

# **Rural Matters**

## ***The Social Innovation Fund and Rural Innovation***

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### **Why Rural Matters**

#### ***Rural matters if you care about poverty and race***

- 245 of the nation's 250 most persistently poor counties are in rural America.
- Most high-poverty rural counties also have high concentrations of minorities.
- Poverty rates in rural areas are nearly identical to those in highly populated urban areas.
- Nineteen percent of rural children live in poverty; 15 percent of urban children do.
- Thirty-four percent of the people living in poverty in rural areas are children.

#### ***Rural matters if you care about urban***

- Urban and rural places are inextricably linked within regions – they share labor and housing markets, industry clusters and retail economies, so when one is distressed the other can not live up to its potential.
- Rural places are critical to urban energy and food systems within natural regions.
- Millions of residents of rural places reside in counties that are officially designated as “metropolitan” because of their interlinked labor markets, commuting patterns and economies.
- Rural and urban people are often the same people at different times in their lives – many families migrate back and forth seeking balance among family ties, economic opportunity and cost of living.

#### ***Rural matters if you care about measuring impact***

- Smaller communities are an ideal test bed for social innovation.
- Modest investments in a rural area can serve a high proportion of those targeted by a specific innovation – making it easier to observe and measure the innovation's effectiveness and impact.
- Rural systems have fewer players – often making it easier to isolate cause and effect and measure outcomes.

### **Premise**

The Social Innovation Fund's goal of helping to solve some of our nation's most difficult social challenges is laudable and welcomed by both grantmaking and nonprofit communities. The Fund provides hope by offering much-needed capital and support to help organizations that deliver programs with tremendous impact.

The selection criteria for grantmaking intermediaries will pre-determine how well rural areas are able to connect to this program, and thus could either enhance or inhibit their ability to access these funds. Currently, grantmaking to rural areas lags behind grantmaking to urban areas, and many grantmakers do not provide funding to rural areas at all. Selection criteria that give preference to grantmaking intermediaries with no connection to rural-based organizations will limit the identification and expansion of innovative programs and services that are now operating in rural areas.

Certainly it may be easier to focus on urban areas where a large number of people can be affected at one time. But people living in rural areas, close to 20% of our population, also face significant social challenges and are equally deserving of quality programs to address their needs. Rural people often face additional barriers such as: no public transportation, limited access to services, reduced availability of child care and fewer employment opportunities. At the same time, rural areas are rich with programs providing exemplary services to Americans who are most in need. But organizations lack the funds to take them to scale or to help other areas adapt what they have learned.

Additionally, many rural places are in the early stages of transition from economies that exploited rural resources, and have left behind either very little wealth or wealth that is highly concentrated in a few hands. Smaller communities are moving to “asset-based” economies that hold wealth in communities and spread it more broadly. This is an environment ripe with opportunity for innovation and impact. During this transitional time, modest investments in spreading new concepts, expanding organizational capacity and building appropriate infrastructure will reap particularly high impact.

## **Background**

Organizations that serve rural areas know there are challenges in finding and reaching rural nonprofits and other groups that are doing marvelous work. Some factors that contribute to that challenge include:

- Some rural areas have a weak or nonexistent nonprofit infrastructure, so there may not be a local organization to accept the grants or function as a fiscal host. This does not mean that local groups are not providing critical services and assistance.
- Many small organizations do not have the staff capacity to respond to an RFP or NOFA in a short time frame. They need additional time to submit their application, and rarely have professional grantwriters available to them.
- Rural areas are more likely to lack funders that can provide matching grants, since many are not included in the service area of multiple grantmaking organizations. This results in funds flowing only to areas that can easily provide the match, so the rich get richer. We know of organizations that have had to pass up grant opportunities due to a lack of matching funds.
- Many organizations that serve rural areas work in relative isolation. They are doing wonderful work, but if they are not part of a larger network, that work goes unrecognized. This also means they may not become aware of opportunities such as the Social Innovation Fund. Modesty and humility—qualities often found in those who provide excellent services—get in the way of telling others about their success.
- The attitude in many rural areas is that they just “do what needs to be done.” Being self-sufficient and looking for local solutions is admirable, but it leads some organizations to miss opportunities that would leverage the resources they do have available.
- Very small grants, even \$5,000, can have an enormous impact on a rural-serving organization. Many larger grantmaking organizations are not interested in dealing with smaller grants, since they require as much work as a much larger grant. Reviewing applications, site visits, processing paperwork, and obtaining and reviewing grant reports takes enormous amounts of staff time.
- Larger grants can be intimidating to small organizations, and overwhelm their available capacity. If an organization currently functions on an annual budget of \$150,000 and the minimum grant available is \$100,000, they may not even consider applying.

