

Rural Philanthropy

Building Dialogue From Within

Rachael Swierzewski



national committee for
responsive philanthropy

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ACKNOWLEDGEMENTS

Thank you to all the rural nonprofit participants, many of whom drove long distances to attend NCRP's focus groups, and to the foundation executives and program officers interviewed for this report for their time and often candid reflections. A warm thanks to the following people for their participation in this research project: Mary M. Lassen, Kevin Kovalski, Jeff Krehely, Kristina Moore, Aaron Dorfman, Joy Rothman, Sean Bowie, Thomas Cluderay, Danielle Clore, Emily Lane, Daniella Levine, Steven Kirk, Susan Reyna, Janice Windle, Brad Robinson, Brian Magee, Mike Schechtman, Bill Pratt, Karen Kuhlman, Paul Tuss, Joy McGrath, Peter Pennekamp, Mark McCrary, and especially, Rick Cohen. A special thanks to the W.K. Kellogg Foundation for their support of this project and commitment to rural America.

– Rachael Swierzewski
August 2007

Executive Summary

Current grantmaking behavior and trends are skewed heavily toward support for urban-based or urban-focused programs. In *Rural Philanthropy: Building Dialogue from Within*, the National Committee for Responsive Philanthropy explores both real and perceived barriers between rural nonprofits and foundations in urban areas, as well as strategies for overcoming those obstacles.

NCRP's research revealed that rural nonprofit directors and seasoned rural grantmakers agree on many of the obstacles that deter foundations from engaging in more aggressive rural grantmaking. Overwhelmingly positive and negative perceptions and stereotypes of rural America may deter foundations from supporting rural causes and nonprofits. In addition, foundations agree that it is important for nonprofits to build relationships with grantmakers to secure funding, but rural nonprofits have little or no access to major foundations. Foundations also look to achieve the greatest impact by funding dense populations, which rural areas don't have.

Moreover, funders perceive a lack of organizational capacity and sophistication among rural nonprofits, which raises serious concerns regarding the level of effectiveness and sustainability of potential rural recipients. Finally, rural nonprofits that are located far from major metropolitan areas are most likely to operate without the benefit of a strong local nonprofit infrastructure.

NCRP's research identified four strategies for strengthening rural philanthropy, and assessed the effectiveness of each.

The first strategy is to use flexible multiyear core grantmaking that sufficiently allows rural nonprofits to hire and retain needed staff, and to seek appropriate technical assistance. Also, when rural organizations have foundation support for "organizational slack" and building reserves, they are more likely to survive times of crises and turbulence.

The second strategy is to use regranteeing and capacity building intermediaries, which are important delivery systems in rural areas when foundations lack the internal capacity to meet grantee funding and capacity needs.

A third strategy is the use of funding collaboratives to increase flexible grantmaking to rural areas by drawing in foundations that are not already active rural grantmakers.

Finally, research suggests that local endowment-building as a rural philanthropic strategy does not address pressing, current local needs and opportunities, and has serious limitations without the help of large foundations.

Rural Philanthropy: Building Dialogue from Within was funded by the W. K. Kellogg Foundation.

I. Introduction

In 2004, the National Committee for Responsive Philanthropy (NCRP) released a report titled *Beyond City Limits: The Philanthropic Needs of Rural America*. Research revealed that out of the roughly 65,000 grant-making foundations in 2001 and 2002, only 184 made grants that the Foundation Center categorized as “rural development” grants, and only 306 used the word “rural” at all in their grant descriptions.

The Southern Rural Development Initiative (SRDI) in 2004 found that rural America’s foundation assets represented only 3 percent of all foundation assets nationwide. SRDI’s research also found that rural America’s

philanthropic assets were largely concentrated within a relatively small fraction of nonmetro counties.¹

Research conducted by the Big Sky Institute (BSI) for the Advancement of Nonprofits in Helena, Mont., discovered a similar trend. BSI found that the ten states with the fewest foundation assets, and those that received some of the fewest per capita grantmaking dollars in 2006—the “philanthropic divide” states—were the mostly rural states of North Dakota, South Dakota, Vermont, Montana, Alaska, West Virginia, Mississippi, Maine, Wyoming and New Hampshire. In contrast, the states with the most foundation assets and those that received some of the highest per capita grantmaking dollars in 2006 were the largely urbanized states of Florida, Indiana, New Jersey, Illinois, Pennsylvania, Michigan, Texas, Washington, California, and New York. BSI found that while per capita giving averaged \$41 among the most philanthropically disadvantaged states, per capita giving averaged \$156 among the most advantaged states.²

After identifying philanthropic trends heavily skewed toward urban areas, NCRP moved beyond simply identifying a problem to uncovering and exploring both real and perceived obstacles to strengthening rural philanthropy, as well as strategies for overcoming those obstacles. *Rural Philanthropy: Building Dialogue from Within* highlights some of the shared attitudes and collective opinions of rural nonprofits that, because of isolation from major urban centers, are traditionally excluded from the philanthropic conversation. Based on in-depth focus groups and interviews with experienced nonprofit directors and seasoned rural foundation leaders, NCRP has identified several obstacles to rural grantmaking, explored various strategies for addressing them, and has put forth recommendations that can strengthen rural philanthropy in the U.S.



Photo by: Kevin Kovaleski.

II. Methodology

Between February and April of 2007, NCRP conducted structured focus groups and interviews with 80 directors of rural nonprofits in Montana (north-central, northwest and southwest, northeast and southeast Montana); eastern Kentucky; western Texas and eastern New Mexico along the U.S.-Mexico border; the delta and southern counties of Mississippi; the north state and coastal regions of California; and Florida's southern Miami-Dade county.

Focus group participants discussed the major challenges faced by rural nonprofits in attracting non-local foundation grant dollars and possible strategies for

increasing rural philanthropy. They were asked a consistent set of questions; additional questions were asked in response to specific regional issues. In rare instances when interested individuals could not participate or other coordination problems arose, one-on-one interviews were scheduled and incorporated appropriately into the findings. Focus groups are not a statistical representation, but the consistency with which major themes were raised are worth introducing, considering, and discussing in this report. Unless directed toward a specific region or place, quotations used are representative of opinions and attitudes that surfaced regularly in focus groups.

In the past, NCRP has focused on "rural development" grantmaking. However, "rural development" is a difficult category to define. Nonprofits selected for the focus groups represent a relatively broad spectrum of "development" areas and focuses, including: community and economic development, human services, housing, advocacy, communications and research, the arts, education (but not universities), health, and conservation. Any underrepresentation of these categories in comparison to others was not intentional, but rather due to the availability of nonprofit directors to participate in the discussions.

Following the focus groups, NCRP conducted in-depth, one-hour, face-to-face or phone interviews with 21 program officers or executives from foundations that have strong histories as rural grantmakers. Foundation interviewees were asked specific questions about recurrent issues and concerns raised during focus group discussions, rather than generic questions about rural grantmaking. Foundation staff quotations are not necessarily representative of shared opinions of all foundation persons interviewed, but are the opinions of the interviewees to whom the quotes are attributed.



Distance and isolation are unique challenges faced by rural nonprofits.
Photo by: Kevin Kovaleski.

III. What is *Rural*?

This report refers to those included in the focus groups as “rural nonprofits,” but not all focus group participants are based in rural areas. Many nonprofits interviewed serve rural places or regions, but are located in urban areas. For instance, an organization that directly serves, or represents the interests of, the central Appalachian region of eastern Kentucky may be based in Lexington, Kentucky, an urban center. Likewise, some nonprofits serving the rural *colonias*³ along the United States-Mexico border are located in El Paso County, Texas, a designated metropolitan county. For the purposes of this report, “rural nonprofits” are defined as

tax-exempt 501(c)(3) organizations located in or primarily serving places that are considered “rural” by the United States Census Bureau.

The fact that “rural” has no one single definition can be a persistent problem for those interested in funding or tracking funding to rural places.⁴ To complicate matters, commonly used definitions of “rural” continue to evolve as urban and suburban areas grow, further blurring the lines between “rural” and “urban.” Although there are more than 15 definitions currently used by federal programs, two common definitions are used for policy-making.

According to the U.S. Census, “rural” is defined by what is not “urban.” For the 2000 Census, urban was classified as all territories, populations, and housing units located within an urbanized area (UA) or an urban cluster (UC). UA boundaries circumscribe densely settled territories that include “core census block groups or blocks that have a population density of at least 1,000 people per square mile.” UC boundaries encompass “surrounding census blocks that have an overall density of at least 500 people per square mile.” Rural is defined as all territories, populations, and housing units located outside of UAs and UCs. Therefore, counties can include both rural and urban territories. According to 2000 Census data, approximately 59 million Americans, or 20 percent of the population, live in rural America.

The Office of Management and Budget (OMB), which provides definitions for statistical purposes, measures “rural” and “urban” on a county level instead of a sub-county level. The OMB had, until very recently, distinguished rural and urban counties as either “metro” or “nonmetro,” depending on the population and commuting characteristics of the county. However, in 2003, the OMB revised its “metro” and “nonmetro”



Photo by: Kevin Kovaleski.

designations to prevent labeling places outside of metro areas as “undifferentiated residual.” A metro county still is considered a county with 50,000 or more people and any county adjoined to a metro-central county that has at least 25 percent or more of its workforce commuting to the central county. This grouping of counties is considered a metropolitan statistical area (MSA).

Nonmetro counties, however, now are divided into two categories: micropolitan and noncore counties. A micropolitan county is a nonmetro county with an urban cluster of at least 10,000 people that also acts as a central county to a micropolitan statistical area. Any adjacent county that has 25 percent or more of its workforce commuting to the central county is considered a micro county in a micro area. Noncore counties are counties that have no urban clusters of at least 10,000 people and that do not meet the workforce commuting requirement. Combined, metropolitan and micropolitan statistical areas include about 93 percent of the country’s populations. Micro areas contain slightly less than 60 percent of the nonmetropolitan population.

Changes in rural definitions begin to address what is a very diverse countryside. “The reality, of course,” according to Karl Stauber, former president of the Northwest Area Foundation, “is that there is no one rural America; there are several.” Stauber outlines four “types” of rural America for thinking about and exploring regional competitive advantages. Places included in NCRP’s research also can be represented by Stauber’s four rural categories:

1. Rural areas with an **urban periphery** are areas within a 90-minute commuting distance of urban employment, services, and social opportunities (i.e., southern Miami-Dade County in Florida);
2. **High amenity** rural areas are places with great scenic beauty (i.e., Montana and northern California⁵);
3. **Sparsely populated** rural areas have low density populations or have been experiencing declining populations, and demand for traditional services is limited by severe isolation (i.e., Montana frontier regions and northern California); and,
4. **High poverty** rural areas are those areas that are persistently poor or experiencing rapidly declining incomes (i.e., eastern Kentucky, rural Mississippi, Native American reservations, and the Southwest border *colonias*).

Because the places selected for this research represent a wide range of what it means to be rural—from areas within metropolitan counties to those in “frontier” counties—focus group participants explained that an understanding of the variations of “rural” was important to understand how “place” affected grantmaking opportunities. A Montana participant explained, “‘Rural’ is really being watered down ...we’re talking about ‘frontier’ in many parts of this state. We have a really hard time competing with ‘rural.’” Although there is no single definition of “frontier,” it is sometimes described as any place that has fewer than six people per square mile, or as a “zip code area[s] whose calculated population centers are more than 60 minutes or 60 miles along the fastest paved road trip to a short-term non-federal general hospital of 75 beds or more, and are not part of a large rural town with a concentration of over 20,000 population.”⁶

On the other end of the spectrum, a nonprofit director in Florida City, Miami-Dade County, approximately 30 miles from Miami, explained, “I couldn’t even conceive of trying to make a case for a rural grant from a rural [grantmaking] foundation. ... I just don’t think people today see us as facing rural issues.” Miami-Dade County, Florida, is a designated metro county. Yet southern parts of the county, where the population is less dense and agriculture accounts for a significant portion of the workforce, are considered rural by the U.S. Census. In fact, according to the Rural Policy Research Institute in 2006, 51 percent of all rural residents defined by the U.S. Census live in metropolitan counties.

From the frontier counties of Montana, to rural Mississippi, to the Southwest border neighborhoods, it’s difficult to imagine that these places might have anything in common other than their generic “rural” designation. Economies and histories among rural regions differ, as do political and social norms. As different as these settings are, however, the shared obstacles among participants often were expressed as having less to do with *rural* per se, and more to do with *isolation* from the economic, political, and social importance of the American city.

IV. Obstacles to Rural Grantmaking

NCRP's research revealed that rural nonprofit directors and seasoned rural grantmakers agree on many of the obstacles that deter foundations from engaging in more aggressive rural grantmaking.

A. PERCEPTIONS OF RURAL PEOPLE AND PLACES

Behind the simpler images of rural America—the traditional family and the family farm—is a far more complex picture. Yet, many still hold onto perceptions of rural people and places that are untrue, outdated, or based on sweeping generalizations that give little credit to the diversity and histories of rural America.



