



BUILDING RURAL ECONOMIES

RCAC's Economic Development Strategy

Introduction

For the past 35 years, Rural Community Assistance Corporation (RCAC) has provided training, technical and financial resources and advocacy so rural communities can achieve their goals and visions. In a recent USDA blog, Agriculture Secretary Tom Vilsack notes that the latest Census results tell of unlimited potential and growing opportunity in modern rural America. RCAC's Building Rural Economies initiative has been created to ensure that rural communities throughout the West will be vibrant, healthy and enduring.

RCAC has a straightforward approach to build rural economies: we start with assets. Too often, community planning focuses on needs and problems. RCAC concentrates instead on local resources, markets and opportunities, then builds a network of leaders, entrepreneurs and support around these assets. We provide targeted support to community leaders and entrepreneurs to develop local business opportunities; make public policy changes; access financial resources; and use best practice and market information.

The outcomes of this strategy often include increased local entrepreneurs and jobs; catalytic projects that seed additional investments; and an improved and supportive environment for local/rural community economic development.

RCAC's Building Rural Economies initiative is based on many successful rural economic development initiatives around the country. We add our deep history, our network of relationships in the rural west, our commitment to our mission, and the resources we bring to both planning and implementation. RCAC is rooted in core values that include a passionate dedication to improving rural communities and the lives of low-income residents. We involve people from diverse backgrounds, creating a safe, comfortable and welcoming environment.

Economic Development at RCAC

RCAC works in most of the smallest and poorest rural communities in the 13 western states. Thanks to our experienced and knowledgeable staff, RCAC has developed a strong reputation for expertise in water/wastewater infrastructure and affordable housing. RCAC facilitates planning processes, helps communities access resources to move projects forward, builds stronger organizations, and develops healthy working relationships with rural community leaders. Consequently, rural leaders often ask RCAC to help them create jobs and economic opportunities in their communities.

RCAC has built its economic development strategy ad hoc during the last 15 years. It includes projects as diverse as developing a gas station in a remote area of Utah; rehabilitating a busy tribal campground after a natural disaster in California; developing Main Street-like initiatives to revitalize downtowns in Oregon and Washington; and helping a community explore strategies to develop a food hub in New Mexico.

RCAC's experience has shown that local leadership is the key to building rural economies. In 2005 RCAC developed its year-long rural leadership program. Now, after delivering the training in 20 diverse communities, we continue to train local volunteers in community development skills and build rural leader networks. Twenty five to 30 local residents—leaders, entrepreneurs and residents with potential from all parts of the community come together for four weekends over four months to learn how to work together, deal with conflict, develop and implement a plan, and gather ideas for making their community a better place to live. Group members practice their acquired skills through a class project that they conceive, such as coordinating advocacy efforts to keep a rural health clinic open after hours; finding ways to enhance street lighting and sidewalks so that kids can walk home from school safely; setting up a trash recycling program; and developing a watershed management strategy in a drought prone area. The class project is a laboratory for participants to practice the tools learned during the training, and often leads to larger outcomes as relationships grow stronger and volunteers are emboldened by their newly found skills. As one participant put it, **“the workshop provided us the tools necessary to set the vision, the skills to effectively work together and the capability to implement the establishment of our organization.”**

Access to financial resources is important. In 2010, RCAC expanded its community development outreach to include lending to small business for expansions that create jobs and improve economic conditions in rural communities. Examples include helping a harbor rebuild after a hurricane, providing construction financing for a rural hospital, and helping to expand a tamale factory. RCAC's lending team is looking at additional products that could support entrepreneurial opportunities and recently hired new staff with extensive small business lending expertise.

Planning is important. In 2013, RCAC began working with *Wealth Works* in Oregon, Utah and New Mexico to pilot a wealth-building planning process that offers a framework for leading a value-chain mapping process. During the asset mapping process with a rural Utah community, the local community economic development director revealed that the community was not eligible for certain state economic development funding. State officials were not aware of this exclusion and, once notified, began working immediately to change a regulation. As a result, economic development projects in this community are now eligible for funding. Understanding the whole system through the mapping process allowed the community to see what wasn't working well and successfully advocate for change.

