

# Rural Development Hubs

## Strengthening America's Rural Innovation Infrastructure

Community Strategies Group

THE ASPEN INSTITUTE

### Executive Summary

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Our nation – its media, voters, public officials, investors, neighbors and others – is full of questions about rural America. We often hear specific queries from foundation leaders, individual investors and government officials – caring people with assets: *We'd like to do more for rural America, but who can we work with? And besides that, what works?*

One answer lies in the efforts of a special breed of rural and regional intermediaries. We call them **Rural Development Hubs**. A Rural Development Hub is a place-rooted organization working hand-in-glove with people and organizations across a region to build inclusive wealth, increase local capacity and create opportunities to improve livelihoods, health and well-being. Hubs are at the heart of advancing a fresh approach to community and economic development in rural places. They think of their job as identifying and connecting existing community assets to market demand to build lasting livelihoods, always including marginalized people, places and firms in both the action and the benefits. Hubs focus on all the critical ingredients in a region's *system* that either advance or impede prosperity — the integrated range of social, economic, health and environmental conditions needed for people and places to thrive.

This Executive Summary summarizes why Rural Development Hubs are important, how they work, and what it takes to do that work. It also points to levers that can build stronger Rural Development Hubs, a more resilient rural development ecosystem, and community and economic development practices that advance equity, health and prosperity *for all*.

### A Fresh Approach to Community and Economic Development

Heavy on resource extraction and business attraction, “traditional” bricks-and-mortar approaches to rural development provide insufficient means to advance rural prosperity over the long run. It is *local people* who must make and influence strategy, decisions, action and investments to improve rural outcomes. Effective rural development builds *with* those local people. It invests in and weaves their know-how with local natural, built, social, political, cultural and financial assets to generate productive enterprise that will create and retain more wealth in their region, reinvest it to ensure enduring prosperity, and improve health and well-being for residents over generations. With people at the heart of a community's future, health and equity become central to successful development. It means that, beyond simply “growth and jobs,” the status of economic, social, environmental and health outcomes must *all* factor into measuring “development success.”

Across the nation, many rural regions, both large and small, share common geographic, economic and cultural assets, and often common identities. But the many small jurisdictions in each region often compete and have no ready channel for collaboration. Moreover, few rural town and district governments have planning departments or experts solely devoted to making the economy work. There simply is no “government of the region” that can act on the region's behalf. So the work of identifying a community's assets and determining what kinds of investments, structures and policy will contribute to building a lively, inclusive and resilient local economy often falls to organizations working outside of government, most often (but not only) in the non-profit sector. Many of these region-spanning actors are Rural Development Hubs.

### Rural Development Hubs: Not just Any – or Any One Kind of – Intermediary

Rural Development Hubs “do development differently.” They act across issue and place to identify the components in the region's “system” that perpetuate current economic, equity and health outcomes, and identify gaps that can be filled by local people, businesses, institutions and partnerships to achieve better outcomes over time. They are a critical entry point for national and regional funders and policy makers to engage with rural America.

But not every organization working in rural America has all the qualities of a Hub. And there is no “one kind” of rural intermediary that is reliably *always* a Rural Development Hub. To help drive home this point, we interviewed 43 Rural Development Hubs from across the nation that fell into this range of intermediary categories:

- Community Development Financial Institution
- Community Development Credit Union
- Community Development Corporation
- Community Action Agency
- Community Foundation
- Health Legacy Foundation
- Family Foundation
- Regional Foundation
- College and Community College
- Statewide Rural Organization
- “Unicorn” Regional Organization
- Cooperative and Social Enterprise

## What Sets Rural Development Hubs Apart?

Interviews with Hub leaders uncovered a dozen ways of working that sets Hubs apart from other organizations. Hubs:

1. **Think and work “Region.”** Whether working in one community or across state lines, Hubs do their work using a regional mindset and engaging regional action.
2. **Assemble the region for discovery and dialogue.** Rural regions are home to many organizations and political and municipal jurisdictions. Hubs assemble people across sector, class and geographic boundaries when the need arises and there is no one to do it.
3. **Are of their region, know their region, and build trust in their region.** Hubs live where they act. They “show up” in their region and offer authentic voice, building understanding and relationships critical to making good decisions and working together across difference.
4. **Take the long view.** Hubs think long-term with an unwavering, multi-generational commitment to the communities where they work. Achieving lasting outcomes crosses generations and Hubs know their work has an arc that spans decades.
5. **Bridge issues and silos.** Hubs are the antidote to “siloed” action. They link different worlds of the local, single-sector or single-issue players that are critical parts of a connected regional system.
6. **Analyze at the systems level, and intentionally address gaps in the system.** Hubs probe issues as well as the systems they sit in. They stretch and act to fill in thinking, action and resource gaps when mission, scope or funding streams limit the ability (real or perceived) of other organizations to respond to local priorities.
7. **Collaborate as an essential way of being and doing.** Hubs know they can’t do it alone. Collaboration (and partnership) is standard practice for Hubs as they work across economic sectors and urban/rural spaces.
8. **Create structures, products and tools that foster collaborative doing.** Hubs prompt, facilitate and create novel tools, products and structures that bring partners into joint action across service areas, sectors, municipal and political boundaries to provide solutions.
9. **Translate, span and integrate action between local and national actors.** Bridging between macro-scale policies and micro-level community action, Hubs transcend political boundaries, connecting local people and projects to national trends, actors and funding.
10. **Flex, innovate and become what they need to become to get the job done.** Hubs stretch their services and products beyond the norm for their organization “type.” They adapt their strategies and create new products and services to address shifts and fill gaps.
11. **Take and tolerate risk.** Taking risk is fundamental to innovation. Hubs tend to have a high tolerance for calculated risk taking, some level of comfort with failure, and a mindset geared toward invention.
12. **Hold themselves accountable to the whole community.** Hubs consider themselves primarily responsible to their community, and to fostering “community” where *everyone* can participate – in the economy, democracy and decision-making.

## Why Aren’t There Stronger – and More – Rural Development Hubs?

One might wonder, if Hubs are so important to rural community and economic development, why is their existence obscure? And why haven’t more organizations become Hubs and taken to filling the gaps that Hubs do? Hub leaders shared the following reasons why the path to becoming and being a Hub can be an uphill battle.

1. **There is no consistent business model or blueprint for Hubs. Sustaining one is hard, creative work that requires constant attention.** The challenge of establishing and maintaining a sustainable business model keeps existing Hubs scrambling and would-be Hubs from forming. Hubs pursue transformational work, but most funding that is available remains siloed and transactional. Hubs must raise, blend and braid what they need from multiple non-aligned sources.
2. **Hubs need entrepreneurial, cross-discipline, systems-savvy, innovative leaders committed to a rural region over the long term. Where’s the recruitment, training and sustaining program for this?** Given the multi-disciplinary nature of Hub work, a Hub leader needs a broad and varied knowledge base. Training for this kind of work doesn’t exist in one place; instead, leaders must piece it together with information from numerous disciplines – and cross-train their own staff as well.
3. **Rural communities and leaders that might build Hubs are isolated from “what is possible.”** Many rural organizations work in relative isolation, due to pure geographic distance and the lack of connection to strong networks of like-minded organizations – either because they don’t exist or are not easily accessible. Thus, rural organizations – staff and the board leaders critical to setting their direction and sustainability – may have few inspiring role models and scant intelligence about the art of the possible.
4. **Some rural communities resist change.** Indeed, change is hard in some rural places, which can make them tough nurturing ground for Hubs. A place may resist change because the power dynamic is threatened; because experiences from failed development efforts linger; because of negative perceptions about the motivators, actors and politics in an initiative; or because there is insufficient local will to change.