Outside of Havre, Mont., old General Mills grain silos bear witness to industry that were once located in the area. Photo by: Kevin Kovaleski

Focus group participants and funders alike agree that perceptions and stereotypes of rural America most likely shape grantmaking behavior to some extent, even if unintentionally. Among the more common perceptions, rural respondents suspect that overwhelmingly positive notions of rural life such as “safe communities” and “serene landscapes” actually deter foundations from considering rural groups or places as potential candidates for funding, despite the fact that rural nonprofits address many of the same social and economic challenges found in inner cities. A rural nonprofit director said:

“There’s a Norman Rockwell picture of rural America: white picket fences, everyone goes to church, and everyone helps the person next door. A great deal of that is true, but poverty is not seen in rural areas. Behind all those things, there is a great deal of poverty ... and a lack of opportunity.”

In an opinion poll sponsored by the W.K. Kellogg Foundation called *Perceptions of Rural America*, both rural and non-rural participants largely associated positive images of community, family, and the individual with rural people and places. As fitting as some of those images may be, those images alone disguise some of the real struggles associated with rural isolation, out-migration, sluggish new or uncompetitive old economies, and unresponsive policy.

Most respondents considered rural communities safe places for families and especially children, but many rural areas have access to fewer schools, health clinics, and hospitals, and many struggle to keep open the ones they do have. In fact, more children live in poverty in rural America than in urban America. According to the Economic Research Service (ERS), 20.1 percent of all nonmetro children in 2003 were living in poverty, com-

pared to the 17.1 percent of children in metro areas. Recent studies also show that while 26 percent of all urban children rely on State Child Health Insurance Programs (SCHIP) and Medicaid, 32 percent of all rural children rely on those medical plans.⁷

Rural depopulation means that several rural communities run the risk of losing their small schools to school district consolidations, forcing many already at-risk students to travel long distances to what are often crowded primary and secondary schools. According to the Rural School and Community Trust, this “unification” or “consolidation” practice has many negative effects on rural communities, including a loss of what many refer to as “community identity,” jobs, and much-needed local revenue.

Many surveyed in *Perceptions* also described rural individuals as “hard-working,” and 70 percent of non-rural

respondents believed that the term “self-sufficient” better described rural areas and small towns than cities and suburbs. A rural nonprofit director from Montana expressed:

“I guess one of the fears I have is that there’s this pull-ourselves-up-by-the-bootstraps attitude toward rural places. ... We can do it ourselves, and that’s true—we do that. I guess my fear is that they don’t think we need the help.”

On the other hand, persistently negative attitudes associated with “rural” also can discourage funders from investing in rural communities. Group participants felt that negative images and language associated with living in the “sticks” or “boonies” is working against their efforts to attract funding, especially with funders in major urban areas.

Metropolitan areas often have been considered the country’s artistic and cultural hubs and, because *rural* often is contrasted with *urban*, rural areas are envisioned as being the less sophisticated and cultured of the two. In fact, 77 percent of *Perceptions* respondents thought that “sophistication” clearly characterized cities and suburbs better than rural areas and small towns.

One Montana focus group participant agreed that certain needs simply do not register with foundations as “important enough,” such as “the need for the arts and culture,” and that, “there are few foundations that have

a true appreciation of the breadth of need in rural communities ... needs that are very similar to the needs of urban communities.” As a director in Florida explained:

“Any kind of foundation that has an interest in the arts or social welfare can find a practitioner in any community. You don’t have to change your mission to get involved in rural America.”

Those working in traditionally poor rural regions experience even more difficulty in battling what they feel are persistently negative attitudes and even worse expectations. Focus group participants agreed that craft-

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– Rural nonprofit director in Montana

ing messages of progress and success is incredibly difficult when only the most depressed populations and the direst situations continue to frame the region:

“Especially in the Appalachian area, I think there’s such a challenge because [grantmakers] do think that it hasn’t changed ... even on the western side of Kentucky ... their perception about Appalachia has not changed in twenty, forty years, so it’s been very hard to get the message of progress out. But then there’s the message that there is so much more progress to be made. ... We really feel that this area has been largely ignored.”

A focus group participant working in rural Mississippi sensed a similar attitude toward the region:

“I think there’s this historic perception of Mississippi as backwater. I recently had a conversation with someone at [a foundation] who said to me, ‘you know, it’s always been bad in Mississippi and now it’s just worse since the storm.’ There’s this ‘giving up’ attitude when it comes to this region.”

It’s true that a disproportionate number of Kentucky and Mississippi counties (both states that partly belong to the Appalachian region) remain persistently poor, with low levels of college attainment, but success sto-

ries throughout the region that might begin to change attitudes usually receive little media attention. A program to invest in Appalachia's youth, for example, has yielded impressive results in only a few years. The Appalachian Higher Education (AHE) Network, a program of the Appalachian Regional Commission (ARC), has been working with eight centers and their participating schools across Appalachia to expand the number of individuals who continue their education directly after high school, something the region has long struggled with. According to ARC, "Participating schools in Kentucky have shown increases of 20 to 30 percentage points, with one school reporting 92 percent of all graduates continuing their education. Of the five participating high schools in Appalachian Mississippi, all are now near or above the national average, with 56 to 100 percent of graduates continuing their education."⁸

Perceptions about the diversity, or lack of diversity, of rural populations, communities and economies further distort the realities of rural America and may impact grantmaking priorities. Mainstream media has done little to challenge these perceptions and—in many cases—reinforces them. But rural policy also supports the assumption that rural America is, essentially, the same place. According to Karl Stauber, rural policy, which is "unfocused, outdated, and ineffective," is and has been "largely a 'one size fits all' approach to the significant diversity that is rural America."⁹

Still, *diverse* is probably not the first word most would use in describing rural America. Instead, rural America often is imagined as being home to a uniform population of white land laborers, a backdrop much like Grant Wood's 1930 painting *American Gothic*. A Kentucky nonprofit director noted:

"I think there are some other, deeper perception problems. One is this perception that 'rural' is all white. And more of these foundations are based in urban centers, where questions of diversity and race are paramount."

Of course, some parts of rural America are predominantly white, but Americans may not be aware of the racial and ethnic composition of its rural regions, and perhaps even fewer are aware of the rate and ways in which that composition is shifting. Immigrants are becoming an increasingly visible part of the rural social scene and workforce, while cities no longer are the lone gateways and keepers they once were.

Manufacturing, food processing, agriculture, and tourism economies are drawing immigrant populations

more broadly into rural regions. In places like North Carolina, for example, a string of rural counties has experienced a high growth of Hispanic immigrant populations with some counties' immigrant populations growing tenfold during the 1990s. Even in the rural Midwest, meat packing and other food processing plants have attracted Hispanic immigrant populations to these low-wage jobs, quadrupling some counties' immigrant populations within that same span of time.¹⁰

ERS research shows that in 2005, the nonmetro Native American population grew at twice the overall nonmetro rate since 2000. Although the population has grown substantially, however, Native American income has not. According to the 2000 Census, Native Americans remain the poorest minority group in the nation. The poverty rate among Native American people was reported at 25.9 percent, compared to the national rate of 11.3 percent. The Native American unemployment rate was reported at 46 percent in the middle of 2004.

In looking at rural economies, agriculture still is considered by many the major—if not single—rural economic engine of America, despite the fact that fewer than 5 percent of non-metro residents earn their living by farming, fishing, and forestry. Rather, the rural workforce is increasingly diversifying. According to the ERS in 2005, 26.2 percent of non-metro jobs were filled by professional and managerial workers, 23.3 percent by sales and office workers, 22.1 percent by "other" blue-collar workers, 16.8 percent by service workers, and 7.2 percent by construction and extraction workers.

Not only does farming account for a small percentage of the rural workforce, but the small family farm does not account for most of this country's food production. "People in cities really think that most of their food is coming from small family farms, and that just isn't true," explained a rural participant. While small family farms made up 90 percent of all farms in 2004, they accounted for only 25 percent of farm production. Because the distribution of commodity-related program payments is roughly proportional to the harvested acres of program commodities, medium-sales (\$100,000–249,999) and large-scale farms received 78 percent of these payments in 2004.¹¹

B. MINIMAL EXPOSURE TO THE FOUNDATION WORLD

Perceptions may keep grantmakers from building relationships with rural nonprofits, but isolation from major grantmaking centers keeps nonprofits from building relationships with grantmakers. In the world of philanthropy,

where “fundraising is about relationships more than it is about money,”¹² many agree that exposure and personal contacts are important tools for grant seekers. Rural nonprofits, however, have far fewer opportunities than their urban counterparts to initiate conversations and build relationships with major urban funders. Rural nonprofit directors agree that few foundations conduct tours of rural areas, and that rural groups seldom have the resources to travel and attend conferences, seminars, and other events typically held in urban areas where they might have opportunities to rub elbows with grantors.

“We all know it’s relationships,” noted a Montana nonprofit director. “When you get to know foundations or program officers, you get to climb that ladder of credibility in the foundation world, but we don’t have that access.” Even in a philanthropically wealthy state like California, those serving rural areas agree that there are few efforts across the state to draw rural nonprofits and urban funders to the same table and to bridge information gaps. According to a northern California nonprofit director, “We have tried approaching foundations in the past for funding special projects, and the hardest part is just getting them to come here.”

Limited access to foundations certainly is a source of frustration for *both* rural and urban nonprofits, but rural nonprofit directors and foundation leaders agree that distance and isolation make a challenging situation all the more difficult. “Grantmaking is based largely on relationships—not friendships—but relationships and familiarity,” said Jeffrey Pryor, executive director of the Anschutz Family Foundation in Denver, Colo. “There is the challenge that most foundation assets are located in suburban or urban areas, and most of the people who work for foundations are two or three generations removed from the rural experience ... so proximity is a huge driving factor on philanthropy, and for rural [situations], it’s just a matter of asking ‘how can people become more familiar with rural challenges?’”

For the past 15 years, the Anschutz Family Foundation has been partnering with the Community Resource Center (CRC) to orchestrate what is called Colorado’s *Rural Philanthropy Days* (RPD). Twice a year, foundation leaders from the Front Range of Colorado, as well as policy makers, visit the state’s rural communities to better understand the issues and challenges facing those communities and to introduce their funding programs to Colorado’s rural nonprofit leaders.

Because the primary function of the event is to introduce funders to rural nonprofits and vice versa, round table sessions are designed to give both parties a chance to introduce their work to each other. The introductions

give funders enough initial information about the organization, mission, and program focus to decide whether or not to move ahead with a proposal. “In the past decade, we’ve watched the philanthropic distribution move from 3 percent to rural locations to 15 percent,” said Pryor. “We feel that promoting ‘rural’ as an overall regional strategy has really paid off.”

Without participating in regional or statewide site visits, few alternatives exist for urban funders to learn about local players, such as community leaders and those driving the nonprofit sector. This reflection from a Rural Funders Working Group (RFWG) case study illustrates well the challenge foundations face in building local knowledge without on-the-ground exposure. According to Luther M. Ragin Jr. of New York City’s F.B. Heron Foundation during an RFWG site visit to South Carolina:

“This site visit allowed us to accomplish in two or three days what it would have taken two or three years to do in terms of identifying the organizations and players in South Carolina that are really making a difference in the lives of people in low-income, rural communities.”¹³

The success of initiatives like Rural Philanthropy Days and other funder site visits suggests that a lack of exposure and visibility for rural nonprofits has been, and continues to be, a significant hurdle for potential rural recipients. According to Lise Maisano, vice president of grants at the S.H. Cowell Foundation, which provides funds to rural northern California, “In the end, I know we’d like it to work like a system, but it really is relationships. It really is the ability of that nonprofit or that community to forge a relationship with a foundation.” But as one rural participant put it, “[Foundations] will tell you that they didn’t fund you because they don’t know you very well, but how are you supposed to get to know them?”

C. THE NUMBERS

“Foundations have looked for ways to affect changes in society at great scale and to generate substantial social returns on their investments.” They look to ‘scale up’ by pursuing places, organizations, or situations with the highest potential for impact, and often “‘scaling up’ means seeking to have more impact on more people.”¹⁴ In other words, foundations look for numbers, usually big numbers.

This isn’t anything new, as both nonprofit participants and foundation interviewees agreed that, perhaps more than anything else, it’s the sparse populations or *the numbers* that ultimately work against rural commu-

nities in attracting the attention of the nation's foundation community. "Funders have always had an attitude that they could get more of an impact where there was more of a population," says Gayle Williams, executive director of the Mary Reynolds Babcock Foundation. Foundations know that urban groups, on the other hand, can supply the figures that foundation boards ultimately want to see. According to a Northern California participant, "Foundations are looking for a big 'bank for their buck' and we just don't have the numbers."

"They couldn't comprehend who we were, what we did, until we said, 'we're the size of Massachusetts with one hospital.'"

– Montana focus group participant

A Kentucky director explained:

"From my experiences with foundations, they operate somewhat similar to businesses. They want to see quantities. They want to see large numbers. You're not going to have large numbers in rural situations."

