

University of Southern California
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RURAL DEVELOPMENT COUNCILS:

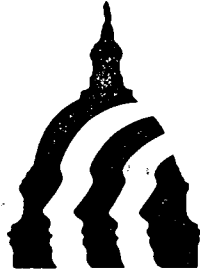
**PRELIMINARY
FINDINGS AND CONCLUSIONS**

**Volume 2
CASE STUDIES**

**Beryl A. Radin,
Principal Investigator
Professor of Public Administration
Washington Public Affairs Center
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October 1991

A report to the State Rural Policy Program of the Aspen Institute



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INTRODUCTION

This second volume of the Rural Development Councils: Preliminary Findings and Conclusions contains the eight state case studies that have been developed to track the development of the federal-state initiative. Case studies were written by members of the Case Study Team following a common outline. The team members met together during the summer of 1991 to compare findings and to identify areas of further inquiry. These case studies represent a baseline analysis of the process; it is much too early to provide an assessment of the outcomes of this initiative.

Descriptions of relevant background issues and the Council process in Kansas, Maine, Mississippi, Oregon, South Carolina, South Dakota, Texas and Washington are included.

Each case study includes the following elements:

1. Nature of the rural sector
2. Governmental structure
3. Past relationships and efforts
4. Membership on the Council
5. Council staff
6. Meetings
7. The Council's substantive agenda
8. Participation in institutes
9. Future plans

KANSAS RURAL DEVELOPMENT COUNCIL

Barbara S. Romzek
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September 1991

I. NATURE OF THE RURAL SECTOR

The state of Kansas is predominantly rural in character. The state has three major highly urbanized population centers; they are Kansas City, Topeka (the state capitol), and Wichita. The rest of the state is predominantly small towns. The state overall has experienced a decline in population; it will lose a seat in the national House of Representatives based upon the 1990 census. The rural areas have experienced more decline than the urban areas.

Demographics

The state of Kansas has a total population of 2,475,258.¹ This figure represents 1.00 % of the total U.S. population. Its population of urban places, defined as having 10,000 or more residents, is 2,158,591. The population of small urban places (with a population between 10,000 and 50,000) is 853,766; which is 34.5% of the state's population. The rural population is 316,667. This represents 12.8 of the state's population. The state's farming population is 173,000, which represents 7.3% of the state's population.²

Using U.S. Bureau of the Census standards, Kansas has only nine metropolitan counties (an area with a central city of at least 50,000 and towns and cities economically tied to it). This group of counties has over 53 percent of the entire state population.³ It has 35 counties with a total population of 10,000 or more that are non-metropolitan. These mid-sized counties have 34 percent of the state's population, 853,776 people. The remaining 61 Kansas counties with a total population less than 10,000.⁴ Slightly over 58 percent of the state's population is employed in the farming sector. The state has 69,000 farms, covering 48 million farm acres.⁵

Nature of Rural

Kansas has two distinct economies, metropolitan and non-metropolitan. Historically almost all of the growth in Kansas has been in the metropolitan areas. Little had been done in Kansas to address development issues in communities with less than 10,000 population.

In its deliberations, the Kansas Rural Development Council (KRDC) recognized that it would not be possible to reach a consensus on the definition of a rural community, so they bypassed the issue. For purposes of KRDC activities, all of Kansas is defined as rural. Yet members readily admit that they are focusing their

energies on the non-metropolitan communities. For example, some of their efforts have been focused on Hutchison, KS, which is considered rural even though it has approximately 50,000 in population. It is surrounded by counties of low population density.

When people in Kansas talk about a rural culture they are referring to communities that have people who are fiercely independent and who do not like anyone else telling them what to do. Rural residents typically value hard work, family, and control over their own destiny. Residents enjoy a sense of community and they tend to have an intense loyalty to place and a great deal of pride. Examples often mentioned were the voluntary clean-up efforts that took place after a recent tornado hit a rural community. Members of KRDC characterized these rural communities as lacking in a cross-fertilization of people and ideas. There is out-migration but no in-migration.

There is a misconception that rural communities are agricultural. While rural communities may have strong roots in agriculture as the foundation of their local economies, and they may afford a pastoral lifestyle, they are not necessarily heavily dependent upon agriculture. For example, Montgomery County, KS is considered very rural, yet its dominant industry is manufacturing.⁶ Thirty percent of Montgomery County's employment is in manufacturing, a percentage which is comparable to Wichita's economy. In smaller counties (under 10,000) 30 percent of the employment is government employment; the norm in the state is 18.5 percent government employment.⁷ Rural communities may have limited access to some services, such as health care.

Regarding development, residents of rural communities tend to be parochial in their thinking and have very high expectations for themselves, government services, and their potential for growth. They expect clean air and a safe environment. They tend to adopt a defensive posture vis-a-vis any indicators of decline.

II. GOVERNMENTAL STRUCTURE

Governor-Legislature

The state of Kansas has a bicameral legislature and a Governor who is elected for a four-year term. There are 40 Senators and 125 Representatives, for a total legislative body of 165. The legislators are part-time representatives. The legislature meets for approximately 100 days annually, running from mid January to late April or early May. Legislators are paid a salary and per diem for each day the body is in session.

Kansas is a predominantly Republican state but the policy distinctions between Republican and Democrat partisans are not great. The Republican party has traditionally controlled both the Senate and the House, yet the Governor's Office is often filled by moderate-to-conservative Democrats. The recent history of Kansas is one of moderate Republican/conservative Democrat coalition government. The state makes progress slowly, but there are no deep-seated partisan schisms that undermine good working relationships.

Kansas governors are often drawn from the legislature and tend to come from rural backgrounds. For example, the two most recent past governors, Carlin and Hayden, both held leadership positions (former Speakers of the House) in the legislature before being elected Governor. Carlin is ostensibly a farmer. Hayden had an insurance business in a rural town.

A rural/urban split is a defining characteristic of Kansas politics. State political issues are increasingly played out in the urban areas, especially the governor's races. Governors can not win office without urban votes. Party affiliation is not as good a predictor of political success or acceptance as whether one is an "insider." The current Governor served as State Treasurer for 16 years before running for Governor. She began her political career as a Republican but switched parties several years ago when she saw her career prospects blocked in the Republican party. Finney was elected due to an anti-incumbent reaction among the voters of Kansas. Even though she served in statewide office for so long, Finney is an outsider in the politics of both parties, Republican and Democrat. For example, Democratic Governor Joan Finney's strongest allies are conservative Republicans; they agree on a low tax, no spend policy agenda.

While Kansas is a predominantly rural state, it is becoming increasingly urbanized. The most urbanized county, Johnson County in northeastern Kansas is considered a Republican stronghold but it has been a partisan toss-up in the past two governor's races. Kansas urban counties can be as antagonistic toward Republicans as Democrats.

Under normal circumstances, the governor acts as the agenda leader in the state and works with the legislature to try and get that agenda enacted into law. Finney took a different approach. She announced her main agenda items and then left it to the legislature to consider them. She basically took a "hands off" approach. Her proposals for initiative and referenda and property tax relief saw no action in the legislature. As a result, the state has had a deadlock between its legislative and executive leadership.

Most of Finney's impact on government thus far has been negative. The newly elected governor does not share the agendas of most legislators, nor of most of the

influential interests in the state. She successfully vetoed a bipartisan tax package that was hammered out in the legislature to deal with the state's fiscal problems. The House was unable to override her veto; it was 4 or 5 votes short of those needed. The Senate did not even try. The near-term prospects are for more governance deadlock.

Governor to Agencies

Six months into the term of her new administration, Governor Finney is still working out her relationships with the state agencies. She has had a great deal of trouble finding candidates to fill cabinet positions.

Generally, state agencies in find themselves in a state of limbo. They have faced budget and staff cuts and a lack of executive leadership. This includes the economic development programs which are housed in the Kansas Department of Commerce.

The reporting relationships between the governor and the state agencies are relatively straightforward in Kansas. An organization chart is included in the appendix. A somewhat different arrangement characterized the Department of Agriculture. The Dept. of Agriculture in Kansas is run by the Secretary of Agriculture. The Secretary is appointed by the Board of Agriculture, which is a 12 member elected body. The Secretary of Agriculture is not a member of the Board of Agriculture. The Secretary of Agriculture is considered part of the governor's cabinet if the governor chooses. It has been an off-and-on again situation with Governor Finney. At present, the Secretary of Agriculture is considered part of the Cabinet.

Legislature: Leadership patterns, role of rural legislators

Location is a key factor in the legislative leadership races. The rural/urban splits are important; so too is an east-west balance. The bodies try for balance in electing leaders. For example, if the President of the Senate is from a rural area, then they try to draw upon an urban area for the next lower level of leadership. The Senate President, Bud Burke, is from the most urbanized area in the state, Johnson County. The current Senate majority leader is from the western part of the state (Fred Curr, Pratt), which is rural.

The rural/urban split manifests itself in political struggles over state policy regarding agriculture, the state's educational funding formula for grades K-12, state funding for highways, and the state revenue for the mineral severance tax (which represents a redistribution from the state's rural areas to the state's general fund coffers), the state income tax (which disproportionately impacts the urban areas), and the state's water plan.

The role of rural leadership in the Kansas legislature will change because of redistricting. In last redistricting in the House of Representatives, (1989) urban areas picked up a number of seats (four each in Johnson County and Wichita). The Senate will be reapportioned in 1992. The pattern is a common one: the rural areas are losing substantial population and hence losing seats. The urbanized areas, especially Johnson County (Kansas City vicinity) and Sedgwick County (Wichita) are gaining representation. After redistricting in the Senate, there may be 6 or 7 senators who represent (geographically) half of the state.

Senate

The urban/rural split also plays itself out within parties. Johnson County Republicans are viewed with a bit of suspicion by western Republicans. There is a long tradition of western Kansas Republicans who favor low spending and are generally very skeptical of government. This very different from Johnson County Republicans, who more or less recognize the complexity of contemporary life and believe in government's role in it.

The minority party (Democrat) in the Senate doesn't have to worry about balance as much because they haven't had control of the body in quite a while. They just try to pick the best people for the leadership roles.

House

Rural interests tend to dominate the House leadership and most committee chairs are from rural districts. Four of the last five Kansas House Speakers have been from rural areas. The most recent one, Miller, has just retired; he was appointed by Governor Finney to the State Parole Board for a three-year term.

The Kansas House was reapportioned in 1989. In 1990 the Democrats became the majority party in the House. Kansas Democrats tend to be from urban areas, although there are some rural Democrats. A high percentage of the Democratic leadership is from urban areas. As a result, some long time urban Democrats became committee chairs.

The Kansas House is now controlled by Democrats for the first time in ages. There, they have tried to balance leadership positions. Speaker Barkis is from Paola; this is a rural area even though it is located in mostly urban Johnson County. The House Majority Leader, Whiteman, was from Wichita. He is now moving into the governor's cabinet. His successor as House Majority Leader is from an urban area.

The next echelon of political leadership in the state includes a number of women who have finally worked their way up the political pipeline in both parties. Observers judge them to be more talented than their male counterparts. And, since

many of them have husbands who support them financially, many of them have the time to be full-time legislators. As a result, observers see a trend toward more emphasis on rural health care issues than economic development issues.

State-Local Relationships

Local governments get their operating authority from the state constitution. Local governments are continually lobbying the legislature. As a general rule, local governments want the state to stay out of local government issues. They argue that decisions are best made at the local level. While local governments get a great deal of money from the state, through the local ad valorem property tax reduction fund, grants, and the like, these revenues have been shrinking of late.

The general relationship between state and local governments can be characterized as somewhat adversarial. For example, several counties recently filed suit against the state's criteria for counting residency in the state's census. (The counties lost.) Several school districts are currently suing the state over its funding for K-12 education. One sign of how local governments are viewed by the state is seen in the requirement that local governments register as lobbyists in Topeka. They are subject to the same rules as private sector lobbyists.

Kansas has not had an intergovernmental body since the 1970s. There has not been any formal structure for the past 15 years. The Kansas League of Municipalities tried to do something about it three years ago, in the summer of 1988. They tried to recreate the Intergovernmental Relations Advisory Body. The initiative died because the then governor, Hayden, wouldn't even send a representative. The legislature said they would not participate if the governor was not interested. The Kansas League of Municipalities tried again in 1991 but were unsuccessful again. The legislature has been indifferent to it; they were not even willing to fund a study of intergovernmental relations.

There is not much interaction between local governments and state agencies. The general pattern is haphazard; relationships vary between different local governments and the state. Some local governments have good relationships with individuals and agencies; others do not. For example, if the Kansas Dept. of Health and Environment is charged with responsibilities that overlap local governments, it may or may not try to coordinate its activities with the relevant local governments.

Role of Private Sector

Not surprisingly, agricultural interests carry a great deal of weight in the state economy, for example, the Kansas Farm Bureau and the Kansas Oil and Gas Association. Their impact was noticeable in the deliberations over the property

classification amendment, which exempted farm machinery from property taxes. Agricultural property is now appraised on use value as opposed to development potential.

Commercial property owners and utilities also play a large role in state policy-making. When proposals to modify the property classification amendment (for property tax purposes) are made, the private sector lobbyists become very active. As a result, no changes in the amendment have passed; current vested interests have been very successful in thwarting change.

III. PAST RELATIONSHIPS AND EFFORTS

Federal-State

The pattern of existing relationships between federal and state agencies has been one of substantial overlap, especially as it relates to rural development. There has been very little communication or coordination among actors. One exception to this pattern seems to be the relationships between HUD and the Kansas Department of Commerce. The Director of the Community Development Division of the Kansas Department of Commerce reports a good working relationship with the U.S. Housing and Urban Development Department and her office.

In the area of rural development, there is still some nervousness between the federal and state actors in the arena. The Extension Service people have not been active in the state of Kansas' initiatives regarding economic development. They have not been deliberately excluded. It's just that Extension has been reluctant to introduce or promote initiatives in agriculture. The Extension service has been active in Kansas facilitating strategic planning and leadership development in rural communities.

Federal-Federal

Within the state of Kansas the pattern of relationships among federal agencies has been one of passive cooperation. Each agency had its own agendas and pursued them separately. There were no joint efforts. They have good current relations with each other.

Past Efforts on State Level

The state of Kansas hit a recession in 1981. The state's economy went deeper than most states and came out of it slower. In 1985 the Institute of Public Policy and Business Research at the University of Kansas developed recommendations for stimulating economic development in the state of Kansas; these proposals were presented to the state legislature in 1986. Past efforts at the state level have focused

more on metropolitan economies. Almost all growth in the state has historically been in the metropolitan issues.

The state of Kansas' strategy regarding economic development is a balanced approach to 1) new business start-ups, 2) competitiveness of existing industry, and 3) recruitment of business from outside. By 1990, 46 out of 50 recommendations had been acted upon by the state legislature, including 10 basic pieces of legislation and seven constitutional amendments which were specifically tied to economic development.⁸

Reforms were instituted in the areas of human capital, infrastructure, entrepreneurial environment, capital markets, technology, quality of life, and institutional capacity/responsiveness. Specific reforms included:

Human capital: increase emphasis on education, fund Small Business Development Center.

Infrastructure: repeal the internal improvements prohibitions in the state constitution.

Entrepreneurial environment: sales tax exemption of manufacturing machinery and equipment. Expanded property tax abatement opportunities. Eliminated property tax on inventories, developing an agricultural marketing program.

Capital markets: established Kansas Venture Capital Inc., a public/private program for firms that are unable to get conventional capital.

Technology: expand funding for product development. Established the Kansas Technology Enterprise Corp.

Quality of life: Expand the state's commitment to the arts.

Institutional capacity/responsiveness: established a joint House-Senate committee on Economic Development; reorganized the Dept. of Commerce; it is now responsible for all economic development.

The state of Kansas is now systematically evaluating whether these different strategies have had an impact.

In 1987 Governor Hayden constituted a Task Force on the Future of Rural Communities to respond to complaints that most of the economic development initiatives were oriented toward metropolitan areas. And Kansas, Inc. developed a Rural Development Action Plan.⁹ The general thrust of the initiatives is to involve rural communities in their own economic development. The shift has been to give rural communities a sense that they are responsible for their own economic development rather than the state being solely responsible. Specific action items included:¹⁰

Health: the creation of the Office of Rural Health in the Kansas Department of Health and Environment and medical malpractice insurance reforms.

Strategic planning: creation of a strategic planning grant program for communities; program is administered by the Kansas Department of Commerce.

General: creation of the Rural Assistance Center in the Kansas Department of Commerce.

In addition the National Institute for Rural Development was established through a national initiative. It is known as The Huck-Boyd Institute at Kansas State University.

The most recent trend in the state is to do much more for rural development. The current emphasis is on networking.

IV. MEMBERSHIP ON THE COUNCIL

Member Selection

The criteria for inclusion in the Kansas Rural Development Council includes having an interest in rural development and program responsibilities that relate to rural communities. The USDA sent out letters of invitation to all federal agencies having anything to do with rural issues asking that they join the new initiative. Anyone who responded with interest was included. The state of Kansas followed the same process. The Kansas Secretary of Commerce sent out invitations to all affected agencies asking them to participate, including representatives of local governments and the private sector. Efforts were made to get some female representation.

Steering Committee

The federal co-chair convened a Steering Committee to get KRDC off the ground. The co-chair selected committee members based upon people he knew and trusted. The committee was drawn from three federal agencies (HUD, SBA and Extension) and the Kansas Department of Commerce. The state agency representative was also the state co-chair.

Executive Committee

The Executive Committee has eleven members, four of them are from federal agencies, four state agencies, and three at-large members who were voted upon by the whole Council. These three at-large members are all drawn from the private sector.

Full Council

The KRDC has 49 members. The composition of the full Council is as follows. There are 21 federal members. Federal members are drawn from one national office (the federal monitor who is with the Small Business Administration), 12 regional offices, and 8 state offices of federal agencies. There are 15 state agency representatives. Two KRDC members are drawn from local government associations, and there are 11 private sector members. Of the group, there are two African-Americans and five women.

Procedures followed by the KRDC in meetings is a group process. Group processes are seen as very important because the Council's success depends upon membership commitment to its broader interorganizational mission and goals. The Executive Director is not a voting member.

The Executive Director staffs the Executive Committee and the full KRDC. The Executive Director is a federal employee who has been "detailed" to the project by the U.S. Department of Agriculture, Soil Conservation Service.

Chairs, Co-chairs and Other Officers

The by-laws of the KRDC specify that the Council will have co-chairs, one a federal agency representative and the other a state agency representative. The by-laws further stipulate that the Secretary of the Kansas Department of Commerce will be the state's co-chair. The State Director of the Farmers Home Administration in Kansas is the federal co-chair.

The rationale behind having co-chairs was to make sure that the KRDC enjoyed state and federal cooperation. The state director of the Farmers Home Administration was the federal individual charged with getting the Rural Development Council up and running. Because of this charge, he was not willing to let go of the initiative completely. Nonetheless, he wanted to increase the chance that state agencies would cooperate in the interorganizational process. So he proposed the co-chair arrangement.

In the opinion of the federal co-chair, it hasn't worked. In the opinion of the representative of the Kansas Department of Commerce who has filled-in for the state co-chair in her absence, it hasn't worked. No one has a better suggestion; they just agree that it has not worked well. It is difficult for the Executive Director to deal with two bosses.

The chairs' roles in Council have been to attend to issues of operation. They alternate in directing meetings; together they set agendas. In other matters the co-chairs merely serve as members of the group.

Missing Agencies

At the time of these interviews, the Bureau of Reclamation of the Dept. of Interior had not been involved. They were reported to be joining soon. Nor has there been much participation from the Agricultural Stabilization and Conservation Service. There is a sense that they lack commitment to the overall mission of the Council.

The State Board of Education has not participated. The presumed reason for their lack of involvement is a sense that their individual agency agendas are more pressing.

The local government actors, the Kansas League of Municipalities and the Kansas Association of Counties, have assumed very low profiles in the process. They remain a bit skeptical about whether there will be much pay-off in the process for local governments. Many similar programs have come and gone over the years.

Members' Reasons For Involvement

Most of the people involved in KRDC administer programs that relate to the development of rural communities. They participate in KRDC because they see it as an opportunity to make their processes work better, more efficiently. Both federal agencies and state agencies seem to want to make a difference, to succeed in enhancing rural development. KRDC members report they are willing to change their operations somewhat and cooperate with others in an issue area if it means that their own agency's performance and mission will be enhanced. There do not appear to be any historical animosities among members; they've just never cooperated before.

Everyone reports they anticipate tremendous returns on their investment in networking. They value the chance to get to know others working in same issue areas and the chance to learn what other agencies do. They anticipate being able to use this new knowledge of individuals and programs to facilitate cooperation when future issues arise.

Objectives and Goals

Despite the fact that KRDC has adopted a mission statement, the Council is still working to develop a consensus on its mission and the goals of this endeavor. Most members recognize the goal of getting state and federal agencies to work together, to minimize the negative impact of conflicting rules and regulations by facilitating coordination and cooperation. In this regard, KRDC has served federal and state agencies well. It is unclear whether local government and private sector members see how they relate to this objective.

One key goal is to build an element of confidence and trust in intergovernmental cooperation. To do this, many agencies and individuals will need to reconfigure their

thinking about their responsibilities. They will have to shift their role emphases from those of enforcement to facilitation.

The Executive Director reported that his goal is to respond to the national mandate. His interim goals are to build trust and cooperation among the Council members. He is trying to develop a shared sense of mission among the KRDC.

Interdepartmental cooperation and networking among KRDC members is one shared goal. Members see this as an immeasurable accomplishment that is invaluable to future success of individual agencies and broader progress in rural development. Members see KRDC as affording opportunities to make everyone's program look better. If KRDC can demonstrate this, then it will have accomplished a great deal. Some members reported feeling some pressure to justify (to their agencies or supervisors) the great expense of time they have invested in KRDC to date.

KRDC members do not report as much measurable success as they would like. They have not yet reached agreement on how to define success. There does seem to be some consensus that KRDC cannot take over the legal responsibilities of member agencies, nor should it become a superagency that supersedes the tasks and functions of its members.

Some members have suggested KRDC should be judged successful if individual administrators and agencies are more effective at doing their jobs since they became part of KRDC. Others have suggested determining whether there is evidence of improved cooperation and intergovernmental relationships among agencies working together. Long term success will be possible if KRDC manages to create working relationships among the various federal, state, local, and private sector organizations in the state. Is there any commitment to the processes of coordination, communication, and combining of resources among agencies? Is there an improved awareness of what other organizations are doing so something significant can happen?

Others object that it is too early to judge the success of KRDC. They suggest that KRDC is still developing its action plans and cannot be expected to show much in the way of measurable success. They argue that one cannot measure change in number of jobs or growth in one year.

KRDC has succeeded in getting itself organized. It has adopted by-laws, a mission statement, and a decision flow chart. Subcommittees have submitted reports and action plans have been developed. KRDC has enjoyed one clearly visible success that furthered economic development. There was a local economic development issue where the Kansas SBA and the Kansas Power and Light were able to knock down barriers to a small manufacturer relocating into a rural area.

KRDC hopes to create a data base so people would know whom to call if they have problem or opportunity for rural development and don't know where to go next.

State Goals

The state agencies want to know if they can get increased federal monies targeted for Kansas. They report some frustration about vague, implied promises about federal action in the future.

