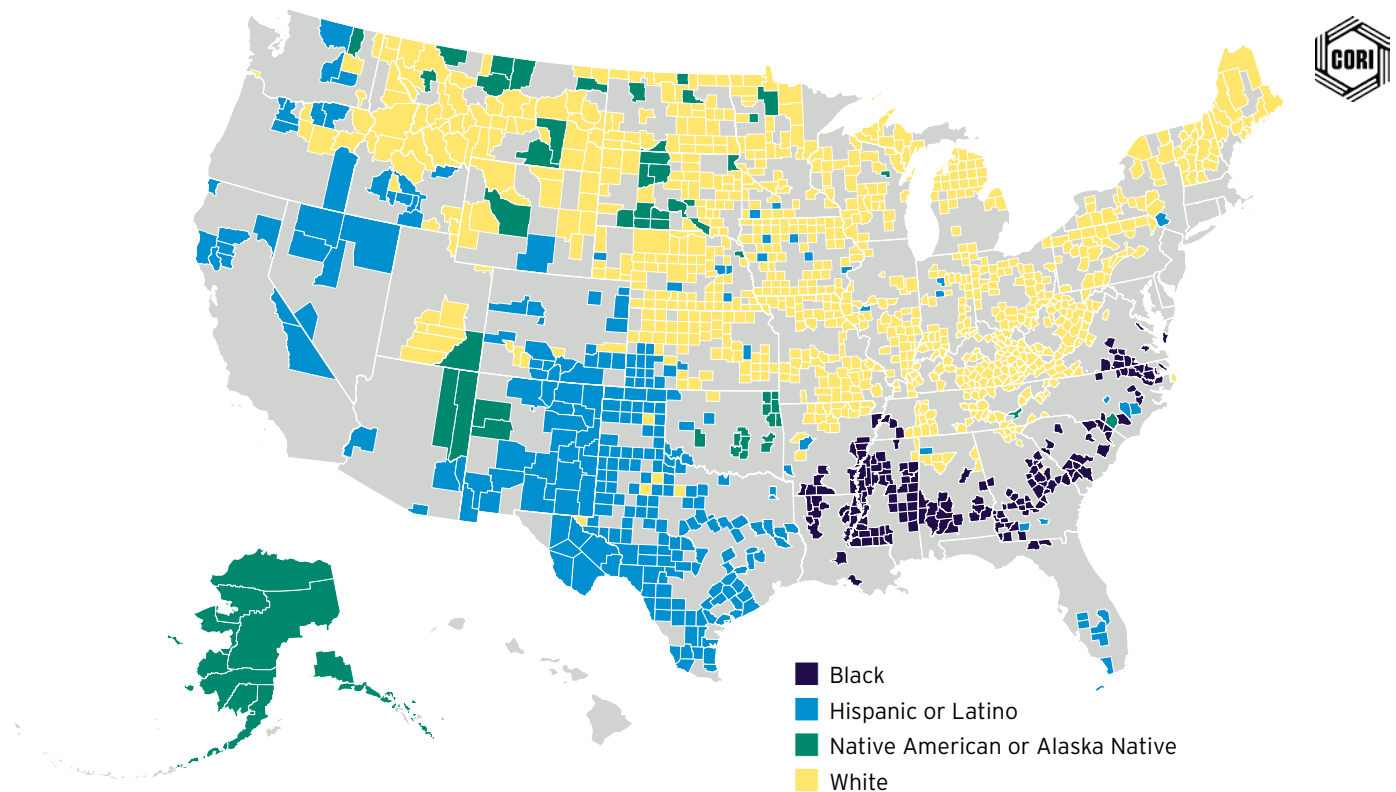
The spatial distribution of rural communities of color is shown in Figure 1 (page 8). Most rural counties that have a majority of people of color are concentrated in the western and southern parts of the United States. Much of the growth in the rural Hispanic and Latino population is occurring along the Pacific Coast and in the High Plains.<sup>14</sup> Black people are the largest BIPOC group in the South, while Indigenous groups are concentrated in rural Oklahoma, the Four Corners, Great Plains, and Alaska. Asian Americans in rural areas tend to be concentrated in Hawaii and the West Aleutians and Kodiak areas of Alaska.

For more information on the rural distribution of BIPOC communities consult the Center on Rural Innovation's two-part blog post [Who Lives in Rural America? Part 1](#) and [Part 2](#).

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*Rural populations have diversified over the past decade. In 2020, 24% of rural Americans were people of color.*

**FIGURE 1: Rural Counties Where Native Americans, Black People, and Hispanic and Latino People Account for a Disproportionately Large Share of the Population**



Data source: US Census Bureau, 2020 Census.

Map source: Who lives in rural America? How data shapes (and misshapes) conceptions of diversity in rural America. Center on Rural Innovation website: [ruralinnovation.us/blog/who-lives-in-rural-america-part-i](https://ruralinnovation.us/blog/who-lives-in-rural-america-part-i). January 12, 2023.

Notes: "Rural" refers to the US Office of Management and Budget's "non-metro" definition, which includes all non-metro counties (see [ruralinnovation.us/blog/defining-rural-america/#defining-rural-america-3](https://ruralinnovation.us/blog/defining-rural-america/#defining-rural-america-3) for details). "Disproportionately large" refers to counties whose population share, for a specified race/ethnicity, exceeds the median rural population share. Racial population counts include race alone, excluding those who identify as Hispanic or Latino.

BIPOC communities have existed, struggled, and thrived in rural America for decades and, in some cases, for centuries. Despite a long history of challenges with systemic racism and deliberate forms of oppression and disfranchisement, BIPOC have managed to establish communities with rich culture and an abundance of human capital and opportunities. For instance, many Black-owned businesses have flourished throughout the Mississippi Delta in communities such as Greenville and Clarksdale in Mississippi.<sup>15</sup> The Gros Ventre and Assiniboine Tribes' Island Mountain Development Group supports more than \$33 million in business sales in Blaine County, Montana.<sup>16</sup> However, many historical injustices continue to have lasting effects on these communities, and while some challenges are widely found across rural communities, others are unique to specific BIPOC communities. It is important for decision makers to be mindful of the long-standing structural discrimination in rural communities and to understand how these conditions came to be. This background is best understood through the history and the experiences of communities of color in rural America.



# Economic Development Challenges & Opportunities in Rural America



Economic viability and prosperity are linked to two categories of factors: population readiness and the push-pull characteristics of the location. *Population readiness* refers to the ability of the population to participate in the workforce and is often tied to whether the population is educated, trained, or credentialed in the fields and sectors that are in demand by employers.

Readiness is also tied to having access to a healthy workforce that has the capacity to work most of the time. While physical health is important, the mental health and well-being of the workforce is also tied to productivity. People experience stressors and traumas in their daily lives, and therefore a trauma-supported workforce that has access to both mental and physical health care will improve population readiness.

In terms of place, *pull factors* refer to the characteristics that either attract or retain businesses and people while *push factors* are characteristics that deter people from moving to or staying in a place. For example, a location with safe and affordable housing, recreational options, and good-quality essential services like K–12 education and health care would be better positioned to attract people and businesses than locations that lack those assets. The next two sections discuss in further detail some of the economic challenges (push factors) and opportunities (pull factors) experienced by many rural communities.