A rural participant from Montana put it this way:

"The way most foundations want to see it is ... how many people have you served? It's always done in this for-profit mindset: how many people have you served? And that just doesn't work in the middle of Montana. In an area like this, you just can't base impact on the number of bodies that come through your center."

Given the obstacles, if rural grantmaking is to increase in places of typically smaller population bases, grantmakers are going to have to think differently about impact, rather than simply applying urban metrics to rural situations.

Percentages Matter

That's not to say that foundations should disregard numbers, but nonprofits agree that working in rural areas first requires an appreciation of the level and depth of impact that groups achieve by serving entire communities, counties, and sometimes regions. This was highlighted by a Montana participant:

"We had to put together a formal packet for the folks back in DC ... and we described our square mileage covered. It meant nothing to them. They couldn't comprehend who we were, what we did, until we said 'we're the size of Massachusetts with one hospital.'"

Because economies of scale work against sparsely populated areas, it isn't cost-effective for these communities or counties to establish many of the same or similar independent nonprofits with overlapping missions or service areas. This means that organizations servicing these areas often are serving a large percentage of the population or perhaps even the state

that relies heavily, if not entirely, on their continual services. A Kentucky director of a regional health care provider explained:

"If we leave, no one's coming down here ... there aren't going to be more health care providers. They aren't going to come into these regions and take over because it's not going to be profitable ... they're not going to take care of these patients and these patients are going to need more extensive care."

According to Andrea Dobson, chief financial and operating officer at the Winthrop Rockefeller Foundation in Arkansas:

"For us, in terms of impact, it's never been a numbers game ... we simply don't have the numbers. We focus on percentages [of people] served. We have graduating classes of less than 30 kids, so we're not frightened to fund something that isn't going to serve a huge number of people ... but if we're convinced that [the nonprofit] will have a huge impact on that community, even if it's a small community, we'll fund them."

Not only are many rural organizations serving populations that might otherwise go unserved or underserved, rural groups have an opportunity to have an impact in their communities that few urban nonprofits can. While urban nonprofits may serve more people,

organizations that serve fewer people often are able to engage more frequently and actively with members of the community, which enables organizations to develop an acute sense of both community challenges and opportunities. As one rural participant explained, “I know our population works against us. We can’t quote the numbers, but our impact can be far more personal.”

D. RURAL CAPACITY

Rural people and issues may not be first and foremost on the minds of most foundations, but when faced with decisions on whether or not to fund rural organizations, foundation program officers may pass over them in favor of urban organizations for reasons that have to do with organizational capacity. Research suggests that some foundations perceive overarching capacity problems among rural nonprofits, which raises serious concerns regarding the level of accountability, effectiveness, and sustainability of potential rural recipients. *The Power of Rural Philanthropy*, a 2005 report released by the Forum of Regional Associations of Grantmakers, suggests what may be some persistently negative attitudes on the part of most funders toward rural groups:

“Private and community foundations, most of which are based in urban areas ... doubt that rural people and organizations have the capacity to improve their communities effectively, particularly when they apply the same expectations as they might for city centers.”¹⁵

When selecting grant recipients, foundations consider strong candidates those that possess many of the following capacities: strong governance and leadership; clear mission and strategy; sophisticated administration systems (including human resources, financial management and legal matters); effective program development and implementation; fundraising and income generation; diversity; partnerships and collaboration; research; evaluation; advocacy and policy strategies; and effective marketing, positioning, and planning.¹⁶ Likewise, “capacity-building” involves activities that develop these capacities.

When evaluating rural organizations, foundations seem to find that they have less capacity than their urban counterparts. A 2004 survey commissioned by the Center for Rural Strategies and Rural Local Initiatives

Support Corporation (LISC) found that grantmakers were dissuaded from funding rural groups because they felt that rural organizations suffered from overarching capacity and leadership problems, such as: a lack of specialization among staff, nonprofit leadership structures in which only a few leaders play multiple roles, and poor administrative and financial skills and practices among staff and leaders. Additionally, several common capacity concerns surfaced regularly in NCRP’s foundation interviews, including weak governance and shortcomings in fundraising and development skills, outcome evaluations, technological expertise, advocacy and policy, and outreach.

Yet there is a clear disconnect between what foundations perceive and what rural nonprofit leaders identify as the biggest capacity building needs of rural nonprofits. Focus group participants identified the greatest capacity building need among rural nonprofits as an organizational infrastructure need: general operating

Yet there is a clear disconnect between what foundations perceive and what rural nonprofit leaders identify as the biggest capacity-building needs of rural nonprofits.

support to pay for staff. Technical assistance as a capacity-building need often was discussed in the context of supplemental support, meaning that most felt technical support and training would be most beneficial to rural groups *in addition to* long-term core support sufficient to hire and retain staff.

Although nonprofits seldom feel adequately resourced, many rural organizations working in chronically underfunded areas face serious obstacles building the financial resources to not only appropriately staff their organizations, but also to attract and retain highly qualified employees against the currents of persistent youth out-migration. Foundations accustomed to working in urban areas, where the lack of human capital seldom is an issue, often fail to recognize fully the very real staffing and leadership challenges that rural nonprofits face.

The constant expectation on the part of foundations to see certain levels of staff specialization, leadership, and signs of organizational capacity-building doesn’t take into account many of the systemic barriers that rural nonprofits face in building strong organizations, and doesn’t match up with what most grantmakers are willing to fund. The degree of sophistication that foundations consider a requisite for funding first requires financial resources and, of course, what organizations are made

of—people. An unwillingness on the part of foundations to build the infrastructures and capacities of under-resourced rural organizations only continues the cycle of persistent underfunding, rather than breaking it.

Understanding Local Challenges

Many rural organizations serve multi-county areas where human services and community development needs are mounting because of the decline of agricultural and extraction industries that dominated the latter part of the twentieth century. This decline then was followed by years of persistent divestment. These economic conditions present a web of serious challenges for securing adequate general operating support and salaries, including:

- > Local individual donor bases often are poorer and fragmented;
- > Local wealth holders possess non liquid wealth;
- > Earned income streams are much lower in sparsely populated, poorer regions;
- > Few financial crediting opportunities are available;
- > Few major corporations are drawn to, or located in, rural areas;
- > Major foundations are not located in rural areas; and
- > Tax bases are much smaller— and shrinking.

The need for resources such as staff among many rural organizations, however, is not new. Nearly eight years ago, the Neighborhood Funders Group (NFG) published an article called *Rural Community Organizing: You Must Thrive to Survive*, which researched some of the greatest needs and challenges faced by rural groups. In the article, NFG acknowledged:

“There are many reasons why maintaining staff is hard for rural groups. Fundraising is tougher for many of them, especially those in areas under-served by foundations. Groups working in low-income, sparsely populated areas, challenging local power structures, are not likely to raise enough money to support staff from within their own communities. In addition, organizations in the ‘non-boom’ communities of rural America have a hard time recruiting staff from outside the region. Rural organizations need adequate salary structures, recruiting networks.”¹⁷

Without resources to afford adequate staff, rural organizations often must share roles among just a few employees, which is why program officers may see both

a lack of specialization among staff and executive directors wearing multiple hats. Many rural nonprofit directors agreed that their roles often revolve around multiple functions, including program design and implementation, accounting and finance, administration, and grantwriting and development work. A New Mexico practitioner who works with rural *colonia* residents along the border illustrated this point well:

“I think one of the issues, though, for most of us here—all of us have thought this ... We work with shoe-string budgets and a very limited staff, and so ... I’m hands on. I might be the director, but that’s just a title. I roll up my sleeves and I’m out there running programs, working eight, nine, ten hours a day. I don’t have the time—we don’t have the time—for publications or advertisements.”

Without appropriate staff, under-resourced rural organizations often are unable to engage in the type of capacity-building that foundations say they want to see first, and may, in fact, see frequently among better-resourced nonprofits. In fact, after the Cleveland Foundation concluded its five-year BASICS program (Building the Arts’ Strength in Cleveland), which provided approximately \$11 million to build the capacities of 17 arts nonprofits, foundation staff came to a similar conclusion that “organizations operating with budgets too small to support at least three or four full-time skilled and reasonably compensated staff are not likely to be able to devote the time and attention needed for effective capacity-building.”¹⁸ According to a focus group participant, “The most innovative programs or marketing strategies in the world are not going to do anyone any good if you don’t have people to implement them.”

Another group participant explained the difficulty of staffing and capacity-building when typical grantmaking behavior continues to prefer funding for programs over funding for adequate salaries:

“Even when you can get foundations to fund you, there is an endless battle with program support, program support, program support. Who’s going to implement all these things if you don’t pay anyone to do them? And [foundations] think that \$25,000 a year is a lot of money ... no health insurance ... so many nonprofits can’t afford to provide any fringe benefits at all, and then a low salary to boot, and they wonder why you can’t retain quality people ... and then they turn around and talk about capacity. You can’t talk

about capacity and then not want to pay people or give them benefits.”

Even with the same number of staff as a comparable urban organization, rural employees spend a great deal more time traveling to sites, meetings, and other events, leaving less time for staff and directors to strategically plan, market, evaluate, research, advocate, and raise additional funds. “I have to drive 500 miles just to see most of what we’ve got going on,” noted a regional rural housing nonprofit director. Few foundations are aware of the often “hidden costs” associated with the multi-functional work typical of many rural nonprofits, as well as the distance often required to perform that scope of work. Mary Fant Donnan, program officer at the Z. Smith Reynolds Foundation, which funds organizations in rural North Carolina, agreed:

“Rural nonprofits are often under-resourced to do the work they need to do, and so there is a real need for staff. One of the hardest challenges is that these are multi-county organizations. When you want to meet with someone, you have to travel so far. So when you’re dealing with needing so much time, you need more people to do what it might take only one person to do in an urban setting. ... The formula doesn’t take into consideration the distance.”

Appealing to Outside Resources

In the absence of significant available, flexible local dollars, rural organizations often must appeal to non-local resources to cover those deficits. Grantwriting and development work to do so requires a set of skills, but also time and resources from already-strained executive directors, program staff and budgets. Therefore, rural nonprofits often are under-resourced and under-staffed to effectively seek outside resources. A northern California participant explained that rural nonprofits without grantwriters on staff were unlikely to compete successfully with their urban counterparts for foundation dollars:

“When I was working in human services in the San Francisco area, everyone had a grantwriter on staff, and most, if not all, of those nonprofits could rely on a constant annual stream of foundation dollars to support their work. ... Hardly anyone in this area has a grantwriter on staff.”

The obstacles rural nonprofits face in attracting non-local dollars without adequate staff are mirrored by

those of rural officials trying to compete for scarce public dollars:

“Compared to their colleagues in urban and suburban governments, rural public decision-makers are significantly disadvantaged. Most rural jurisdictions have relatively few or no research staff, grantwriters, technical assistance funding bases, or economic analysts. Many are led by part-time public servants, with few or no paid staff at all. On the uneven playing field, urban and suburban counterparts will almost always be victorious in competing with rural jurisdictions for scarce, competitively- awarded state block grant funds.”¹⁹

Despite these staffing needs, rural groups continue to hear that they should use volunteers better—feedback some agree is embedded in the assumption that rural people have more free time, and are used to “banding together” and “helping out their neighbors.” And although volunteers do play an important role for rural nonprofits, volunteering in rural areas has its own set of challenges. USDA studies have shown that multiple job holding rates are higher among nonmetro populations than metro populations,²⁰ arguably leaving less time for volunteering. Distance between neighbors in especially remote rural regions also can make volunteering an unreliable form of support.

Foundations located in urban areas may be infused with other assumptions as well, such as the assumption that college interns are a plentiful and inexpensive source of staff available to nonprofits, when, in fact, rural areas have far fewer colleges and universities than cities and suburbs. Nevertheless, few experienced practitioners agree that volunteers and interns are adequate substitutes for skilled and well-paid staff.

Not only is insufficient staffing an obstacle to building stronger organizations for many under-resourced nonprofits, but tapping into staff, leadership and board training requires more than just time; it also requires financial resources to pay for consultants and technical assistance providers, or even simply to travel to training seminars. According to a recent publication by Grantmakers for Effective Organizations called *Listen, Learn, Lead*, “If grantmakers are truly concerned about the capacity of nonprofits to do the work they set out to do, they ought to be providing more capacity-building and leadership support.” This was echoed by Elsa Vega-Perez of the Otto Bremer Foundation, “It’s the chicken-and-the-egg problem ... How can [rural organizations]

become stronger in their capacities without the resources to become stronger? That's a funder issue; that really is."

The Usual One Size Fits All Problem

Nonprofit sectors are diverse; organizations enter into different markets and social campaigns, rely on different sources of funding and revenue, and have different histories altogether. Although rural nonprofits may share common challenges, generalizing an entire sector of nonprofits that serves approximately 97 percent of the country's landmass is simply impossible.