Federal Goals

Federal actors are responding to a national mandate for rural development. Hence, one of their goals is to participate in the KRDC. They report a great deal of progress in networking. They find it especially useful to get to know what other federal agencies are doing. They also want to know how they can work in concert with what the states are doing.

V. COUNCIL STAFF: EXECUTIVE DIRECTOR

Process of Selection

Phone calls went out from the USDA to state offices in Kansas wondering which federal agencies have people who can do the job of Executive Director for such a Council. The current Executive Director was one of the individuals who was asked if he was interested. Interested individuals attended a meeting where there were approximately 60 other people. Candidates talked to Walt Hill and Bob Lovan. A few people were interviewed, Richard Cox was hired.

Reasons for Choice

It was decided that the Executive Director should be someone who had some knowledge about starting up a cooperative relationship. In this instance, that included someone who had experience with federal and state liaison work. Such an Executive Director needs unique interpersonal skills. The individual needs to be positive, energetic and personable, and able to build networks among KRDC co-chairs, Executive Committee and members.

The KRDC Executive Director was hired for his ability to deal with people and his familiarity with the issues facing rural communities. The Executive Director has a B.A. in agronomy and a Masters degree in Theology. He has worked for 15 years for the USDA in the Soil Conservation Service. He has a strong background in rural and

urban development and in Kansas. At one point he served as area resource conservationist for 18 Kansas counties.

Location of Staff Office

The Executive Director is the sole staff of the KRDC. His office is located within the Kansas Department of Commerce. He receives limited secretarial support from the Kansas Department of Commerce staff. KDOC positions for rural assistance were cut recently within the agency when the governor cut its budget. Hence, secretarial assistance envisioned for the Executive Director when KDOC offered him office space has evaporated.

Executive Director's Responsibilities

The Executive Director perceives his job responsibility to be provision of staff support to KRDC and the Executive Committee. He defines his job as work with the Council to build commitment to the mission of the organization and trust among members. He tries not to favor either the state members nor the federal members. He sees himself as a facilitator whose charge is to develop a shared sense of vision among Council members.

Available Resources

Minimal resources are available to the KRDC Executive Director. USDA Soil Conservation Service pays his salary, travel and automobile expenses. Minimal secretarial support and supplies are provided by the Kansas Department of Commerce.

Relationship to Federal Monitor

The relationship between the Executive Director and the federal monitor for Kansas is reported to be very good. The federal monitor tries to take a broad view of his job. He defines his role as alerting KRDC to matters of importance that may arise in D.C. because it is a federal initiative. The monitor says he tries to avoid giving detailed directions from D.C. He wants to give the KRDC, its Executive Committee, and the Executive Director wide latitude to do whatever they need. The federal monitor feels he can do this because he thinks the Kansas group has its act together organizationally and politically. The monitor has confidence in the co-chairs and the executive director. He reports that the Executive Director asks the right questions. In turn, the Executive Director reports having a good relationship with the federal monitor.

VI. MEETINGS

Description of Meetings

The KRDC had its initial meeting on Nov. 8, 1990. The state director of the Kansas Office of the Farmers Home Administration (FmHA) called a four-member Steering Committee together (three members from were federal agencies and one from a state agency). The state director asked members whom he knew and had confidence in.

The state director of FmHA extended invitations to join the KRDC to all federal agencies that might be interested. Kansas Governor Finney delegated the state's responsibility to her Secretary of the Kansas Department of Commerce (KDOC). The secretary of KDOC issued invitations to state and private sector actors. The Steering Committee met twice, in December 1990 and February 1991, and had one conference call. The Steering Committee convened the KRDC and drafted the KRDC by-laws which they then took to the whole Council for adoption.

The by-laws were adopted by the KRDC after little discussion. The perceptions of the by-laws adoption process differ between state and federal Council members. According to some state members, the Council did not spend enough time discussing the by-laws to get state people to feel ownership in them. This perception has made it difficult for nonfederal Council members to buy into the process over the long haul. In contrast, some federal members of the Council lamented the fact that some people wanted to spend too much time on by-laws.

KRDC began its business early in 1991. To date four full Council meetings have been held. The first was the training institute held in San Diego; 27 KRDC members attended. Meetings were also held on February 6, May 1, and June 18-21, 1991. The June meeting was devoted to a three-day Strategic Planning Institute. Another full Council meeting is scheduled for August 13, 1991. The Executive Committee has met three times, on May 23, July 1, and on July 29, 1991.

Meeting Agendas

Meeting agendas are determined by the co-chairs. They consult and give the agenda to the Executive Director.

Decision Rules

The KRDC meetings emphasize group process heavily. When votes need to be taken on an issue, the KRDC uses Roberts Rules of Order. The Executive Director takes the time in meetings to bring members who were absent from previous meeting(s) up-to-date on previous discussion. He tries to have everyone talk as much

as they need to so that they can buy into the overall mission. Despite this emphasis on discussion, some Council members still are undecided about whether their participation was welcome or meaningful.

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

Content of the Agenda

KRDC is working off the federal mandate. It has set up subcommittee structure to address: Needs Assessment, Resources Inventory, Outreach, and Demonstration Projects.

Beyond the committee reports, these are the issues that members noted in their interviews.

Nature of the mission of KRDC. Even though the Council adopted a mission statement, it is still working to clarify the Council's purpose. They wonder if the KRDC should have a life of its own beyond the synergy of its member agencies. They are working to clarify the authority of KRDC.

In particular, KRDC is wrestling with the question of whether it should pursue case work or seek to develop a broader vision of its mission. The federal co-chair wants to avoid casework. The federal monitor sees case work as useful in the development of a broader vision. He thinks that solutions developed in response to case work may suggest broader policy initiatives. These individuals are representative of the diversity of opinion within the Council on this matter. Some members see the KRDC as providing a new vision for Kansas and creating new ways rural Kansas can deal with rural development problems. Other members think KRDC should take a project-by-project approach.

Since most of the members of KRDC work in large organizations, they tend to think of solutions in organizational terms. Some sense a pressure to create a superagency. Members are trying to resist that tendency. Nonetheless, they wrestle with the question, If KRDC doesn't have a life of its own, then what is its purpose? What is KRDC's unique role separate from its member agencies?

Thus far the consensus answer is that the Council will channel its energies through the various member agencies. KRDC does not see its role as one of developing its own clientele; rather, the Council prefers to help member agencies develop relations with their own clientele. The KRDC is trying to structure itself in such a way to insure that it functions as a communication and coordination agency rather than as a policy group. If the Council adopts this mission, then it must decide how KRDC can rally the forces of the various agencies to make things happen.

Visibility. Related to the issue of whether the KRDC is a separate agency and its mission is that of KRDC's visibility. The Council has discussed whether it should promote itself. The answer has been that the KRDC should only promote itself through action. This question of visibility raises the related issue of demonstration projects. The Council is still working on how to identify demonstration projects. Caution has been expressed that KRDC avoid raising expectations.

Accessibility. The Council has discussed the issue of access to KRDC coordinating processes. They face the question of who has legitimacy to raise an issue before the KRDC? Can an individual company that is trying to relocate contact KRDC? Or will KRDC only accept requests from public sector entities? It is unclear whether the Council has resolved this question to date.

Scope of the Council's mission. There is a diversity of opinion about the scope of KRDC's mission regarding rural development. Is there a difference between rural development and economic development? Some see rural development as a broader concept than economic development, one which encompasses concerns for the infrastructure, education, quality of life and economic development of rural communities. Others see rural development as a subcategory of economic development.

Changing old administrative ways. The Council faces the task of reconfiguring the thinking of federal and state administrators away from the more conventional enforcement mentality to that of a facilitating posture vis-a-vis activities in rural communities.

Definition of rural. The KRDC decided that, for purposes of its deliberations, all of the state of Kansas is rural. Nonetheless, the President of Kansas, Inc. notes that there are vast differences in problems and prospects of metropolitan, midsize and small communities in the state of Kansas.

Involvement of local governments. Service delivery in rural communities is an important challenge. How can KRDC tap the energies of local communities in the interests of rural development? How can KRDC get intergovernmental cooperation when problems fall into multiple jurisdictions? Is it possible to consolidate services in rural areas even if vested interests cannot countenance political consolidation of counties? How can KRDC become more representative of local government interests?

Data base. The Council has decided it would be valuable to develop a data base on rural development opportunities to which others in state can have access. But if KRDC is not a freestanding agency then the question arises as to how to build and support such a database. Questions that need to be answered include: Who pays? Who manages? Who is responsible?

Priority Issues. At its strategic planning institute in June the KRDC developed a combined priority issues list. Those eight issues included: water, capital availability, health care, local government fragmentation, telecommunications, rural leadership, coordination of rural service delivery, and rural employment. Twenty-nine action plans were developed for KRDC members to pursue these combined priority issues.

Consolidation/Coordination of State and Federal Programs. KRDC recognizes it must address the question of how to consolidate and coordinate among state and federal programs.

Balance Between Conservation and Rural Development. KRDC recognizes inherent tensions arise between conservation and agricultural practices. When the issue has arisen in the Council, agriculture has won out. The Council also recognizes tension between economic development and water conservation. The Council has not yet reached a consensus on these issues.

Avoiding Favoritism. Council members have noted a tension between using telecommunications to solve some rural development problems without seeming to favor that industry over others. While telecommunications are seen as an answer to serious problems by some Council members, it can be seen as giving an unfair advantage to that one industry by others.

Rural Leadership Development. The Council faces the question of how to foster rural leadership development. Should KRDC adopt an advocacy role to overcome the reticence of established political leadership in rural communities who are too complacent or old to care about the future and the need for change? How can KRDC utilize the expertise of people responsible for development in rural communities, such as chamber of commerce types, and city/county governments?

Whither KRDC? Questions have been asked about the future of the Council. Can KRDC be sustained beyond this year and this initiative? Will there be funding forthcoming? If so, from where?

Process of Setting Substantive Agenda

The by-laws are in place. KRDC has agreed upon an organizational flow chart to determine how to deal with issues which arise within KRDC. A copy is attached in the appendix to this report.

KRDC worked on developing a consensus of the Council's mission through group processes. Consensus among a 50 person body of volunteers is difficult at best. KRDC tries to balance broad participation of all members with the need for making some decisions and getting some action. The result is a decision making flow chart.

The KRDC has encountered time problems and a floating membership problem. The state co-chair tried very hard to encourage only agency heads to participate in the KRDC. The idea was that decision-makers were needed to be part of the process, not their designees. KRDC has found that these same people are too busy in their normal jobs to sustain the heavy time commitment needed to attend KRDC faithfully. There are questions about the payoff for these executives' time. The de facto solution has been a system where "designees" are used but there are some problems when even the designees cannot attend with any degree of regularity.

There was a problem with the early membership of KRDC because it was skewed toward federal and state actors. The question arose as to how to insure private sector participation and how to elicit local government participation. KRDC tried to solve this problem by electing three private sector members to the Executive Committee. No local government representation exists on the Executive Committee.

Disputed Issues

A long list of substantive issues have been considered by the Council over its deliberations. Some of them represent issues that clearly have proponents and opponents; most merely represent issues that do not have clear cut problem definitions or solutions. No one reports any disputes outstanding. Disagreements have either been papered over (such as defining all of Kansas as rural) or dealt with by voting under Roberts Rules of Order. The Council has made a concerted effort to focus on concrete issue and avoid discussions about grand visions.

Relationship between National Agenda and State Agenda

The federal agenda seems to be to develop better working relationships among federal agencies and between federal and state agencies. It appears that they are on the road to accomplishing this through the networking inherent in the process.

The state actors keep waiting to find out whether the federal government intends to provide any incentives for the intergovernmental cooperation in the form of an infusion of federal dollars. Regarding rural development, while state actors tend to have more of a sense that they are working together that federal actors do, there is a definite sense of a lack of state agenda regarding rural development. It is not high on the current Governor's agenda; hence the state lead agency (KDOC) has not had much direction on this point.

VIII. PARTICIPATION IN INSTITUTES

Members reported feeling that, while the San Diego meeting gave them a chance to get to know each other, it was not time well spent. The timing was horrible. It required members to be out of state in March, which is at the peak of the legislative cycle in Kansas. Complaints were voiced about the content of the San Diego meeting being too specific.

Members reported that the Strategic Planning Institute held in Hutchison in June was more productive. Some expressed frustration that the Council had to start over (to bring absentees up to date on Council deliberations) but that the Council did succeed in developing a series of action plans. One member observed that there is still a dearth of strategic thinking among the Council. The action plans are very specific, not very visionary.

IX. FUTURE PLANS

The Executive Committee plans to meet on July 29-30 to review the results of the Strategic Planning Institute in June. The full Council plans to meet in August.

X. ADVICE IF OTHER STATES TRY RDCs

1. Pay attention to timing. The timing in Kansas was abysmal. The RDC initiative got underway right after an election that saw a turnover in the governor's office. The issue was associated with the agenda of the new governor's predecessor, and the new governor did not demonstrate much interest in the issue.

2. Governor must support. If the governor of the state is not interested in facilitating rural development, it may be fruitless to pursue the initiative. As an intergovernmental collaboration, the state needs to have the issue on its agenda before this kind of initiative can hope for success.

3. Avoid the co-chair arrangement. The KRDC used a co-chair arrangement for political reasons but it is not working well.

4. Recommend some different Council arrangements. KRDC is wrestling with the challenge of juggling broad participation with the need for making some decisions and getting some action. KRDC members have suggested some different Council arrangements to deal with the cumbersome nature of decision-making in such a large group. A 49 member body is too unwieldy.

One suggestion was to reconfigure the full Council from a decision-making body to an advisory role for the executive committee. This would allow the much smaller (and more manageable) executive Council to make the decisions. With this reconfiguration the full Council could get even bigger and it would not matter if the Council got bogged down in process issues because only would only be advisory anyway. This would deal with the problem of extensive time involvement for Council members. The Council could meet once a quarter and be as big as necessary to give a broad feeling of participation.

5. Working conditions and job description of the Executive Director need to be rethought. The working conditions of the Executive Director are barely adequate to provide staff support to the Council. Some members have noted the need an Executive Director who takes a directive approach to the job rather than a facilitative approach.

6. Some members have suggested it might be useful to develop a start-up manual for other RDCs so they do not have to reinvent the basic processes. This manual could provide guidance on such issues as: organization, by-laws, decision processes, agenda procedures, who chairs, meetings, Executive Director (including preferred job qualifications, role), mission statement, and a definition of rural. With such a manual the rural development Council so could avoid spending time on organizational issues and can get right down to the substantive concerns.

NOTES

¹ Kansas, Inc., Rural Development Action Plan, August 22, 1989, Prepared for the Joint Committee on Economic Development of the Kansas Legislature, Topeka, KS. p. 11.

² Alvin D. Sokolow, Back Home: Grassroots Governments and the People They Serve, Washington, D.C.: National Association of Towns and Townships, 1988.

³ Kansas, Inc., Rural Development Action Plan, p. 7.

⁴ Kansas Statistical Abstract, 1989-90, Thelma Helyar, editor, Lawrence, KS: Institute of Public Policy and Business Research.

⁵ Ibid.

⁶ Kansas Inc., Rural Development Action Plan, p. 44

⁷ Interview with Charles Warren, President of Kansas Inc., June 28, 1991.

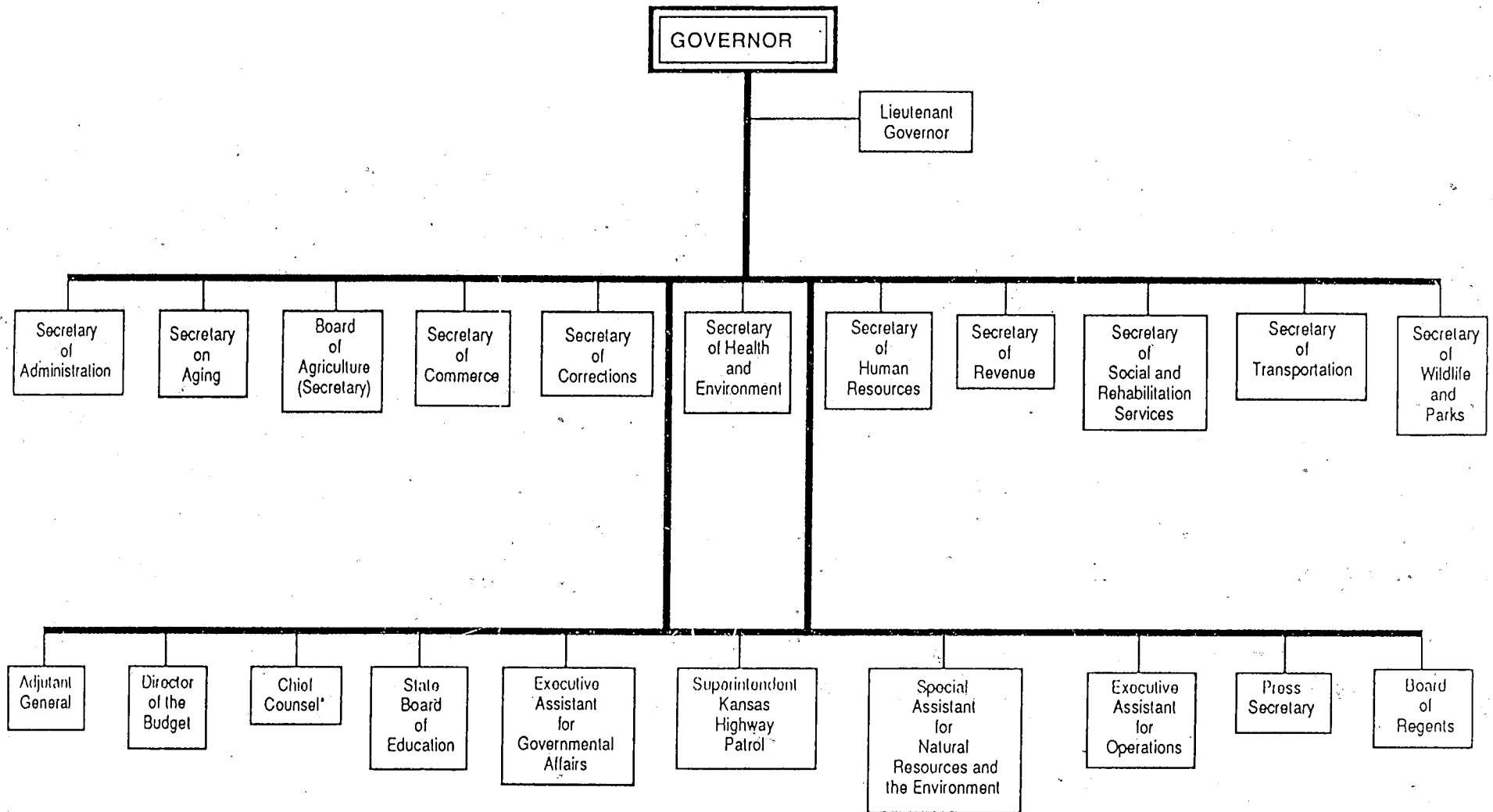
⁸ Kansas Inc., Redwood-Krider Report Update, (revised) December 1990, p. 1-6.

⁹ Kansas Inc., Rural Development Action Plan, p. 72-77.

¹⁰ Interview with Charles Warren, President of Kansas Inc., June 28, 1991.

APPENDIX A

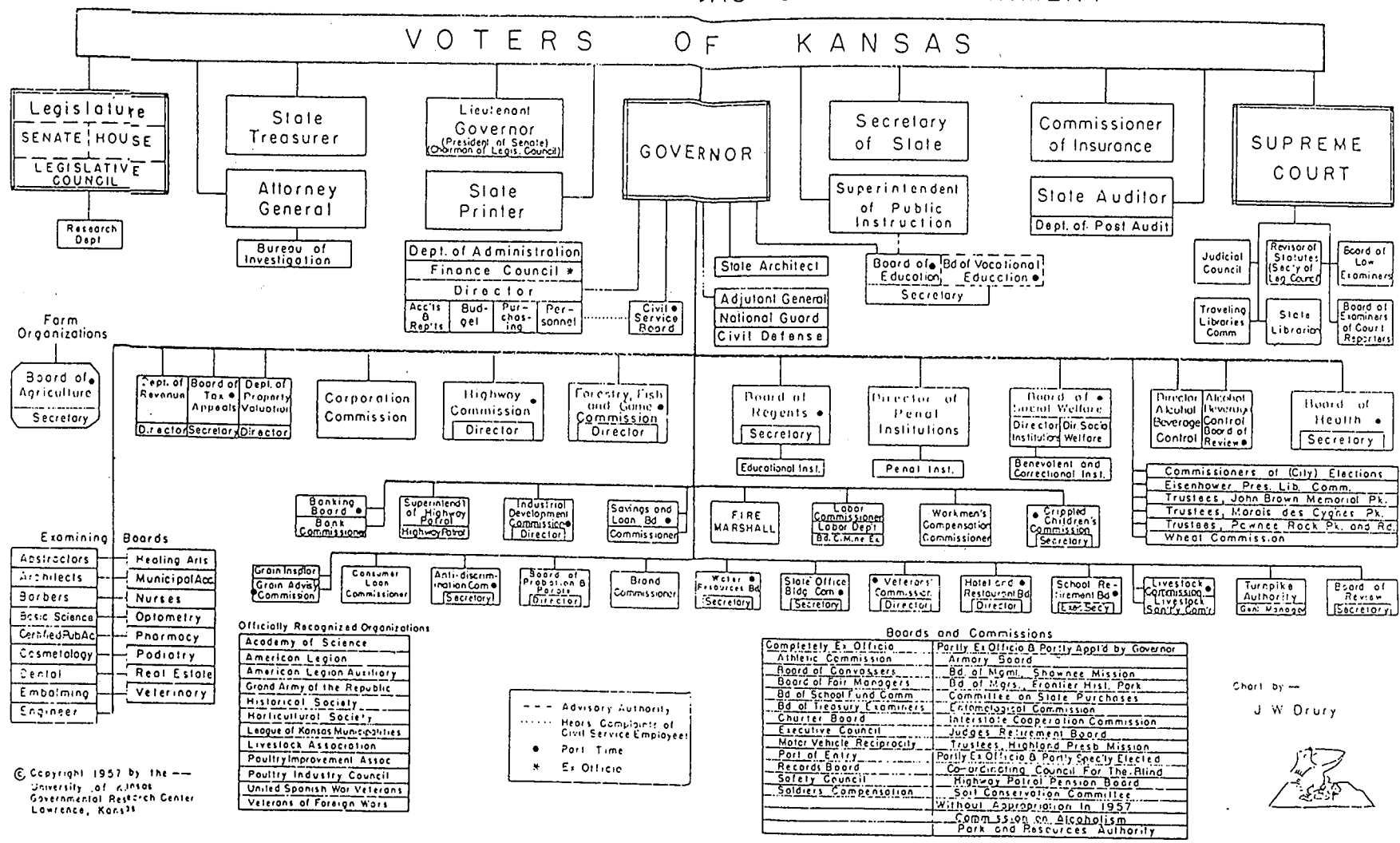
Kansas Organization Charts



*Also responsible for liaison and coordination with Kansas Parole Board

Secretary of Administration
December 9, 1988

ORGANIZATION OF KANSAS STATE GOVERNMENT



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University of Kansas
Governmental Research Center
Lawrence, Kansas

--- Advisory Authority
..... Hears Complaints of Civil Service Employees
● Part Time
* Ex Officio