5. **Current and historic racism, discrimination, poverty and power inequity impede Hub development.** Swaths of rural America experience persistent poverty. In these and other rural places, discrimination, systemic racism and unequal opportunity persist in the economy and local institutions. This perpetuates inequities in power and in social, economic and health outcomes. Some of these regions have strong Rural Development Hubs. Others suffer from systemic disinvestment, weak infrastructure, limited financial capital, and scarcity of durable, productive connections to power, critical resources and funding streams – factors a place-rooted organization must overcome to transform into a Hub.
6. **Funding for Hub organizations, leaders and innovations is restricted and scarce.** Few sources of funding are available to support a Hub’s core operations, strategy-setting, collaboration and leadership building. Available funding is often short-

term, project- or service-restricted, with high match requirements and expectations for urban-scale outcomes. Short-term investment means starting and stopping programs – which disrupts services and leads to boom and bust cycles for the Hub’s own stability.

7. **Reduced federal funding streams have strapped local government, civic institutions and community action.** Since the 1980s, the share of federal grants to state and local governments to support education, infrastructure and governance have declined, even as federal investments in Social Security and health insurance have grown. These social investments, targeted at individuals, are vital to improving family economic security and health. However, *concurrent* investment in local organizations fundamental to the functioning of a community are essential to secure system changes, sustain improvements and reduce persistent and emerging inequity over the long run.

## 10 Routes to a Stronger Rural Development Ecosystem

Here are 10 areas for action that can help: 1) *shift mindsets*, 2) *construct or revise systems and policies* and 3) *build capacity* to advance rural community and economic development that improves equity, health and prosperity for future generations.

### Shift Mindsets

1. **Understand this Truth: Addressing equity nationally requires investments in rural America.** Twenty-one percent of the nation’s rural residents are people of color. Rural poverty rates consistently exceed urban’s – and disproportionately affect communities of color. Comparatively poor economic, health and social outcomes – and the power differential that favors urban over rural in both decision-making and investment – demands that anyone working to increase equity in America must include rural people and places.
2. **Increase America’s rural cultural competency.** Working in rural places requires a cultural competency rarely found in our urban-centric society. Misperceptions about rural people and places make productive communication and action challenging. This can change if individuals, leaders, communicators and investors work to erase stereotypes, and to intentionally seek, see and portray a truer picture of the range of people, places and economies that comprise rural America.
3. **Trust the know-what and know-how of Rural Development Hubs.** A shift to valuing local knowledge and applying a bottom-up mindset can yield results in rural. Trust is essential to this change and will take time to build. Ways to get underway: Listen and meet organizations and communities where they are. Modify “set agendas” to better align with locally identified rural priorities and needs. Find creative ways, like site visits, to build rural know-how within your organization. Another avenue for building trust and making bottom-up change: Accept the occasional glorious failure as the price of innovation.

4. **Reimagine what “impact” means in rural contexts.** Investors generally want their investments to achieve the greatest possible impact. This is often articulated as “achieving scale.” Both scale and impact are typically defined as affecting more people, businesses, and the like. This “more” is often measured as raw numbers – and rural places will always lose the large-number competition. Measuring only by raw numbers is limiting. Impact is not where you start. It’s where you finish. Measure impact as percentages, rather than raw numbers; as improving outcomes, not increasing transactions; or as reducing disparities, catalyzing policy change and achieving region-wide effort. All are better ways to gauge impact suited to rural realities.

### Construct or Revise Systems and Policies

5. **Detect and eradicate government systems and structures that disadvantage rural America.** Whether via absence or presence, what the government pays attention to – or neglects – affects rural places. Some existing policies and practices systematically place rural America at a disadvantage. For example, Community Development Block Grants provide funding via a formula to cities, while rural “non-entitlement areas” compete against one another for the small remaining balance of funds. Changing laws, regulations, eligibility criteria and formulas that perpetuate rural inequities is paramount. This has been essential to rendering legislative and regulatory changes in environmental and criminal justice policy, but it is yet to be built – and sustained – for rural policy. It demands the attention of experts with an understanding of public policy, budgets, law *and* rural places.