Despite the stereotypes, "there are high-capacity organizations in rural areas that are making a huge impact," said Gayle Williams, executive director of the

Building Grants Program, which has awarded \$5.5 million for infrastructure planning. The Center also hosts an Agricultural Advancement Consortium that has awarded \$1.5 million to boost agricultural innovations, while the Center's leadership program has graduated more than 650 rural leaders. The Center's CDC Grants Program also has been successful, having invested \$16.8 million in several community development corporations.

Maine's CEI is a community development corporation and community development financial institution based in Wiscasset that serves primarily rural areas. Over the past three decades, CEI has financed 1,832 businesses, invested \$268.7 million in loans, leveraged \$857.8 million, and created 22,099 jobs and 1,162 affordable housing units. CEI is cited consistently as a

national model in the community development field.

Although it is important to highlight the successes of these organizations, rural philanthropy is in desperate need of more models. Mainstream

Although rural nonprofits may share common challenges, generalizing an entire sector of nonprofits that serves approximately 97 percent of the country's landmass is simply impossible.

Mary Reynolds Babcock Foundation. In citing model rural organizations, seasoned rural grantmakers, and foundation staff interviewed, often point to organizations like Kentucky's Mountain Association for Community Economic Development (MACED), North Carolina's Rural Economic Development Center (both recipients of Regional Innovative Awards in 2005), and Maine's Coastal Enterprises, Inc. (CEI). With strong leaders at the helm and proper resources, rural nonprofits like these have demonstrated remarkably high levels of both effectiveness and sustainability.

MACED, for example, a nonprofit that serves 49 counties with 1,045,357 people in Appalachian Kentucky, has lent approximately \$9.8 million in about 40 financial packages to create more than 2,700 jobs. MACED also works to share information generated from community action teams to funders and other individuals, and has created a new national learning network of communities. MACED's land and resource center works to help citizens understand local resources so that they can manage them effectively.

Since its inception, North Carolina's Rural Economic Development Center has launched several projects, including its Water and Sewer Supplemental Grants Program, which has invested nearly \$44 million in 122 rural communities, and its Water and Sewer Capacity

media and philanthropy news sources report on urban issues and success stories, so there are few opportunities for effective rural nonprofits to gain visibility. Therefore, the handful of organizations like MACED, CEI and the Rural Economic Resource Center that often are cited by foundations as model rural development organizations become the "favorite picks" of foundations funding, or looking to fund, rural areas. Without a supply of exemplary organizations and an outlet in which to effectively promote them, foundations are going to gravitate toward the same organizations time and again, or even worse, the foundation community may continue operating under the same negative assumptions about rural nonprofits simply because their peers have yet to convince them otherwise.

E. WEAK LOCAL INFRASTRUCTURES

"Isolation doesn't serve nonprofits well," wrote Thomas E. Backer of the Human Interaction Research Institute and Ira Barbell of the Annie E. Casey Foundation in discussing the importance of a local nonprofit infrastructure. Rural populations, however, are usually isolated by more than just distance. As more people migrate to cities, where seats of power rotate and dialogue is shaped, grantmaking and state and federal policies increasingly will reflect urban and suburban interests

and populations, unless rural groups can develop mechanisms by which to mobilize voices and resources. To be effective, nonprofits “need to be able to access local resources for capacity-building; and the providers of these resources need ways to reach out to nonprofits and funders, as well as to each other.”²¹ Unfortunately, many rural nonprofits, especially in remote areas, operate without sufficient local resources.

The value of a strong infrastructure is clear in the for-profit sector. Businesses thrive in environments in which they have access to strong peer networks, trade associations, legal and consultant services, universities, marketing firms, banks and financial advisors. In fact, researchers have explained that the slow growth of entrepreneurship in many rural regions is partly because “the support system for entrepreneurs is much more limited in rural areas.”²² Studies of rural entrepreneurship also have pointed out that “the most successful entrepreneurs are not the ‘lone rangers’ but are instead embedded in a supportive system that includes networking opportunities with other entrepreneurs, links to mentors and role models, access to business clusters or sectors, a supportive culture, and infrastructure elements, such as capital and quality business services.”²³

Even so, there has been little effort on the part of the nation’s philanthropic sector to address the systemic obstacles many rural nonprofits face without strong nonprofit backbones. Rural groups are not only under-resourced financially; without internal networks or support structures to provide individual capacity-building

technical assistance, many rural groups have fewer opportunities to build the levels of organizational effectiveness funders expect. “Many of the capacity issues are similar to the issues that you see in urban areas,” agrees John Kostishack, executive director of the Otto Bremer Foundation, a foundation in the Midwest. “The difference is that [rural organizations] don’t have the same access [and] resources to work on those issues.”

Given the multitude of organizations that serve the whole nonprofit sector, rural nonprofits arguably are part of what is a relatively strong national infrastructure. But without strong local infrastructures, they often do not have access to the types of conduits that might channel information into and out of the broader system. Without mechanisms in place to link rural nonprofits to outside grantmakers, policy-makers and national organizations, rural organizations are persistently kept isolated and at a disadvantage.

Naturally, gaps in infrastructure vary and do not affect all rural areas the same way. Rural groups on the outskirts of major cities benefit from that area’s infrastructure, while more remote rural locations have less or even no access to adequate support systems. “If you are rural on the fringes of a big city, a standard metropolitan area, you’re rural and there’s agricultural activity going on ... there are farm workers there and it’s a rural economy, but it’s really connected,” said one southern Miami-Dade County director. Near-urban rural groups benefit from the availability of networks, management support organizations, universities and financial institutions, creating a great deal of potential for funders and organizations to strengthen those relationships in places where infrastructure can be shared.

The problem, however, is magnified in remote rural areas where scarce state and local public dollars are appropriated for more immediate needs such as schools and hospitals, and where small local foundations aren’t able to capitalize and sustain infrastructure organizations on their own. These organizations often function in the absence of technical assistance providers, strong state associations, research and policy organizations, and nonprofit leadership programs. In some areas, there are few mechanisms in place at even the most grass-roots level to pair emerging leaders with more seasoned rural leaders, as one organizer in the rural South explained:

“[I was] fresh out of graduate school and I had done some organizing work and they basically said, ‘where are you going to start?’ So I started to look for some similar organizations that had been

THE BASIC ELEMENTS OF LOCAL NONPROFIT INFRASTRUCTURES

- > Management Support Organizations (MSOs)
- > Consultants
- > Funders (financial supports of capacity- building)
- > Information Centers
- > Nonprofit Infrastructure Organizations (such as state and regional nonprofit associations and grantmaker associations)
- > Nonprofit Management Higher Education Programs
- > Technology Resources (organizations or consultants focused specifically on the technology needs of nonprofits)
- > Financial Capacity Building Organizations (such as loan funds)
- > Field-specific intermediaries (such as community development corporations [CDCs])

doing this kind of work for years. ... I had to go through reinventing so many wheels. ... I just didn't have the means to have those sorts of conversations."

Bart Landess, senior vice president of development and planned giving for the Foundation for the Carolinas, agreed that in many remote areas, the problem for rural organizations is one of access to resources:

"I don't think that small nonprofits are all that different, whether they're urban or rural, but what probably distinguishes the rural ones is that they don't really have anyone to talk to ... they really are literally isolated. ... A small urban nonprofit can find resources fairly quickly and easily."

Rural organizations in remote areas may have needed local support systems for a long time, but the increasing emphasis on accountability and effectiveness has placed an even heavier burden on nearly all organizations to be able to show annual audits, demonstrate strategic planning, present sophisticated marketing and policy campaigns, engage in collaborations, have strong boards, and so forth. However, without local support systems, such as peer networks, technical assistance providers, sector research organizations, consultants, and legal experts, rural organizations often do not have access to the resources necessary to support those efforts. In other words, funder expectations are quickly outpacing the rate at which often insufficient and under-resourced rural infrastructure systems can respond to them.

Although an in-depth discussion of rural nonprofit infrastructure is beyond the scope of this report, there are some infrastructure components that deserve to be highlighted:

> *Regranting and Capacity Building Intermediaries.* An infrastructure with well-established economic development intermediaries, for example, can play an important role in channeling public and private dollars, as well as providing technical assistance, into the hands of local and regional rural organizations. In *Beyond City Limits*, NCRP found that the rural states receiving the largest slices of rural development foundation grantmaking in 2001 and 2002 were states with well-established intermediary organizations. Among the top twenty state recipients of rural development grants were Virginia, where the First Nations Development Institute is located; Texas,

where the Rural Development and Finance Corporation is located; and Mississippi, home to the Enterprise Corporation of the Delta and Southern Financial Partners. In fact, some 12 out of the 20 top rural development grant recipients in 2001 and 2002 were intermediaries.²⁴

> *Community Development Corporations (CDCs).* CDCs also showed up as frequent recipients of foundation rural development grant dollars in NCRP's *Beyond City Limits* research. CDCs are unique in that they "command substantial amounts of physical and financial assets, which confers power of a kind that social services organizations typically lack,"²⁵ making them attractive grantees to major nonlocal foundations, corporations and agencies looking to fund a given area or region. Regions with a strong CDC industry are arguably much more likely to be recipients of substantial outside rural development dollars than regions that do not.

> *Community Foundations.* Community foundations in rural areas play multiple and often overlapping roles. They can strengthen rural philanthropic infrastructure by capturing local liquid and nonliquid wealth, but also can play important roles by passing through larger regional or national dollars to local recipients. Although there are comparably few larger community foundations in rural areas, some community foundations, such as the Humboldt Area Foundation (HAF) in Bayside, Calif., have taken on serious roles as capacity-building organizations in addition to being (re)granters. With support from the David and Lucille Packard Foundation and the William T. Rooney Fund, HAF in 1994 opened the Rooney Resource Center, which provides workshops and resources for strengthening rural nonprofits.

> *Nonprofit State and Trade Associations.* Strong state associations can play important roles in rural states or regions by helping their members manage and lead more effectively, collaborate, exchange solutions, save money through group buying opportunities, and engage in critical policy issues affecting the sector. When effective, state nonprofit associations create cohesion among a varied and dispersed sector and by advocating on its behalf.

However, several states with broad rural areas still do not have state associations, and others have associations that lack the resources to adapt to growing expectations from a growing local sector. The issue,

according to some focus group participants, is not one of simply having a state association, but of having a strong state association well-positioned to link outside resources with inside nonprofits. “A nonprofit association such as ours does have a lot of potential,” said one rural practitioner. “With more staff they could do more for us, maybe by linking us to some of those [out-of-state] funds.” Another rural practitioner suggested:

“I would love to see our state nonprofit association play a more external role. ... I’d like to see them staff perhaps two people or so to do some [foundation] research and contact those major funders outside of [our state], and say, ‘look, here’s a list of nonprofits in the area doing good work and that need funding.’”

- > *Rural Policy Research and Advocacy Organizations.* Rural places often are at a disadvantage because there are few economic research, policy and advocacy organizations that support the sector in better positioning itself in the public arena. Because information infrastructure usually is very thin in rural regions, and national policy and research organizations have not yet designed rural research arms, rural groups continue to function with less than adequate knowledge about competitive economic opportunities in their regions, timely rural policy discussions that may impact their regions that they might mobilize around, and other theoretical tools that might be integrated into community and economic development work. Quality research and analysis must get into the hands of rural nonprofits, as well as policy-makers, because when “lacking this quality analysis, public decisions often will remain incremental and less than optimal.”²⁶

- > *Degree-Granting Institutions and Leadership Programs.* According to the Economic Research Service, more than 900 out of 2,052 nonmetropolitan counties lost population between 2003 and 2004. Among the Great Plains, Corn Belt, Mississippi Delta and Appalachian regions, where most persistent population-loss counties are located, young people accounted for much of this out-migration. Given this trend, it’s not surprising that nonprofit leadership and succession gaps are among the larger sustainability concerns of both rural nonprofits and funders.

With such a great demand for highly-qualified young nonprofit leaders, however, there are few rural

institutions that actually supply them. Of the 75 individual nonprofit management education programs accredited by the National Association of Schools of Public Affairs and Administration (NASPAA), only two—one in Maine and the other in West Virginia—are housed in universities located in the mostly rural “philanthropic divide” states. According to Charles Fluharty, founding director of the Rural Policy Research Institute, “A significant intergenerational leadership transfer will happen over the next decade. This provides a phenomenal opportunity for an institutional renaissance ... our nation’s university systems, Extension Services, public policy institutions, and schools of public policy and management are all well-positioned to address this rural differential challenge.”²⁷

Local nonprofit infrastructures are important not only for linking rural nonprofits to each other, but also for linking rural nonprofits to outside peers, financial resources and knowledge. Because rural nonprofits have little or no access to support systems to enhance organizational capacities, foundations may continue passing over rural organizations in favor of urban organizations that enjoy relatively easy access to those capacity-building networks. Despite these barriers, however, few funders have taken on serious infrastructure-building roles.

V. Strategies for Strengthening Rural Philanthropy

NCRP's research identified four strategies for strengthening rural philanthropy and assessed the effectiveness of those strategies.