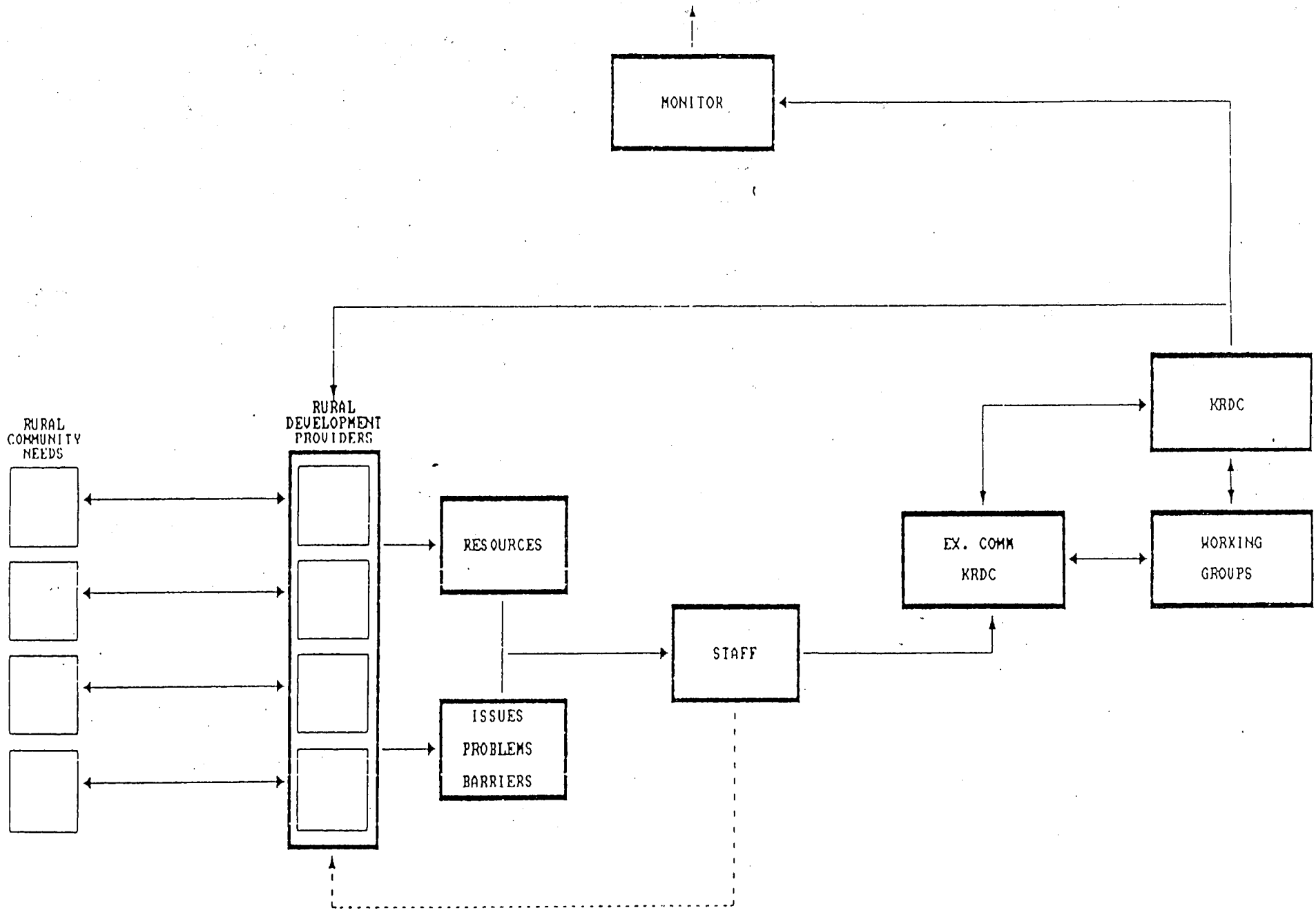
Chart by --
J W Drury



APPENDIX B

Kansas RDC Functional Flow Chart

KRDC FUNCTIONAL FLOW CHART



MAINE RURAL DEVELOPMENT COUNCIL

Steve Ott
University of Maine

September 1991

I. NATURE OF THE RURAL SECTOR

What is Considered Rural?

"Rural" is a concept or a construct to be defined rather than a fact or a truth to be found. The most frequently used definition of "rural" is that of the U.S. Census Bureau.¹ The Census Bureau defines as rural every area that is not urban and identifies three types of urban areas: all municipalities (local units of government) with city charters from the state; all portions of metropolitan statistical areas (MSAs) where population densities exceed 100 persons per square mile; and all places (settlements or population clusters) outside of MSAs with population densities in excess of 100 persons per square mile and total populations of 2,500 or more persons. The Census Bureau, therefore, considers all other areas to be rural. Using this definition, 52.5% of the Maine population lived in rural areas in 1980. Approximately 85% of the state's local governments (municipalities) and more than 90% of the land area were rural in 1980.

Between censuses, some state agencies use a substitute measure that defines as urban all municipalities (local government jurisdictions) with populations of 2,500 or more. Using this definition, 29% of Maine's population lived in rural areas in 1980, and approximately 93% of the local governments and 96% of the land area are rural.

In order to comply with federal agency and program requirements, some state agencies define the portion of the state that is outside of any MSA as "rural." There are three MSAs wholly in Maine and a fourth that includes part of Maine and New Hampshire. Using this definition, 67% of the Maine population lived in rural areas in 1980, and approximately 93% of the local governments and 96% of the land area were rural.

The Farmers Home Administration (FmHA) characterizes as "urban" any local government jurisdiction with a population of 10,000 or more persons. Using this definition, 67% of Maine's population lived in rural areas in 1980, and approximately 96% of the local governments and 98% of the land area were rural. Yet another definition that is used by some federal agencies characterizes any local government jurisdiction with a population of 50,000 or more people, as "urban." Under this definition, the only area in Maine that is urban is the City of Portland. The other 493 municipalities and 419 unorganized townships are considered "rural." This includes 95% of the state residents and 99.9% of the land area.

"Rural," however, connotes more than population density. It also includes a "sense of ruralness," a way of life, or a rural culture. Thus, under a grant from the FmHA, the Maine State Planning Office (SPO) has constructed a classification system for municipalities in the state that is used by many state agencies. The SPO classification system uses 15 items of information about municipalities to divide them into 3 categories: urban, suburban, and rural. In this classification system, rural municipalities exhibit several characteristics: Low population densities; high proportions of residents are employed in farming, fishing, or logging; few retail and service establishments; no (or small) compact settlements (villages); few residents commute elsewhere to work; and few workers are attracted from elsewhere.

Using this SPO definition, 15% of Maine's residents lived in rural areas in 1980, and approximately one-half of the municipalities and 75% of the land area were rural. The SPO definition includes far fewer rural municipalities than the other definitions because it includes the category, "suburban." Many small towns in Maine with low population densities have minimal dependence on the land. They are bedroom communities for neighboring cities. Many of their residents are office or factory workers in cities.

SPO has also begun to delineate "extended communities" and to categorize them as urban and rural. Each extended community consists of a trade and employment center and also the surrounding towns whose residents usually work, shop, and obtain services in the center. SPO's preliminary analysis suggests that six communities (Kittery, Portland, Lewiston, Brunswick, Augusta, and Bangor) are urban in character. The remaining 30 are rural. Under this definition, approximately 45% of Maine's population was rural in 1980, and approximately 80% of its municipalities and 75% of the land area were rural.

Demographics

(Exhibit 1 is excerpted from the February 1991 draft report, "Economic & Social Trends & Conditions in Rural Maine," prepared by the Maine State Planning Office.)

II. GOVERNMENTAL STRUCTURE

Before proceeding with a description of governmental structure and authority in Maine, it is necessary to explain the current, complex, political-economic context in which the Maine Rural Development Council (RDC) has tried to function. The context has had very evident effects on the dynamics of the RDC as well as on the articulation or development of a state rural development strategy.

Briefly, the economic and political environments have consumed policy-level decision-makers and their staffs and have paralyzed policy processes in the executive and legislative branches of state government. Commissioners of state departments have not been able to participate in the RDC let alone provide leadership. A few deputy commissioners have been participating actively. Maine state government simply has not been able to exert leadership in rural development policy and strategy -- or any other policy arena -- for more than a year.

Governor-Legislature

Relations between the Governor and the state legislature are very stormy. Instances of agreement, collaboration, or cooperation are infrequent. The problems have intensified with the on-set of a severe economic recession that has required repeated downward adjustments of state government revenues, several revised state budgets for 1990-1991, and state government employee lay-offs and forced furlough days (spring 1991). The Governor insisted on tying "Workers Compensation reform" to adoption of a 1991-1993 budget, vetoed several budgets that were passed on pure party-line voting (without Workers Compensation reform), "closed" state government for the first week in July 1991, and re-closed it for more than a week starting on July 11. Although a budget has been adopted, the conflicts are not over.

Governor-Agencies

Governor-agency relations are typical of other smaller states. The Governor communicates with Commissioners and other managers of departments directly, through his staff, or through intermediaries (for example, the State Planning Office). The quality and quantity of interactions depend on the Governor's interest in issues pertinent to specific departments, what is "hot" at the moment, and the nature of established personal relations. As in many states with small populations, most key actors have known each other for years (or generations) in multiple settings and roles.

Economic development is a policy arena that involves almost every department and many bureaus and offices of state government. The Department of Economic and Community Development (DE&CD), is only one of several agencies with an interest in this issue. The legislative majority has been trying to reorganize DE&CD out of existence, while the Governor has defended and advocated for it. Probably, the State Planning Office (SPO) has had the greatest influence on the Governor's strategizing for rural development.

State-Local, and Private Sector

The most relevant aspects of state-municipal relations in Maine include:

Limited Local Taxing Authority. The state excludes municipalities from engaging in almost all forms of revenue generation except property tax. The state reallocates some state sales tax revenues to municipalities, but the reallocation was reduced substantially in 1990 and 1991 as the state struggled to balance its budget. Municipalities have been lobbying for the right to collect sales tax.

Counties are very weak in Maine. They are funded through municipal budgets. Unsuccessful recent legislative proposals would have abolished counties, made counties agents of state government, or funded counties or essential county functions directly from the State General Fund (e.g., county jails). Although the proposals have been unsuccessful, they have been heard and received attention.

Sub-state Regions are specific to federal government programs. Regional development commissions (RDCs) exist in several forms, claim some of the same turf, and sometimes compete with each other. Some regional development commissions are instrumentalities of municipal and/or county governments (e.g., Eastern Maine Development Corporation and Northern Kennebec Regional Planning Commission). Others are nonprofit organizations with only contractual ties to units of government (e.g., Coastal Enterprises, Inc.). Other active participants in the RDC view themselves as equally or more representative of local interests than the RDCs because they reflect different histories, constituencies, and thus perspectives. Examples include community action agencies such as Community Concepts and Western Maine Community Action; and other nonprofit groups with strong rural agendas, such as The Maine Ambulatory Care Coalition and the Western Maine Alliance. All regional organizations that are active on the RDC pursue state and federal funding for rural local development projects.

Cooperative Extension. As in other states, Cooperative Extension is a complex mix of federal, state (including State University), and county funds, program priorities, and decision-making. Cooperative Extension has expanded its role and activities in rural community development nationally and in Maine.

Private Sector has been defined operationally as sub-state regional nonprofit agencies. A few representatives of private for-profit firms have attended meetings but not regularly.

III. PAST RELATIONSHIPS AND EFFORTS

HUD, EDA, SBA, SCS-RC&Ds, FmHA, and other federal agencies were key actors on Maine's rural development scene long before the RDC was formed. Federal-state, federal-federal, and federal-local relationships in the state vary by nature of program, agency structure and mission, and to an extent by personal relations among the key actors. State and federal government informants are nearly universal in describing vertical and horizontal working relations as extensive and long-standing. Problems mentioned by RDC members include "red tape" and rigidity associated with categorical programs and funds, incompatible eligibility requirements and definitions, the need for multiple clearances and forms, and the long-standing participant network. Representatives of EDA, FmHA, SBA, SCS and other agencies that have been working in rural development for many years, claim to coordinate efforts with each other and with agencies of state government "much better than in most other states." By and large, state government informants agree.

Numerous prior rural development collaborative initiatives have been attempted over the years. A few are described briefly below.

The Governor's Committee on Rural Development. In 1979, the former governor established a Governor's Committee on Rural Development. The Committee consisted of state and federal agency heads, elected officials, and local representatives from rural areas. On January 19, 1988, the current governor issued Executive Order 11 that continued the Governor's Committee on Rural Development, the predecessor organization to the RDC. The Governor's Committee's primary charge was to implement the Federal-State Rural Development Cooperation Agreement. Although the Governor's Committee was not highly active, it was an officially sanctioned forum and visible focus for rural development in the state. Opinions about its effectiveness and usefulness are mixed. The Governor's Committee has not been officially disbanded or folded into the RDC. An executive order was drafted on March 27, 1991, but has not been finalized and issued. Thus, the Committee still exists although in practice it was blended into the Council in spring 1991.

The Governor's Committee had substantial U.S. government representation, including: State Director, Farmers Home Administration (USDA); State Director, Soil Conservation Service (USDA); State Executive Director, Agricultural Stabilization and Conservation Service (USDA); Project Leader, U. S. Forest Service (USDA); and State Director, Economic Development Administration (USDC). Also included were the Director of Cooperative Extension, two legislators, and five "local representatives." All of the U.S. government representative members on the Governor's Committee

have been active in the RDC except the State Executive Director, Agricultural Stabilization and Conservation Service (USDA).

Federal and state government members of the Governor's Committee have provided formal and informal leadership during the RDC's first year. The Co-chairs of the Governor's Committee were the Maine Commissioner of Agriculture and the District Director, Small Business Administration. In December 1990, these two persons were named Co-chairs of the RDC at an organizing meeting called by the State Director of the Farmers Home Administration (USDA).

1987 Job Opportunity Zone Program. The Maine Job Opportunity Zone (JOZ) program was enacted to promote development in the "other Maine," rural areas not sharing in the State's wave of prosperity, through targeted state investments. The JOZ program, which was modeled after the U. S. Opportunity Zone Program, was administered by the Department of Economic and Community Development and the Finance Authority of Maine.

1987 Maine Economic Development Strategy Task Force. A 42 member Maine Economic Development Strategy Task Force was assembled with the charge, "to design a strategy that would position Maine to take advantage of new economic opportunities, strengthen the state's competitive position in a changing world economy, and create quality jobs for our workforce." The Task Force's primary product was a report entitled, "Establishing the Maine Advantage: An Economic Development Strategy for the State of Maine." The project was supported by the Aspen Institute and the Ford Foundation.

CSPA Academy on Rural Development (1990). The Maine team was led by the SPO Director who also reportedly selected the team members. Participants in the Academy are still very positive about the approach and process used, and the quality of their experience. Most of them continue to view themselves as collaborators and as allies who are interested in rural development. Some remain positive about the outline of a rural development vision/strategy for Maine that started at the Academy. Others, in hindsight, question the quality of the products they produced.

IV. MEMBERSHIP ON THE COUNCIL

Members, and How They Are Selected

Membership and membership criteria have not been an issue to date. Since the first organizing meeting in December 1990, membership has been open. Depending upon how membership is defined, there are between 60 or 70 and about 120

members. The operating criteria that are used to judge RDC inclusiveness are organizational and position representation and participation. Thus, issues involving "alternates" have not been completely resolved.

The membership statistical profile depends on definitions, most importantly but not exclusively, "who is a member?". The June 4, 1991, "Maine Rural Development Council Organizational Membership" roster compiled by the Executive Director lists 113 members. Some people who are listed have not attended meetings or participated in activities. Thus, the June 4 listing might be considered a list of desired or potential members. Yet, it is not possible to assemble a single, accurate, all-purpose listing of members at this point in time. Thus the June 4 roster is the best list available, is quite accurate in what it contains, and the following tables have been compiled from it.

The geographical distribution of in-state At-Large, Regional, and Local members is shown in Figure 4-1.

TABLE 4-1: Membership Distribution by Category and Gender

(*)

Membership Category	Total		Male		Female	
	Number	%	Number	%	Number	%
Federal	33	29	30	91	3	9
State	28	25	21	75	7	25
At Large (**)	40	35	32	80	8	20
Local (**)	6	5	6	100	0	0
Regional (**)	6	5	5	83	1	17
TOTAL	113	99%	94	83%	19	17%

(*) Membership in categories is approximate. Written criteria for assignment to categories have not been developed. Whereas some assignments are obvious, others are not.

(**) Most "Regional" members are representatives of development corporations, councils of government, and planning commissions. In the vernacular of the RDC, these are all considered "private." In addition, "At Large" members include a few bankers and attorneys, as well as advocacy groups and community action agencies. The former should be considered "private." In contrast, most "Local" members are direct employees of local units of government.

Federal members are distributed geographically as indicated in Table 4-2.

TABLE 4-2: Geographical Distribution of Federal Members

		<u>%</u>
In Maine:	18	55%
Regional or Field Offices:	14	42
Washington, DC:	<u>1</u>	<u>3</u>
TOTAL	33	100%

Using the same membership categories and assignments of members to categories (when possible), the member profiles in Tables 4-3 and 4-4 are from the list of attendees at the May 16, 1991, meeting of the full RDC. Tables 4-3 and 4-4 present moderately accurately representations of the RDC's active membership.

Table 4-3: Membership Distribution by Category and Gender

(*)	<u>Gender Distribution</u>					
Membership	Total		Male		Female	
<u>Category</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
Federal	16	38	13	81	3	19
State	9	21	7	78	2	22
At Large (**)	11	26	9	82	2	18
Local (**)	1	2	1	100	0	0
Regional (**)	<u>5</u>	<u>12</u>	<u>5</u>	<u>100</u>	<u>0</u>	<u>0</u>
TOTAL	42	99%	35	83%	7	17%

Federal members who attended the May 16 meeting are distributed geographically in Table 4-4.

Table 4-4: Geographic Distribution of Federal Members

		<u>%</u>
In Maine:	10	63%
Regional or Field Offices:	4	25
Washington, DC:	<u>2</u>	<u>13</u>
TOTAL	16	101%

Chairs, Co-chairs, and Other Officers

In December 1990, the Federal and State Co-chairs of the Governor's Committee were named Co-chairs of the RDC. The appointments signaled cooperation and helped to ease the transition of activities from the Governor's Committee into the RDC, and thereby to maintain a sense of continuity. The appointments also have been criticized, however, for perpetuating a questionably effective status quo model at a time when new paradigms are needed. Further, as real or perceived pressures to meet Presidential Initiative deadlines increased in spring 1991, a group of "insiders," including a Co-chair, began making decisions and initiating actions. Some other members criticized and then objected and challenged "closed door decisions by a self-selected inner circle." The vocal group of "non-insider" members began to challenge decisions in February and March 1991. Tempers began to flare in several settings, including the New Orleans Institute, and the first meeting of the full RDC was rancorous (May 16, 1991).

By-laws were adopted on May 16 after several changes were made from the floor. They provided for the selection of a Nominating Committee and for the Nominating Committee to nominate a single slate of candidates for Federal Co-chair, State Co-chair, and members of the Executive Committee. The Executive Committee consists of: Two members representing federal agencies; two members representing state agencies; one member representing regional development organizations; one member representing municipal and county governments; and six members at-large not represented by any of the above.

A slate of nominations for the Nominating Committee was presented to the members by the Executive Director at the May 16 meeting. During the discussion that followed, the question was raised: "Is the Nominating Committee allowed to nominate its own members for Co-chair and/or the Executive Committee?". The Council decided not to permit Nominating Committee members to be nominated for leadership positions. The Nominating Committee's nominees were elected at the Summer Institute (August 6, 1991).

Unrepresented Agencies

All of the important federal and state agencies are represented on the June 4 inclusive membership list except the Agricultural Stabilization and Conservation Service, USDA. However, the Maine State Legislature is not represented. In reality, few if any legislators could have participated during the spring of 1991. Time, energy, and emotional demands on legislators have been enormous. Legislative involvement may not even be appropriate yet, but the question should be asked and answered.

Reasons for Involvement: Self and Perceptions of Others' Motivations

Stated reasons for RDC involvement range widely. Motivations offered by informants for themselves and as they perceive them for others include:²

- o New approaches to rural development are urgently needed in Maine. This is a vitally important effort.
- o This has the potential to be exciting. The feds are not just coming in telling us how it will be done.
- o This agency works directly with rural people. The RDC's success will advance this agency's mission.
- o I have been instructed to be here, and it is part of my performance appraisal.
- o I have believed all along that the RDC can develop and implement an effective rural development strategy, and I want to be a part of it. I want to see something happen, and I can help make it happen. It takes more than agency interest, there also must be personal commitment.
- o All of us who are involved in rural development need to be talking with each other regularly. Participation is worthwhile for the communication and relationship building that go on, even if a substantive agenda never develops.
- o To make certain that the RDC goes down a sensible route. If I back away, the RDC's agenda could turn into "smoke and mirrors."
- o To protect turf.
- o To impose a [federal government] [regional development commission] [federal-state] [Cooperative Extension] [liberal social] agenda on the RDC. (Readers may select their own favorite.)

One Year Goals, Objectives, or Success Criteria

Goals, objectives or success criteria are presented below in two groupings: internal processes and external processes/impacts. Goals could not be differentiated among federal, state, and local members.

Internal Process Goals/Objectives:

- o Learn to work together through personal and professional conflicts.
- o Mature as a Council to the point that we can get back into constructive engagements. Without the ability to work constructively with conflict, we will not succeed in establishing a new paradigm.

- o New partnerships that benefit rural community development will evolve from RDC participation. They will result from participation not from conscious actions or plans.
- o Develop RDC "ownership" by the members.
- o Provide a think tank-like forum for rural development policy debates. It should have a very carefully thought-through strategy in place with widespread buy-in.

External Process and Impact Goals/Objectives:

- o "Five or six people" from specific communities will come to the RDC. The RDC will select which communities to support using local initiative, commitment, and potential capacity as the primary decision criteria. These criteria will outweigh "need."
- o Thus, our underlying principles/goals need to be: build local capacity, empower people, and support community leaders.
- o The RDC will "attack" a few communities -- not many -- that will have defined their own needs and problems. Something visible and tangible will result, three-to-five year projects that create new jobs and awareness. They will radiate out into the communities.
- o Design and implement "a new rural development paradigm" before funding runs out.
- o Break out of old top-down models of rural development. Implement a strategy that works through units of local government and their instrumentalities.
- o Implement a rural development strategy that has staying power, in which advocacy for rural issues and projects doesn't ebb and flow with elections.
- o My agency will begin to alter its decisions and how it makes them. It will begin to target resources and assistance to communities based on collaborative decisions and joint activities with other federal and state agencies.
- o My success criterion is: I, an administrator, will be challenged about how I make resource allocation decisions. This means common decisions that are consistent with a strategy or a plan.
- o There must be a strategy plan and tangible and visible actions. We must do more than talk.
- o We will witness the beginnings of "non-patriarchal, non-power brokering economic development in Maine.
- o The federal government will change the way it operates. Program fragmentation will diminish. Programs and services for communities will be delivered through multi-agency clusters.

- o Function as a point of entry and leverage for communities to tap into resources.
- o The RDC should not try to become the "State of Maine Economic Development Corporation."