Building Rural Economies Model

The Building Rural Economies model (see diagram on page 5) describes our process. At the center of our model is our partner, the local community coordinator—a resident, organization or team that brings local stakeholders together and guides the initiative. The ideal local coordinator is an advocate for the initiative, sees the big picture, is a connector and convener, thinks outside the box around challenges and opportunities, plays the role of mediator and consensus builder, and manages the details and data necessary to move the initiative forward—a tall order in most small, rural communities.

RCAC helps to find and develop this person's or group's skills, often through our Leadership Program, and supports the local coordinator through the role of community coach, bringing strategic thinking, facilitation skills, planning tools and access to resources, information and national networks. Connecting local talent to regional and national resources has had a promising effect.

RCAC has found that the most successful outcomes occur when a community is able to hire a suitably skilled paid coordinator who can work at least a quarter of the time with RCAC to get an initiative off the ground. Yet more often than not, a volunteer team comes together that has the willingness and ability to provide a convincing and significant investment of time and talent. As we look to expand our work with new communities, RCAC's next step would be to offer match funding for the community coordinator role as an incentive to a community to invest in itself.

We are most successful if we leverage RCAC's staff and board relationships and knowledge of a local community. Understanding the local environment, political landscape, leadership talent and potential allies can make a big difference in achieving a successful outcome. RCAC staff is skilled in building relationships, but it takes time to build trust and local knowledge.

Budget and Budget Assumptions

RCAC foresees great potential value for rural communities in expanding its work in economic development. We built our initiative budget based on working with community leaders for at least three years to see measurable outcomes. Our expenses to work with one community would include:

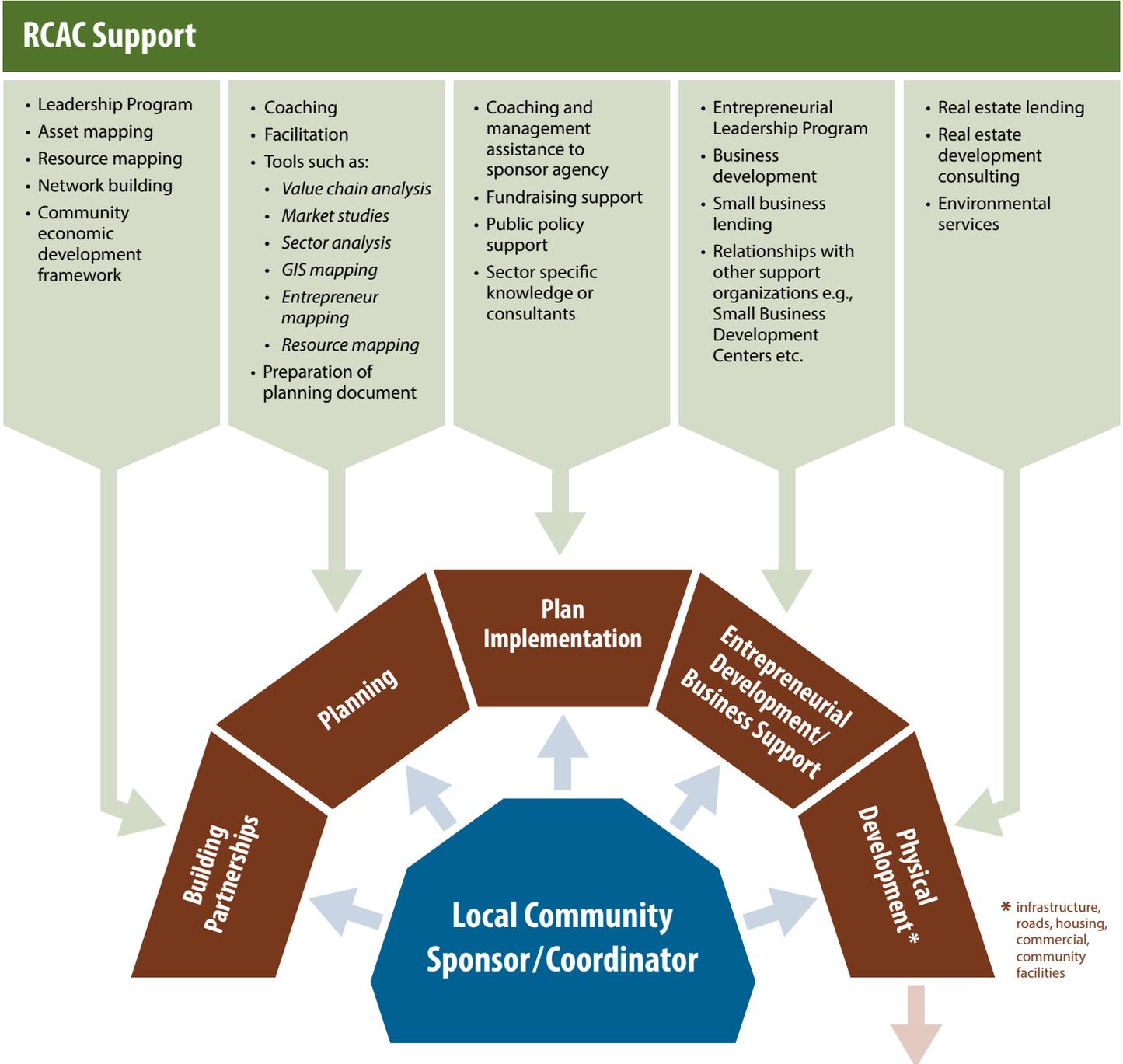
Item	Year 1	Year 2	Year 3	Total
RCAC Coaching, Consultants, and Tools	60,000	60,000	60,000	180,000
Leadership Program	50,000	50,000	50,000	50,000
Entrepreneur Support Program	50,000	35,000	15,000	50,000
Matching grants to support local community coordinator	30,000	30,000	30,000	90,000
Total per community	140,000	125,000	105,000	370,000

RCAC is also developing a micro-loan program that will exclusively support entrepreneurs and initiatives within a Building Rural Economies community. These loans will be early seed money investments and, therefore, a higher risk than our regular lending.

RCAC plans to expand its initiative over the next five years, adding as many as three new communities each year; \$5.5 million will be required to achieve this aggressive goal, and an additional \$500,000 will be needed to build a capital pool for entrepreneurial lending.

With partial funding in place, and with USDA and various generous banks' support, the RCAC Board is committed to embarking on this initiative in 2015. \$170,000 has been allocated from corporate net assets for the first year of operation. In 2015, we plan to continue work with three communities in Oregon, New Mexico and Utah; identify up to three new communities, possibly beginning with a leadership program; and build our internal resources for this initiative. We will train additional staff on the value chain planning model; modify our leadership program to include more economic development planning; increase our use of GIS for market research and mapping; and build out an entrepreneur support program based on our leadership program model and other promising models around the country. Lastly, we will bring on an additional staff person with extensive background and networks in rural economic development to lead the initiative.

RCAC anticipates that USDA, its long-term federal partner, will continue to be a strong supporter of rural economic development. As USDA funding requires a private investment match, RCAC will also seek the support of corporations and foundations that understand the importance of building rural economies.



Types of Community Sponsors

Former and current RCAC partners interested in expanding their work around an economic development initiative.

- Past and pipeline Leadership Program communities
- Water and wastewater districts that have the vision to expand their role into economic development
- Affordable housing agencies, particularly multipurpose agencies such as Council of Governments and Community Action Agencies
- Local leadership in rural communities where we have worked in the past

Potential Outcomes (TBD by community)
New Businesses and Jobs
Support for Entrepreneurship
New Catalytic Developments