A. BUILDING STRONG RURAL NONPROFITS THROUGH FLEXIBLE GRANTMAKING

Foundations and nonprofits often have disagreed about the most appropriate grantmaking for the sector. Nonprofits have long criticized foundations for expecting capacity, effectiveness and sustainability when their own grantmaking strategies seldom support meeting those demands. The disconnect between urban foundations and rural nonprofits seems to signal a similar mismatch: foundations want to see high-capacity rural organizations, but aren't in the business of building them.



A native Maori preparing to exchange boats with a local Native American tribe indigenous to California during a festival celebrated in the rural areas around San Francisco, Calif. Photo by: Kevin Kovaleski.

Although it's impossible to say precisely what all rural nonprofits need, the near unanimous call for multiyear general operating support and staff is a strong indication of the shared needs of rural organizations. There is a solid case to be made for *multi-year core operating support*, so that organizations can staff up and plan ahead, as well as for *technical assistance* funding for grant recipients so that rural groups can enhance their staff and boards. Because foundations are based largely in urban areas and may be unknowledgeable about certain local dynamics, it is important that rural nonprofits select their own technical assistance providers that have both a field-wide expertise and a cultural competency relative to their mission.

There have been some well-laid plans to plant and grow philanthropic institutions in rural areas to fund local needs and opportunities, but most of these endowed funds and community foundations still are in their infancy and their grants are not sufficient to meet the current overhead needs of local nonprofits. Fundraising for overhead is incredibly time-consuming and challenging in rural areas, where there are fewer—and often lower-income—local donors, fewer major businesses, and where even relatively well-endowed community foundations are unable to fund adequate core support within their rural service areas. Also, unlike recipients of major program grants that often build overhead into their projects, rural nonprofits seldom are recipients of major program grants.

Multiyear, flexible support in tandem with *appropriate* technical assistance would address many of the capacity issues that grantmakers cite as deterrents of foundation funding. This approach allows directors to do any or all of the following things:

1. Build a staff commensurate with the time necessary to engage in effective capacity-building, and also allow nonprofits to invest in local leadership;
2. Enhance the capacities of existent and new staff to fundraise more effectively for new and larger sources of philanthropic and public support;
3. Plan for the future, rather than planning on a year-to-year schedule;
4. Test new programs and collaborate; and,
5. Build a safety net in case of organizational crises or turbulence.

Although most rural nonprofits agreed that capacity-building technical assistance funding would be valuable support, they also pointed out that technical assistance alone would not address the debilitating effects of a lack of core support and administrative help. Because of the distance associated with most kinds of rural work, thinly-stretched staff must spend a large percentage of their time administering programs. “It’s not unrealistic to drive a hundred miles just for a short meeting some place,” explained a Montana director.

Expecting strained staff and directors to do more with less is, in many cases, expecting the impossible of employees who have too little time to dedicate to developing, enhancing and implementing a breadth of new activities or skills. One need only look at foundations themselves to see how levels of capacity often are relative to staff size. A recent report jointly released by the Aspen Institute and the Urban Institute, which examined variations among community foundations, showed that:

“Staff size is a key variable associated with differences in attitudes and practices among community foundations. Community foundations use additional staff to do more things. Staff size was positively associated with engaging in more communications activities, more collaborative activities ... larger staff size was associated with believing it is very important to engage in activities beyond grantmaking to increase impact ... and to influence public policy. Foundations with more staff were also more likely to characterize strengthening social change and/or strategies for change as

one of their grantmaking goals. Community foundations with more staff raised more money.”²⁸

What is equally important to rural nonprofits is that they receive not only flexible core support for staff and other operations, but *long-term* core support. Nonprofits too often are forced to plan year-to-year, causing them to be apprehensive about planning ahead or hiring staff they might not be able to afford the following year. Because staff, specifically development personnel, is a critical need for many rural nonprofits, foundations need to make multi-year commitments so that directors have adequate time to invest in new staff *and* build relationships with new potential donors. When foundations are willing to infuse technical assistance funding with larger general operating grant packages, nonprofits are enabled to

What is equally important to rural nonprofits is that they receive not only flexible core support for staff and other operations, but *long-term* core support.

develop their internal expertise to fundraise more effectively. Individual capacity-building is especially important for organizations in rural areas where local resources are scarce and nonlocal resources often are out of reach. According to James Denova, senior program officer at the Claude Worthington Benedum Foundation:

“It makes sense to pay for the level of staff and training necessary for these communities to go after money that isn’t there anymore—people who grew up there and made money elsewhere but have strong ties to their hometowns and states. But that’s a level of expertise you’re not going to just find. There was a lot of money made in the old extraction regions like Appalachia ... it’s that expatriate wealth. It’s about having the right expertise to find that and bring it back.”

Noah Atencio, director of grants at the Daniels Fund in Colorado, agreed:

“There’s a greater role that funders can play in terms of sustainability. It’s a matter of piecing together resources and developing broad bases of

local people [and] state funders. Funders need to recognize how to help with more than just financial support.”

More than expecting sophisticated fundraising systems, foundations also look to fund organizations engaged in *innovative* programs and partnerships. Expectations to see constant signs of innovation, however, rarely match up with what traditional grantmaking behavior allows many nonprofits to do. Flexible grantmaking would allow directors and staff to experiment with new programs, strategies or ideas—something many now do not have the resources to do. What is referred to as “organizational slack” allows directors to assess, reassess or revisualize their organization and programs from time to time. As one rural director explained, “I was told by a funder in New York City that was funding me only part-time, ‘you need time to think, to reflect.’ And I thought to myself, ‘where am I going to find money for that?’”

Foundations also want to see collaborations among rural nonprofits similar to the kind of collaborations they’re used to seeing among urban nonprofits, but collaborating and coordinating among often widely dispersed nonprofits, community leaders and policy makers require both flexible time and dollars. A Mississippi director noted, “We would love to coordinate more, but that goes back to the administrative support issue. Coordination takes time and money.” This concern was echoed by a Montana participant who said, “Foundations are always talking about collaboration, but collaboration takes time, money, and trust.” Flexible general operating support allows rural organizations the opportunity to engage in the kind of collaborations that grantmakers want to see and support.

Foundations especially seek out candidates that show indicators of sustainability, organizations that can weather the storm if need be. Foundations agree that rural organizations are more at-risk than their urban counterparts because of the dearth of funding resources in rural areas. Foundations can do a great deal more to build sustainable rural organizations by providing core support, salaries and technical assistance, as well as helping organizations build adequate, flexible reserves. Rural nonprofits that are struggling to pay for day-to-day operations are unlikely to find themselves in situations where they have a surplus of resources to capitalize a sufficient reserves fund.

Financial reserves provide an organization with a financial cushion when expenses are due before

income is available, and allow nonprofits to expand credit opportunities, if need be. Reserves allow organizations to cope with unforeseeable crises, such as natural disasters or funding that has been drastically and suddenly cut. Reserves also allow organizations to test pilot programs or pursue unexpected opportunities that would help them more effectively achieve their mission.

Most nonprofits, and especially rural nonprofits that serve chronically underfunded areas, can be vulnerable to unexpected crises because of the inflexibility and unpredictability of revenue typical of nonprofit funding. Even relatively healthy-looking budgets can disguise the vulnerability of a nonprofit if most of the organization’s revenue is in restricted grants—as opposed to flexible general operating grants—or locked up in an endowment, if the organization has one. Investing in organizations over and beyond core support needed for salaries and general operations drastically increases the odds that an organization will sustain itself through challenging times, and when its community may need it the most. In a recent article about the importance of nonprofit reserves, Allen Procter, former CFO of Harvard University, wrote, “Being reliable and stable is perhaps more important to fulfilling a nonprofit organization’s mission than growing and adding programs.”²⁹

Simply put, if foundations are committed both to supporting disadvantaged populations and effective and sustainable organizations, they have to be willing to make the kinds of grants that support effectiveness and sustainability. Funds for staff and reserves, as well as an openness to discussing technical assistance with promising groups, means that rural organizations serving often disadvantaged populations—those populations that philanthropy is tax-exempted to serve—will be better equipped to drive progress in their communities.

According to Millie Buchanan, program officer at the Jessie Smith Noyes Foundation, “The foundation world should preach the general support gospel. It’s not about giving up power; it’s about expanding the power of your dollars.” When foundations give unrestricted funds, they do more than support effectiveness and sustainability; they support organizational autonomy, the ability of an organization to respond and adapt to both its own needs and the needs of its community. Seasoned rural grantmakers, as well as rural nonprofit advocates, can do a great deal more to promote the operating and capacity-building needs of rural nonprofits.

B. INTERMEDIARIES

Although intermediaries can act in a variety of capacities, an intermediary can best be defined as a player that:

- > Funds a grantee or grantees directly; or
- > Performs a function so important to the funder that, absent an intermediary, the funder would have to perform itself; or
- > Relates to a grantee, grantees, or a field of interest in any other way that makes it a potentially significant adviser as to further grantmaking.³⁰

Rural nonprofit directors typically identified intermediary organizations as pass-through regrantees, capacity-building organizations, or a combination of the two. Intermediary organizations can play other, more passive roles as well. For example, they can channel research or knowledge between decision-makers and practitioners. As important as those intermediaries are, this section focuses on intermediaries that receive financial assistance from grantmakers to aid rural organizations, rather than funding rural grantees directly.

Although some have pointed out that intermediaries serving rural areas “have moved well beyond the traditional role of ‘go-between’ or pass-through by establishing productive, long-term working relationships with their local partners or affiliates,”³¹ employing intermediaries in rural situations is not a simple solution for bridging philanthropic gaps between urban and rural places. Intermediaries can play an important role in channeling both capital and expertise into rural areas, but they also can sharpen divisions that already exist between urban foundations and rural nonprofits.

Nonprofit directors expressed mixed attitudes toward working through and with intermediaries. Although many explained the importance of technical assistance and leadership training, especially for nascent groups, others considered intermediaries “gatekeepers” or “another layer of bureaucracy.”

Regranting can be a cost- and time-effective way to fund rural areas, especially when foundations have neither the staff nor the expertise to engage in strategic rural grantmaking and decide against building the internal capacity to do so. Because large regional and national foundations often are thinly staffed themselves, they typically distribute relatively few large grants instead of numerous small grants to avoid the added administrative burden on what may be only a few employees. A pass-through grantmaker, like a community foundation, for example, might accept a substantial

grant to identify and assess potential local recipients, and then make grants with redistributed national foundation grant dollars.

Foundations also employ intermediaries to build rural nonprofits’ capacities by offering technical assistance. These capacity-builders also can be and often are regrantees that provide general operating support jointly with field-specific coaching or training. Technical assistance often is an important tool for rural nonprofits, and especially emerging groups, that have little money and access to hire consulting services and other technical assistance providers. An intermediary such as Rural Local Initiatives Support Corporation (LISC), for example, applies its expertise to the field of rural community and economic development, bringing to rural community development corporations financing and specialized training, which few funders and technical assistance organizations are able to provide.

The Housing Assistance Council (HAC) is another example of an intermediary that works in various regions to build the capacities of nonprofits providing affordable housing to rural areas of high need. HAC concentrates its efforts in the Mid-South Delta region, Southwest border *colonias*, high-density farmworker areas and Appalachia, by providing loans, pass-through grants, technical assistance, training, research and information, and resources for individuals and nonprofits in this field. According to a southern Florida nonprofit housing director, “In the end, though, it’s not just the money; it’s the expertise. If intermediaries have the expertise, there has to be a way to garner that expertise on the local level.”

Because technical assistance and capacity-building is not a standard fit for all nonprofits, intermediaries should have not only a specialized knowledge of the field in which they’re working, but also a cultural aptitude appropriate to the partnership. The First Nations Development Institute (FNDI) is an example of an intermediary that serves Native American communities and their economic, social and cultural interests. FNDI provides grants, technical assistance, and research to organizations and leaders of Native American communities, as well as promoting indigenous knowledge for helping Native American populations build sustainable economies and gain control of their assets.

Although intermediaries can be important delivery systems for urban grantmakers unable to fund rural nonprofits directly, rural nonprofit directors expressed the following concerns with regard to employing intermediary organizations:

- > Foundations may sidestep the depth of commitment or fieldwork they might otherwise feel inclined to engage in;
- > Grantees sometimes must be accountable to both the foundation and the intermediary, creating more room for confusion, more reporting requirements, and more bureaucracy;
- > If not properly selected, intermediaries may not be knowledgeable, responsive, or sensitive to local needs and opportunities;
- > Intermediaries may put their own interests first, compromising their services to the grantee; and,
- > Intermediaries can act as competitors for scarce foundation dollars.

Whether rural or urban, these concerns can surface in nearly any relationship with an intermediary organization, especially the concern over whether an interme-

dial and professional; exposure is important. Third, there is always a chance that an intermediary will change its focus or even close its doors. In this case, rural recipients, albeit doing successful work, may have a difficult time securing the interest or trust of a funder after the fact.