V. COUNCIL STAFF: EXECUTIVE DIRECTOR

Process of Selection

"Rural Economic Development Specialist (Position #35)" was advertised in December 1991 by the University of Maine Cooperative Extension (UMCE). The position announcement opened with:

We seek a Rural Economic Development Specialist (Assistant/Associate Educator) to be housed in Orono, who will serve as the Executive Director of the Maine Rural Development Council. This is a twelve-month, three-year nonrepresented faculty appointment. . . .

An interview team was assembled late in 1990, applications were screened, interviews were conducted on February 7 and 8, and an Executive Director was selected. The Executive Director participated in the New Orleans Institute but did not formally start on the job until April 1991.

There were heated objections to the selection process: (1) The search and selection processes were conducted by a small, self-selected group. (2) The Executive Director was fiscally, physically, and administratively in the University of Maine Cooperative Extension (UMCE).

Objections to the closed-door selection process were discussed in Section IV. The second objection, to the Executive Director being an employee of UMCE, has several facets.

- Some RDC members note a national movement by Cooperative Extension to de-emphasize agriculture and emphasize rural community and economic development.

- The UMCE Director is viewed as a strong proponent of the re-emphasis and also has been one of the most actively and deeply involved people in Maine's rural development strategizing.

- Fiscal stress at the University has been high for more than one year, but it escalated in November 1990. At the peak of public concern about the University's fiscal health and its spending, the University President authorized funding for a UMCE educator position -- the RDC Executive Director. UMCE also offered to fund operating and travel costs, a half-time secretary, and an office in Orono.

- The University President has been publicly critical of the nonprofit development corporation approach to rural development in Maine. Reportedly, he has also made strong statements about the suitability of the UMCE network of field offices and agents for rural development endeavors.

Reasons for the Choice

Participants in the selection process claim that the person selected was the best candidate by virtue of his extensive experience with federal programs and agencies particularly in rural Maine, educational background, and perceived ability to work with groups and through inter-agency relations.

Location of Office

When the University President authorized funding for the Executive Director position and support, he stipulated that there had to be an obvious and visible tie-in of the position to the University. The position must be located on the University campus in Orono, about an hour and one-half drive from the state capital in Augusta. Search Committee and RDC members urged housing the position in Augusta. The pro-Augusta arguments are convenience/access and symbolic message. First, the state capital is the most central and convenient location for RDC business. Second, for the reasons enumerated in Section V (A), perceived UMCE influence over the Executive Director and the RDC has been an issue.

The University stood firm on its requirement. The Interim Co-chairs accepted the University offer. The Executive Director's office and secretary were located in UMCE space in Orono. RDC members continued to object to the Orono location. In spring 1991, the Federal Co-chair offered use of an office and support for the Executive Director in his agency's space in Augusta. It was agreed that the Executive Director would spend "two or three days a week" in Augusta. The offer and request were accepted. At the first meeting of the Executive Committee (August 6, 1991), the State Co-chair offered office space in Augusta. The Executive Committee accepted the offer.

Job Responsibilities, and Balancing Interests

Federal-state differences in interests are not substantial. Even most federal members acknowledge the need to reject the categorical "top-down" approach to rural and economic development that has been typical of federal programs. The following is a paraphrasing and blending of statements made by several federal agency RDC members: "This Initiative will change the way the federal government operates. It will never be the same again. The old fragmentation will end. We will offer

assistance through clusters that involve more than one agency. This is why this Initiative is exciting!"

In Maine, the substantive differences in perspective have more to do with representation of local interests. Attempts to adhere to a real or perceived Presidential Initiative time-table for RDC development has caused friction. The Executive Director and some members have tried to move the RDC agenda forward and to respond to Presidential Initiative scheduling interests. Other members have urged a more deliberate developmental schedule that permits shared learning, relationship and trust building, and constructive handling of sensitive issues. A balance between these two interests may be emerging.

Available Resources

The Executive Director has a one-half time secretary, travel and expense budgets, and offices in Orono and Augusta. A consultant has been providing group process facilitation.

Relationship to Federal Monitor

The Federal Monitor is described as good, knowledgeable, interested and concerned about Maine, a regular participant, and "he knows what is going on." He was originally from rural Maine, volunteered to work with this state's RDC, has attended all major meetings to date, is acknowledged to be an asset and a resource, and has not been an impediment.

VI. MEETINGS

May 16 and August 5-6, 1991, have been the only two meetings of the full RDC. Forty-four people participated in the May 16 meeting. Approximately 43 voting members participated in the August meeting. Three committees were appointed at the May 16 meeting: the Nominating Committee (5 members), Strategy Committee (12 members), and Summer Institute Planning Committee (3 members). Each has met at least twice.

How Meeting Agendas are Determined

Meeting agendas have been determined differently at different stages in the RDC's development. Prior to the employment of the Executive Director, the State Director of the Farmers Home Administration (as the lead agency nationally for the Presidential Initiative) or the Federal Co-chair, reportedly usually in response to input

or suggestions from Federal Initiative people, would consult with several active members and then would act.

Decision Rules

The RDC is too early in its development for a useful description or analysis of its decision rules.

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

Content of the Agenda: Issues and Problems

The vision/macro-strategy for rural development in Maine is largely shared by the persons interviewed for this project who in fact have a vision. However, the collective vision/strategy is still evolving. It is not complete and has not been adopted. The vision seems to have originated at the 1990 CSPA Academy. It continues to surface with modifications in subsequent documents. (Once again, the following paragraphs present a paraphrased composite statement of the vision.)

Vision Statement

Rural development as it will be implemented by the Maine RDC, will begin in communities. Probably five or six permanent residents of a community will come together and agree that a need, problem, or opportunity exists for development. These initiators may or may not be local officials. The community initiators may approach the RDC through different means but most likely either through "service centers" located around the state or by contacting an agency for assistance with a project whose RDC representative is active (for example, a development corporation, DE&CD, or SBA). The agency would decide whether to notify and involve the RDC. Not all rural development projects will warrant RDC involvement. This second approach assumes that people in rural communities usually will not know about the RDC and would not seek it out deliberately. The RDC will decide whether to work with a community. Although measures of "need" will not be ignored, more decision weight will be given to community capacity and initiative.

Communities and community projects will provide targets for federal and state agencies to "plug into." The RDC will organize, broker, and arrange for resources to help implement three-to-five year projects that have tangible and visible components. Community projects should result in new awareness of potentialities as well as jobs. Thus, tangibility and visibility of projects are important components of the strategy.

They are necessary for creating new awareness and for allowing the effects of projects to radiate out, stimulating additional development activity.

The RDC will influence but not control how and where agencies allocate rural development resources. When the RDC decides to support a particular community and development needs and projects have been identified, agencies will be expected, influenced, and encouraged to give priority to them for the allocation of resources and assistance. Non-fragmented assistance and resources will be delivered to targeted communities by cooperating clusters of federal, state and sub-state agencies, as well as private organizations. These "new partnerships" will evolve from relationships built through participation in the RDC as much as through conscious decision-making. The RDC also will become a central source of non-project-specific public information and education about rural development needs, resources, and models.

The vision that emerged from the CSPA Academy included several "guiding principles." Assistance to targeted communities should include capacity building for individuals and groups, empowerment, and support for community leaders and initiators. RDC support to a community normally would begin with helping to organize a process for identifying development needs -- the basic human and physical infrastructure barriers/opportunities to development.

The July 1991 report of the Strategy Committee, "Development Issues and Needs in Rural Maine," is the most recent articulation of the vision. The report contains a "thoughtfully shaped conceptual framework within which strategic action planning for rural development may well be done for Maine." Practical concerns about the vision/strategy include:

- The absence of financial incentives that can be used to lever disparate agencies into working together, to drive agencies toward "rational behavior."
- The absence of start-up or implementation funding. Funds are needed to increase public awareness, establish demonstration projects, identify communities that are "in a state of readiness," and to fund start-up activities.
- The absence of funding necessary for creating staying power. There have been many short-lived prior initiatives. Perceived staying power is crucial to the RDC's credibility.

RDC Structure and Process Agenda Issues

Although these structural and process agenda issues are concerned with the RDC's design and internal functions, most of them also reflect important questions of philosophy and opinion.

- a) Can and should RDC membership remain open and inclusive? Can the RDC balance its need for action on its instrumental agenda with its need for involvement and engagement with myriad diverse interests and organizations? Can working committees provide the balance? Should membership be closed or reduced? If so, when? How can psychological ownership of the RDC by its member be developed and maintained?
- b) Who represents or speaks for "local interests"? Is it necessary for an organization to consist of permanent community residents in order to be operationally defined as "local"? Alternatively, is it necessary for an organization to be an instrumentality of municipal and/or county government in order to be "local"?
- c) When will Maine State Government recover from its 1990 and 1991 crises? Will it be able to re-assert a leadership role in rural development? Until then, will rural development be possible to implement in Maine? Will state agency commissioners who have not participated to date attempt to assert RDC leadership? Will their leadership be accepted?
- d) Will the RDC be able to implement a new paradigm in light of the amount of conflict that has transpired? Will members risk the creative/constructive forms of engagement needed to create a new paradigm?
- e) (Especially in light of [a] and [d]), can the RDC create new paradigms when many new and marginal members are not familiar with the old paradigms? They don't know the existing and historical structures and contexts of rural development in Maine. With open membership, can new and marginal members be brought "up to speed" about complex issues, many of which have long histories?
- f) Is the federal government seriously committed to the Presidential Initiative? The Initiative envisions sharing decisions and power with communities and state government. Historically, the federal government has not worked this way.
- g) When will it be appropriate, useful, and feasible to involve legislators or legislative staff in the RDC, for short term purposes and for long-term commitment? It may not have been possible for legislators to participate date, but is it already too late?
- h) The federal and state co-chair design has advantages, but it also creates operational problems, hazy authority, and confused directions. Is it desirable or necessary on balance?
- i) The Maine RDC vision consists of a locally initiated and driven rural development strategy. Why then are the co-chairs restricted to federal and state agency representatives?

- j) Have the state and federal government let go of too much control of the RDC already? Is there too much local influence now?
- k) Is it possible to keep key actors involved in the RDC?
- l) In the vision/strategy, the RDC will decide whether or not to work with individual communities. Is this politically feasible? Will the RDC, a loose confederation of disparate agencies, be strong enough to challenge or refuse to support local decisions and involvements?

Process for Setting the Substantive Agenda

The vision of a locally initiated and driven strategy of rural development has been evolving since the CSPA Academy in 1990. Planning documents produced by SPO and the RDC Strategy Committee have reflected a similar philosophy. The locally-driven approach or strategy has attracted considerable support among RDC members at all levels of government as well as in the private sector. No organized opposition to it has been voiced. However, the issues listed above indicate the array of complex questions that remain.

Most of the time at the Summer Institute was devoted to substantive planning. Policy needs, issues and tangible/visible projects were identified. Action plans were developed. In its meeting immediately following the Summer Institute, the Executive Committee formed a task group to review all action plans that were created, expand and clarify them, and eliminate duplication. The RDC's substantive agenda was advanced markedly in the two days.

Disputed Issues

The RDC structure and process agenda issues listed above have been or probably will be disputed topics. It is not possible to predict how they will be resolved. However, the probability that they will be resolved increased substantially during the Summer Institute.

VIII. PARTICIPATION IN INSTITUTES

Most Maine participants in the March 1991 New Orleans Institute report that they were underwhelmed and left it angry. Several have expressed satisfaction at having been able to argue successfully for individual state institutes to replace the proposed Summer-Atlanta-National Institute.

The Summer Institute was an extremely important event in the RDC's development. This observer doubts that the RDC could or would have survived in a

viable form if the Summer Institute had degenerated. Key actors and several marginal members alike reported that they would withdraw from participation and predicted that one of several coalitions probably would gain control and possibly impose a substantive agenda.

On balance, however, the Summer Institute appears to have been a positive and productive experience for the members. The RDC's structure is in place, commitment seems to be high, and staff-office questions probably have been resolved. Hopefully, conflict will diminish, and the RDC will be able to proceed with its substantive agenda.

IX. FUTURE PLANS

Numerous substantive action plans were developed at the Summer Institute. They are in six groupings: Coordination (between all levels of public and private organizations), physical infrastructure, human infrastructure, natural resource development, local leadership, and business development. A few project completion dates are scheduled for as soon as fall 1991.

On August 6, the Executive Committee formed an ad hoc task group to address the question of the Executive Director's office location. Location criteria given to the task group include: Program efficiency and productivity, cost, and statewide presence/visibility. Also, the Executive Committee established an interim committee to follow-up on the information and action plans developed at the Summer Institute. The committee is responsible for reviewing the data, integrating information and projects, and taking such actions as are necessary to ensure the successful implementation of the action plans.

NOTE

¹Information for this section was provided by Richard Sherwood, Maine State Planning Office, July 1991. His assistance is gratefully acknowledged.

²Statements are paraphrased composites. No reason has been included unless it was stated by at least two persons interviewed.

APPENDIX A

Excerpts from: "Economic and Social Trends and Conditions in Rural Maine"

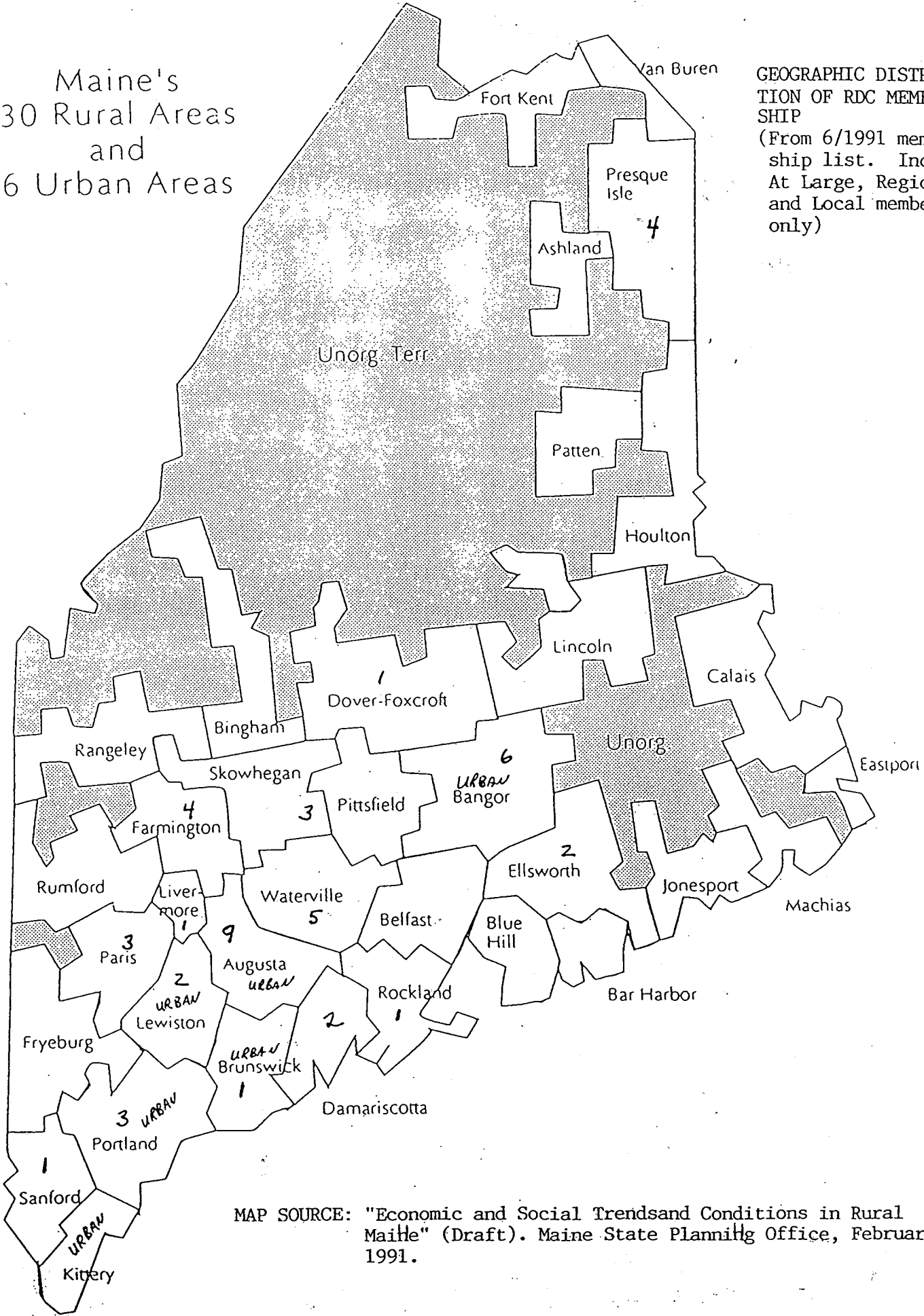
(Draft)

Prepared by the Maine State Planning Office, February 1991

FIGURE 4-1

Maine's 30 Rural Areas and 6 Urban Areas

GEOGRAPHIC DISTRIBUTION OF RDC MEMBERSHIP
(From 6/1991 membership list. Includes At Large, Regional, and Local members only)



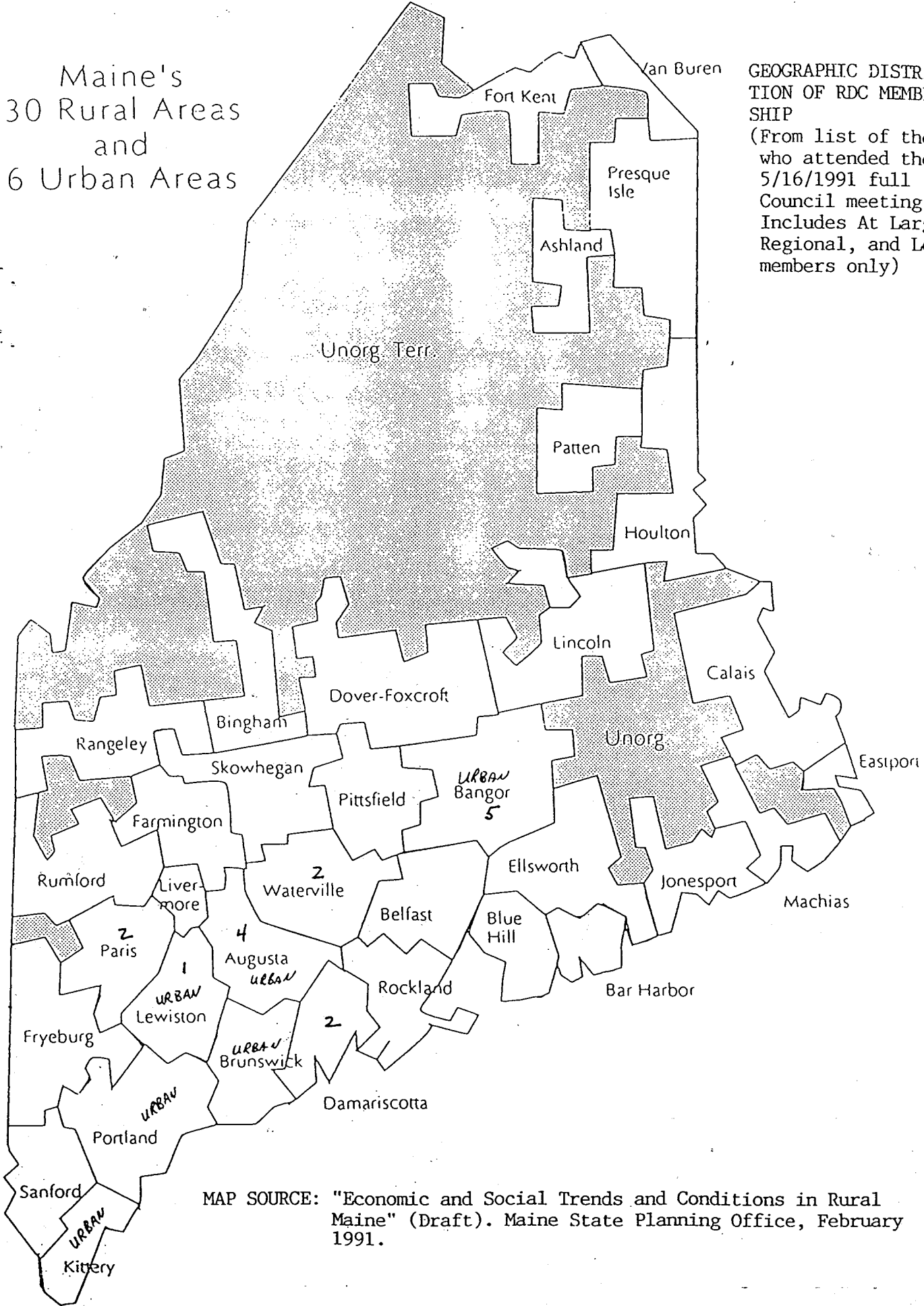
MAP SOURCE: "Economic and Social Trends and Conditions in Rural Maine" (Draft). Maine State Planning Office, February 1991.

FIGURE 4-2

Maine's
30 Rural Areas
and
6 Urban Areas

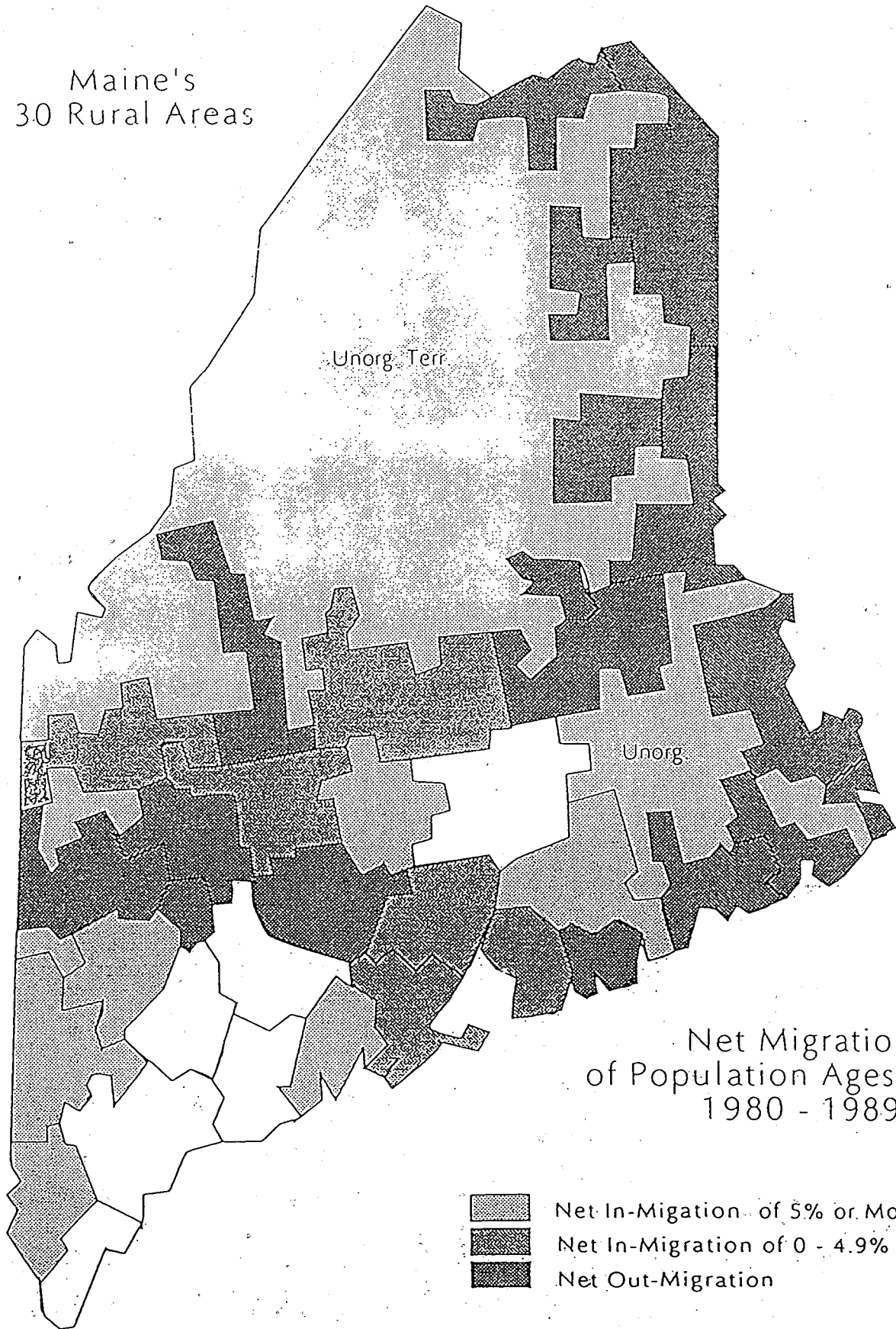
GEOGRAPHIC DISTRIBUTION OF RDC MEMBERSHIP

(From list of those who attended the 5/16/1991 full Council meeting. Includes At Large, Regional, and Local members only)



MAP SOURCE: "Economic and Social Trends and Conditions in Rural Maine" (Draft). Maine State Planning Office, February 1991.