Even some of the most successful, innovation rural programs with large impact have challenges being replicated or adapted to work in other areas because of many of the reasons listed above. Here is just one example: Connectinc. is an innovative organization in North Carolina that provides coaching services to people over the phone to help them find jobs, locate a child care provider, addressing transportation needs, access training programs, keep a job when they get one, make sure they take their medication, and more. This assistance is accessible to even the most rural people, as long as they have access to a telephone, and is far more convenient for the customer and is a more cost effective way to provide these services. Northern Connections in Minnesota, after many years of struggling to put a funding package together, used this model to develop an organization that does very similar work with equal impressive impact. Plans to replicate this model in other locations are limited by lack of funds. Yet, by helping people keep their jobs, such programs reduce the number of people returning to assistance programs, and increase their self-reliance and self-respect, while saving money for State and Federal agencies.

## **Potential Solutions**

Identifying social innovations that are working in rural is a challenge, but doable. However, it will mean reaching beyond large grantmaking organizations. Some of the intermediaries with these connections may not be traditional grantmaking organizations.

Here are approaches to consider that may help reach rural areas through intermediaries:

- Develop intermediary criteria for rural areas that will look beyond traditional grantmaking organizations as potential partners.
- In the criteria, look for intermediaries that have connections to innovative, grassroots, community-based service delivery systems. Often the most effective community support systems are not formalized organizations but networks of community members organized to solve local problems and serve local needs.

- Access the philanthropic networks of organizations that serve rural areas to inform a process for outreach to smaller communities, such as:
  - Regional Associations of Grantmakers
  - Aspen Institute Community Strategies Group
  - Center for Rural Strategies
  - Council on Foundations
  - Seventh Generation Fund
  - Hispanics in Philanthropy
  - Twenty-First Century Foundation
- Facilitate the development of a network of rural-serving organizations and service providers and lift up those who are doing extraordinary work.

Here are ideas that may guarantee and increase support for rural innovation:

- Provide funds to help organizations apply for funding or for reimbursement of such costs for successful grant applications
- Offer a second, later deadline for applications for a portion of the funds
- Earmark a set percentage of the funds for organizations that serve rural areas
- Consider in-kind match from the local organizations
- Allow the intermediary grantmaking organization to provide more match, including in-kind, so the local organization does not have to provide cash match from their limited resources.
- Carefully consider the size of grants available and allow for smaller grants to smaller organizations. If the minimum grants available are \$100,000, for example, some organizations with smaller budgets may be overwhelmed by such a large dollar amount if it represents a large percentage of their current budget. This could be accomplished as re-granting through intermediary organizations and community foundations.

## **Conclusion**

The Social Innovation Fund has enormous potential to increase the delivery of effective services and programs and to highlight effective programs and practices that can be replicated or adapted to work in other areas. There is an opportunity to bridge the rural/urban tension and unite us all around the goal of the Social Innovation Fund to, “help solve some of our nation’s most difficult social challenges by working with the grantmaking community to identify what is working in communities across the country, and then provide growth capital and other support so that these programs can help more people.”

With careful planning for the deployment of these resources, rural and urban organizations can be partners at the table and have opportunities to share and work together to move us forward. This is simply a quick overview; there is much more behind these thoughts. Please contact any of us for additional information.

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