Funders also benefit from establishing strong, direct relationships with rural grantees. Program officers and executives are more likely to develop a working knowledge of their own surroundings, rather than distant environments. An intermediary can be a cost-effective and efficient mechanism for building knowledge of a rural place or population.

When funders fail to work closely with intermediaries and grantees, funders also risk losing valuable knowledge if or when an intermediary no longer is employed in a rural grantee situation. If funders are not actively involved, the experience and lessons learned

about rural grantees remain with the intermediary, rather than being retained within the foundation. Therefore, at the end of the relationship, the foundation may have learned more about working with

The philanthropic community is interconnected and grounded in relationships that can be both personal and professional; exposure is important.

diary will prevent or sever a nonprofit-foundation relationship. The difference, however, is that when intermediaries are placed between foundations and rural recipients, rural nonprofits miss the opportunity to build the kind of working relationships with foundations that urban groups often do. Unlike most urban nonprofits, rural groups have less access to local foundations and very little access to major national and regional ones, and so relationship-building between grantee and granter is a valuable and often understated resource for rural organizations. “Intermediaries can be a good thing, but it would have to go beyond that. ... Groups need a way to build relationships with foundations,” said a rural Mississippi director.

Relationship-building is important to rural nonprofits for several major reasons. First, without a resume of foundation supporters, a new relationship with a major foundation can be important for building credibility that may be leveraged later in securing other foundation funds. Second, a relationship with a funder allows nonprofits to essentially “break into the foundation world.” The philanthropic community is interconnected and grounded in relationships that can be both per-

sonal and professional; exposure is important. Third, there is always a chance that an intermediary will change its focus or even close its doors. In this case, rural recipients, albeit doing successful work, may have a difficult time securing the interest or trust of a funder after the fact.

Although funders and nonprofits alike understand that third-party relationships can be difficult to coordinate and can make communication between recipient and foundation challenging, intermediaries nevertheless can be—and are—important delivery systems between urban foundations and rural nonprofits. The real challenge for foundations is deciding when to use them, what to use them for, and how to build long-term, one-on-one relationships with rural grantees.

Based on Peter Szanton’s analysis in *Toward the Most Effective Use of Intermediaries*, foundations should consider employing an intermediary if the foundation does not have the skills or abilities to fund the organization(s) directly, is not able to acquire the skills or abilities necessary, or is able to build the skills and abilities necessary by first watching and working through an experienced intermediary. On the other hand, foundations should not consider using an intermediary if the foundation does have the skills necessary or the foundation could acquire the internal skills necessary to meet both the objective of the foundation and the grantee.

When foundations *do* decide to work through or with an intermediary organization, funders should practice good decision-making, which most foundation interviewees agreed means: 1) choosing a trustworthy intermediary; 2) choosing an intermediary that has both a local and cultural knowledge of the place, or better yet, is located in and has a stake in that place; 3) choosing an intermediary that can build the kind of capacities an organization needs; and, 4) communicating clearly with the intermediary and grantee about its own role and the role of the intermediary, as well as expected outcomes, reporting, communicating, and other coordination issues.

Beyond these “good practices,” if foundations decide to work through intermediary organizations, foundation program officers need to find ways to establish and maintain contact with rural grant recipients. Routine phone calls between program officers and nonprofit directors, meetings, and site visits are a few of the opportunities for rural directors and staff to build one-on-one relationships with funders. In discussing the importance of direct relationships, Millie Buchanan of the Jessie Smith Noyes Foundation said, “There’s no substitute for getting out in the field.”

Because research shows that intermediaries can be an important and effective delivery system for both urban foundations and rural nonprofits, seasoned rural grantmakers and intermediary organizations—whether national, regional or local—must jointly develop strategies to effectively expose and promote intermediaries to foundations that are not able to give to rural areas without them. Foundations without the internal capacity to fund rural organizations directly or to build the capacities of rural organizations could be better-educated about the expanding roles of rural intermediaries in getting both dollars and expertise into the hands of rural nonprofits.

C. FUNDERS’ COLLABORATIVES

During 2001 and 2002, only 184 of the 65,000 or so foundations gave grants categorized as rural development grants. Among those funders, two foundations accounted for nearly half of the total grantmaking: the W.K. Kellogg Foundation in Battle Creek, Michigan, and the Ford Foundation in New York City.³² These numbers

clearly indicate that there is untapped philanthropic wealth for rural areas. Funder collaboratives, whether national or regional in scope, can play an important part in drawing more foundations into the rural grant-making scene.

Although collaboratives have become more popular in recent decades, their missions, interests, sizes and geographic focuses vary greatly. Some collaboratives have two or three members, while others, like the Hispanics in Philanthropy’s Funders’ Collaborative, a funders’ collaborative that gives to Latino-led nonprofits, has 159 members. Some collaboratives like the National Community Development Initiative (now named Living Cities) pool resources for assisting community and economic development, while others pool resources for an array of issues in a broad geographic area. Some collaboratives like the National Rural Funders Collaborative have a third-party organization that manages the collaborative, while others function

So, while rural funding collaboratives can be valuable mechanisms for exchanging rural strategies among already committed funders, their core strategy should be mobilizing foundations that are still planted on the outskirts of rural grantmaking.

without one. Whatever the size, structure, interest or scope of the collaborative, it exists because its members are looking to achieve a breadth or depth of impact they could not achieve otherwise on their own.

Peter Szanton points out, “The most obvious value of collaboratives, and the predominant reason for forming them, is that they pool funds from many sources and so can take on larger problems, or deal more decisively with smaller ones.”³³ Rural respondents and some foundation interviewees suggest that the real rural philanthropic challenge is not coordinating seasoned rural grantmakers more effectively, but increasing the aggregate amount of philanthropic dollars going to rural areas. So, while rural funding collaboratives can be valuable mechanisms for exchanging rural strategies among already committed funders, their core strategy should be mobilizing foundations that are still planted on the outskirts of rural grantmaking.

The National Rural Funders’ Collaborative, for example, comprises almost entirely those that already are top individual rural grantmakers, including the W.K. Kellogg Foundation, the Ford Foundation and the Mary Reynolds Babcock Foundation. Yet, unless these foundations are

pooling together significant amounts of money that aren't already earmarked for rural grantmaking and leveraging that commitment with new dollars from foundations that weren't previously in the game, a collaborative of already big rural spenders functions more as a system to coordinate *existent* rural philanthropy than a system to generate *new* rural philanthropy. While this kind of strategic collaborative certainly has its benefits, it does not address the structural barriers that exist between most rural nonprofits and most urban funders—barriers that prevent rural areas from receiving a fair share of this nation's philanthropy.

Benefits to Joining a Rural Collaborative

A collaborative can increase new and more money for rural America if the collaborative can make a strong case for others to join. The most obvious benefit for joining a collaborative is the opportunity to contribute to a pool of a significant amount of money that can, ideally, be used in flexible ways. Larger pools of private dollars also can be more effective for leveraging dollars across sectors, allowing members to maximize their dollar impact beyond what the collaborative itself can match.

New members also are drawn to collaboratives because of the protection of shared risk among its members. Foundations with cautious boards—especially smaller foundations—are likely to find that the collaborative's higher-profile members offer an added funding cushion when granting an otherwise unexplored area, population, or field.³⁴ Foundations that have little or no experience in rural grantmaking are more likely to add their support if they know there is a shared responsibility for outcomes among all members.

Unlike traditional individual grantmaking that is largely program-oriented, collaboratives are more likely to engage in more flexible and responsive grantmaking. Collaboratives can pool funds together to make capacity-building, general operating, or other unconventional grants that foundations know have value, but are less comfortable making on their own. For years, funding collaboratives in the community and economic development field, such as Boston's Neighborhood Development Support Collaborative (NDSC), the Portland Neighborhood Development Support Collaborative (PNDSC), and New York City's Neighborhood 2000 Fund, have been supporting community development corporations with general operating support that nonprofits have often struggled to secure from other funding sources. If a collaborative is especially attuned to the needs of its field-sharing nonprofits, it can be effective not only in pooling together more money for them, but also

pooling together more responsive money.

Perhaps one of the greatest advantages to joining a team of funders is that members benefit from the collaborative's administration and expertise that manages and informs combined grantmaking. When collaborative intermediaries are employed, the member foundations benefit from ready-made administration. A collaborative intermediary organization can develop and utilize performance measures, assess the capacities of the participating funds, require and evaluate the funds' strategies, determine the appropriate kinds of funding interventions needed, determine and supply needed technical and strategic planning assistance, identifies policy and "systems" changes needed to make the fund work, educate the funders about the issues being addressed, educate the public about the fund and its challenges, and analyze and explain instances of failure.

Recent estimates showed that of the 65,000 or so grantmaking foundations in the U.S., only 3,200 had paid staff and, not incidentally, 70 percent of all foundations focused their grantmaking in their home communities. Urban foundations with few or no staff may lack the ability to develop and implement funding in areas outside their usual periphery. A self-promoting collaborative, therefore, can tap into foundations that might otherwise fund rural areas if not for their own administrative shortcomings.

Challenges for Rural Collaboratives

Although collaborating among funders creates opportunities, there also are common risks, including compromised priorities for some members, a strain on the collaborative's third-party staff, and the difficulty of exit for any number of members. More specific to rural grantmaking, however, members that have adopted "rural" as a common geographic focus inevitably will face obstacles when trying to refine strategies that respond appropriately to rural issues unique to various places. When a collaborative designs its strategies around too broad or diverse a set of issues given the likelihood of limited resources, "this usually requires the larger group to sharpen its focus and strategy later."³⁵

Regional funders' collaboratives, therefore, may be better positioned to meet the distinct needs and opportunities of their service areas. A regional collaborative can make a stronger case for participation when the economic, political and social issues are those that funders can closely relate to on a regional or local level. Foundations that take the lead in initiating regional collaboratives can make a compelling case for a regional sponsorship of issues by linking specific rural and urban interests together.

The breadth of geographic focus can limit a collaborative's ability to merge grantmaking with specific regional needs, but a collaborative without a widely representative body of funders can prevent a collaborative from successfully tunneling down to the local level where much rural change is happening. Because "rural areas have a strong loyalty to grassroots groups,"³⁶ local foundations are more likely to be knowledgeable about these players than their larger foundation counterparts. A funders' collaborative that consists mostly of or only large national and regional foundations, on the other hand, may face obstacles locating those less visible players.

Collaborative intermediaries also are better seated to scan rural areas for a wide range of grantmaking opportunities, but intermediary organizations can be thinly staffed themselves. Depending on the capacity of the collaborative's intermediary, there may be a challenge to developing the local knowledge necessary to identify the community-based nonprofits and local leaders many rural communities depend on. This may mean that the larger, better-resourced organizations that already have foundation support will be the major recipients of collaborative funding, rather than those that often are excluded from foundation funding. Therefore, it is important that collaboratives have strong mechanisms in place to actively engage with organizations on the most appropriate regional or local levels.

Because rural causes generally are not part of the philanthropic consciousness, funders' collaboratives—both old and new—most likely will face serious challenges in pursuing the support of other foundations.

Therefore, funding collaboratives must campaign aggressively for the support of their foundation peers, which may mean selecting a champion funder or two to spearhead the campaigning effort. The National Community Development Initiative (NCDI) in the early 1990s, for example, was a collaborative whose initial success was due largely to the Rockefeller Foundation and the leadership of its president at the time, Peter Goldmark.³⁷

NCDI was established in response to the capacity-building needs of what were then relatively unknown organizations, community development corporations (CDCs). While some funders had community and economic development in their sights, the leadership behind the collaborative attracted a host of important players and was able to pool together significant funds that achieved a level of impact in its 23 cities that individual foundations would certainly not have reached on their own.

In its first ten years, NCDI committed more than \$250 million from such funders as Bank of America/NationsBank, the Annie E. Casey Foundation, Chase Manhattan Bank, the William and Flora Hewlett Foundation, the John S. and James L. Knight Foundation, the John D. and Catherine T. MacArthur Foundation, Metropolitan Life Insurance Company, JPMorgan and Company (now JPMorgan Chase & Company), Prudential Insurance, the Pew Charitable Trusts, the Rockefeller Foundation, the Lilly Endowment, the Kellogg Foundation, the Surdna Foundation, and the McKnight Foundation.

USEFUL DEFINITIONS

Rural Endowment Building: the activity of raising endowments by local people who are the ultimate beneficiaries of the fund.

Endowment: An endowment is a gift in which the principal is invested and the interest generated is used to make grants, but the principal itself is not touched. In addition to public and private foundations, independent 501(c)(3) organizations also can manage endowed assets.

Community Foundation: A community foundation is a public tax-exempt charity that typically holds endowed funds, but also holds non-endowed funds from multiple donors. Donors may contribute the following assets to

an endowment: cash, bequests, charitable gift annuities, charitable lead trusts, charitable remainder trusts, or real property. Grantmaking from a community foundation depends on the structures of the funds held and may include discretionary competitive funds, advised competitive funds, advised noncompetitive funds, designated/agency endowments, field of interest funds, and scholarships.