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*Rural counties with persistent poverty experienced a population loss of 5.7% between 2010 and 2020.*

## Economic Challenges (Push Factors)

Rural America has been experiencing several challenges that directly affect its population readiness and its ability to attract and retain people and businesses. These challenges have led to sustained population loss. Population loss means that rural communities continue to lose workers and consumers and have a diminishing tax base. Rural counties with persistent poverty experienced a population loss of 5.7% between 2010 and 2020. In contrast, rural counties without persistent poverty experienced a miniscule growth rate of 0.1% over the same period.<sup>17</sup>

In addition to population loss and brain drain, especially among young people, some of the greatest challenges faced by majority-BIPOC rural counties and, by extension, persistently poor counties are briefly described here:

- **Shortages of essential services (health care and education).** Rural counties with declining populations and high poverty rates are more likely to not have a single doctor serving them.<sup>18</sup> The health care shortage goes beyond primary care to a lack of specialty care. Providers who reflect the communities they serve are also in short supply. Nationwide teacher shortages are often more severe in rural poor counties due to difficulty in attracting and retaining teachers because of livability concerns in rural poor counties and a lack of affordable housing.<sup>19</sup>

- **Housing limitations.** Rural America's housing issues are related to both quality and supply. Native Americans in tribal lands are more likely to live in substandard housing with a lack of running water. Rural housing is more likely to rely on heat sources that contribute to poor indoor air quality such as coal- and wood-burning stoves.<sup>20</sup> Rural communities have a shortage of affordable rental units, which are disproportionately needed by BIPOC residents, who disproportionately live below the poverty line. Most rural rental units are financed by the US Department of Agriculture (USDA), and because there has been little or no new construction of USDA-financed rental housing in many years, the affordability requirements of many of the units are set to expire soon.<sup>21</sup> Between 2013 and 2018, the number of USDA-subsidized units decreased from 413,090 to 390,110, and most of the remaining units are set to expire within the next 30 years.<sup>22</sup> Rural areas also generally lack new construction and move-in-ready homes. Housing in rural communities is generally much older and in greater need of replacement, rehabilitation, or retrofitting than that available in cities.<sup>23</sup>
- **Isolation.** Geographic isolation can be described as vast distances between people and the goods and services they need.<sup>24</sup> The extremely low-density development pattern in many rural regions makes providing services such as transit almost impossible,<sup>25</sup> so residents often must rely on private automobile transportation. From a business perspective, isolation means difficulty in reaping the benefits of economies of scale and being located farther from markets.
- **Food insecurity.** Although the vast majority of fresh healthy food is grown and produced in rural communities, many BIPOC communities struggle with food insecurity. Black people in rural America are 2.5 times more likely to be food insecure than white people.<sup>26</sup> Food insecurity can be tied directly to poverty, which may result in an inability to afford food or the cost of long-distance transportation to buy food.
- **Climate change.** Rural economies are heavily dependent on natural resources due to some communities' concentration of agriculture and recreational amenities and resources. "Rural America has already experienced some of the impacts of climate change related weather effects, including crop and livestock loss from severe drought and flooding, infrastructure damage to levees and roads from extreme storms, shifts in planting and harvesting times in farming communities, and large-scale losses from fires and other weather-related disasters," states a report from the US Global Change Research Program.<sup>27</sup>

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*Some of the challenges faced by majority-BIPOC rural counties are shortages of essential services like health care and education, housing limitations, isolation, food insecurity, climate change, disinvestment, and limited broadband internet.*



Photo: California Department of Water Resources

- **Disinvestment.** Less than 1% of venture capital dollars goes to rural startups, and only 3% of Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) loans went to micropolitan and non-metro areas.<sup>28</sup> This dearth of investment has led to a decline in rural entrepreneurship and a struggle to innovate. In 1988, more than 1 in 4 self-employed persons lived in rural America, compared with less than 1 in 6 in 2016.<sup>29</sup> Lower rates of innovation translate to less job creation and a less diverse economy.
- **Broadband internet.** Lack of investment also affects the availability of broadband internet, a crucial element for equitable economic development and education. Broadband internet is treated as a private service in the United States rather than a public good. Consequently, private-sector internet service providers (ISPs) won't invest in a location unless it is profitable. The result is limited internet coverage, lower speeds, and significantly higher prices in rural communities. Many ISPs have stated that in order to provide more rural broadband coverage at cheaper prices, they will require significant government subsidies.<sup>30</sup>

Traditional economic development strategies and solutions often have a narrow, issue-specific focus. For example, strategies and funding initiatives for broadband expansion are sometimes separated from larger Infrastructure programs. While there are benefits to a narrow focus – such as the ability to delve deeply into the nuances of a specific issue, which may yield a greater likelihood of success in that one area – it is also important to consider the interconnected nature of both people and places and therefore the need for more comprehensive approaches to economic development planning. For example, having an expansive broadband network is insufficient on its own to attract business investment; a rural community will need other forms of investment, such as robust workforce training.

## Economic Opportunities (Pull Factors)

Some parts of rural America, including rural BIPOC communities, have successfully leveraged their unique attributes to not only overcome obstacles to economic development but also create growing and thriving communities. Many of these rural communities were able to stabilize their population numbers and, in some cases, achieve growth. Stable and growing rural communities have often capitalized on one or some combination of the following opportunities and assets:

- **Arts and culture.** Arts and culture help create a sense of community identity as well as economic growth in rural areas. In 2018, national experts and thought leaders at a roundtable discussion convened by the National Governors Association's Center for Best Practices identified several ways that arts and culture contribute to rural areas:
  - Mitigating geographic isolation by building connections
  - Diversifying regional economies by attracting visitors, businesses, and investment
  - Injecting pride and enlivening rural communities
  - Improving quality of life
  - Promoting inclusivity

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*It is important to consider the interconnected nature of both people and places and therefore the need for more comprehensive approaches to economic development planning.*

Arts and culture support economic growth by attracting businesses, creating jobs, increasing tax revenues, and promoting tourism. According to research based on the 2014 Rural Establishment Innovation Survey (REIS), rural arts organizations draw non-local audiences at higher rates than urban arts organizations. Rural arts organizations report that 31% of their audience travels “beyond a reasonable distance” to attend events, while the corresponding share that urban organizations report is 19%.<sup>31</sup> Accompanying research briefs from the National Endowment for the Arts also showed that rural counties that house performing arts organizations provide residents with higher incomes (up to \$6,000 higher) compared with rural counties that do not have performing arts organizations.<sup>32</sup> Arts and culture also benefit other industries. According to the REIS, two-thirds of rural businesses report that arts and entertainment are important for attracting and retaining workers.

- **Recreational opportunities.** Recreational opportunities generate synergies with the creative sector. According to the 2014 Rural Establishment Innovation Survey (REIS), 43% of rural counties with performing arts companies are located in or near a national park or a national forest, and 33% of rural counties with performing arts companies rely on recreation (including arts, entertainment, and accommodation industries) for their economy.<sup>33</sup> The US Bureau of Economic Analysis estimates that in 2018, “over 318 million national park visits led to \$20.2 billion in direct spending at hotels, restaurants, outfitters, and other amenities in nearby gateway communities, supporting over 329,000 jobs and generating over \$40.1 billion in total economic output.”<sup>34</sup>

Outdoor recreation amenities attract visitors (who spend money at local businesses) as well as new talent and investment; increase property values; and improve quality of life and public health, particularly in low-income neighborhoods.<sup>35</sup> People coming to enjoy outdoor recreational activities may also visit nearby downtowns and Main Streets, which can create an incentive for jurisdictions to invest in and revitalize these areas. This development also creates jobs and improves quality of life for local residents.