Maine's
30 Rural Areas

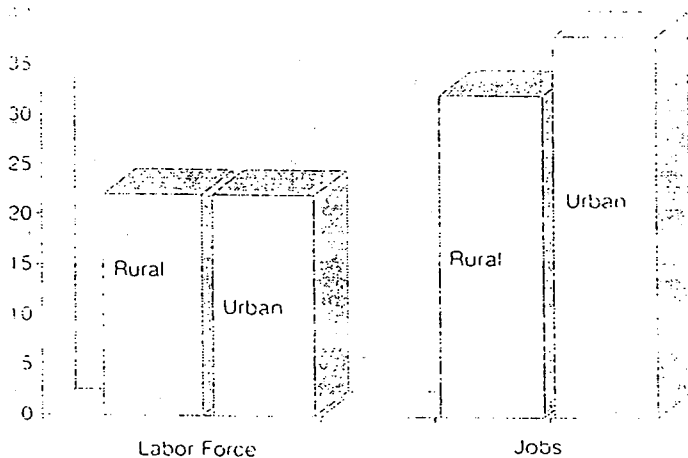


Overall the 1980's were a period of growth for the State. The labor force was 30% larger in 1989 than in 1980. But the gap in employment opportunity between urban and rural areas widened as job growth in urban areas outpaced that in rural areas (32% vs 28%).

lower, unemployment is higher, and the population is more dependent on self employment.

Growth in Jobs and Labor Force

Rural & Urban Areas, 1981-1989



This imbalance in worker - to - job ratio has a major impact on rural employment characteristics. Access to employment opportunities is more limited and the cost of gaining access is higher. Since rural residents must commute greater distances to find work, benefits to rural residents are diminished by increased commuting time, transportation costs, lack of access to child care and other services.

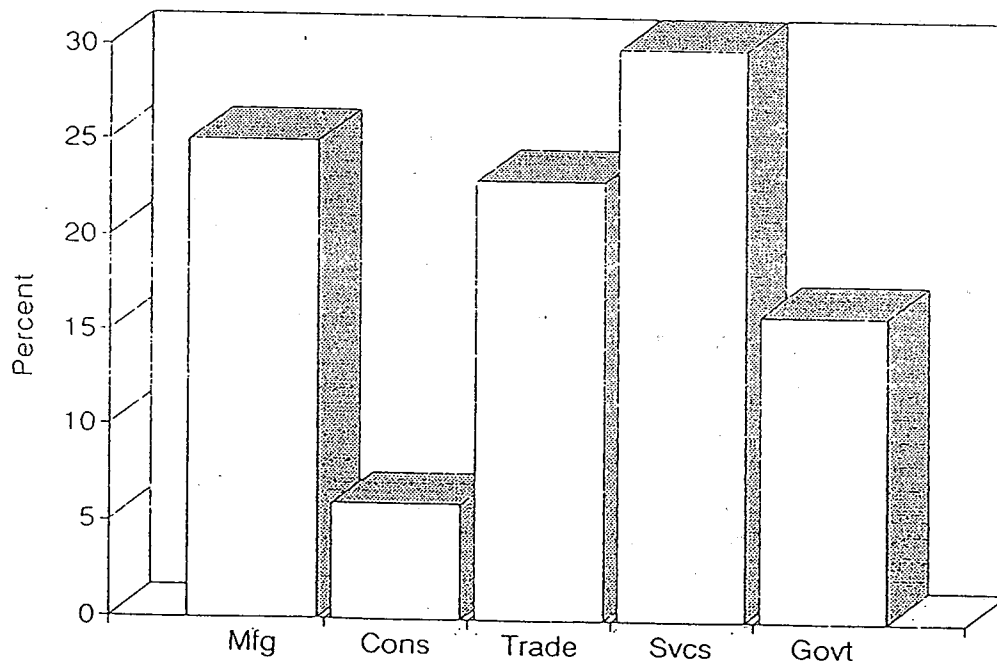
Thus the labor force participation rate in rural Maine is

B. Economic Sectors:

Over the past two decades the structure of the Maine economy has followed a national trend, transforming from a manufacturing-dominated economy to a trade and service economy. Yet in spite of this overall trend, rural Maine harbors a wealth of natural resources. Agriculture, forest and fishing continue to be a significant part of the economy in many rural areas while others continue to rely heavily on manufacturing as a key source of employment.

Rural Employment by Sector, 1989

Non-farm wage & salary jobs only

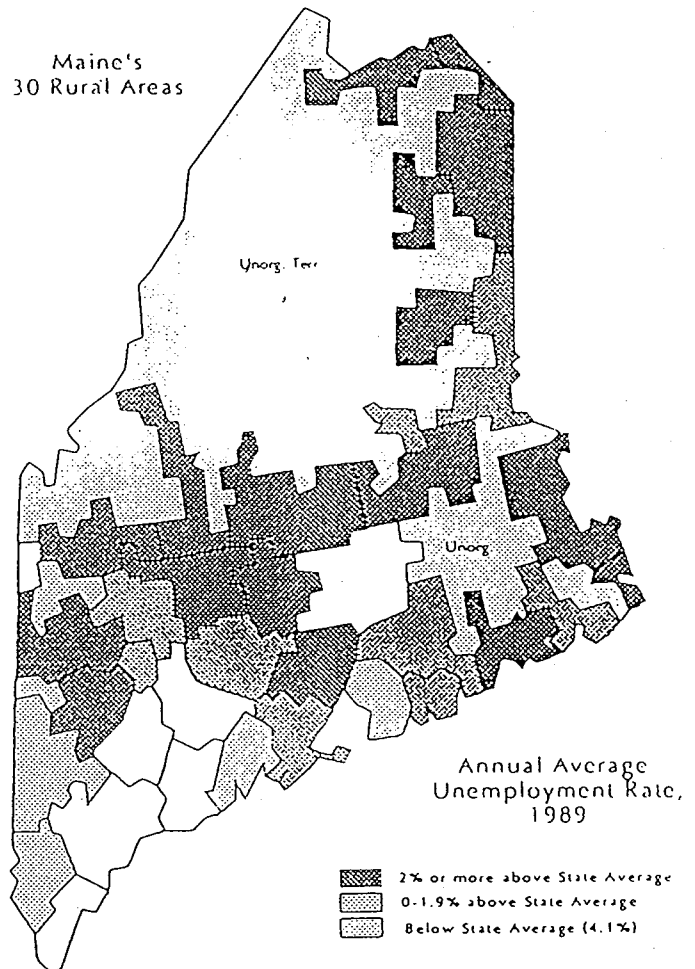
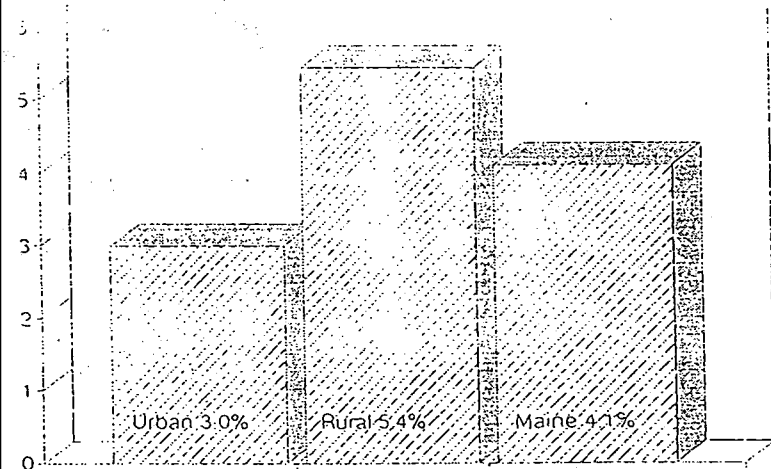


Rural Maine cannot be singularly characterized. Some rural areas are relatively well off while others are extremely poor. Some rely heavily on tourism while others are mill towns, farm communities, or fishing villages. Some have diverse economies while others are highly specialized. This report highlights obvious differences that exist between rural and urban Maine. It also focuses on the great diversity among the 30 communities that make up rural Maine.

**** Most of the Unemployed live in Rural Maine:**

Sixty percent of those unemployed in 1989 live in rural Maine. Rural Maine had an unemployment rate that was nearly twice as high as that of urban areas, averaging 5.4% in 1989 compared to only 3.0% in urban areas.

Unemployment Rate
1989 Annual Average



**** Rural Maine has a much higher rate of self-employment:**

When employment opportunities are fewer and further away, people seek to create their own niche in the economy.

Small businesses and self-employment characterize the rural Maine economy. Although large

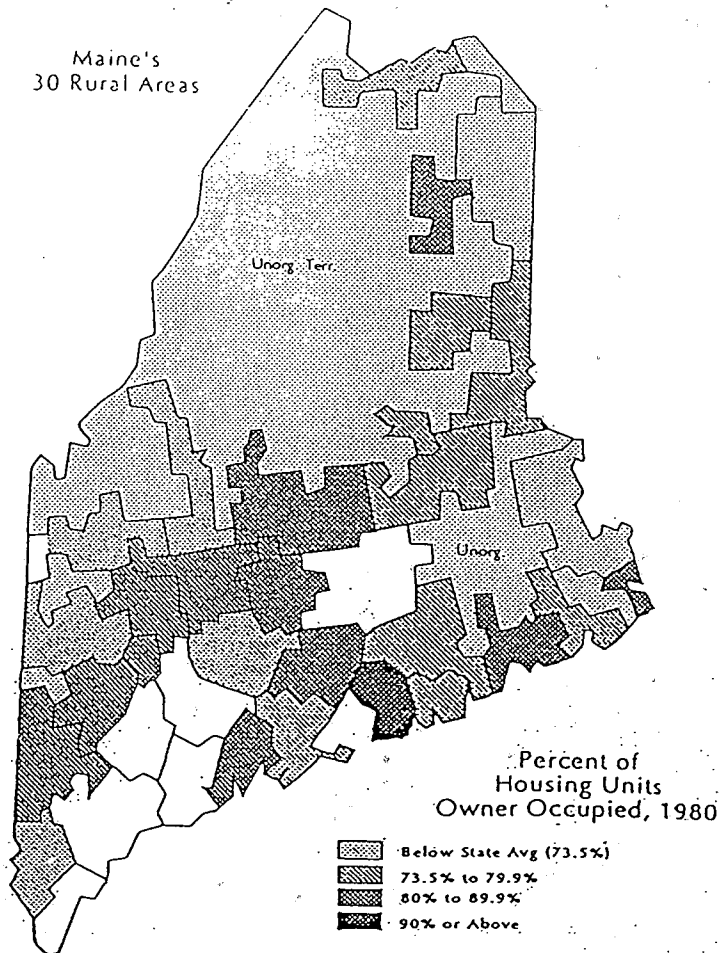
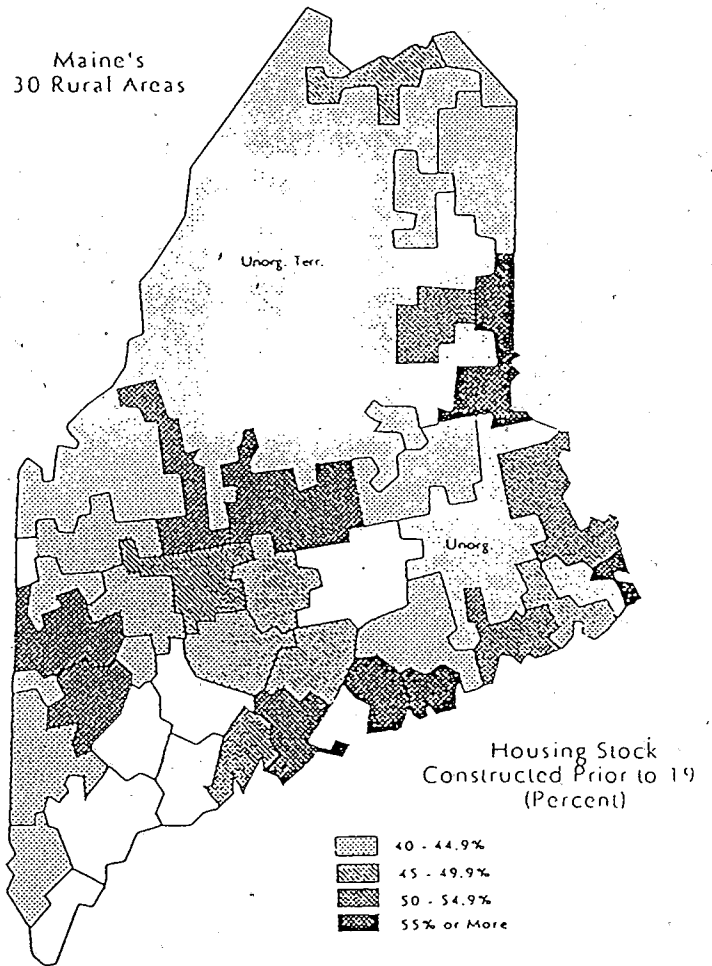
manufacturing firms, primarily pulp and paper, play a major role in the economy of areas where the forest is the dominant economic resource, 18% of Maine's rural work force is self-employed, compared to 10% statewide.

Housing

Maine's housing stock reflects the State's long history and the uniqueness of its culture and independent character of its people.

Home Ownership Patterns:

Maine ranks 4th in the nation in the proportion of residents who own their own homes. Three fourths of Maine households own the home they live in. In rural areas of Maine, 85% are homeowners.



An Older Housing Stock:

Maine's housing stock is also the oldest in the nation. Maine ranks first in the proportion of the State's housing stock that was built prior to 1940.

Older housing is more likely to be inadequately insulated and in

greater need of repair and maintenance. Because rural residents on average have lower incomes and because most own their own home, the housing needs of rural Maine, and especially of the low income population, differ substantially from those in urban areas where a greater share live in subsidized rental units.

On average, however, the rate of growth in rural Maine was slower, lagging in both housing and population growth. Rural areas immediately surrounding the Portland metropolitan area were a notable exception, gaining population and new housing at a more rapid pace.

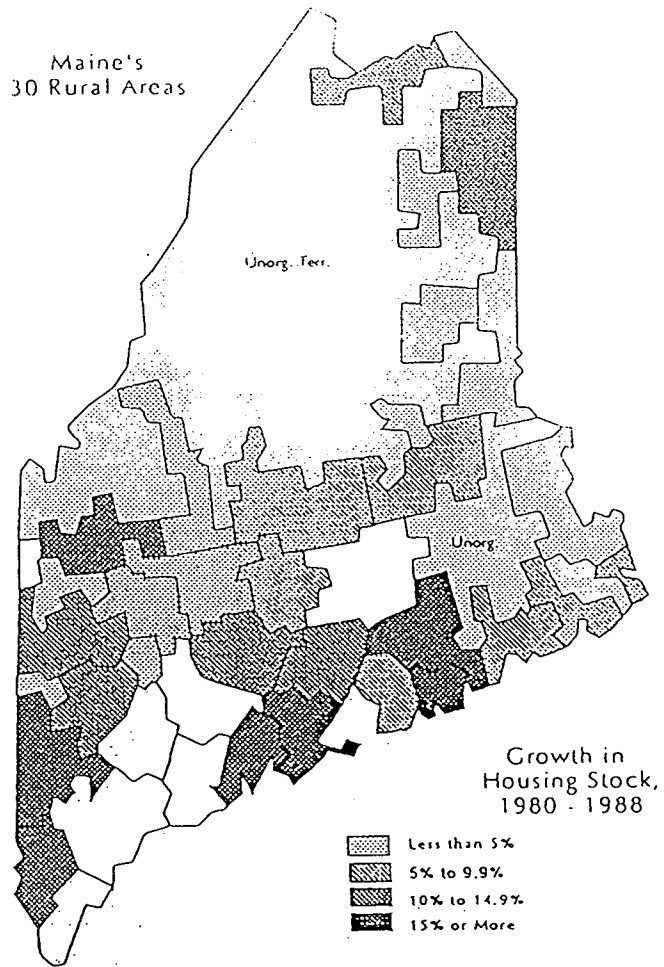
Selected Housing Characteristics of Rural & Urban Maine

	Percent Owner Occupied	Percent Built Prior to 1940
Rural	79.3	55.6
Urban	68.3	49.0
Statewide	73.5	52.2

Growth in Housing stock:

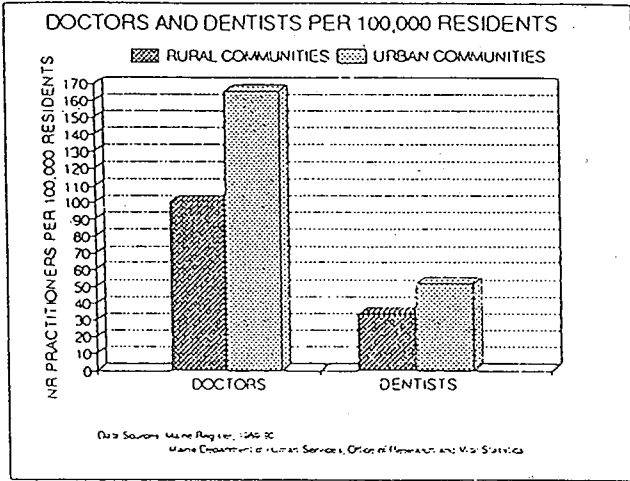
The trend toward smaller family size and fewer persons per household that began in the 1970's continued through the 80's in all areas of Maine.

This changing structure of the population is reflected in changes in the housing stock. During the 1980's Maine's housing stock grew by nearly 15% while the State's population grew by 8.2%.



HEALTH

Graph [DOCTORS AND DENTISTS]

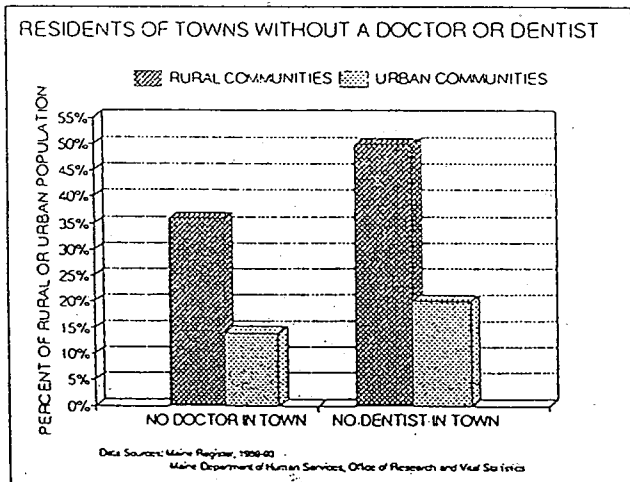


Rural communities have only three fifths as many doctors per hundred thousand residents as urban communities. Part of this difference reflects the fact that such major facilities as the Maine and Eastern Maine Medical Centers which serve large regions of the State are located in urban communities. Thus, some of the doctors in these communities are actually serving rural patients referred to these facilities for specialized care. Map

[DOCTORS], however, shows fifteen rural communities have fewer than half the urban average of 166 doctors per hundred thousand residents. One rural community, Ashland, has no doctors.

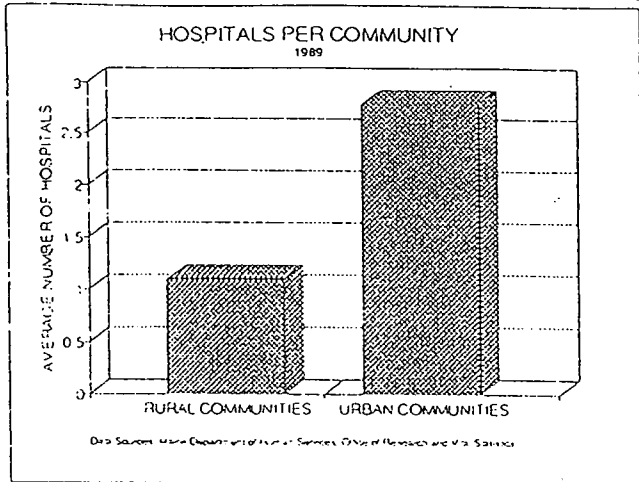
Rural communities also have comparatively few dentists. Map [DENTISTS] shows nine rural communities have fewer than half the urban average of 52 dentists per hundred thousand residents. Two, Ashland and Patten, have no dentists.

GRAPH [TOWNS W/O DOCTORS OR DENTISTS]



Fewer residents of rural communities live near doctors and dentists. And more rural residents must travel outside the towns where they live in order to see a doctor or dentist.

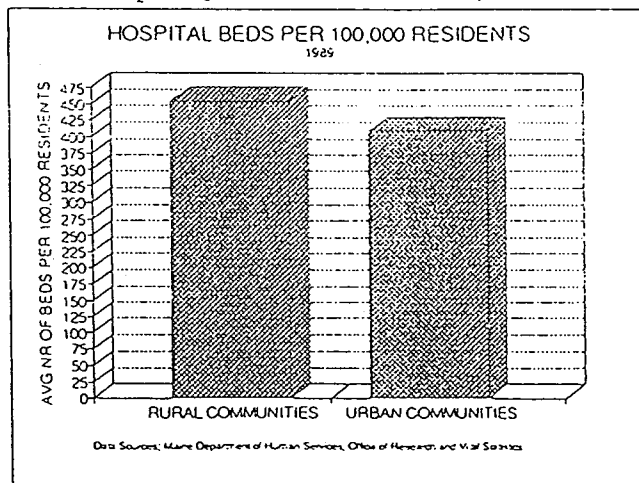
Graph [HOSPITALS PER COMMUNITY]



Rural communities have fewer hospitals than urban communities. Indeed, seven rural communities -- Ashland, Bingham, Eastport, Jonesport, Livermore, Patten and Rangeley -- have no hospitals, whereas every urban community has at least one hospital.

Although they have fewer hospitals, rural communities have slightly more beds per hundred thousand residents and a higher rate of hospitalization.