Geographic Component Funds (GCF) (also called affiliates, areas funds, or divisions): Funds typically held by a lead community foundation that are either endowed or not endowed but serve a specific geographic area outside of the lead community foundation's usual giving area.

When collaboratives can draw a wide range of funders toward a common cause or toward traditionally underserved places and populations, such as rural communities, collaboratives can be extremely effective philanthropic vehicles. Collaborative members benefit from the shared risk among higher-profile members, administration and knowledge of the collaborative entity, and maximum impact grantmaking of pooled flexible, responsive dollars.

Collaborative structures can present challenges for members, as well. But rural collaboratives, especially those national in scope, appear to face some distinct challenges. Because rural America is incredibly large and much of it still hidden from the philanthropic eye, rural funding collaboratives that focus on a restricted geographic area and those that include local members when possible may be more successful in honing in on regional issues and players—small or large—that will have the most impact on their communities. A rural collaborative that elects a champion funder to draw in new foundations is important when rural issues and populations are typically low-priority for most funders.

D. BUILDING LOCAL ENDOWMENTS

Endowment-building or creating community-based foundations is an attractive strategy for rural places that typically do not have them, which is why a good deal of rural philanthropy literature and conversation has focused on how and why to build them. Without locally-controlled philanthropies, rural states, regions and communities risk losing potential wealth. Without local foundations, rural communities must appeal to outside foundations that, as previous sections of this report have illustrated, are largely unresponsive to rural places.

In today's climate, it appears that rural communities are working against more forces than with them. Federal policy has been sluggish at best in responding to persistent rural poverty, addressing widening telecommunications gaps in remote place, cultivating environments ripe for entrepreneurship and forward-thinking economic development, and redressing ineffective farm policy. These mounting struggles are only met by an uninterested private sector that won't profit from serving small rural bases, and a largely absent philanthropic sector.

Rural foundations, therefore, make sense. When individuals build endowments for their communities, it promotes civic engagement and shapes a long-term vision of that place. Because endowments are permanent funds that continue to generate interest, they ensure long-term returns and they have the future potential to capitalize or enhance community and non-

profit infrastructure that also benefits rural places.

However, growing endowments requires a local philanthropic infrastructure to accept the funds, and a certain level of expertise to invest and manage them. Some efforts have been launched to assist rural communities in building their own philanthropic instruments:

- > The Philanthropy Index for Small Towns and Rural Communities of the South identifies community assets (including non-liquid assets such as land, timber, etc.) and philanthropic potential down to the county level, and guides rural leaders of the South in establishing an endowment or non-endowed fund to capture some of that wealth (www.philanthropyindex.org).
- > The Nebraska Community Foundation has developed a statewide, county-level intergenerational transfer of wealth model to measure the amount of assets that will transfer from one generation to the next within the next five decades. The Nebraska Community Foundation has been incredibly successful in assisting its affiliates with capturing and managing this wealth. The Foundation has distributed \$61 million to community improvement projects of its affiliated funds since 1993 and has nearly \$29 million in total assets under management. (www.nebcommfound.org).

Still, very few foundations and rural advocates would suggest that building local endowments in rural areas is sufficient to meet current needs and opportunities. In fact, many suggest that starting such funds is important because they *do* leverage critical support from outside foundations and others sources, bringing together the best of both worlds: community assets and outside investments. However, there is very little evidence of a substantial partnership growing between rural America and the national foundation community beyond what the handful of foundations that already account for most of rural giving are doing to help build rural endowments.

If rural endowment-building in even the most successful situations still is not enough to draw the attention of the foundation community to rural causes and places—yet still is absorbing considerable attention from rural advocates as a primary strategy—it is important to consider the philanthropic potential *and* limitations of rural endowment building as a predominantly localized strategy.

Research shows that rural communities *can* build endowments. Endowments serving rural areas have sur-

faced in every region and perhaps in every state. A survey of 241 community foundations released by the Aspen Institute's Community Strategies Group in 2004 found that these community foundations collectively hold 1,079 geographic component funds (GCFs) with combined assets of \$1.12 billion. Three-quarters of those GCFs cover and serve primarily rural areas.³⁸

To put that number into a larger perspective, \$1.12 billion in total dollars (which isn't all serving rural areas) is almost 4 percent of the assets held by just one national foundation in 2004: the Bill and Melinda Gates Foundation, the country's largest at about \$30 billion. Even adjusted for population, community endowment building still keeps rural areas far behind their urban counterparts in foundation assets.

Not surprisingly, local endowments, or community foundations, take a long time to grow. They are not meant to be short-term solutions. But that strategy sits uncomfortably next to what some rural advocates and rural practitioners feel is an urgent reality: if disadvantaged rural communities are to adapt to economic forces and prosper, change has to happen now. Even when well worth the effort, endowments take a long time to grow to a modest size from the ground up even in well-resourced environments and with local matching gifts and incentives. Slow-growing endowments do not seem well-positioned to meet what often are pressing social and economic needs. According to a Kentucky health care director:

"I agree that endowments make sense, but in 17 of the poorest counties in the country ... where 87 percent of the population is on some kind of assistance, it just doesn't make a whole lot of sense."

A practitioner from Montana added:

"Some of these areas are so poor. They're losing populations. I don't know if that would be the best investment of funds. There are so many needs going unserved. Why are you building an endowment when all these needs are going unserved?"

Endowments take a long time to grow, but some respondents also discussed serious concerns over the

structure of local endowments. Although rural nonprofits know what their communities need—they've emerged in response to those needs—local donors may not. Building local endowments or foundations does not ensure flexible, responsive community philanthropy, even with local boards, because GCFs are not necessarily raised as single unrestricted funds. In fact, most aren't. According to the Aspen Institute data, roughly 25 percent of lead community foundations organize their GCFs as a single unrestricted fund. When gifts are made as donor-advised or restricted funds, there is no guarantee that money will respond to community or economic development needs, will partner with local public dollars, or will be used to strategically leverage other

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– Nonprofit practitioner from Montana

funds. Instead, the donor decides what that money will fund. According to a rural practitioner in the South:

"The difficulty I see with that [local endowment building] concept is that the community foundation here is mostly donor-designated funds. Those people are still controlling the money, deciding where it goes. And their programs are great only if you can fit into them."

Assuming that all funds could be raised successfully as unrestricted donations, locally-grown foundations still will have a difficult time meeting the needs of rural nonprofits, the very systems that foundations use to deliver philanthropic goods. Endowments would quickly have to grow many times their size in order to meet both the needs of rural nonprofits and local infrastructure needs. As one Southern participant put it:

"A one million dollar endowment allows you to give how much per year, \$50,000 dollars or so? That's a lot of money to secure and it takes a very long time to give something back that is going to make a difference in places that are so poor and in need."

A nonprofit practitioner in Montana explained that without nonlocal support to help build endowments,

rural philanthropic instruments are not equipped to address local infrastructure needs:

“It’s about having assets in the state to not only support existing groups, but also to build infrastructure within the state to support nonprofits, taking it up to another level.”

Additionally, because rural community foundations typically begin as small funds, they are usually understaffed. According to the 2004 Aspen Institute research, only 26 percent of lead foundations reported that *some* of the GCFs are staffed, which means that the number is likely much less. Without foundation staff, the grantmaking task falls on foundation trustees who may not be able to spend adequate time making appropriate grant decisions, building grantee relationships, conducting site visits, etc. Conversely, a foundation employee creates extra overhead for the foundation and subtracts from what most likely is an already small 5 percent annual payout. When other expenses are funneled out, including costs for fundraising and marketing to grow the endowment, that grantmaking figure is even less.

Proponents of local endowment building also must be cautious when applying a one-size-fits-all strategy to rural areas, even when success stories, like the Nebraska Community Foundation, surface across the county. “Rural” and “poor” are not synonymous, and so research must take into special consideration where endowment-building is achieving relative levels of success and where it is not. Foundations that fund in rural areas understand that rural endowment success varies from place to place. According to Lise Maisano, vice president of grants at the S.H. Cowell Foundation:

“I think [endowment building] is part of the answer, but I don’t think it’s a substitute for more, or others to come in. ... I think it depends on where you do it and what your resources are. It’s important to look at the depth of places, ‘where is this going to work [and] what more needs to be done?’”

According to a baseline survey of community foundations conducted by the Aspen Institute in 2002, rural communities that are not persistently poor have far more endowments than communities that are. The survey suggests that “rural is not the key challenge to rural development philanthropy—poverty is.”³⁹ The survey found that community foundations serving persistently poor rural counties hold approximately 60 percent

fewer endowments than respondents serving counties with the lowest levels of poverty. The survey also found the same to be true of foundations serving the most diverse rural counties; those with the least amount of diversity in their service areas had considerably higher endowed funds than those that do not. Therefore, if endowment-building is a requisite for attracting outside foundation wealth, the neediest rural communities may be the very last to benefit from philanthropy.

Endowment-building has limitations when rural communities build them locally, and even when relatively successful, endowed grants are not guaranteed to meet the community development needs of rural populations. Although local endowments are important tools for capturing nonliquid wealth, the rate at which these funds grow will not keep pace with the mounting needs of many rural communities that need investments to develop stronger and more efficient economies and communities. Success stories also may disguise the fact that endowment-building is not occurring in all rural areas, leaving some of the neediest rural communities persistently underserved by philanthropy. Rural nonprofits agree that local endowment-building should neither be an adequate substitute nor a requisite for outside private funding.

VI. Recommendations

After examining the current strategies being used to address these obstacles, NCRP offers the following recommendations to strengthen and promote more effective grantmaking to rural America:

Recommendation 1: Grantmakers should fund organizations whose mission includes changing attitudes about rural America, advocating on behalf of rural interests, or conducting and disseminating research on timely rural issues so that grantmaking and policy-making reflects rural realities rather than outdated or incorrect perceptions.

Overwhelmingly positive and negative perceptions and stereotypes of rural America may deter foundations from rural grantmaking. Because rural America often is associated with images of the traditional family farm, safe communities and serene landscapes, grantmakers may not be aware of the many needs of rural places and populations. On the other hand, because some rural areas often are associated with persistent poverty, out-migration and economic decline, grantmakers may not think that their grantmaking can or will make a difference.

Recommendation 2: Seasoned rural grantmakers should take seriously their roles as sponsors of rural interests by funding and promoting site visits and events at which urban foundations and rural nonprofits can discuss rural needs and funding opportunities.

Foundations agree that building relationships with foundations is important for nonprofits to secure grants, but rural nonprofits have little or no access to major foundations. Because rural nonprofits are isolated from grantmaking centers, they do not have exposure to large urban foundations or to professional networks that promote visibility.

Recommendation 3: Foundations should develop impact measurements appropriate to rural areas with less-dense populations rather than applying metrics that are more appropriate to urban areas. Rural nonprofit leaders must take the lead in deciding what impact measurements are appropriate for their communities.

Foundations look to achieve the greatest impact by funding large populations, but rural areas typically have small populations. Seasoned rural grantmakers and rural nonprofits agree that measuring impact in rural areas requires an appreciation of the breadth and depth of impact achieved by serving entire communities, counties, and even regions that would otherwise go unserved or underserved. Nonprofits serving smaller populations also are more able than their urban counterparts to personally engage with community residents.

Recommendation 4: Organizational capacity deficits should not exclude rural recipients that serve disadvantaged populations from foundation funding. To build organizational capacity, funders should provide sufficient long-term core operating support to nonprofits with appropriate technical assistance funding to build the capacities of under-resourced rural nonprofits. Foundation grantmaking should reflect a willingness to fund organizational slack, as well as reserves for surviving crises and turbulence.

Funders perceive a lack of organizational capacity and sophistication among rural nonprofits, which raises serious concerns regarding the level of effectiveness and sustainability of potential rural recipients. Because rural areas typically are under-resourced, many rural nonprofits struggle to afford the staff and the technical assistance necessary to

build the degree of capacity and sophistication that would allow them to compete on the same playing field as urban organizations.

Recommendation 5: Seasoned rural grantmakers should actively scan the field for effective rural organizations and develop ways to effectively promote them.

Because mainstream media and philanthropy news sources focus largely on urban issues and success stories, there are very few vehicles for promoting rural nonprofits. The lack of rural models and success stories, or the over-use of a few, often means that a handful of rural nonprofits become foundations' "favorite picks." The invisibility of effective rural organizations may be reinforcing stereotypes regarding the ineptitude of rural nonprofits.

Recommendation 6: Regional and national foundations should identify infrastructure gaps in rural regions, and capitalize and help sustain organizations that will support and promote rural nonprofit and community interests.

Rural nonprofits that are not close to major metropolitan areas often operate without the benefit of a strong local nonprofit infrastructure. Unlike urban organizations that are embedded within strong support systems, rural nonprofits have little or no access to capacity-building resources, regional intermediaries, nonprofit associations, and research organizations.