- **Growth from shale oil and gas.** Among rural economies driven by natural resources, those dependent on shale oil and gas extraction experienced the fastest growth. For example, North Dakota had the greatest non-metro population growth of any state: 12.5% between 2010 and 2020. Rural areas dependent on other forms of natural resources such as agriculture and coal and other mineral extraction experienced population decline.<sup>36</sup>
- **Growth in remote work.** Many people choose to live in dense urban areas due to greater opportunities for work and career growth. However, the growth of remote work since the pandemic has made staying in or moving to rural areas more feasible. With the geographic bounds of work eliminated, many people can choose all that small and rural communities have to offer, especially a more affordable cost of living and a “small-town feel.” When people refer to a small-town feel, they often mean the opportunity for deeper social and community connections. Predictions estimate that approximately 22% of Americans will become permanent remote workers by 2025 – an 87% increase from pre-pandemic levels.<sup>37</sup> Studies have also concluded that large, more expensive urban areas experienced the greatest post-pandemic population decline; small urban areas experienced modest declines; and metro rural and non-metro rural areas experienced growth.<sup>38</sup> Rural communities like Winhall, Vermont; Traverse City, Michigan; and Taos, New Mexico, all experienced rapid post-pandemic growth.<sup>39</sup>

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*Stable and growing rural communities often capitalize on some combination of arts and culture, recreational opportunities, growth from shale oil and gas, and growth in remote work.*

# Strategies for Equitable Economic Development in Rural Communities



Economic development requires investments in both physical environments (creating places that are attractive to people and businesses) and people (workers and consumers). Adding an equity lens to economic development requires centering the perspectives and needs of priority populations like Black, Indigenous, and other people of color (BIPOC) have traditionally been excluded from consideration and decision making.

As a result of such exclusion, many rural BIPOC residents have endured a disproportionate burden from past policy decisions – for instance, lack of water; untreated wastewater; limited or no broadband access; and limited access to entrepreneurial opportunities and jobs.

We should recognize that economic development often is not undertaken solely by various levels of government (federal, state, and local); in many cases, some strategies are implemented by CBOs, nonprofits, grassroots organizations, or for-profit companies that have an interest in wealth building and place-based development.

The following sections highlight strategies to better accomplish more equitable patterns of economic mobility and growth in rural communities. Some of the strategies recommended in this brief have been vetted for high impact on rural BIPOC communities.

## Invest in People

Economic prosperity in rural America exhibits similar, although more extreme patterns of racial inequities to those seen in many urban metro areas throughout the country. The Index of Deep Disadvantage shows that rural counties are more likely to be disadvantaged than urban areas; 80 of the 100 most disadvantaged communities are rural.<sup>40</sup> When race is factored in, BIPOC rural communities are more disadvantaged than white rural communities. According to the Economic Innovation Group's Distressed Communities Index, 63% of majority-BIPOC rural communities are classified as economically distressed, compared with 19% of majority-white rural communities.<sup>41</sup>

Significant investment in improving access and opportunity to participate in either the labor force or entrepreneurship can narrow racial disparities in economic prosperity in rural America. Subsequent sections detail strategies to better prepare and support rural BIPOC populations for both labor force participation and entrepreneurship.

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*Economic development is not undertaken solely by government; in many cases, CBOs, nonprofits, grassroots organizations, or for-profit companies with interest in wealth building and place-based development can also play a role.*

## Entrepreneurship & Small Business Support

Entrepreneurship is an important component of sustainable economic development regardless of a locality's classification as rural or urban. A greater share of small business earnings is likely to stay in local communities, with a greater multiplier effect and fewer opportunities for leakage,<sup>42</sup> owing to the following factors:

- In 2017, US small businesses with less than 50 employees accounted for 42% of all rural jobs.<sup>43</sup> Small businesses are more likely to hire local residents instead of bringing in workers from regional locations.
- Small businesses diversify the economic base and reduce monopsony that can lead to suppressed wages and poor worker conditions.
- Entrepreneurship allows people of color and people without formal credentials to gain economic prosperity by bypassing biases in hiring and promotion.

While businesses owned by socially and economically disadvantaged individuals (SEDI) in rural America face the same challenges as other businesses – such as depopulation and lack of broadband internet – other challenges are unique to people of color. Some of these unique challenges include lack of mentorship, poor access to formal banking and loans, and structural inequities in the agricultural sector. Latino entrepreneurs experience similar challenges to Black entrepreneurs – such as high failure rates and lack of assets – and are also more likely than other entrepreneurs to have low income.<sup>44</sup>

Entrepreneurship support organizations (ESOs) are groups that support, mentor, train, and sometimes fund entrepreneurs.<sup>45</sup> ESOs may be public organizations such as community colleges or other publicly funded economic development organizations, or they may be private organizations such as community development financial institutions (CDFIs) or nonprofit organizations, like Communities Unlimited. ESOs can support SEDI-owned businesses in rural communities by providing networking opportunities to connect them with mentors, technical assistance, and capital.

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*Entrepreneurship support organizations can support small businesses in rural communities by providing networking opportunities, connection with mentors, technical assistance, and capital.*



Photo: Flickr – US Department of Agriculture



## Technical assistance for entrepreneurs

*Entrepreneur technical assistance* refers to services such as marketing, management, business plan writing, recruiting, financial management, market analysis, legal business formation, tax preparation, and strategic planning.<sup>46</sup> BIPOC entrepreneurs also benefit from enhanced technical assistance that provides personalized, step-by-step guidance in navigating the complex system of government programs and funding opportunities.<sup>47</sup> These services support businesses success by helping entrepreneurs navigate challenges and regulations and avoid costly errors.

Many rural BIPOC entrepreneurs are talented service providers and creators, but many are unfamiliar with best practices in business planning and operations. This knowledge gap can be attributed to several factors including generational poverty, lack of educational attainment, lack of professional training and management, immigration status, discrimination, and a lack of trust in institutions and potential consultants. To better serve BIPOC entrepreneurs, technical assistance should be culturally competent – that is, based in an understanding of how race, ethnicity, gender, age, language, national origin, religion, disability, and other characteristics influence the relationship between an entrepreneur and various business service providers.<sup>48</sup>

## Mentorship

Mentorship plays a key role in the long-term success of small businesses. Mentorship provides access to strong networks and builds social capital; in one survey, 92% of entrepreneurs stated that their mentor had a direct impact on the growth and survival of their business, but another survey showed that less than 40% of Black entrepreneurs had a mentor.<sup>49</sup> For BIPOC business owners, networking and learning firsthand from business owners with similar backgrounds who are familiar with their unique challenges can provide invaluable insight into how to navigate those challenges.

*“Black-owned businesses are less likely to remain open 4 years later, compared to white-owned businesses, and ... due to this disparity, Black business owners are more likely to experience downward economic mobility and less likely to experience upward mobility, compared to their white counterparts. These results suggest that improving the rate at which Black entrepreneurs succeed, rather than increasing the rate at which Black people become entrepreneurs, should be the target of efforts to leverage business ownership to reduce the racial wealth gap.”<sup>50</sup>*

## Access to capital

Bank closures have been accelerating in rural areas, but the problem is more prominent in rural counties with older, poorer BIPOC populations.<sup>51</sup> Forty-one percent of rural counties classified as distressed and majority-BIPOC lost bank branches from 2012 to 2017. Consequently, rural SEDI-owned businesses have limited access to the capital needed to start and grow a business. SEDI-owned businesses also rely more on savings and formal bank loans for business support because people of color are less likely to receive familial support or receive an inheritance. Even though SEDI-owned businesses are more reliant on formal loans, they are significantly less likely to receive formal loans.