Graph [HOSPITAL BEDS]



GRAPH [HOSPITALIZATION RATES]

MISSISSIPPI RURAL DEVELOPMENT COUNCIL

Beryl A. Radin
University of Southern California
Washington Public Affairs Center

September 1991

Despite the significant changes that have taken place within Mississippi over the past two decades related to enfranchisement of the African American population, the state is still plagued by poverty, low educational achievement and declining economic development. During the past few years, the Mississippi state government has attempted to address these issues. But it does so in the environment of fragmented authority, conflicting views about strategies, and a reality of budget crises and diminished resources. Mississippi government is staffed by an impressive array of individuals who -- despite the uphill battle -- are committed to change within the state. While the immediate future is not hopeful in terms of increased resources, there is a strong will to change by both African Americans and whites within the state. Movement has occurred within the state as it has focused on economic and community development -- but progress is very slow.

I. NATURE OF THE RURAL SECTOR

It is rare to pick up any document describing the State of Mississippi that does not begin with some variation on the statement, "Mississippi is one of the most rural states in the country." Similarly, it is also common to characterize the state as the location of the poorest and least educated population in the U.S.

Mississippi's population of 2.5 million lives in only seven counties that are classified as metropolitan statistical areas (MSA). The remainder of the 82 counties within the state are classified as non-metro or rural areas. In fact, only 175,000 of the 1.4 million rural residents in the state live in Mississippi's 310 Census-identified places; almost 70% of the places have populations of less than 1,000.¹ Even the eleven counties within the state that contain municipalities of over 20,000 people have large areas with rural characteristics.

Because of these population characteristics, defining "rural" within Mississippi is not a simple task. The traditional definitional relationship linking "rural" and agriculture is not helpful since the large majority of people in the state who live in rural areas are not farmers nor do they work in agriculture related jobs. To many in the state, the term "rural" is a way of describing a low level of income, chronic unemployment, lower levels of education, substandard housing and restricted access to opportunities to improve the standard of living.² Given these problems, it is not surprising that the

population of the state living in the most rural areas of the state has declined continuously and dramatically throughout the 20th century.

In addition, it is difficult to talk about "rural" in Mississippi without attention to issues of race and the legacy of segregation within the state. Mississippi has the largest percentage of African Americans of any state in the country (more than 36% of the population, compared to the national average of approximately 12%). Almost three times more African Americans live in non-metropolitan areas than in the metropolitan areas.³ There are some in the state who believe that many African Americans remain in -- or return to -- Mississippi because of the positive factors associated with its lifestyle, despite its accompanying problems.

One definition that has been used recently categorized Mississippi counties into three groups: ⁴

Least rural -- counties containing wholesale and retail centers that serve multi county areas. Residents have easy access to urban amenities. "Least rural" counties are those in which there is a municipality of at least 20,000 people. There are 11 counties in this category.

Moderately rural -- counties that contain mixed attributes. Some offer amenities similar to the "least rural" counties but also have some characteristics of the "most rural" counties. These are counties whose largest municipality contains between 2500 and 20,000 people. There are 47 counties in this category.

Most rural -- counties that have virtually no trade or population centers. "Most rural" counties are defined as those with no municipality of over 2500 residents. Twenty-four counties are in this category.

A number of elements can be usefully analyzed within this three level framework:

Population changes. Not surprisingly, the population distribution within the state has moved from "moderately rural" and "most rural" areas to the "least rural." From the period of 1920 to 1988, the percentage of the population living in the "least rural" areas has more than doubled, increasing from 20% in 1920 to over 40% in 1988. During the same period, the population of the population living in the "most rural" counties fell from 20% to 10% and in the "moderately rural" counties from 60% to less than 50%.⁵

Age distribution patterns have also changed as this movement has occurred. Data from 1987 indicates that the "most rural" counties have a higher percentage of children and elderly than do the other categories.⁶

Educational data. Overall, Mississippi has one of the least educated populations in the country. But the problem is even worse for those residents who live in the "most rural" areas of the state. Data from 1980 indicates that individuals who live

in "least rural" areas of the state are likely to have attained higher levels of education. Sixty-four percent of individuals 25 years and older in "least rural" counties completed 12 years of schooling while only 45.5% of the "most rural" residents who were the same age did so. Similarly, almost 16% of that population group in "least rural" counties attained 16 years of school compared to 8% of those in "most rural" counties.⁷

Local revenue support for elementary and secondary education also varied by these categories. Because of dependence on the property tax for education funding, local education support in 1987-88 per pupil in the "least rural" counties was almost twice as much as that for those in the "most rural" areas (\$1064 compared to \$561).⁸ The state as a whole ranked 48th in the U.S. in terms of expenditures per pupil and the state's high school students are lowest in the nation in performance on standardized college entrance tests.⁹ In addition to this low ranking, many Mississippians are concerned about a "brain drain" that is occurring as individuals with education leave the state.

Health issues. The more rural an area in Mississippi, the fewer hospital and nursing home facilities are available.¹⁰ While regional hospitals may be only one or two counties away, poor transportation availability means that many rural people have difficulty quickly accessing health care. All of the 11 counties in the "least rural" category had more than 300 hospital beds; of the 24 counties in the "most rural" category, none had over 100 hospital beds. Similarly, the "least rural" counties had accessibility of nursing home beds while "most rural" counties did not. In addition, almost two thirds of the medical/surgical hospitals in the state are in rural areas and depend on nurses as the primary deliverers of health care.¹¹

However, Mississippi was among the first states in the nation to provide Medicaid reimbursement to mothers and infants at up to 185% of the poverty level. And the state has made some improvements in areas such as infant mortality. The infant mortality rate within the state improved over the past 20 years; the state went from the highest rate within the U.S. in the 1960s to a rate just somewhat higher than the national average.¹²

Economic indicators. Mississippi has the country's lowest per capita wealth, with a rate that was approximately 72% of the U.S. average in 1983.¹³ It has been noted that as a general rule, the more rural a county within the state, the greater incidence of people in poverty.¹⁴ In 1980, "most rural" counties had almost 30% of the population below the poverty line while approximately 18% of the population in "least rural" counties was at that level. "Most rural" counties had a higher rate of welfare payments per capita (e.g. "most rural" counties had 8.4% of the population as AFDC recipients while "least rural" had 6.1%).

Employment opportunities also vary by type of area. Wholesale and retail trade, services and government make up about two-thirds of the employment in the "least rural" areas while less than half of the jobs in the "most rural" areas are in these categories. Agriculture related jobs make up less than 2% of the total employment in the "least rural" counties while constituting almost 17% in the "most rural."¹⁵ Statewide, agriculture related jobs make up slightly more than 6% of employment; it has been estimated that less than 2% of the population is engaged in full time farming.¹⁶

At the same time, agriculture is and continues to be the largest industry in the state. The annual value of production is more than \$3 billion; about one of every four employed persons in Mississippi works in the food and fibre sector. Mississippi farmers have ten major enterprises: catfish, cotton, feed crops, food grains, forestry, horticulture, meat animals, milk, poultry, and soybeans.¹⁷ Growth that has occurred in a number of these enterprises has taken place through large enterprises. For example, in 1987, the state had 400 catfish producers employing more than 3,000 persons in producing, processing or other services associated with production.¹⁸ For some, the development of the catfish industry was viewed as a "shadow of plantations," because of its low wage, poor working conditions, and low benefits characteristic.¹⁹

Agriculture employment has shown a gradual decline over time; "most rural" counties also suffer the vagaries of weather and variable prices in the agriculture sector. Seven of the nine counties where agriculture related employment was the major source of employment were located in the "most rural" counties (mostly in the Delta region).²⁰

Per capita income (\$12,567) in the 11 "least rural" counties was almost 40 percent greater than per capita income (\$9,066) in the 24 "most rural" counties.²¹ Transfer payments were the major source of income in 18 of the "most rural" counties; manufacturing was the major source of income in five counties and agriculture the major source in one county.²² Statewide, agriculture related income was less than 4% of the total personal income.

As these patterns suggest, discussions of rural policy issues within Mississippi are closely intertwined with other questions related to equity and opportunity. The state has made much progress over the past 25 years since the civil rights revolution (now more than 70% of the African American population in the state is registered to vote and, as of 1990, there are 22 African Americans in the state legislature and 294 on city councils). At the same time, the social and economic problems within the state continue to be severe. It is difficult to talk about social change of any sort within the state without confronting the inheritance of segregation.

In its December 1989 report, The Mississippi Special Task Force for Economic Development Planning (a group created by the legislature, appointed by the governor, and chaired by the state treasurer) characterized the legacy of the state:

As Mississippi looks ahead to the challenges of the next century, it does so fighting a legacy of dependency. For generations, Mississippi has been a paternalistic society -- timber companies, railroads, plantation owners, plant owners, the government -- handed out the jobs, land, money. There was never enough to go around. Over the years, without the development of a strong middle class and a diverse economy, each Mississippi boom quickly dried up leaving worn-out resources, impoverished communities, and successive generations of Mississippians poorer than other Americans and poorly prepared to face the future.

This legacy -- and the fear of change that accompanies it -- is insidious and persistent.²³

II. GOVERNMENTAL STRUCTURE

Over the past decade, political life in Mississippi has undergone dramatic changes, reflecting the enfranchisement of the African American population within the state. Campaign promises for modernization, professionalization and economic and educational reform have been a part of the political landscape for some time, expressing a commitment by many within the state to change both the image and reality of Mississippi. Along with these changes came the introduction of a two party political system within the state, setting the scene for serious political contests for both national and state elected positions. Like many other southern states, the Mississippi governmental structure does not provide its governor with strong executive authority. A 1987 analysis by the National Governors Association classified Mississippi as having "weak" powers of the governorship.²⁴ In addition to the legislature, the state constitution establishes an array of nine other directly elected officers, including a Commissioner of Agriculture. (See Appendix A).

The governor shares authority with the legislature in many areas and is limited to appointments of individuals (in staggered terms) to a number of boards and commissions. The battle between the legislature and the governor has increased in intensity over the past several decades because the old methods of operation have been challenged. This situation has been described as a "clash between two systems" -- one in which the agencies continue their long standing close relationship with the legislature and the other where agencies have dual reporting responsibilities to both the legislature and the governor. In the latter system, agencies have been

pushed to focus on policies not simply on politics and personal relationships. And in tight budget times, agencies have had to seek the governor's help in obtaining resources.

Since 1930, there have been at least six comprehensive reorganizations which proposed large scale changes in the state's administrative structure. The 1988 Executive Branch Reorganization Study Commission reported that the state government was "highly fragmented, not directly accountable to the voters, not structured to operate efficiently, not structured so that state needs can be readily identified and the state's resources focused on meeting those needs."²⁵ The 1984 reorganization focused on the state's fiscal and capital resources as well as oversight of the state budget process; the 1986 reorganization abolished the Board of Corrections and the Board of Economic Development, giving the governor responsibility for these areas. Although the proposal by the governor called for broader reorganization authority, the 1989 reorganization that was approved eliminated 15 boards and transferred their functions to five departments created by the act. Several other boards became advisory, vesting more responsibility in the governor and the executive committees of departments.²⁶ The governor has executive control over the Department of Economic and Community Development, Corrections, Public Safety and Medicaid.

At the same time that it agreed to some movement toward a stronger gubernatorial role, the legislature continues to be uncomfortable with a strong executive branch. In 1991, over the objections of the governor, the legislature pulled out the vocational rehabilitation programs from the Department of Human Services that it created in 1989. It also zeroed out all of the governor's budget positions, attempting to hamper his ability to prepare the budget.²⁷ However, the governor was able to transfer general funds to keep the budget office functioning.

The Mississippi legislature has been undergoing changes over the past few decades. There are eight women in the House and four in the Senate. Of the 122 members in the House, 20 are African Americans and between 18 to 20 are Republicans.²⁸ The Senate's 52 members include 2 African Americans and 9 Republicans. In the current redistricting plan before the legislature, the number of African American members of the legislature is expected to increase significantly. About 12 of the 52 Senate members and 34 of the 122 House members have some association with farming or agriculture.

While a major player in the decision-making structure, the Mississippi legislature has limited staff and analytical ability. The major staff services are shared between the House and the Senate, including a Legislative Reference Bureau, a Joint Legislative Budget Committee (composed of legislators and the lieutenant governor)

and a Joint Legislative Committee on Performance Evaluation and Expenditure Review. Members of both houses of the legislature are elected for four year terms that coincide with the governor's term. Sessions of the legislature are limited to 125 calendar days during the first year of the term and 90 day sessions the remaining three years. Sessions may be extended by a two-thirds vote of both houses or by the call of the governor for a special session. When the legislature is not in session, a Management Committee has limited authority to act. Two members of the legislature (the chair of the Agriculture Committee in the Senate and the chair of the same committee in the House) were a part of the Mississippi CGPA Academy Team. However, neither of them was particularly active although they were generally supportive of the effort.

At the present time, the Mississippi legislature is in some turmoil over its redistricting plan. The initial plan submitted to the Justice Department was rejected because of its failure to meet the requirements of the Voting Rights Act. In addition, the gubernatorial election of 1991 marks a turning point in Mississippi politics. This election will be the first time since Reconstruction that a sitting governor has been able to stand for reelection beyond a single four year term. While the current governor -- Ray Mabus -- has some opposition within the Democratic primary as well as a serious Republican opponent, current polls suggest that he is likely to be reelected. However, the reality of a reelection campaign puts pressure on the governor to focus on results and impacts of the programs that have been supported for the past four years. The Department of Economic and Community Development (DECD) is one of the few agencies that is under the direct control of the governor; thus it is believed that the activities of this department will receive attention during the campaign.

The Governor's Office includes an executive staff which deals with political and short-term issues as well as an Office of Policy Development in the Department of Finance and Administration. Appendix B, Organizational Chart of the State of Mississippi, indicates the array of organizations and officials within the state.

III. PAST RELATIONSHIPS AND EFFORTS

The fragmentation of authority and the legacy of segregation that characterize Mississippi make it both essential and extremely difficult to devise methods and mechanisms for policy and program coordination. There is no "natural" institution or organization that has either formal or informal power to pull actors together. At the same time, the efforts of the past few years have begun to create venues for groups to

convene and determine where they may develop methods of coordination and cooperation.

Whenever a networking effort begins in the state, there are predictable obstacles that must be confronted before moving toward action. The legacy of Jim Crow is complex at both a personal and institutional level. White Mississippians who believe that they have personally moved away from the values of their parents and grandparents sometimes have difficulty understanding that the institutions of the state may continue to express these values. Conversely, some Mississippi African Americans have difficulty believing that White Mississippians are ready to give up their power and prestige within the society. And while the attention has largely been placed on issues of race, the state also confronts the inheritance of class separation and policies that maintained a population of "poor whites."

This overlay of race and class is placed on top of the diffuse array of institutions within the state. Doing business in Mississippi means dealing with the tension between the governor and the legislature, between the governor and other elected officials (e.g. the Agriculture Commissioner), and between the career bureaucracy and the politicians. It is probably not an accident that the previous reform efforts avoided the detailed discussion of the mechanisms that might be put into place to make change; to accentuate these elements would be to explicitly confront the conflict that is endemic to the state.

Federal-State

The relationship between the state of Mississippi and the federal government is somewhat schizophrenic. Federal programs that began in the 1960s (through the Office of Economic Opportunity as well as federal social program cabinet departments) play an important role in providing resources to those who are committed to change in the state. The pivotal role that the Office of Federal-State Programs played within the state governmental apparatus was testimony to this pattern.

At the same time, however, there are a range of federal programs within the state that -- whatever the motivation of the federal agency officials -- have served to prop up the old values and institutions within the state. Department of Agriculture programs, for example, have been constructed upon a base of a post Reconstruction segregated agricultural society in which African Americans were systematically disenfranchised.²⁹

In addition, the gradual development of a two party political system in the state has complicated the picture. For more than a decade, Republican national administrations have attempted to build support for their party in both national and

state levels; federal relationships and resources are a potential reservoir of assistance for this goal.

Federal-state relationships in Mississippi are constructed within this overlay. Some of the state-level federal political appointees have a complex agenda, focusing not only on the administration of their programs but on the goal of shifting political (if not economic) relationships. Other federal officials are careerists who must work closely with state officials, some of whom are associated with the old ways of operating while others are linked to the movement for change.

Federal-Federal

Regular relationships between federal officials within the state appear to take place through two settings: the Federal Executive Council (made up of the heads of federal agencies within the state) and through the Food and Agriculture Council (composed of federal officials in this policy area). The Federal Executive group appears to be variable in terms of both the involvement of a range of officials and agencies and the impact of the setting. The Food and Agriculture Council, by contrast, appears to have provided a more effective venue for discussions by a specialized cluster of officials.

State

Despite the rhetorical attention to rural issues related to economic and community development in the state, there are few top level policy individuals who have made these issues the priority for their activities. It is difficult to develop rural issues as a statewide concern in Mississippi; for some, "rural" is still closely associated with an agricultural economy based on 20th century variations of plantation norms. For others, "rural" is a way of talking about poverty in Black Mississippi, particularly in the Delta region of the state. As a result, the political space for these issues and related activity is limited. Although the authority distribution within the state government is fragmented and distributed across a number of agencies and actors, on balance the state has been the stronger actor in terms of state-local relationships.

During 1991, the major political and policy figures in Mississippi have been preoccupied with a budget deficit of \$105 million, reelection imperatives, reapportionment, and other policy agenda items. Governor Mabus has tended to avoid specific initiatives related to "rural," focusing instead on issues involving the general economy and community development. While he has been supportive of others who talk about rural issues, they are not his priority. Mabus is viewed by many in the state as a supporter of modernization and there is not a natural fit between "rural" and the Mabus agenda. As one individual described it, "the challenge for

ruralists is to be able to adapt to modernization and maintain an acceptable quality of life for citizens who desire to live in non-urban areas."

In 1988, the legislature gave the governor authority to reorganize and to bring all state government agencies concerned with economic development under one agency. At the same time, Governor Mabus appointed J. Mac Holladay as director of the newly created department. Holladay's background included several economic development positions in South Carolina and he was known as an individual who wanted to move beyond "the buffalo hunt" and recruitment.

Education Reform. Predating the changes in economic development within Mississippi were efforts designed to reform education. In 1982, an effort led by Governor William F. Winter resulted in the passage of the Education Reform Act, a multi-faceted program calling for a restructuring of the State Board of Education and the state's school system. These efforts attempted to address the low ranking of the state nationwide. The reform included performance-based school accreditation, new teacher certification standards, dropout prevention programs, upgrading of managerial and administrative systems, higher graduation standards and testing, and establishment of public kindergarten programs.³⁰ The Mississippi chief state school officer is not directly elected.

In addition to the elementary and secondary education system, educational reform in the state has focused on the higher education facilities. The Mississippi Institutions of Higher Learning has coordinating responsibility for the 15 junior/community colleges as well as the 11 colleges, universities and laboratories in the state.

Agriculture. Although changes have occurred in other program areas within the state, the Department of Agriculture and Commerce has not been at the vanguard of attempts to modernize. The current Commissioner of Agriculture and Commerce, Jim Buck Ross, has been elected to that position for 23 years. Although there have been occasional attempts to oust him, there has not been a serious challenge to him over a several decade period.

Extension. Like other states in the south, the Mississippi Cooperative Extension Service carries with it the residual of a racially segregated system. As a result, Extension activities take place in two locations: the Mississippi State University and Alcorn State University (the historically Black college within the state). Working through its community development staff, Extension has been involved in a number of initiatives with other state actors dealing with rural revitalization and economic development. The staff at Mississippi State has been attempting to build bridges between the two communities and focuses on activities that encourage an integrated approach.

Health. The Mississippi State Department of Health is responsible for the general health of the state's citizens, operating through a statewide network of county health departments organized into nine districts. Although there has been extensive utilization of federal programs (e.g. WIC, MCH, Community Health Centers), the pervasive poverty in the state has had significant impact on the health status of the citizens. It has been noted that the state suffers from high morbidity, mortality and disability rates; has inadequate resources to address these needs; and has not been able to respond to these problems through the existing health care system.³¹

The Department of Economic and Community Development (DECD)

Since its creation in 1988, DECD has been one of the most active components of Mississippi state government. The Department is visible, active, and spread across five regional offices throughout the state. The reorganization that finally resulted in the current organizational configuration occurred in several stages. The first stage took place in November 1988 and merged the Department of Economic Development with the business development functions of the Research and Development Center (a unit created by the legislature in 1970 to stimulate development within the state). The program units within that reorganization included corporate development, tourism development, enterprise development, and regional operations.

The second reorganization took place a year later (in July 1989) when six organizational entities concerned with economic and community development programs and services were brought into the agency. The modifications doubled the agency's staff size and increased its budget 1000 percent by bringing in the community development programs, Job Training Partnership Act and other labor assistance programs, energy and transportation programs, occupational information services, the Mississippi Aeronautics Commission, and the Appalachian Regional Commission programs. Most of these programs had been located in the Office of Federal-State Programs and were transferred into the newly constructed Department of Economic and Community Development. Around the same time, there was an attempt to move the Mississippi Small Business Development Center (an SBA funded enterprise located within the University of Mississippi) into the Department; however, the intervention of Congressman Jamie Whitten precluded the move.

In October 1990 the third reorganization took place. This one did not involve the transfer of any programs or units but rather served to adjust the internal structure of the agency and reduce the number of people reporting directly to the director from 17 to 8. Three major areas were created; the two major program areas -- economic development and community development -- were each headed by a deputy director. Economic development includes the national development division (recruitment

activities); international development division (focusing on export and trade); tourism development; business services (including assistance to entrepreneurs through centers and regional offices); and the office of minority business enterprises. Community development includes the CDBG program, labor assistance, employment training (including JTPA), aeronautics, and energy and transportation. No one from the community development part of the Department participated in the Academy team and there appears to be minimal programmatic linkage between the community development and economic development elements of the Department. However, the CDBG program has provided resources for local development efforts (approximately 50% of the loans to industries and grants for infrastructure improvement were CDBG related) but some are apprehensive about the impact of the 1989 move of that program from the Office of Federal-State Programs into DECD. According to one commentator, "Moving the CDBG and other programs into a traditional economic development agency poses some danger in maintaining a commitment to a development philosophy that emphasizes people and places."³²

Five regional offices operate out of the Community Services Division within the community development area and offer services to existing businesses, local leadership and others concerned with economic development. Although the state has 10 Planning and Development Districts (PDDs), these units are governed and funded by local governments; some of them provide coordinated services with DECD regional offices but others do not. Several of the PDDs have racially integrated staff, responding to the population and political realities of the area.

Previous Activity

Mississippi's participation in the State Policy Academy on Rural Economic and Community Development is an example of the state's attempt to utilize outside resources as a part of the change strategy. The proposal that was submitted to CGPA for participation emphasized the state's economic problems, its potential, and the institutional difficulties of making change. The goal of the effort was to be:

To reach consensus about the key problems and opportunities facing rural Mississippi and identify needed actions. Set priorities on the actions and a timetable for accomplishing them. Clarify who is responsible for accomplishing the needed actions. Maintain supportive working relations among the participants while carrying out the actions identified.³³

Anne Sapp, the Director of Policy Management in the Governor's Office, served as the state team leader. As originally proposed, the team included representatives from the two Extension programs, two legislators (who were concerned about rural

issues), a representative from DECD, the Department of Human Services, the Mississippi Institutions of Higher Learning, the Farm Bureau and the Delta Council. (Another member was eventually added from the Department of Agriculture and Commerce.) The specific individuals who would represent the agency participants in the Academy team were determined by the agency heads. As the team experience unfolded, a number of individuals felt that the designees were not able to speak for their agencies, that they were in middle level technical jobs that did not have broad authority or influence over the agency leaders.