**6. Design policies and programs with rural implementation in mind.** Sometimes the way a program is implemented, or how a funding opportunity is structured, is way out of step with rural realities. For example, the geography allowed, the required aggregate outcomes, the size of a grant, high match requirements, the application process itself, and scoring criteria are factors that can make it hard for rural places to access resources. Align with rural realities from the start: Make rural a *forethought*, not an *afterthought*, when designing programs, application and review processes, and access to funding streams.

### Build Capacity

**7. Support analysis and action at the regional level.** Effecting positive change in rural America benefits from working across a region, but few standard systems or structures exist to do so. Regional work is poorly funded and rarely incented. To change this: Support Hubs that step in and play a regional coordinating role. Provide incentives for regional collaboration and action. Set aside a portion of resources for regional effort. Research the interdependence of urban and rural. Encourage adjacent rural areas – and rural/urban areas – to work together for efficiency and results.

**8. Boost peer-learning for Hub staff and board leaders.** Rural intermediaries seek, desire and benefit from organized, *rural-specific*, peer-learning opportunities and resources – which are extremely rare. To respond: Support cross-site peer-learning cohorts and national and regional learning laboratories that help Hubs and would-be Hubs share what’s working. Create opportunities for site visits to places of rural development excellence. Include site visits and peer learning in funding budgets as standard operating practice. Co-create next-gen rural development leadership training and mentorship programs. Sponsor

rural-specific conferences and meetings. Establish a reliable, dedicated, creative national learning network for intermediary organizations, practitioners and policymakers serving rural regions across the country.

**9. Create pipelines and marketplaces that connect investors to America’s rural development.** From impact investing to Opportunity Zones, the *will* to invest in rural places is growing. But there is less clarity about *how*. Rural Hubs and places would benefit from more capacity to help analyze and organize so they can tap these opportunities. Other options: Investors could create national regional rural-focused investment funds. Foundations at every level could set aside a portion of the portfolio for rural investment. Funders could support the creation of a marketplace, clearing houses, and technical assistance services to help Hubs identify, prep and promote rural investments.

**10. Structure investments and initiatives to strengthen and sustain system-changing organizations.** Hub leaders constantly patch their core funding together, shaving fractions from projects here and there, running annual appeals for local small gifts, building small endowments (if lucky), and the like. This is no way to run a Hub. Investors that care about rural America could help stabilize and build the capacity of Hubs to do more, do better, and sustain lasting efforts by changing some of their own practices. For example: Provide core support, endowment and flexible funding for regional efforts. Commit and invest over the longer time frames – from the five to twenty years – it takes to solidly launch and sustain community and economic development efforts so that they will succeed. Embrace innovation, but don’t penalize risk-taking innovators when things don’t work now and then. At the same time, don’t stop supporting proven practice because it isn’t the “shiny new thing.” Create more sources of federal funding for regional intermediary organizations.

### Bonus Route!

**11. Create a consensus vision and framework for rural community and economic development.** Government, philanthropic and private investors have funded a myriad of good things meant to improve the quality of life in rural America. However, cohesion and alignment are missing across the various efforts, and there are discernable gaps in the action. Shared “line of sight” and goals, clear roles, and open communication channels could drive better action. Collective knowledge is emerging about what it takes to realize vibrant communities and sustainable economies, ones in which rural people can reach their full potential and live healthy lives. At this point, there could – and should – be a North Star framework for action. Let’s build a more coherent field – based on the experience of rural practitioners, people, firms and intersecting academic disciplines – and concurrently redesign federal, state and local action to shape a framework that is truly fit for rural America.

Since 1985, the **Aspen Institute Community Strategies Group (CSG)** has helped connect, inspire and equip local leaders as they build more prosperous regions and advance those living on the economic margins. More than 75% of CSG’s work in those years has focused on and in rural America. We have worked with rural doers from nearly every state, both developing strategy on the ground and convening them to learn from each other. In turn, we have learned from the people doing the best work of building and rebuilding strong, inclusive rural communities and economies.

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