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*BIPOC entrepreneurs benefit from technical assistance that provides personalized, step-by-step guidance in navigating the complex system of government programs and funding opportunities.*

Given growing closures of banks in rural communities, many rural governments or philanthropic organizations will need to establish programs that fill the gaps. Programs that support SEDI-owned businesses with access to capital should consider the following options:

- **Grants instead of loans.** Offering grants helps to address racial disparities in generational wealth. White entrepreneurs often receive gifts and inheritances that do not need to be paid back, allowing them to significantly reinvest in their businesses and grow them more quickly.
- **Equitable, flexible, and adaptable programs.** When developing any program to assist entrepreneurs, collaboration with business owners from diverse backgrounds is crucial in order to understand the unique needs of each demographic group and ensure that program guidelines and parameters will allow the program to be effective. The program should also be evaluated on a regular basis to make sure that it is reaching its intended audience and yielding the desired outcomes. If not, program operators must be flexible and willing to adapt to feedback.
- **Simple application processes.** Any application for grants or loans should be short, simple, and easy to understand; available in multiple languages; and supplemented with in-person support if necessary. Many programs with complicated vetting processes and proof of eligibility remain underutilized or have significant racial disparities in uptake. Accessibility of the application process for persons with disabilities should also be considered, and additional support should be provided if needed.
- **Alternative forms of creditworthiness for loans.** Lack of credit history does not necessarily mean that someone is a high-risk borrower. Traditional credit ratings consider only borrowing and repaying as an indication of creditworthiness. Alternatively, it would be better to assess whether a potential borrower is financially responsible by taking into consideration their rent payment history, utility bill payment history, deposits and withdrawals, and savings history.

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*Given growing closures of banks in rural communities, many rural governments or philanthropic organizations will need to establish programs that fill the gaps.*



## CASE EXAMPLE

### Four Bands Community Fund

Four Bands Community Fund is a Native American nonprofit community development financial institution (CDFI). Four Bands provides services such as financial literacy education, small business lending, and youth entrepreneurship coaching. Four Bands' Cheyenne River Entrepreneurial Assistance Training and Education (CREATE) program is a class that provides step-by-step guidance in starting and growing a business. In the two decades since its establishment, Four Bands has accomplished the following achievements:

- Deployed 1,480 loans totaling over \$17 million
- Approved 913 credit builder loans
- Graduated 518 individuals from the CREATE course
- Increased financial literacy for 904 individuals

## Support for Black Farmers

Since the formal end of slavery, Black farmers throughout the United States have struggled to establish thriving farms on an equal footing with their white counterparts. For centuries, Black farmers' inability to own land and financial institutions' discriminatory lending practices have resulted in significant racial disparities in farm ownership. The contemporary driver of racial inequality in agriculture continues to be difficulty in accessing USDA loan and loan forgiveness programs. During the COVID-19 pandemic, the USDA took over a year to process loans for Black farmers compared with 30 days for white farmers.<sup>52</sup> Black farmers received approximately \$20 million in COVID relief funds for agriculture, in comparison with white farmers, who received \$5.5 billion during the same period. The 1.4% of farmers who identify as Black<sup>53</sup> received less than 0.36% of COVID relief funds. The result of such inequities is a dwindling number of Black farmers due to continuing transfer of land from Black farmers to wealthier white farmers or agricultural corporations. In 2012, there were approximately 45,000 Black farmers,<sup>54</sup> compared with close to 1 million in 1920.<sup>55</sup>

The Biden administration has attempted to correct these injustices through provisions in the American Rescue Plan that direct aid and debt relief specifically to Black farmers. However, those provisions have been challenged in court through several lawsuits alleging race-based discrimination against white farmers in government programs. These types of legal challenges to government programs mean that more private investment and philanthropic support may be needed to target assistance to Black farmers.

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*The contemporary driver of racial inequality in agriculture continues to be difficulty in accessing USDA loan and loan forgiveness programs.*



Photo: Flickr – US Department of Agriculture

Strategies to support Black farmers include the following:

- Support creation of a civil rights oversight board for the USDA
- Support the Justice for Black Farmers Act, which includes the following provisions:
  - Increases funding to protect Black land ownership and provide additional credit assistance
  - Establishes funding to help qualified SEDI pursue careers in agriculture
  - Provides land grants and training to Black farmers
  - Requires the USDA to provide reports on loans by race, ethnicity, and gender
  - Establishes a board to oversee civil rights within the USDA
- Encourage local businesses and government institutions to commit to procuring a set share of their purchases from Black farmers
- Create loan and grant programs with the following characteristics:
  - Low barriers to entry (e.g., more lenient credit scores, simple applications and collateral requirements)
  - Low interest rates
  - Flexible terms for loan repayment
  - Loan forgiveness provisions
- Create more technical assistance and peer learning networks for Black farmers
- Partner with and provide financial and capacity-building support to community-based organizations (CBOs) that are focused on supporting Black and BIPOC farmers. Some of these CBOs include the following:
  - **National Black Farmers Association** is a nonprofit that serves the needs of Black farmers and their families, focusing on land retention, access to capital, education, and rural economic development for Black farmers.
  - **Black Farmer Fund** is a nonprofit that provides grants and low-interest loans to Black farmers and other food-based entrepreneurs in the northeastern United States.
  - **Shoppe Black** encourages consumers who want to make the deliberate decision to support Black businesses. They have created the Ultimate List of Black-Owned Farms and Food Gardens.
  - **Farmers of Color Network** supports farmers of color by providing farmer-led technical assistance, funding opportunities, farm tours, networking events, and gatherings to highlight ancestral traditions and knowledge, as well as explore market solutions. The program serves farmers of color in the southeastern and lower mid-Atlantic United States, the US Virgin Islands, and Puerto Rico.
  - **Northeast Farmers of Color Land Trust** maintains a members-only listserv made up of BIPOC farmers in northeastern states. The group hosts annual skill share and knowledge exchange events.
  - **Southeastern African American Farmers' Organic Network** is a regional network of Black farmers in the southeastern United States who are committed to sharing knowledge of sustainable land management. They also provide technical assistance with crop planning and farm business planning, as well as training and mini-grants.
  - **Soul Fire Farm** is a nonprofit community farm focused on supporting Black and Indigenous farmers through farmer trainings and policy advocacy for causes such as land return initiatives.

## Education

Improving education is an important way to invest in BIPOC individuals, children, and families in rural communities and provide better access to employment and other opportunities.

### **K–12 education**

Many rural K–12 schools face challenges such as poverty, dwindling enrollment, transportation, teacher and other staff shortages, and the digital divide. Many of these challenges are exacerbated in rural communities of color, resulting in an achievement gap in rural communities similar to those experienced in urban communities. Rural BIPOC communities experience learning challenges associated with their high poverty rates and low socioeconomic status (SES).

