NCRP

Responsive Philanthropy

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The Time Is Ripe for Philanthropy to Renew Its Commitment to Rural America

By Rachael Swierzewski

Highway 50 sign framed by verdant field-set barn, rural stop just outside of California along route of road running through center of country.

Photo by Diana Walker//Time Life Pictures/Getty Images

In a speech to the Council on Foundations in the spring of 2006, Sen. Max Baucus (D-Mont.) called on the nation's foundations to review their giving portfolios and to double their rural grantmaking within the next five years. Seldom, if ever, has a national politician posed such a challenge to the philanthropic community.

While rural issues are not first and foremost on the minds of most foundations, those on the ground know the story well: Foundation giving is largely absent in the rural scene.

The Big Sky Institute for the Advancement of Nonprofits (BSI) in Montana used 2000 Foundation Center data to measure the extent of this problem as it applies to individual states as asset holders and grant recipients. BSI found that nationwide, the 10 states that had the least assets and received some of the fewest foundation per capita dollars were primarily rural states with no major cities and coined these the "philanthropic divide states". The report revealed that while states like New York received $211.56 per capita foundation giving, states like Montana received only $12.50 per capita.[1]

The philanthropic divide runs alongside other boundaries, as well. Even in a densely populated state like California—only second to New York in terms of philanthropic wealth— rural counties have largely been underserved by philanthropy. Yet, the abundance of statewide wealth in California has long disguised the lack of philanthropic assets in and funding to its rural communities. In a recent report by the James Irvine Foundation, California's Bay Area (including San Francisco and Santa Clara counties) in 2003 received $250 per capita foundation giving, whereas the rural North Coast and North State Region received $48 per capita.[2]

So why aren't more foundations engaged in strategic grantmaking to rural places? (*continued on page 13*)

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Some suggest that skewed or outdated perceptions of rural America, coupled with low visibility in mainstream media, deter foundations from considering rural candidates. And because the majority of large foundations are located in major cities, foundation boards may not be attuned to the realities of rural life.

In an opinion poll sponsored by the Kellogg Foundation in 2001,[3] those interviewed still identified agriculture as being the cornerstone of the rural economy, and many used adjectives like "hard-working" and "self-sufficient" to describe rural people, perhaps implying that there is little need or want for philanthropic involvement in rural areas.

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The rural picture, however, is complex and changing. Despite what many still think, farming accounts for a small percentage of the rural workforce. According to the Economic Research Service (ERS), in 2005, 4.4 percent of rural jobs were in farming, fishing, and forestry; the remaining 95.6 percent of jobs were in the professional, service, sales, construction, extraction, and other blue-collar fields.[4] And although "hard-working" and "self-sufficient" may describe rural people well, economic forces such as deregulation and privatization have left many rural communities depressed.

According to ERS, 340 of the nation's 384 persistently poor counties in 2000 were nonmetro,[5] meaning that these counties have experienced poverty levels over 20 percent in the past three decennial censuses.

Poverty persists and deepens in these areas most often because rural communities are isolated from the commerce and infrastructure of urban centers, and many of the industries that were once available have faded, having been consolidated, modernized, or exported. And because the business sector is not typically drawn to fragmented populations of rural regions, rural residents often have no access to high-paying job opportunities, leaving them few alternatives to very low-paying service and sales jobs. They are also cut off from health care resources, utilities, broadband infrastructure, and traditional financial institutions that provide credit and capital. The public sector, despite some recent efforts to support rural community and economic development, has been traditionally slow in responding to rural needs despite the long history of rural poverty in many parts of this country.

Channeling Wealth to Rural Communities

In spite of decades of disinvestment, however, some private foundations, intermediaries, and rural groups through innovation and persistence have made notable strides in forming effective partnerships, proving once again that collaboration is key to community rebuilding.

Grantmakers like the W.K. Kellogg Foundation, the Ford Foundation, the Northwest Area Foundation, the Lilly Endowment, and the Mary Reynolds Babcock Foundation have demonstrated over the past few decades that private foundations can be instrumental partners in building nonprofit capacity in small, rural

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communities. They show that effective grantmaking to rural places means a willingness to both plant organizations and to grow them.

One such example is the Lilly Endowment's successful five-phase community foundation building program called "GIFT" (Giving Indiana Funds for Tomorrow). Motivated by a belief that communities need to shape their own destinies, the Lilly Endowment offered matching gifts to each participating foundation or affiliate to help build their unrestricted funds, illustrating that community foundations with regional alliances can make excellent intermediary partners for rural giving. To date, all counties in Indiana, about half of which are nonmetro, have their own community foundation or affiliate fund.