After the first Academy session, the Mississippi group recognized that it would not be able to meet the CGPA expectations to develop a plan, with specific goals. Instead, as one individual commented, "Ours is a sketch. We focused on building bridges and the implementation that would take place by different agencies on their own. This may lead to duplicative services, but that is what is possible."

The CGPA template also appeared to the Mississippi team to push for an over-accentuation of the role of the governor as the agent of change. "We didn't want the governor to take a visible role because even though the issue might be good for his campaign, it would not lead to institutionalizing change in rural development." Despite these misgivings, a number of the participants valued the Academy experience as an opportunity to exchange views within the state group and to develop a set of new contacts that would be useful for the future. None of the participants had worked with all of the other team members before that experience although several of the team members knew three or four others on the team.

The Mississippi group never met as a group after the Academy experience nor did it complete the final product -- the plan -- as specified by CGPA. However, several of the participants collaborated to develop a profile of rural Mississippi, modeling it after publications developed by other states. There was some frustration about the inability of the participants to find an individual or agency agreeable to be the recipient of the preliminary work or, as one individual put it, "someone we could hand the baton to." Anne Sapp did not have the time or position to carry on the work and Mac Holladay was not interested in carrying the rural issue forward as a distinct policy thrust, separate from other development agendas. Until the Federal-State Rural Council began to meet with some of the individuals who had been on the Academy team, it appeared that the team efforts would yield little.

In addition to the Academy activity and the current Federal-State Council, there have been three significant efforts dealing with economic and community development within the state that have supplemented the DECD operations. In 1989, a workshop was held on "Developing Policy for Revitalization of Rural Mississippi," sponsored by the Mississippi Cooperative Extension Service, DECD, and the Southern Rural

Development Center and funded by a grant from the National Governors Association. The workshop was cosponsored by more than 50 other public and private groups and sought to identify the most critical rural development policy issues and options for the state; to educate rural leaders on these issues, options and consequences; reduce fragmentation, increase communication and begin building a consensus between government and others; and provide the results of this process to the 1990 Mississippi Legislature.

Also in 1989, the Special Task Force for Economic Development Planning issued its report to "develop a long-term strategy to revitalize Mississippi's economy and help it become globally competitive."³⁴ Members of the Task Force were drawn from both the public and private sectors; the report was based on submissions from CfED, Jobs for the Future, Mt. Auburn Associates, Southern Growth Policies Board, and others. The process of developing the document included information gathered from individuals and groups throughout the state. The staff utilized the state's community colleges in this data collection endeavor.

The third effort within the state that is related to economic and community development involves the Mississippi Social Reconnaissance Team, a project funded by the Kaiser Foundation. The project team was made of up public and private officials and was designed to listen to all sectors of local communities to hear their ideas on health promotion/disease prevention. The effort undertaken in 1989 continued through 1990 and 1991; it focused on several communities across the state, working to identify issues that may be appropriate for action by state (and other) agencies. (During the past month, the state has applied for participation in the federal Healthy Start program, building on the Kaiser efforts in the Delta).

Philanthropic foundations have also invested resources in the state; programs supported by the Ford Foundation, the Kaiser Family Foundation, the Kellogg Foundation, Carnegie, and other foundations have supported data collection, economic investment, business development, demonstration projects, and leadership training. The fragmented nature of the decision-making structure in the state has meant that it is difficult to devise a strategy that encourages synchronicity between assistance givers. For example, leadership development projects have been supported by Kellogg, Kaiser, Ford, as well as through DECD's community assessment and community development efforts. While these programs may be focused on different population elements within the community (e.g. some are targeted on chambers of commerce and business people while others focus on grassroots citizens), there is little done to assure that the projects build on one another or support broader goals.

Although Mississippi continues to develop initiatives that impact rural residents, there is little that one can point to in terms of specific outcomes of previous change proposals. During the past year both the legislature and the governor have been overwhelmed by the budget crisis, reapportionment, and the 1991 elections. The national economic difficulties have made it increasingly difficult to attract businesses to the state or to see momentum and growth emerging from existing businesses. Indeed, some of the new businesses developed in the Delta by MACE and the Delta Foundation have closed or moved away from the state.

While the state does have some sense of a "vision" about what it wants to accomplish, it continues to have difficulty establishing priorities on the actions or assigning responsibilities for accomplishing particular tasks. Despite these major problems, there are, however, indications that some movement is occurring. The Department of Agriculture and Commerce seems to be more willing to work with other agencies. DECD seems to be less resistant to the concept of "rural" than it was before and the community development side of the agency has become a more visible actor in activities. During the 1991 budget debate, agencies found that they needed support and thus had to find ways to deal with the governor and to be more attentive to public demands for results from tax money. Some legislators have expressed more interest in the development of collaborative relationships with the executive branch.

The problems that plague Mississippi are hardly new. It continues to be difficult to obtain resource commitment for the level of support that is needed. And there is little indication that rural development problems will become "front burner" issues within the state although there is concern about these areas.

IV. MEMBERSHIP ON THE COUNCIL

The organizing meeting of the Council took place on November 9, 1990 at a meeting attended by 55 people drawn from federal, state, local and congressional offices. Chaired by Jim Huff, the state head of the Farmers Home Administration, the session followed the format designed by Washington. According to one participant, the 55 individuals in attendance (out of 65 invited) appeared to be favorably inclined toward the project. When the meeting concluded, a Steering Committee was appointed (chaired by Huff with seven other members) that was scheduled to meet in late December. The Steering Committee was drawn from both federal agencies (HUD, SBA, Labor, FHA, Soil Conservation Service, and HHS) as well as state organizations (the community development section of DECD and the Extension Service). Two of the

original Steering Committee members were African Americans and two of the federal representatives (HHS and Labor) came to the meetings from the Atlanta Regional Office.

Because of what was termed a "discrepancy as to whether or not state members could be voting members,"³⁵ the meeting that had been scheduled for December was postponed until clarification was received from Washington about the status of federal, state and local participants. When word was received that all participants could be voting members, the Steering Committee finally met on January 11, 1991, with all members in attendance. At that meeting, the group was informed that the Executive Director would be Pete Perry, a Mississippian who had been involved in the Washington based activities of the Federal Rural Initiative from the Economic Development Administration. The group established a membership committee, added a member from the Cooperative Extension Service at the predominantly African American College, and decided to form an Executive Committee that would work closely with the Executive Director.

From February to April the group went through an organizational turmoil. Jim Huff -- a political appointee -- had agreed to serve as the chair of the group only for the convening role; while he was willing to continue to be active, he did not want to do so as the chair. Sandra Freeman -- a political appointee from HUD -- volunteered to be the chair and served in that capacity for about a month; according to participants, at that point she was told by the Atlanta Regional Director that she couldn't continue to play that role. While the reasons for this directive are not clear, she quickly moved from a leadership role in the organization to non activity. In April, Jack Sullivan -- a career public servant from the Federal Highway Administration -- agreed to serve as the chair of the Council; he continues in that role today.

When the Council first began meeting, membership on the Council was envisioned as 25 to 30 individuals of whom about 13 were federal officials. As the activities progressed, there was an increasing feeling that there wasn't any point in establishing a cutoff of size. As one individual put it, "Anyone who wants to be on the Council should be considered. I envision somewhere between 50 and 100 individuals who are people carrying the message but the detail work will be done by active committees."

By the end of May, participants -- or those invited to participate -- had reached almost 50. The core group, however, was defined as 26 state or federal agency members. Additional state people were added from higher education, the Department of Human Services, the Arts Commission, the Department of Agriculture and Commerce, the Institutions of Higher Education, and other parts of DECD. However, DECD Deputy Director Gary Anderson continued to play the major state leadership

role because of his CDBG experience and interest in rural development issues, serving as the Secretary-Treasurer for the group. Several other federal people were added from NASA, the Agricultural Stabilization and Conservation Service, and the Army Corps of Engineers. But the major increase in membership recommended by the membership committee was to be drawn from local government and from private industry (primarily from the utility companies). Additional individuals are expected to be included, particularly representatives from nonprofit organizations within the state.

The process of adding members occurred after a recommendation of the membership committee and a vote of the Council. From that point on, new members recommended by the committee were accepted as members upon their notification and acceptance. With the exception of the representative from the HHS Atlanta Regional Office, all of the federal people involved are white. Some of the state representatives, including Gary Anderson from DECD, are African Americans. There are a few women who are involved, including Beneta Burt, an African American woman from DECD.

Officers of the Council

After Jack Sullivan from the Federal Highway Administration was named as the chair of the Council at the April 18-19, 1991 meeting, a more routinized process of leadership began to emerge. By-laws were adopted in May that detailed the structure of the organization and procedures for activities. The officers include a chair, a vice-chair, a secretary and a treasurer; six other individuals (the past chair, the Executive Director and four at-large members) join the officers to serve as the Executive Committee. While the original structure of the organization had a single secretary-treasurer, the responsibilities were separated and two individuals were named to those jobs.

Committees were established that had both substantive and procedural responsibilities; a membership committee and a finance committee were charged with organizational matters while five other committees -- policy and clearinghouse, education, medical, infrastructure, and economics -- were established to focus on the substantive aspects of the Council's work. A rhythm of meetings began to emerge with the Executive Committee convening before each Council meeting (and sometimes afterwards).

Constitution and By-laws

The by-laws, adopted May 23, 1991, establish a mission for the Council which incorporates a broad approach to rural development: "to improve the quality of life in rural Mississippi through addressing the economic, infrastructure, medical,

educational, and environmental needs of Mississippi's rural people." Implementation is to be guided by the four USDA-defined principles: (1) the private sector must be involved; (2) benefits of development must be shared; (3) new governmental partnerships are required; (4) a strategic approach is needed.

Mississippi adopted the federal template to detail the purpose and objectives of the Council: "The Council is to provide an institutional framework within which Federal, State and Local government resources can be used in combination with those of private enterprise and nonprofit organizations to promote rural development...." The Council has added a Mississippi "spin," defining rural development as "a rising standard of living, consistent with an improved quality of life." Objectives included providing leadership in making strategic use of available resources, serving as a focal point for identifying interdepartmental/ intergovernmental barriers to rural development and elevating national issues to the Federal Working Group.

Reasons for Involvement

For some of the participants, their involvement in the Council was a simple response to a directive from their superiors. The model that was devised in Washington triggered the process through the state director of the Farmers Home Administration. Other federal officials -- such as those from the SBA, the Federal Highway Administration, and the Forest Service -- responded to these directives. Some were interested in the substance of the project -- one individual noted that he would have volunteered to be on council even if his superior hadn't asked him to do so.

While the state participants emerged in a less structured fashion, most of them were chosen by Gary Anderson who had been designated by the Governor as the lead for the state. Because the Mississippi state government is controlled by Democrats, there was some concern by both the federal and state participants that the effort would fall victim to partisan battles. While some critics argued that Mac Holladay (or some other highly visible individual from the Governor's office) should be involved in the process, Anderson not only had been involved in rural development issues in the state but had spent considerable time over the past several years working on the federal rural development bill for the Governor. In total, four individuals from four divisions within DECD are involved. Two individuals who had been involved in the Academy team have become active in the Council, providing a link to the previous efforts.

Expectations

Participants in the Mississippi Council expressed a number of different goals for the effort. For some, the program was related to a national agenda. As one federal official put it, "I see this program serving as the sounding board, advisory mechanism for the new Rural Development Administration. We will come up with recommendations and forward them to Washington."

Other federal officials focused on the information that would be gleaned from the process that might change the way that they administered their programs. "We will go out through the state, get local views and listen to their comments. We don't have any new money but we can think about our own programs and how to target resources to areas in need. Because there is so much uncertainty about what is happening federally, that's what we should be doing."

Still other federal staff emphasized the interaction that might occur between the range of players involved. "The Council should become a place where people can meet in a formal way to establish better, closer relationships." The strength of the process is getting us to talk to other agencies; that might lead to some identification of duplication of services. Maybe agencies will work more closely together as a result."

Some of the federal participants were skeptical that much would occur as a result of the process. "I don't have high expectations about the Council. I am concerned that it will become a power struggle between agencies. There are lots of studies that have already been done. It is important that we don't reinvent the wheel but build on what is already done." Whatever we do, commented another, "will take a lot of time."

One federal staffer had a specific sense of what could be accomplished: "We should go through all of past studies, divide the state into 10 to 15 areas responding to different realities. This is important because past consultants did not focus on differences between geographical regions. This will allow us to pinpoint needs. We should have meetings with local governments, private sector, and quasi public groups. They may not focus on issues which involve the feds, rather the advice may be to the state or the private sector."

For state participants, the process was not always clear. One noted, "Who are we doing this for? There is not a clear articulation of the relationship between the Council activities and the plans for the new Rural Development Administration." At the same time, state officials noted that the involvement of the federal agencies in the effort does constitute a new ingredient.

One state official noted: "I would hope that whatever the Council produces would impact all of the parties involved. This impact would be both in terms of

sensitivities and responsiveness to rural areas as well as formal requirements for program participation. We should emerge with a sense of what programs are working and which are not."

V. COUNCIL STAFF

Pete Perry was chosen as the Mississippi Executive Director even before the Council was organized. The former Mississippi State Director of the Farmers Home Administration from 1981 to 83, Perry was in Washington serving as the Deputy Assistant Secretary of Commerce for the Economic Development Administration when the Rural Initiative was begun. At that point he was involved with the Working Group on Rural Development as the Commerce Department representative. When Mississippi was chosen as one of the pilot states, Perry decided that it was time to return to the state and suggested that he serve as the loaned executive to Mississippi. Still on the EDA payroll, Perry returned to Jackson and in April began working full time as the Executive Director.

Although Perry's situation was not formally announced to the Mississippi participants until the January meeting, the Washington staff agreed to this move in September and some in the state knew about his appointment at the time of the first organizational meeting in November. Perry was known to a number of the participants. He was an active Republican; through both his Farmers Home and EDA activity he had been involved in decisions affecting rural Mississippi.

Until August, Perry operated out of an office 20 miles outside of Jackson, at Hinds Junior College, a Mississippi State Extension facility. In August, the office will be moved to facilities in the Mississippi Farm Bureau office. Half of the rent will be contributed by the Farm Bureau while the other half is expected to be raised on the basis of assessments of the participating agencies.

Perry's perception of the responsibilities of the position and the role of the Council emerged as a result of what he calls "a year and half of knowledge and involvement in Washington with the federal initiative." He expects that the council will "revolutionize the process or fall on its face. Some states are looking at programs or projects. I want to push at the way that programs operate. My agenda is a broad scale one involving rewriting of rules and regulations."

"I expect the Council to sit down and make hard decisions regarding program resources and money spent within the state. We should change the way that both state and federal monies are spent to focus on priorities." At the same time, Perry is not optimistic about the Council's ability to target money jointly to specific places.

Perry is clear that the Council has no authority to really make decisions. "But if we came up with a plan, we can say that "x" agency is not in conformance with the plan. The Council is advisory but I can conceive of a time when the Council could come in and, as a group, say this is what should be done. This can act to shield the agency as well as providing information to it."

Direct funding for the staff position comes through EDA (which continues to pay Perry's salary) but the resources available to the Council are limited. Although the group decided to assess federal and state agency members \$1,000 each, the current state budget crisis has made it difficult to obtain payment from the state organizations. It is not clear how additional funds will be raised.

Although the federal monitor for Mississippi has some knowledge of the activities of the Council, it does not appear that he has an understanding of the state that allows him to put this information in context.

VI. MEETINGS

The chronology of meetings is as follows:

- *November 9, 1990.* Organizing meeting, 55 individuals in attendance.
- *January 11, 1991.* Steering Committee meeting, Eight individuals in attendance. Discussion of Executive Director, Executive Committee, membership, and attendees at San Antonio Leadership Conference in January.
- *February 11, 1991.* Executive Committee meeting. Discussion of budget, meetings, communications, by-laws, committees, and needs.
- *March 1991.* Training Session. New Orleans
- *April 3, 1991.* Executive Committee meeting. Discussion of new chair, by-laws, office space, budget and funding, hiring of secretary, schedule for meetings, planning April session, membership additions and procedures, discussions with state about participation.
- *April 18 to 19, 1991.* Council Meeting/Retreat. Report on chair change, training Institute, membership, by-laws, operational costs, draft mission statement and goals. Training session on "Creative Thinking" and brainstorming.
- *May 21, 1991.* Executive Committee. Plans for Council meeting, discussion of 15 existing reports and studies, methods of gaining input from grassroots people, summer Institute, funding/budget, office space, and committee structure and chairs.
- *May 23, 1991.* Council Meeting. 23 in attendance. Reports from committees (including membership plans to increase to include nonprofit groups), plans for summer Institute, reports from past efforts (including the Special Task Force and the

Academy), and methods of soliciting input from communities (utilizing the community colleges or other institutions as a base for community involvement.) The Constitution and by-laws were adopted and the draft mission statement was also discussed.

- *June 20, 1991.* Executive Committee Meeting. 10 in attendance. Discussion of federal developments (including budget requests), membership assessments (appointment of a finance committee) and an update on committee work. Reports on the plan development process, the summer Institute in August (including involvement of the committee chairs), and possible program demonstrations (3 were proposed).

- *July 16, 1991.* Executive Committee Meeting. Discussion of budgets, presentation to House Budget Committee hearing in Memphis, demonstration projects and summer Institute.

- *July 18, 1991.* Council Meeting. Discussion of same issues as Executive Committee. Focusing on summer Institute 27 to 29 August and on possible demonstrations.

- An August Executive Committee meeting is planned but may be cancelled if planning for the Institute is under control.

As the Council activities have developed, the Executive Committee appears to play an extremely active role in the process. The Executive Director is proactive but the chair of the Council is also involved.

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

To some participants' surprise, the process of organizing and structuring the Council consumed much more time and energy than was anticipated. Although the recent discussions within the Council and the Executive Committee have begun to focus on a substantive agenda, that effort is still inchoate. There are several directions, however, that can be gleaned from the process thus far:

* The group does not want to revisit territory that has been studied in earlier efforts. Thus the group has agreed that it should develop a synthesis of existing reports and studies and find some way to solicit comments from community people. The determination of a method of doing this has been deferred until the discussion at the summer Institute; however, some members want the community college catchment areas to be the vehicle for hearings or meetings.

* The state participants in the process continue to be involved although both the chair and vice-chair are federal officials. There is an undercurrent of grumbling about the extent of state participation.

* A political agenda seems to have been replaced by a programmatic thrust, reflecting the influence of a career bureaucrat as the chair and the input from the state officials.

* There is an unspoken belief that existing programs have flexibility that allows them to be more finely honed and targeted toward sections of the state in need.

* Although there is rhetorical attention to the role of local officials and private sector representatives, there is little indication that those perspectives have been prominent in the discussion.

* The Council is planning to proceed with a demonstration proposal from the City of Sardis related to tourism and recreation, based on the recent lease of land to the city from the Army Corps of Engineers. Sardis heard about the Council and submitted its idea to it. Although the Council had not yet devised criteria for demonstrations, there was a feeling that this was a target of opportunity that met existing state priorities, local needs and involved collaborative efforts from a number of actors.

As the Council has developed, the federally oriented focus of the early discussion (moving toward program consolidation and a block grant approach) appears to have been diluted significantly. The focus now appears to be more modest and aimed at specific projects within the state. As a result, the group has tended to ignore the directives from Washington that impose deadlines and report requirements. As one participant put it, "Washington keeps calling for reports and gives us deadlines. We don't care what they want. This is Mississippi. We want to do something that will serve us."

VIII. PARTICIPATION IN INSTITUTES

The experience of the Mississippi participants in the March New Orleans training session is one of the major reasons that the Council moved away from the federally defined agenda. Few, if any, of those who attended the session found it satisfactory. Some individuals who were new to the policy field thought that too much information was thrust at them; others who were knowledgeable about rural development issues felt that the presentations were elementary and inadequate. Both groups, however, agreed that the lecture manner of presentation was singularly ineffective. The participants did find it useful to meet as a group and several noted that the Council process was moved forward as a result of the opportunity for the Mississippians to meet and discuss their issues. As a result, the Council decided to

control its own summer Institute, deciding not even to collaborate with South Carolina but, rather, to hold its own session in late August.

IX. FUTURE PLANS

The August Institute should provide an opportunity for Council members to have an extended discussion of future plans. The Institute agenda will be largely controlled by the Council committees and it is hoped that progress will be made in the definition of outreach methods as well as movement toward the development of a plan and demonstration projects.

NOTES

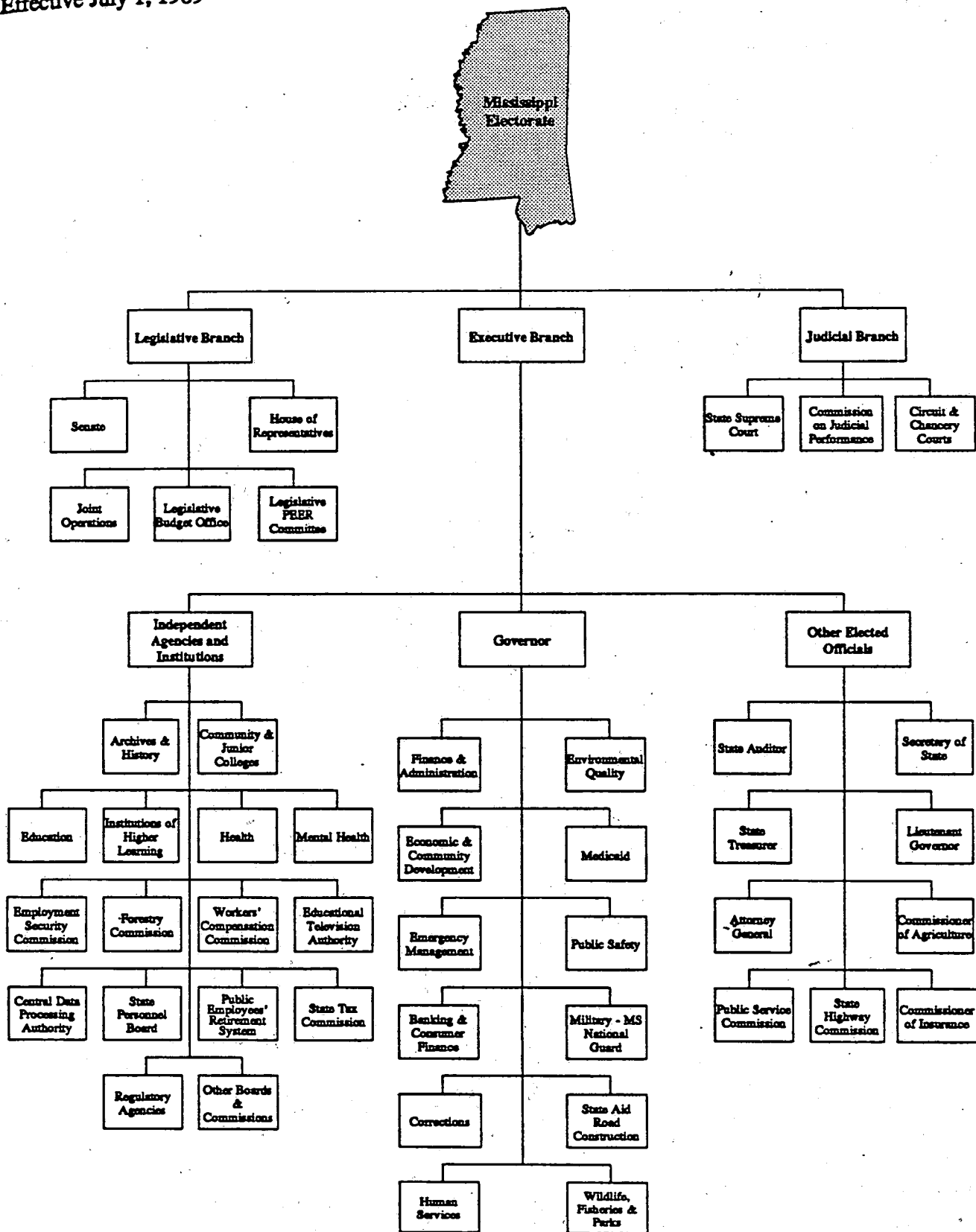
- 1 COSCAA, p. 87.
- 2 Rural Profile, p. 3.
- 3 COSCAA, p. 88.
- 4 Rural Profile, pp. 4-5.
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- 12 "A State's Fight to Save Babies Enters Round 2," THE NEW YORK TIMES, March 12, 1991, p. A1.
- 13 COSCAA, p. 88.
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- 21 Ibid., p. 18.
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- 23 Mississippi Special Task Force for Economic Development Planning, SEIZING THE FUTURE: A COMMITMENT TO COMPETITIVENESS, December 1989, p. 4.
- 24 Quoted in Thad L. Beyle, editor, STATE GOVERNMENT, CQ'S GUIDE TO CURRENT ISSUES AND ACTIVITIES, 1988-89; Washington, Congressional Quarterly Press, 1988, p. 122.
- 25 MAKING MISSISSIPPI GLOBALLY COMPETITIVE; FINAL REPORT TO THE GOVERNMENT, LEGAL, REGULATORY AND INFRASTRUCTURE COMMITTEE, December 1989, p. 13.
- 26 Ibid., p. 14.
- 27 The governor will be able to transfer general funds to keep the budget office functioning.
- 28 This number continues to change because a number of members are switching party affiliation. One person recently elected in a non-partisan special election hasn't announced a party affiliation.
- 29 See Neil H. McMillen, DARK JOURNEY: BLACK MISSISSIPPIANS IN THE AGE OF JIM CROW, University of Illinois Press, 1990, especially Chapter 4.
- 30 Kaiser Report, 1989, p. 9.
- 31 Kaiser, p. 16.
- 32 COSCAA, p. 99.
- 33 Proposal, February 1, 1990, p. 4.
- 34 SEIZING THE FUTURE.
- 35 Minutes, January II, 1991.