Here are some strategies and initiatives for supporting and advancing education in rural BIPOC communities:

#### ■ **Support the educator workforce by ...**

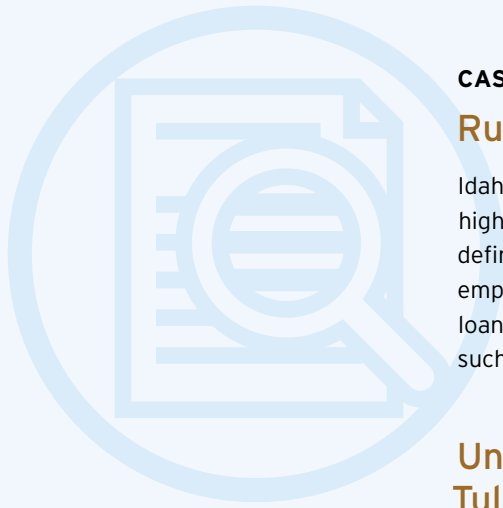
- Providing affordable child care for education staff;
- Compensating at a rate that is at least on par with suburban rates;
- Providing distance learning opportunities for teacher training for people in rural communities who cannot attend colleges in metro areas;
- Providing incentives for teachers in high-need, persistently poor rural communities – for example,
  - Shorter timeframes for loan forgiveness (state of Montana),
  - Assistance programs for home buyers (state of Mississippi), and
  - Teacher scholarships (state of Mississippi).

#### ■ **Increase funding to rural K–12 schools for ...**

- Improved transportation across larger areas;
- Incentives to attract and retain staff; and
- Improved equipment and infrastructure (broadband and computer labs).

#### ■ **Provide wrap-around family support for families with low socioeconomic status (SES), possibly including ...**

- Assistance with applying for social benefits;
- Universal pre-school;
- Physical and mental health services;
- Universal school meals; and
- Additional funding for rural schools that have many families with low SES.



## CASE EXAMPLES

### Rural and Underserved Educator Incentive Program, Idaho

Idaho's [Rural and Underserved Educator Incentive Program](#) provides teachers serving in rural high-need communities with up to \$12,000 paid over four years. High-need communities are defined as either rurally isolated or economically disadvantaged. The teacher must remain employed within the same district for four years. These funds are for direct repayment of student loans incurred for technical certifications and additional degrees. Other educational expenses such as books, course fees, and required equipment are also eligible for reimbursement.

### Universal Pre-School in Lindsay Unified School District, Tulare County, California

In Tulare County, 95% of kindergarten students are from migrant farm worker families with low SES and limited English skills. The school district responded to [observed differences in kindergarten readiness](#) between those who had access to formal pre-school and those who didn't by launching a universal pre-school program for children from birth to age four, regardless of income. Transportation to and from the full-day program is provided. This [universal pre-school model](#) is funded from diverse streams, including state pre-school funding, migrant education program funding, K-12 special education funding, and other funding programs dedicated to high-need students.

## Higher education

Black, Hispanic, and Native American rural populations, despite making great strides in education over the preceding two decades, were still only half as likely as rural white populations to have earned a bachelor's degree in 2018.<sup>56</sup> Earning a college degree is associated with higher employment rates, higher earnings, and greater opportunity. Rural students, when compared with their urban counterparts, are less likely to attend college and, when they do attend, are more likely to drop out.<sup>57</sup> Black and Latino college students are also more likely to drop out than white college students.<sup>58</sup> Some of the reasons include immediate need for income and the need to support a family, along with many other issues related to attending predominantly white institutions as people of color.

Support for rural college students of color could include a combination of one or more of the following policies:

- Greater availability of and access to college readiness courses and programs in rural high schools
- More emphasis on providing college grants and scholarships rather than student loans
- Provision of distance learning and flexible learning opportunities
- Partnerships between community colleges and four-year colleges to lower the cost of attending four years of college

## Workforce Development & Training

Higher education comes in many forms, and one often-overlooked opportunity is promotion of targeted, high-need career pathways in high schools (or even earlier) through a range of work-based learning offerings, which might include pre-apprenticeship, registered apprenticeship, youth apprenticeship, or other earn-and-learn program models. There are significant opportunities to invest in these strategies not only for the traditional trades but also for other high-need occupations in rural communities – for example, in many health care fields. The highest-quality and most-effective programs leverage an “earn while you learn” approach, which allows learners or employees to earn an income while they are being trained, typically through on-the-job training paired with mentoring and complementary classroom instruction that leads to a credential. Such opportunities are essential for BIPOC in rural areas because they can earn an income much sooner, and the training comes with little financial burden. Nationally, especially in rural areas, demand is high for workers in the trades – such as plumbers, electricians, truck drivers, welders, and construction workers. A persistent shortage of skilled workers in the trades has been pushing wages in these fields higher; in contrast, the financial return from a bachelor’s degree is softening as student debt increases.

Workforce development and training programs are administered, funded, and supported by several public and private entities. The largest and most-funded programs are offered by federal and state governments. For example, the Work Innovation and Opportunity Act is administered by the US Department of Labor and focuses on workforce training for some vulnerable groups, including Native Americans, formerly incarcerated people, and seasonal agricultural workers, to name a few. Community colleges have been involved in technical skills training for many years and are the nation’s primary institution for workforce education.<sup>59</sup> Nonprofit organizations with missions related to employment access are also involved in workforce training initiatives that often focus on a particular skill or a priority population. Examples of this type of organization include YouthBuild USA and Year Up. Labor unions typically administer apprenticeship programs for the traditional trades.

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*The highest-quality and most-effective workforce development programs allow learners to earn an income while they are being trained, typically through on-the-job training paired with mentoring and complementary classroom instruction that leads to a credential.*



Photo: Flickr – US Department of Agriculture

Institutions that offer employment-focused training and education should consider the following strategies to improve access and impact for rural BIPOC:

- Make sure that training curricula are informed by industry and directly connected to career pathways; that is, ensure that the skills taught match industry needs
- Align education and workforce development programs with broadly applicable approaches in the relevant sector to ensure that more employers can participate, especially smaller employers that often do not have in-house training resources but have the same need for foundational skills as larger employers
- Provide earn-while-you-learn opportunities to reduce financial barriers to participation
- Offer pre-apprenticeship programs with training specifically geared toward passing apprenticeship entrance exams
- Tailor training to account for varying levels of literacy
- Provide flexibility in class times, format (e.g., in-person classes and synchronous or asynchronous distance learning), and program length to meet the needs of working adults with families
- Provide wrap-around supports, including transportation and child care

Federal and state governments are the major funders of workforce education programs and institutions; however, additional funding is needed both for the institutions themselves (to improve their reach and quality) and for potential students (grants to allow them to attend).

### **Skill-based hiring**

The *paper ceiling* refers to instances in which workers possess the skills, knowledge, and experience for higher-wage jobs but are overlooked because they do not have a bachelor's degree.<sup>60</sup> In 2019, 11% of rural Hispanic people, 11% of rural Black people, and 12% of rural Native people had a bachelor's degree, compared with 22% of rural white people.<sup>61</sup> The paper ceiling creates challenges for both workers and employers. For workers, it leads to wage stagnation and higher rates of unemployment. For employers, it can cause longer recruitment cycles and a homogenous workforce.

Seventy-five percent of US employers rely on automated hiring software to screen job applicants in a shorter amount of time.<sup>62</sup> However, these types of software might automatically eliminate qualified candidates because they don't have a bachelor's degree or they have a gap in employment of longer than six months, without inquiring about the reason.

Opportunity@Work is a nonprofit whose mission is to "rewire the U.S. labor market so that all individuals Skilled Through Alternative Routes (STARs) can work, learn, and earn to their full potential."<sup>63</sup> The organization publishes research on the performance and value of STARs in the workplace, runs an online talent marketplace specifically for STARs, advocates for policies that help overcome barriers to economic mobility, and highlights alternative paths to credentialing.