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Over a decade ago, the El Paso Community Foundation realized the need for an intermediary institution for the underserved areas of El Paso County, Texas, to build the capacity of local community development corporations. Partnering with the Ford Foundation, the community foundation established the El Paso Collaborative for Community and Economic Development, a collaboration of local foundations, private businesses, financial institutions, utility companies, governmental institutions, and nonprofits to serve the needs of low-income families along the Texas-Mexico border, many of which are rural *colonia* residents. In 2000, the collaborative was certified as a Community Development Financial Institution (CDFI) to administer a Revolving Loan Fund in the region to make direct loans to *colonia* residents for infrastructure installation, such as potable water and septic systems.

The dramatic increase in the number of CDFIs like the El Paso Collaborative within the past decade suggest that a promising partnership is emerging between the public and private sectors to meet the growing needs of rural areas. CDFIs offer distressed communities microenterprise loans, affordable housing and community facilities loans, and equity and management assistance to small businesses. Although CDFIs, which receive a large part of their funding from the United States Department of the Treasury, serve both urban and rural communities, CDFIs have played a particularly important role in rural communities that have little access to loans through traditional financial sources. And because CDFIs are encouraged to leverage funds from private sources, including local businesses, private foundations, and individ-

Even densely populated states like California see most of its philanthropic dollars concentrated in major cities such as San Francisco (above) and Los Angeles.

uals, these focused efforts can be all-inclusive community reinvestment ventures.

Unfortunately, there are relatively few foundations that have heard these success stories and responded by joining these funders to support rural causes. In 2004, the National Committee for Responsive Philanthropy (NCRP) found that only 184 of the 65,000 or so active grantmaking foundations in 2001 and 2002 made grants that the Foundation Center classified as "rural development" grants and only 306 foundations registered as grantmakers that used the term "rural" in their grant descriptions.[6]

Looking Ahead

Before we can ask funders to devote more resources in support of rural communities, we need to first convince them that there is a need. To echo the call of Senator Baucus, the philanthropic community needs to be educated on the needs of rural populations and reminded that there are rural grantmaking models that work, despite the obstacles.

In addition to educating grantmakers, more efforts are warranted to research and survey local groups and collaboratives that work within rural communities in various underserved rural regions. By listening to different perspectives, we can better understand the unmet needs of rural groups on the ground, including the lack of capacity building and technical assistance opportunities; we can better understand their knowledge of, and experience with, regional intermediary organizations and foundations; and we can better understand what specific challenges they face in creating and sustaining statewide and regional coalitions for leveraging foundation funds. Surely these shared attitudes, experiences, and recommendations must lay the foundation for any successful strategy aimed at elevating effective and worthwhile rural philanthropy.

NCRP has been pursuing an important rural development philanthropy project over the past year that aims to get more philanthropic funds into the hands of rural people and places. In addition to researching rural philanthropy issues, NCRP will be convening focus groups in rural areas in five states in February, March, and April 2007. These areas will include eastern Kentucky, southern Miami-Dade county in Florida, western Texas' border with Mexico, Montana, and northern California. NCRP will be using these focus groups to discuss various strategies that both rural nonprofits and foundations can promote to increase philanthropy in rural places.

Rachael Swierzewski is a research consultant for NCRP's rural philanthropy project.

NOTES

1. *The Philanthropic Divide*, the Big Sky Institute for the Advancement of Nonprofits, July 2001, http://www.endowmontana.org/pdffiles/PhilanthropicDivid.pdf.
2. *Foundation Giving in California: A Snapshot of Overall Giving, Asset Distribution and Regional Disparities Among Private and Community Foundations*, the James Irvine Foundation, November 2006, http://www.irvine.org/assets/pdf/pubs/philanthropy/Foundation_Giving_in_California.pdf. According to the report the North Coast and North State Region includes the counties of Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Siskiyou, and Trinity.
3. *Perceptions of Rural America*, W.K. Kellogg Foundation, http://www.wkkf.org/pubs/FoodRur/pub2973.pdf.
4. Rural Employment at a Glance, Economic Research Service, December 2006, www.ers.usda.gov/publications/eib21/eib21.pdf.
5. Rural and Nometro are used interchangeably in this article, as are urban and metro.
6. *Beyond City Limits: The Philanthropic Needs of Rural America*, the National Committee for Responsive Philanthropy, May 2004.

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