Recommendation 7: Foundations should use intermediary organizations when they have neither the staff nor the expertise to meet nonprofit funding and capacity-building needs. Foundations funding through intermediary organizations need to develop strong, one-on-one relationships with rural grantees. Seasoned rural grantmakers and intermediary organizations should develop strategies jointly to effectively expose and promote intermediary organizations to foundations that cannot give to rural populations without them.

Regranting and capacity-building intermediaries are important delivery systems in rural areas when foundations lack the internal capacity to meet grantee funding and capacity needs. Yet, because rural organizations have little access to urban foundations, intermediaries can reinforce gaps between rural nonprofits and urban foundations.

Recommendation 8: Funders should consider forming new collaboratives when their purpose is to grant new and more money for rural populations. Rural funding collaboratives should elect a funder "champion," a foundation that can visibly and actively promote and campaign for new, flexible foundation dollars.

Funding collaboratives can be most effective when members successfully draw in foundations that are not involved in rural grantmaking. There are many benefits to joining a collaborative, such as shared risk among members, ready-made administration and knowledge of rural issues, and maximum impact of grantmaking.

Recommendation 9: Endowment-building should be promoted by urban foundations when they are willing to jointly fund local endowments *and* support current funding needs. Local endowment building is not a substitute strategy for nonlocal rural grantmaking, nor should it be a diversion for redistributing more foundation dollars to rural populations.

Local endowment-building as a rural philanthropic strategy does not address pressing, current local needs and opportunities, and has serious limitations without the help of large foundations, especially in areas of persistent poverty. Both rural nonprofits and foundation interviewees suggested that community-based endowment-building can be an important strategy, but is not a silver bullet for addressing rural philanthropic deficiencies. Although locally controlled endowments are often perceived as necessary rural philanthropic tools, community endowments often are raised and structured in restrictive ways, meaning that grantmaking may not be flexible or responsive to rural community needs.

Notes

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4. For a discussion of the challenges of tracking government funding to rural areas, see the U. S. Government Accountability Office's *Rural Economic Development: More Assurance Is Needed That Grant Funding Information is Accurately Reported*, February, 2006.
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14. Ford Foundation, *Asset-Building for Social Change: Pathways to Large-Scale Impact*, 2006. The selected quotes do not necessarily represent those of the author, but are assumed to be representative of traditional foundation grantmaking.
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16. List is drawn from information provided by the Alliance for Nonprofit Management at http://www.allianceonline.org/about/capacity_building_and_1.page.
17. Catherine Lerza, "Rural Community Organizing: You Must Thrive to Survive," *Neighborhood Funders Group Report*, Summer 1999, Issue Two, Volume Six, <http://www.nfg.org/reports/62rural.htm>.
18. For more information on the Building the Arts' Strength in Cleveland program see information available at <http://www.clevelandfoundation.org/page19864.cfm>.
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Appendix A: Examples of Infrastructure Organizations

Some examples of infrastructure organizations that focus on serving rural nonprofits and communities on a national level (not an exhaustive list):

> National Private Foundations

- Some major funders to rural areas include W.K. Kellogg Foundation, Ford Foundation, Bill and Melinda Gates Foundation, F.B. Heron Foundation, William and Flora Hewlett Foundation, Charles Stewart Mott Foundation, Rockefeller Foundation, Jessie Smith Noyes Foundation, Robert Wood Johnson Foundation, Mary Reynolds Babcock Foundation, Fannie Mae Foundation, and the William Randolph Hearst Foundation.

> Funder Collaboratives and Affinity Groups

- The Rural Funders Working Group (www.nfg.org/rural) facilitates dialogue among regional and national foundations, corporations, government agencies and non-profit intermediaries; promotes greater attention to rural issues and rural communities within the Council on Foundations (COF); interacts and forms strategic alliances with other COF affinity groups on rural issues and needs; and provides periodic information to members and others about rural needs and important rural partnerships.
- National Rural Funders Collaborative (NRFC) (www.nrfc.org), established in 2004 as an outgrowth of the Rural Funders Working Group, is a philanthropic initiative organized to expand resources for families and communities in regions of persistent poverty, especially areas where concentrations of poverty and communities of color overlap.

> National Intermediaries (regranters and technical assistance providers)

- Rural LISC (www.ruralisc.org), established in 1995 as an outgrowth of Local Initiatives Support Corporation (LISC), is a national intermediary that works to build the capacities of rural community development corporations (CDCs), and currently is working with approximately 70 CDCs in 39 states.

- Housing Assistance Council (HAC) (www.rural-home.org) has been helping local organizations build affordable homes in rural America since 1971. HAC emphasizes local solutions, empowerment of the poor, reduced dependence, and self-help strategies.

> Media, Communications, Advocacy Groups

- The Center for Rural Strategies (CRS) (www.rural-strategies.org), located in Whitesburg, Kentucky, seeks to improve economic and social conditions for communities in the countryside and around the world through the creative and innovative use of media and communications.
- Stand Up for Rural America is a national coalition formed by Rural LISC in 1998 that works to draw attention, resources, and policy support to rural organizations in the community development field.
- Center for Rural Affairs (www.cfra.org) advocates for federal policies that support rural community development that reduces poverty; rewards resource stewardship and strengthens small farms and businesses; provides loans, technical assistance, and training to small entrepreneurs through the Rural Enterprise Assistance Program (REAP); provides comprehensive rural community development services; develops new cooperatives to reach and expand premium markets that reward sustainable agriculture; strengthens family farms; and opens the doors of opportunity to beginning farmers.

> National Learning Networks (by virtue of what many funders and organizations do, they often belong to learning networks)

- The Rural Community College Alliance (<http://rcca.msgovt.org>) is a network and advocacy group that helps build the capacity of member community colleges to improve the educational and economic prospects for rural America. The Alliance seeks to reduce rural isolation and share effective solutions to problems facing distressed rural communities.
- Aspen Institute's Rural Development Philanthropy Learning Network (www.aspencsg.org/rdp) is a

diverse group of community foundations and funds, and philanthropic and rural development organizations that exchange experience, knowledge and skills to increase rural assets and improve rural livelihood.

> Rural Research Centers

- Federal Reserve Bank of Kansas City Center for the Study of Rural America (www.kansascityfed.org/RegionalAffairs/Regionalmain.htm) conducts economic regional analysis on the 10th District, as well as rural economic development, strategies and policy. The Center publishes the Main Street Economist online, a regional and rural policy journal.
- Rural Policy Research Institute (RUPRI) (www.rupri.org) provides analysis and information on the challenges, needs and opportunities facing rural America, and aims to spur public dialogue and help policy makers understand the rural impacts of public policies and programs.

Some examples of infrastructure organizations that focus on serving rural nonprofits and communities on a regional, state or local level:

> Regional Private Foundations

- Major regional funders to rural areas include the Northwest Area Foundation, Otto Bremer Foundation, Blandin Foundation, S.H. Cowell Foundation, James Irvine Foundation, Duke Endowment, Claude Worthington Benedum Foundation, Walton Family Foundation, and the Z. Smith Reynolds Foundation

> Regional or State Associations of Grantmakers

- Southeastern Council of Foundations (SECF) (www.secf.org) is a resource of information, education, and technical assistance to its membership of family foundations, independent foundations, community foundations, and corporate grantmakers, and to local and statewide associations of grantmakers throughout the southern region.
- The West Virginia Community Foundations Consortium (<http://givetowestvirginia.org>), a program of the West Virginia Grantmakers Association, is a network of the state's 26 community foundations and county funds working to build legacies in every West Virginia hometown.

> Regional Intermediaries and Capacity Builders

- Southern Rural Development Initiative (SRDI) (www.srdi.org) provides practical tools for rural community leaders, organizations, and related national sectors to create just and economically sustainable communities across the rural South.
- Rural Community Assistance Corporation (RCAC) is a California-based nonprofit organization dedicated to helping rural communities achieve their goals and visions by providing training, technical assistance and access to resources in their thirteen-state Western service region.
- Community Development Corporations (CDCs) work primarily in housing production and job creation, and are formed by residents, small business owners, congregations and other local stakeholders to revitalize low- or moderate-income communities.
- Community Development Financial Institutions (CDFIs), funded by the Department of the Treasury's CDFI fund, provide loans, investments, financial services, and technical assistance to underserved populations and communities through the New Markets Tax Credit (NMTC) Program, the Bank Enterprise Award (BEA) and the Native Initiatives.
- Community Foundations in rural areas can be more than just grantmakers; they can pass through nonlocal grants and provide nonprofits with the kind of technical assistance and resources to strengthen organizational capacities.
- State and Local United Ways are corporate payroll regranters.

> State Nonprofit Infrastructure Organizations

- Nonprofit State Associations help their members manage and lead more effectively, collaborate and exchange solutions, save money through group buying opportunities, engage in critical policy issues affecting the sector, and achieve greater impact in their communities.
- Trade Associations are lobbying and advocacy organizations, but they also are sources for facts, statistics, reports, publications, and expert guidance.

> Nonprofit Management Degree-Granting Institutions and Programs

> Individual consultants

Appendix B: Nonprofit Organizations Represented in the Focus Groups

Alliance for Rural Community Health	Hope Haven Children's Shelter
Appalachian Regional Healthcare	Human Response Network
Bear Paw Development Corporation	Jefferson Economic Development Institute
Big Sky Institute for the Advancement of Nonprofits	Lewistown Art Center
Border Network for Human Rights	LIFE of South MS
Boys & Girls Club of Batesville	Mississippi Teacher Corp
Boys & Girls Club of the Gulf Coast	Montana Artists Refuge
CASA Mississippi, Inc.	Montana Nonprofit Association
Center for Rural Development Inc.	Montana Shares
Center for Rural Strategies	Montana Tribal Tourism Alliance
Central Montana Head Start	Mountain Association for Community Economic Development
Centro Campesino	Mpower
Christian Appalachian Project	MS Coast Interfaith Disaster Task Force
Coalition of Farmworker Organizations Incorporated	Mujeres Unidas en Justicia (Mujer)
Colonias Development Council	Nonprofit Leadership Initiative
Community Farm Alliance	North Valley Hospital Foundation
Conservation Congress	Northern Montana Healthcare Foundation
Eastern Montana Industries	Northern Plains Resource Council
Economic Development and Financing Corporation	Northwest Montana Human Resources
Economic Development Corporation of Shasta County	Ohr-O'Keefe Museum of Art
El Paso ACORN	Operation Outreach, Inc.
El Paso Collaborative	Opportunity Link
Everglades Housing Group	Restoration Point Foundation
Federation of Appalachian	Round Valley Indian Health Center
Housing Enterprises	Rural Communities Housing Development Corporation
Flathead CARE	Siskiyou Arts Council
Frontier Housing	Siskiyou Training and Employment Program Inc.
Frontier Nursing Service	Snowy Mountain Development Corporation
Galata Inc.	St John's Lutheran Hospital Foundation
Glacier Community Health Center	Sweet Medical Center
Gulf Coast Women's Center for Nonviolence, Inc.	Tierra Madre
Hazard Perry Community Ministries	Tri County Community Network
Health Improvement Partnership of Shasta	We Care Community Services, Inc.
Helena Food Share	We Count
Homeless and Housing Coalition of Kentucky	WeCare of South Dade Inc.

Appendix C: Foundation Officers Interviewed

NAME	POSITION	FOUNDATION
Andrea Dobson	Chief Financial and Operations Officer	Winthrop Rockefeller Foundation
C. Barton Landess	Senior Vice President, Development and Planned Giving	Foundation for the Carolinas
D. Brian Collier	Senior Vice President, Community Philanthropy	Foundation for the Carolinas
Elsa Vega-Perez	Senior Program Officer	Otto Bremer Foundation
Gayle Williams	Executive Director	Mary Reynolds Babcock Foundation
James V. Denova	Senior Program Officer	Claude Worthington Benedum Foundation
Janice Windle	President	El Paso Community Foundation
Jeff Pryor	Executive Director	Anschutz Family Foundation
Jim Richardson	Executive Director	National Rural Funders Collaborative
John Kostishack	Executive Director	Otto Bremer Foundation
Joy Vermillion Heinsohn	Director of Policy Initiatives	Z. Smith Reynolds Foundation
Laurie Betlach	Program officer	Lannan Foundation
Linda Reed	President and CEO	Montana Community Foundation
Lise Maisano	Vice President, Grants Program	S.H. Cowell Foundation
Mary Fant Donnan	Program Officer	Z. Smith Reynolds Foundation
Millie Buchanan	Program Officer for Toxics and Environmental Justice	Jessie Smith Noyes Foundation
Noah Atencio	Director, Grants Program	Daniels Fund
Racheal Stuart	Vice President of Programs	New Hampshire Foundation
Teri Yeager	Program Officer	William Randolph Hearst Foundation
Vicki Jones	Vice President of Community Philanthropy	Foundation for the Carolinas
Virginia S. Martínez	Executive Vice President	El Paso Community Foundation

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Rural Philanthropy: Building Dialogue From Within

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