Public and private employers can improve their talent pool, diversify their workforce, and support more equitable hiring by adopting some of the following polices:

- Eliminate degree requirements, where possible
- Invest in on-the-job training
- Use human resources talent instead of recruiting software to review job applications

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*Employers can improve their talent pool and diversify their workforce by eliminating unnecessary degree requirements and investing in on-the-job training.*



## **Job search assistance & targeted hiring**

When searching for a job, many individuals from rural BIPOC communities experience challenges, including cultural differences in communication style and limited knowledge of what employers and recruiters are looking for in a candidate. However, it is important to note that addressing these challenges will not eliminate the very real biases that people of color experience from recruiters or potential employers.

To support BIPOC candidates in their job search efforts, rural communities can leverage existing infrastructure such as job centers, libraries, and other public and faith-based spaces to provide specific assistance:

- Résumé writing services
- Training in online and in-person job search techniques
- Networking strategies
- Interview training
- English as a second language

Rural BIPOC who experience persistent poverty may also experience financial barriers to looking for work, which might include difficulties with child care, professional attire, or transportation. Due to a concentration of low-wage work in rural communities, many of these challenges persist even after employment has been acquired. State and local governments can either directly provide or fund local organizations that provide services that help alleviate financial barriers to employment:

- Drop-in child care services
- Assistance with acquiring professional clothing
- Assistance in covering transportation expenses:
  - Public transportation passes
  - Bicycle purchase or repair
  - Auto repairs
  - Auto insurance
  - Parking fees

When large employers choose to locate in rural communities, many bring in staff from regions outside of that community. To better ensure equitable distribution of economic benefits and reduce economic leakage, local governments can explore local hiring policies for businesses that request incentives or flexibility. These programs require that a set number of staff be hired from the local community or that the hiring pool reflect the demographics of that community.

## Invest in Places

Low population density, isolation, and expansive geographies mean that it is difficult for rural places to reap the benefits of economies of scale on their own. However, regional coordination between rural places can mitigate the economic impact of isolated places. For example, small rural towns on their own may have one or two attractions, which can be a challenge when the goal is to increase the number of visitors. A regional tourism or visitor bureau can provide a solution by marketing more diverse recreation options from a regional perspective. Smaller counties or rural communities often share the expense of running the regional tourism or visitor bureau. Another type of structure that supports coordination between rural places is the rural development hub, a place-rooted entity that focuses on all the critical ingredients in a region that either advance or impede prosperity: the people, the businesses, the local institutions and partnerships, and the range of natural, built, cultural, intellectual, social, political and financial resources.<sup>64</sup> A rural development hub works to strengthen these critical components and weave them into a system that advances enduring prosperity for all.<sup>65</sup>

Across the country, policies play a fundamental role in shaping where investment occurs, who invests, and how investment happens. This principle applies to all types of investment – public, private, and institutional. Policymakers can ensure that all people can live healthy lives by shaping the places where they live, work, learn, and play. Economic development efforts can focus on improving neighborhood value through community development or neighborhood revitalization – including investment in housing, open space, transportation networks, food systems, and school facilities – while protecting priority populations from displacement. Examples of focused investment for equitable rural development are described in the remaining sections.

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*Across the country, policies play a fundamental role in shaping where investment occurs, who invests, and how investment happens.*



Photo: Flickr – by David Wilson

## Housing Solutions

Safe and affordable housing at various price points – both for rent and for sale – is an important component of livability. Livable communities are better situated to attract workers and businesses. Rural communities can improve both the supply and the quality of housing by exploring the following policy options:

- Property tax incentives that reduce the property tax liability for a share of affordable units that are subsidized for people whose income falls below a certain percentage of the Area Median Income
- Inclusionary zoning policies that allow more flexibility to include housing at greater densities
- Expedited permitting for projects with designated affordable units

Housing stability and homelessness diversion are integral to the housing equation of any community, whether urban or rural. BIPOC residents are disproportionately affected by housing instability. To provide more focused and relevant support for rural BIPOC residents, housing stabilization efforts can be implemented for economically fragile households. Efforts might include the following strategies:

- Increase rental subsidies
- Establish emergency rent and utility assistance programs
- Implement rent stabilization policies
- Implement just cause eviction policies that limit the grounds for eviction
- Establish an affordable housing trust fund



### CASE EXAMPLE

#### South Dakota Housing Opportunity Fund

The South Dakota Housing Opportunity Fund (HOF) focuses on expanding the supply of safe and affordable housing for low- to moderate-income households. Funds can be used for new construction or for purchase or rehabilitation programs for both homeowners and renters. The HOF prioritizes rural development by having a higher funding limit of \$336,500 for rural projects compared with the \$144,000 funding limit for urban projects and stipulating that 70% of the funds be designated for rural communities.

The De Smet Economic Development Corporation partnered with the De Smet Housing Authority to submit a joint application to South Dakota's HOF. De Smet Development Corporation was awarded \$298,000 to build four affordable rental townhomes serving families with low SES. At the end of 2018, 21 families were on the waiting list. The De Smet Development Corporation is currently exploring other funding opportunities to build more affordable rental housing in the community.

## Business Climate

Many rural businesses focus on resource extraction activities related to mining, forestry, and agriculture.<sup>66</sup> Additionally, manufacturing and processing businesses (such as food processing, wood and mining products, and manufacturing of products that support resource extraction activities) have been a staple in rural communities for decades and have shaped the labor market in rural locales. However, limited financial, professional, and scientific expertise can limit businesses in keeping up with ever-changing business and technology environments. It is also important to note that the rise of virtual work has brought new challenges and opportunities in rural areas as increasing numbers of remote employees and employers seek out a lower cost of living and lower overhead expenses.<sup>67</sup> Large corporations may bring wealth and resources to rural areas, but their presence and growth might also drive out small businesses and reduce the number of potential employers, thereby limiting job options for vulnerable low-wage earners.<sup>68</sup>

Rural America has a significant stake in the rapidly changing US business environment. Here are some strategies that could help rural communities compete in the US market and economy:

- Develop in-town amenities – such as broadband service, electric vehicle charging stations, housing, and shops, restaurants, and breweries – to serve residents and attract new visitors and residents with an interest in nearby outdoor assets
- Market Main Street as a gateway to nearby natural lands, to capture and amplify outdoor recreation dollars
- Work with the community to develop consensus on management of outdoor assets, to reduce potential conflicts and ensure sustainable use of resources
- Ensure that all residents and visitors – particularly those who have not historically been engaged in outdoor recreation and Main Street revitalization efforts – have equitable access to and can benefit from the growing outdoor recreation economy

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*The rise of virtual work has brought new challenges and opportunities in rural areas as increasing numbers of remote employees and employers seek out a lower cost of living and lower overhead expenses.*

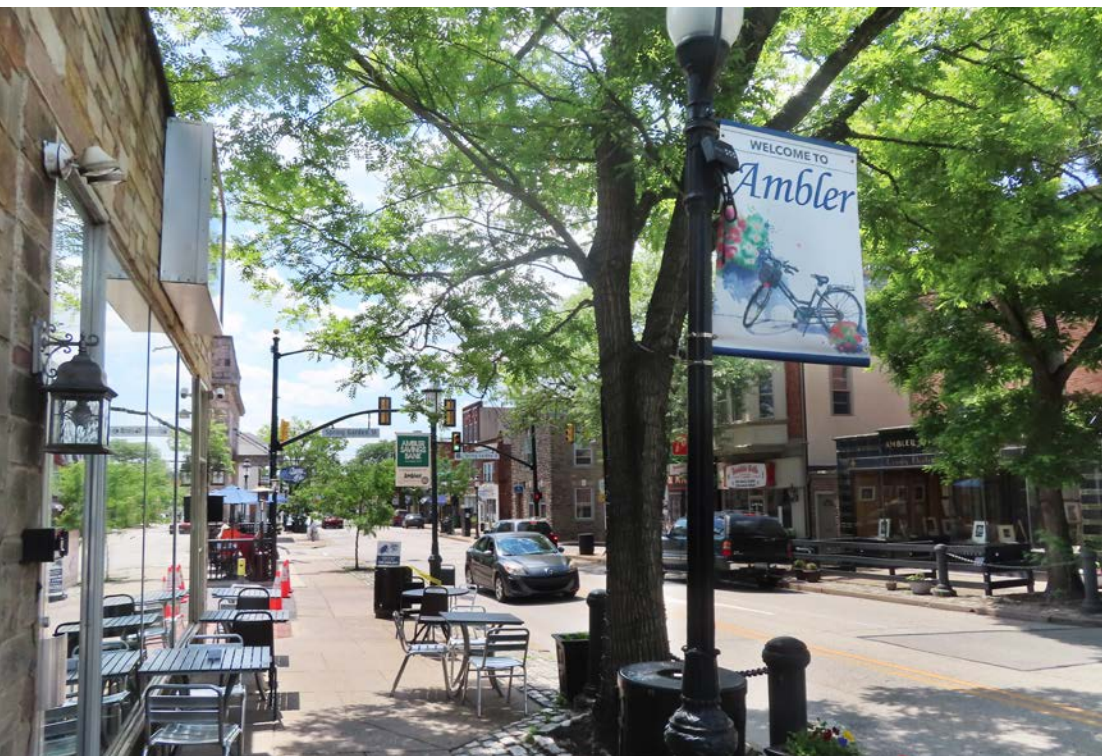


Photo: Flickr – by David Wilson

When assessing the business climate, communities should also consider the conditions that are necessary to support small businesses, particularly SEDI-owned businesses. Anchor institutions and regional innovation networks that focus on expanding knowledge- and technology-based businesses are great resources and have been playing an increasing role in local economic development and Main Street revitalization efforts. These entities can support SEDI-owned businesses by taking some of the following actions:

- Providing technical assistance on topics such as market research, business plan development, marketing, finance, human resources, and certification of women- or minority-owned business enterprises (WMBEs)
- Committing a percentage of their budget to procuring from SEDI-owned businesses. Here are some strategies for more equitable procurement:
  - Breaking up contracts into smaller subcontracts
  - Offering trainings on the requirements for doing business with anchor institutions
  - Setting faster payment or reimbursement timelines
  - Paying larger initial deposits
- Committing to ongoing partnerships between institutions and community leaders
- Developing a central marketplace where institutions can post opportunities specifically for SEDI-owned businesses.
- Investing capital in SEDI-owned businesses through grants and no-interest loans

## Tourism & Recreation

Rural America has a plethora of opportunities for tourism, ranging from cultural heritage events to natural features to outdoor experiences.<sup>69</sup> Rural tourism is an important strategy for building economic resilience, promoting and maintaining cultural heritage, and furthering community development. A cohesive and sustained marketing campaign that highlights opportunities for recreation is important for success in the tourism industry.

Outdoor recreation practitioners recommend the following best practices and principles for sustainable place-based economic development related to outdoor recreation assets:

- Identify and empower local champions
- Unify behind consistent messaging
- Make outdoor recreation a “must have”
- Build collaboratives
- Guarantee dependability of outdoor recreation facilities
- Identify one point of contact for outdoor recreation like a visitor information center or tourist information center
- Generate public support
- Provide professional development for outdoor recreation staff
- Create a brand
- Identify funding partners
- Plan for destination management
- Work to meet basic infrastructure needs
- Attract and support outdoor businesses

## Climate Resilience & Environmental Sustainability

Rural communities have experienced weather-related challenges that have affected their residents' health, livelihood, and economic opportunities.<sup>70</sup> In 2021, the United States faced 22 extreme weather- and climate-related disaster events with total losses of over \$100 billion,<sup>71</sup> including crop and livestock losses, losses due to severe drought and flooding, large-scale losses from fires, and losses of natural resources.<sup>72</sup> Additionally, climate change poses a risk to rural communities whose economy relies heavily on seasonal and outdoor tourism. Rural communities also face shifting cultural identities and diminishing revenue streams based on interaction with threatened species or natural resources.<sup>73</sup>

Rural communities often have limited capacity and financial resources to cope with drastic changes caused by extreme weather or climate change.<sup>74</sup> The federal government is supporting climate resilience through the National Oceanic and Atmospheric Administration (NOAA), which has developed a mapping tool to identify each community's unique climate risk. NOAA also provides information on federal grants that are available for climate resilience projects and improvements. Please see the Resources section of this document for more information on severe weather events and a climate risk mapping tool.

## Infrastructure

Rural communities have faced decades of disinvestment in physical infrastructure. Many bridges and rural roads are in poor condition, resulting in high numbers of roadway fatalities.<sup>75</sup> The next three sections discuss some specific types of infrastructure that are especially needed in rural communities.

Rural communities need funding, technical assistance, and staff training to help procure resources for infrastructure.<sup>76</sup> Investing in policies and funding that improve rural infrastructure is important for the overall physical and financial well-being of rural Americans. Please see the Resources section of this document for more information on federal resources for infrastructure improvements.

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*Investing in policies and funding that improve rural infrastructure is important for the overall physical and financial well-being of rural Americans.*



Photo: Flickr – by Gerry Dincher

## Active transportation

Active transportation infrastructure (for example, sidewalks and bike lanes) is becoming increasingly important in serving the needs of rural residents. To a greater degree than urban communities, rural American communities have an aging population. Approximately 18% of the rural population is age 65 or older, compared with 14% in urban areas.<sup>77</sup> Older adults who use mobility devices need sidewalks and curb cuts to navigate their environment safely.

Investment in active transportation infrastructure is economically beneficial in several ways. Active transportation infrastructure attracts a younger workforce of people who value the ability to bike and walk not just for commuting purposes but also for recreation.<sup>78</sup> Active transportation infrastructure also benefits households with low SES, which are disproportionately BIPOC and often lack a vehicle. Many active transportation infrastructure projects are funded by state, federal, or philanthropic grants. (See the Resources section for information on federal infrastructure funding.) However, many rural communities do not have the capacity to navigate complex federal or state grant application and monitoring processes. Federal and state governments can support expansion and promotion of the Rural Partners Network, a program that partners with rural people to help them access federal grant opportunities to create jobs and invest in infrastructure.

## Health care infrastructure

The physical and mental health of a population is a vital part of economic development. Health status affects the ability of rural people to participate in the workforce and, consequently, their spending power. Rural people are the consumers, workforce, entrepreneurs, multipliers, and talent within the rural economy. Rural people have lower life expectancies than urban residents and experience higher rates of age-adjusted incidence of chronic diseases such as heart disease, cancer, lung disease, and stroke.<sup>79</sup> Racial disparities also exist within rural communities; when compared with non-Hispanic rural white people, rural BIPOC residents were more likely to report that their health status was fair or poor, that they were classified as obese, that they were unable to see a physician in the past 12 months due to cost, and that they did not have a primary care provider.<sup>80</sup> These health disparities can be attributed to several factors, including higher incidence of poverty, lower educational attainment, and a lack of access to health care<sup>81</sup> (insurance, health infrastructure, doctors, etc.).

*Health care infrastructure* refers to the individuals, facilities, and buildings required to deliver health care.<sup>82</sup> Rural-urban and intra-rural health disparities have an infrastructure component that is related to a shortage of these facilities (e.g., doctor offices, hospitals, clinics, labs). Some of the challenges that affect the construction and maintenance of health care facilities in rural communities include the following:<sup>83</sup>

- Low patient volumes, which limit profitability
- Fixed overhead expenses
- A regulatory environment that is based on urban characteristics
- High percentages of uninsured or subsidized patients
- Disproportionately older patients
- Health care worker shortage

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*Approximately 18% of the rural population is age 65 or older, compared with 14% in urban areas.*

It is important to recognize that many of these challenges result from reliance on a for-profit model for the delivery of health care. Here are some policy solutions that might alleviate some of the challenges of providing health care infrastructure:

- **Medicaid expansion.** States that did not expand Medicaid under the Affordable Care Act experienced higher rates of hospital closures.<sup>84</sup>
- **Telemedicine.** Telemedicine allows doctors to consult with and monitor patients located in geographically isolated areas and can be invaluable to patients with mobility issues and those who are unable to afford transportation.
- **Relaxed regulations when benefits outweigh the cost.** Looser regulations that permit buildings to be repurposed as small emergency centers or outpatient care centers would allow medical facilities to be established at lower cost and increase the likelihood of profitability.

## **Broadband**

According to a 2020 report by the Federal Communications Commission, 22.3% of Americans in rural areas and 27.7% of Americans in tribal lands lack coverage from fixed terrestrial 25/3 Mbps broadband, compared with 1.5% of Americans in urban areas.<sup>85</sup>

Expanding broadband access and strength in rural communities could increase productivity, improve and expand business operations, enhance health care options, strengthen educational opportunities, and foster a competitive entrepreneurial landscape.<sup>86,87</sup> Suggested strategies that support better access to broadband for rural BIPOC communities include the following:

- Promote and support communities applying for the E-Rate program, which provides broadband to eligible schools and libraries
- Support broadband mapping
- Establish financial assistance programs to help low-income households to purchase broadband services
- Require broadband providers that receive Universal Service Funds to provide low-income households and high-cost areas (i.e., rural) consumers with an affordable option<sup>88</sup>



# Conclusion



The diversity of rural America has been underestimated for decades. As a result, the pervasive stereotype of rural locales dominated by a white farming economy has directed strategies for rural economic development, leaving many rural BIPOC communities to deal with both neglect and unintended consequences of policy and development decisions.

Increasing awareness of the diversification of rural America, shifting demographic trends, and recognition of unique assets and opportunities have broadened the scope of who, what, and where needs to be considered and centered for equitable and inclusive economic growth and development.

The economy comprises the physical environment or characteristics of a place, as well as its people, who are both its consumers and its talent. Adequate investment in both place and people is necessary to overcome both spatial and racial disparities in economic prosperity across rural America. Although sections of this report refer to BIPOC communities as a collective, policy decisions should acknowledge and recognize that each BIPOC community is unique in its needs, expectations, and cultural norms. Therefore, some of the policy recommendations in this document might need to be adjusted or tweaked to meet the unique realities of each community.

This strategy brief belongs to a [suite of products on rural policymaking to advance economic development and racial equity](#). The products include a strategy brief on addressing structural discrimination, a menu of promising rural policies, and case examples of state policies.



Photo: Flickr – by David Wilson

# Resources



Several government programs and tools have been designed to fund or assist economic development programs and projects in rural communities. Increasing awareness of the unique challenges that rural BIPOC communities face has led to many programs that have equity provisions.

The list provided in this section is not exhaustive, but it is a good starting place for finding out about the largest and best-funded programs.

**American Rescue Plan** funding guidelines were updated by the US Department of the Treasury in 2022 to allow communities to use funds to increase the supply of affordable housing through new construction and repair of existing affordable housing stock.

- **Affordable Housing How-to Guide: How to Use State and Local Fiscal Recovery Funds for Affordable Housing Production and Preservation**, from the US Department of the Treasury and the US Department of Housing and Urban Development, is a summary of updated guidance related to Coronavirus State and Local Fiscal Recovery Funds (SLFRF) recipients' ability to use funds to invest in affordable housing. This guide also provides examples of how recipients can combine and layer SLFRF with other sources of funding to maximize resources and meet housing needs.
- **Biden-Harris Administration Housing Supply Action Plan** summarizes planned policies and programs to increase the supply and quality of affordable housing.

**Aspen Institute's Federal Resources for Rural America** is a frequently updated web page with links to resources that explain federal opportunities for rural people and places.

**Infrastructure Investment and Jobs Act (also known as the Bipartisan Infrastructure Bill)** dedicated \$550 billion for roads, bridges, water infrastructure, climate resilience, broadband internet, and more. The intent is to make much-needed improvements to the country's aging infrastructure while creating union jobs, tackling climate change, and growing the economy sustainably and equitably.

- **Bipartisan Infrastructure Law Rural Playbook** is intended to help rural communities understand the available funding for infrastructure. The playbook covers where and how to apply for federal infrastructure dollars.

**Minority Business Development Agency** is a federal agency dedicated to the growth and global competitiveness of minority business enterprises. This agency provides access to capital through grants and loans; access to contracts in both the public sector and the private sector; and access to global markets.

**National Oceanic and Atmospheric Administration** holds key leadership roles in shaping international ocean, fisheries, climate, space, and weather policies. The agency works closely with other nations to advance our ability to predict and respond to changes in climate and other environmental challenges that imperil Earth's natural resources, human life and economic vitality.

- **National Centers for Environmental Information** tracks severe weather and climate events.
- **Disaster and Risk Mapping** provides interactive mapping tools to help visualize the frequency and cost of billion-dollar weather and climate events as well as local risk and vulnerability.
- **Environmental Literacy Program** offers competitive grant funding to help communities build the environmental literacy necessary for resilience to extreme weather, climate change, and other environmental hazards.

**National Telecommunications and Information Administration** develops programs and implements policies that expand broadband internet access across the United States.

- **BroadbandUSA's Interactive Federal Funding Guide** connects communities to funding opportunities that support broadband planning, digital inclusion, and deployment projects. The site allows users to filter programs by agency or department, eligible recipients, and program purpose.

**Opportunity Zones** were created in 2017 to drive private investment to distressed communities by providing investors with several tax benefits for their investment. As of 2022, 8,700 areas had been designated as an Opportunity Zone.

- **Rural Opportunity Zone Resources** provides a hyperlinked list of resources and programs that focus on economic development, workforce and education, and entrepreneurship in rural Opportunity Zones.
- **Rural Opportunity Zone and Recovery Playbook: A New Blueprint to Attract Private Investment for Community Priorities** provides local economic development leaders and community champions with best practices to fulfill the promise of Opportunity Zones for development in rural communities.

**State Small Business Credit Initiative** (SSBCI) has allocated \$10 billion to states, the District of Columbia, territories, and tribal governments to support entrepreneurship and job creation. SSBCI programs provide capital and technical assistance to entrepreneurs. The program was updated to include an equity component in which \$1.5 billion was set aside for SEDI-owned businesses.

- **US Department of the Treasury's SSBCI web page** provides an overview of program rules and materials.
- **Council of Development Finance Agencies' SSBCI resource center** hosts events; provides SSBCI news, research, and Treasury's updated program guidance and compliance standards; and includes information on each jurisdiction's SSBCI program to help communities better understand the SSBCI program and remain informed as jurisdictions implement their SSBCI strategies.

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