APPENDIX A

Mississippi Organization Chart

Organization Chart

Effective July 1, 1989



OREGON RURAL DEVELOPMENT COUNCIL

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University of the Pacific

September 1991

I. NATURE OF THE RURAL SECTOR

Demographics

It is no simple matter to distinguish rural from urban Oregon. Two recent reports have used county boundaries to do so only because they were constrained by the data. These reports, published in October 1990, point out that key economic and social indicators that might be used to determine whether an area is urban or rural are disaggregated by county not by urban/rural area. One done for the Joint Legislative Committee on Trade and Economic Development (T & E Committee), says that the Census Bureau has designated 28 of 36 Oregon counties as rural.¹ The other, produced as a result of a Kellogg grant, noted that some of these non-metropolitan counties "include urban-like centers of economic activity, whereas some urban counties include large areas of sparse population."² The authors of this report used "local knowledge of the state's economy to alter the list to more accurately reflect the nature of these local economies," and concluded that 30 of Oregon's counties are indeed rural.³

Using 1990 population estimates, some 32 percent of Oregonians live in rural counties as defined by the legislative committee report, and 38 percent as defined by the "Rural Profile" document.⁴ Interestingly, the figure most often cited in Oregon is that "about 40 percent" of the population resides in rural areas.

Other pertinent characteristics of rural Oregon are these:⁵

- It covers more than 85 percent of the state's land mass;
- Its population grows at about half the urban rate;
- Average unemployment is about 2.4 percent higher than in urban counties;
- Per capita income is about 16 percent lower than in urban areas;
- It has a slower rate of job recovery;
- There is a continuing reliance on the declining timber industry;
- It has experienced significant loss of jobs in high wage industries like timber, mining, and construction;
- Rural areas have problems of distance and accessibility;
- They have narrower bases of economic activity, making them more vulnerable to sectoral swings in economic activity;

- Rural areas lack a "critical mass" of population often making it difficult to sustain viable communities;
- Smaller tax bases make the financing of public services more difficult;
- Rural areas have less access to and less local control over investment capital; and
- Are dependent on a small circle of leaders who are often volunteers serving in a variety of roles.

Nationally, rural is often thought to be synonymous with agricultural, but not in Oregon. In 1989 the agricultural sector accounted for only 2.7 percent of the state's total employment, and it has been argued that much of Oregon's rural economy is not agricultural dependent. One expert has said that "there are at least three distinct rural economies" in Oregon: (1) a traditional agricultural economy; (2) a rapidly changing recreation and retirement rural economy; and (3) a very diverse Willamette Valley rural economy, closely tied to the metropolitan economy.⁶

What is Rural?

The question remains, what is rural? Should one rely on the Census Bureau definition or is there a better way to make the urban/rural distinction in Oregon? The answer depends on why one wants to make the distinction. If one wants to examine economic and social indicators, the Census Bureau urban/rural county distinction is the way to proceed. This seems to be the way most policy makers in Oregon think about rural. A definition that might be different is contained in a draft concept paper for a proposed rural development Executive Director for the state. Rural is defined therein as "those regions outside the Urban Growth Boundary of the state's MSAs. Community is defined as an economic entity which could be an individual town that is fairly isolated...or it may be a group of towns that make up an economic entity...."^{7 8}

There is a major debate (literally as well as figuratively) in the state as to whether there ought to be a distinct rural policy. Some of those variously involved in policy development feel that to focus on rural per sé would produce needless political polarization. Others feel that it is more appropriate to discuss regions since rural makes sense on some issues but not on others. Still others fear that rural may be a fad and that policy makers will soon move on to a new set of issues. The fact of the matter is, however, that much of economic development policy in Oregon focused on rural towns and rural regions, and everyone acknowledges that much of the hurt in Oregon is in rural areas. Generally, rural seems to mean smaller communities or groups of communities dependent upon a single economic sector (such as timber or agriculture) for their viability.

There truly is more than one Oregon. The so called "other Oregon" has not fully recovered from the economic downturn of the early 1980's and is in decline.

The "other Oregon" confronts ongoing problems of high unemployment, low income, and out migration. The communities that make up the other Oregon depend for their economic health on single-staple industries, based on agricultural and/or natural resource extraction--timber, mining, and fisheries, for example.⁹

Most rural counties in Oregon are in the other Oregon and they have been officially designated by the governor as Economically Lagging Areas.

II. Governmental Structure

The key public sector actors and institutions at the state level are the governor, legislature (in particular the T & E Committee), Oregon Department of Economic Development (OEDD), the Oregon Progress Board, the Agricultural Extension Service, various units of the higher education system and the Office of Rural Health in the Oregon Health Sciences University. Elements of the Department of Agriculture and Department of Human Resources also have roles to play in rural economic development.

Governor Roberts, a Democrat, and the former Secretary of State is in the first six months of her first term. Reportedly, the economic development agenda hasn't changed dramatically with Roberts, though she hasn't yet been as actively involved as her predecessor Neil Goldschmidt.

Governor/Legislature

The governor, and his or her executive branch agencies have traditionally played a very strong leadership role with respect to Oregon public policy. Governor Roberts evidently has a good, but subdued relationship with the legislature. In terms of formal power, a recent analysis shows that Oregon's governor is moderately powerful.¹⁰ The major institutional limitations on her capacity to control the policy making process lie in two areas. First, she has full responsibility for developing the biennial budget, but the legislature has unlimited power to change it. Second, the governor has the power to appoint officials to major offices, but her power to remove officials from office is severely limited.

The Oregon Legislature is a citizen legislature which meets biennially and sessions generally last about six months. It is also very active in the interim between

sessions. The state Senate has a Democratic majority, and control in the House just shifted this year to the Republican side. It remains to be seen how this latter fact will affect the relationship between the governor and the legislature, but most observers feel it won't have much of an effect on economic development policy, at least in the near-term.

There are 30 senatorial districts in Oregon and 60 house districts.¹¹ Each sends one member to the legislature, thus the state senators represent the equivalent of two house districts. The vast majority of senators (73 percent) represent at least portions of urban counties while the house has about 68 percent. Half of the 14 members of the 1991-92 T & E Committee though, including the house and senate co-chairs, represent rural Oregon. The President of the Senate represents a rural district, while the Speaker of the House represents portions of an urban and a rural county.

Despite the lack of annual sessions, it can safely be said that the legislature, through the T & E Committee, and its professional staff, plays a key role in rural economic development policy making. The legislative authority with respect to the budget also makes that body a key player in economic development decisions.

Governor/Departments

The governor appoints the heads of cabinet agencies such as OEDD, Agriculture, and Human Resources within which is the Health Division. The Superintendent of Public Instruction is a constitutional officer and is elected by the people of the state. The governor appoints the seven members of the State Board of Education. The Department of Education carries out the policies of the Board with the advice of some 50 advisory boards and commissions. Agriculture and OEDD both have advisory boards appointed by the governor, and various advisory groups appointed either by the department directors or the governor.

The state's 16 community colleges work within the State Department of Education, under the direction of the commissioner of community colleges. They are not part of the state system of higher education. According to the Blue Book,

The community college network is a primary delivery system for education programs that are essential to Oregon's economic health. Community colleges serve as the home of Small Business Development Centers (SBDC's)...SBDC's work with local businesses to foster entrepreneurship, good management skills, economic development, joint venture capital and creation of locally based jobs.¹²

The governor appoints an 11 member board of higher education subject to senate confirmation. The Extension Service is located at Oregon State University and employs a network of 170 county agents in agriculture and other areas.

There are two other agencies of state government which are important to rural economic development and which deserve mention: the Office of Rural Health and the Oregon Progress Board.

The Office of Rural Health was created and funded by the legislature in 1979. The intent was to centralize and coordinate efforts aimed at addressing the special problems of health care delivery in rural areas. The Office was transferred by the legislature from the Health Division of the Department of Human Resources to the Oregon Health Sciences University (OHSU) in 1989. Prior to the move it had a regulatory orientation consistent with its parent institution. The move to the university was fueled by the rural health constituency because of the community outreach and rural health focus present there. This is thought to be a better home for the Office's programs than the Health Division because it is easier to provide technical assistance and support to rural communities without the Certificate of Need and rate regulation baggage of the latter.

The Oregon Progress Board grew out of a strategic planning effort begun in June 1988 by then Governor Goldschmidt. The charge of the strategic planning group was to "examine and recommend how Oregon should shape its economic future," and it was an element of Goldschmidt's program for economic recovery.¹³ The Progress Board (originally called the Oregon Development Board) was proposed to "become a forum for defining and communicating a vision for Oregon in the next century, measuring our progress in the achievement of that vision, and describing the work still ahead."¹⁴ The nine member Progress Board was created by the legislature in 1989. It has a small staff housed in the Oregon Economic Development Department. Its budget is a part of the OEDD budget, but its director reports directly to the governor. The Board's administrative home in OEDD makes it more likely that it will endure beyond the term of office of any one particular governor than if it were housed in the Office of the Governor.

Economic Development Department

The Oregon Economic Development Department is a cabinet level agency directly accountable to the governor.¹⁵ The current head of OEDD, Steve Peterson, was Acting Director when Governor Roberts came into office and she named him the permanent director. He had served in the Goldschmidt administration, and was Director of Economic Development in Portland when Goldschmidt was mayor there. Peterson was on Goldschmidt's transition team, and was instrumental in bringing the Community Development Block Grant (CDBG) and Job Training Partnership Act (JTPA) programs into OEDD.

OEDD was created by the legislature in 1973. Its major programmatic divisions are:¹⁶

- Business Development* which includes six regional and two international business development officers. The business development officers help coordinate state programs with local community efforts in business expansion, recruitment, retention, and start-up.

- Business Resources* which includes JTPA and CDBG. It coordinates job training, welfare reform (Job Opportunities and Basic Skills), business finance and community development resources for individuals, business and local jurisdictions.

- International Trade* which, among other things, serves as an advocate of international trade in both the public and private sectors as well as other state agencies.

- The Partnership Policy and Planning Division* contains three major programs related to rural economic development; community initiatives, regional strategies, and workforce development.

- Ports* manages research activities related to seaports as well as the Oregon Port Revolving Fund loans.

- Tourism, Film, and Video* coordinates statewide efforts to promote tourism in the state and it supports and encourages film and video business in Oregon.

The OEDD mission has expanded beyond the traditional business development function in recent years. Guided by the state's strategic plan OEDD's mission includes building a competent workforce, protecting and enhancing the state's quality of life, and creating "an international frame of mind that distinguishes Oregonians as unusually adept in a word economy."¹⁷

Discussants noted that former governor Goldschmidt had a very close relationship with OEDD. He was known as an urban governor, but it was said that he probably started more rural initiatives than any other governor in the recent past.

To some degree the jury is still out on Governor Roberts. She was described as an urban Democrat who is most interested in social/human resource issues. She was not elected on an economic development platform, and has not been heavily involved in the work of OEDD to date. Most agree, though, that it's on her agenda. It is said that she realizes the relationship between economic development and other issues, and that she is a very active supporter of the OEDD budget and its activities. Given the difference in the amount of specific attention she gives to OEDD and Governor Goldschmidt's interest in it, the department is able to operate with a bit more freedom than it did in the past.

The CDBG and JTPA programs are in OEDD because the director and the former governor saw them as economic development tools. They wanted to bring all such tools together under one umbrella in order to make more effective use of resources. Discussions with OEDD officials suggested that federal programs such as these are a big drain on management time and energy, but because of their relevance to economic development it is crucial to have them in the department. It was said further that some internal restructuring may be in the offing to bring about more of a collaborative relationship between programs like CDBG Community Initiatives, and Regional Strategies. Officials acknowledged that there is some rivalry. Some informants believe that the director needs a management team that can run the agency so that he can be out dealing with the constituency. He has to be visible in the business community so the department can maintain legislative support.

State-Local

Oregon has eight economic development districts (EDDs) which are locally chartered and controlled. Each has been recognized by the federal Economic Development Administration, and according to a descriptive brochure, "Local governments and the private sector have banded together to create the Districts in order to provide regional economic development resources, especially in rural areas." Each EDD is unique, but in total they offer loans and other forms of assistance in six areas: small business lending; new business and industry recruitment; economic analysis; economic development planning and technical assistance; assistance in securing funding for public works; and special projects ranging from international trade promotion to small business incubators.

The relationship between OEDD and substate planning regions is somewhat of a mixed bag. There is a loose practitioner network on the local level. One discussant told us that local people network with various groups including economic development districts, COG's, the Northwest Policy Center, and the newly formed Federal-State Rural Development Council (RDC). There are business recruitment and economic development agencies in some local and county governments. Also, some of the state's COG's have reportedly helped pull groups into the OEDD Regional Strategies program. In short, local activity is quite varied.

In addition to its Regional Strategies program, which employs a manager and three program coordinators, the department does have seven regional business development officer positions, and maintains seven regional offices. According to the Oregon Blue Book,

An extensive network of state level committees, community based economic development organizations, and involvement by the private sector enhance the department's efforts. Advisory groups represent the collective efforts of more than 150 volunteers who work closely with the department in carrying out its program. Oregon's communities are also supported by thousands of volunteers who serve locally on boards and commissions.¹⁸

Role of the Private Sector

The Oregon Business Council is an important actor on the Oregon rural development scene. Its Executive Director, Bill Wyatt, is one of the originators of a newly proposed Rural Development Institute (RDI). The Business Council was founded as a business roundtable in 1984, partially in response to the recession and the sharp decline in the timber industry. The Business Council itself has little money and a small staff, but its members have a clear interest in helping small communities maintain economic viability. Wyatt sees rural economic development in terms of capacity building and human resource development. He is committed to the RDI as a means of providing technical assistance and leadership training to smaller communities so that they could ultimately become less dependent on declining resources such as timber.

The private sector is also involved at the local level. The Business Council at one time was conducting community assessments but gave that effort up because it was expensive and arbitrary in terms of selecting communities to assess. Its resources and community needs were not necessarily consistent, and some in the communities were suspicious of big business' intentions. The business council as a result decided not to impose itself on communities.

There have been some utility company and bank efforts to aid local economic development but it was reported that there was a point when corporate managers didn't want to get involved in their communities because it "didn't put money in the bank." The Business Council then set up a 10 week training program to encourage involvement because it realized that human resources and leadership capabilities available in the business sector are tremendous resources for localities.

A survey done in the summer of 1990 found a "stunning" change. Now corporate managers really want to be involved, and involvement has now become institutionalized in a number of companies. "Managers now feel it's appropriate and "right" to be involved in community affairs," one discussant said.

There are some not-for-profit economic development organizations in the state, but there was actually very little discussion of them. One such organization is the Council for Economic Development in Oregon (CEDO). CEDO sees itself as a network of people who are doing local economic development work without government

support. It was described as a hodgepodge of people that tries to highlight local success. The suspicion is that the connection with state activities is not great because the networking costs are too high for OEDD.

III. PAST RELATIONSHIPS AND EFFORTS

Federal-State

The best that can be said on the basis of interviews in Oregon is that existing federal-state relationships are not hostile. Discussants at both levels described them as largely cordial, but there is a great deal of skepticism regarding the RDC on the part of the state officials who were interviewed. Even one private sector member of the RDC said he is "waiting to see if various federal and state agencies can really work together; programs similar to this have gone on before with no results." A state official speaking particularly of the RDC said, "I'm a cynic. I've been in economic development for a long time and I know one pays dearly for every federal dollar. They raise expectations and don't deliver." Another acknowledged that state agencies are not anxious to participate in the RDC "because of past experiences with the feds....It's not that they're disinterested; it's that they don't believe anything will come of the effort."

Federal policy, including court decisions in environmental cases, plays a significant role in rural economic activity in Oregon, and is blamed by many for the decline in the timber industry. There are other reasons for this decline of course, chief among them a national recession and a depressed housing market. Still one economist's assessment is that:

The sharp reduction in federal timber sales will keep log supplies limited, but the real supply crunch will not come until 1992, when wood product demand rebounds. The northwest timber harvest may decline 22 percent this year from 1986-89 levels, or fall even more if environmentalists tie up large numbers of sales.¹⁹

The key federal actors in Oregon are the U.S. Forest Service, U.S. Fish and Wildlife Service, the Park Service, Bureau of Land Management, the Environmental Protection Agency, Farmers Home Administration, and the Economic Development Administration and the Small Business Administration of the U.S. Department of Commerce. The first five of these eight agencies affect rural economic development largely through their regulatory activities, and in some cases their large land holdings.

It appears that there is minimal connection between state and federal economic development programs but that is not to say that there is little federal activity. The FmHA and SBA operate programs ranging from low interest loans to communities for public facility construction, to business and industry development loans, and loans and technical assistance for small business start-up.

The FmHA has a number of rural programs operating in Oregon: housing units in rural areas; loans for low income housing projects; and sewer and water grants and loans in over 100 rural communities. The EDA plans to provide services under the SSED program to ten counties suffering wood products job losses as well as planning grants for an OEDD study of new private sector jobs.

One area where there is a lot of interaction and where an effective working relationship exists is in the area of agriculture statistics. The State Statistician, a USDA employee, works closely with the Oregon Department of Agriculture and the Extension Service in his data collection and reporting function. Thus, while there has been federal economic development support in Oregon, but its impact is unknown.

Federal-Federal

The past relationships between federal departments operating within Oregon were described as good, but there hasn't always been a lot of interaction. There also hasn't been a great deal of understanding of each other's programs. The RDC Chair sees that changing through federal participation on the Council. There are still disagreements between agencies, and the usual turf battles are present. Still, according to the Chair, federal officials on the Council are aware of their need to work together and they are learning from one another.

On this issue another non-federal participant on the Council said, "Judging by what happened in San Diego [at the National Rural Economic Development Institute] the fed's hadn't talked to each other in years. They are now talking though, so there has been some progress." That individual's impression is that some federal officials are only participating in the RDC because they were ordered to and this is another indicator that there wasn't a great deal of interaction in the past.

One observer that one of the biggest barriers to more interaction is that program people from federal agencies with diverse missions such as health, and say the Forest Service, operate with different models, different orientations and so on. Another discussant observed that "the players in RDC are long time bureaucrats. Bureaucrats are not mavericks; they do certain things because they've always done them that way so it will be difficult for them to collaboratively address significant rural development issues." Another federal discussant said that "before the RDC there hadn't been too

much cross program communication and not much perception of how some agencies have relevance to rural issues."

Past State Level Efforts Related to Coordination

An effort called the Oregon Rural Enterprise Team (which included five federal and two state officials) did exist in the past but appears to have little impact (it was never mentioned by discussants, three of whom are listed in the brochure as participants on the team.)

There was no evidence that the Oregon CDBG program had ever been used as a mechanism to coordinate economic development activities, rural or otherwise. That simply is not the function of the program. That it is in OEDD, and that it was put there by former governor Goldschmidt, is evidence of the economic development role the program can and does play, however. The current OEDD Director definitely sees CDBG as an economic development tool. It is his intention to have it more fully integrated into the department's other economic development programs. The grant fund's monies have been used directly to support rural development efforts, and they have been used to leverage other funds. Currently, at least one-third of the CDBG infrastructure building projects are required to be in non-urban areas. There reportedly has been some coordination between CDBG and OEDD's Regional Strategies program with a \$ 1 million set aside for Regional Strategies projects.

Likewise the Extension Service has been active though it has not played a coordinating role. Extension has a network of 170 county agents operating in each of Oregon's 36 counties. They carry out community development projects as well as activities in a number of other areas. The community development program leader in the Extension Service is on the RDC and is also the Director of the Western Rural Development Center (WRDC). The WRDC however, does not play a direct role in rural development in Oregon. The CDBG program is much more closely aligned with the rural development efforts of OEDD than is Extension. Through a pending Kellogg grant, however, Extension may be pulled into an active role providing leadership training in rural areas for the newly created Oregon Rural Development Institute.

Since 1987 the State of Oregon has significantly stepped up its economic development efforts, particularly those aimed at rural areas. One of the more important was former Governor Goldschmidt's strategic planning exercise which produced a document called "Oregon Shines." The plan included a section entitled "Partnerships to Support Rural Economic Development." It was noted therein that "although State agencies already provide services to rural economies, they have not done so in a comprehensive manner....The state needs to help communities broadly assess their economic development prospects, and identify key steps to improve the

community....Many communities continue to need help in developing economic development strategies."²⁰ These sentiments seem to frame the current OEDD focus on regional strategies and community development, and have framed some of the debate on whether there ought to be a rural specific policy in Oregon.

The principal rural development programs of OEDD are Regional Strategies and Community Initiatives. Both are relatively new programs. Regional Strategies, which tailors economic development to local strengths based on local plans, was begun in 1987. For the 1989-91 biennium, \$22.4 million was authorized for grants to regions, but this was later reduced by about 30 percent due a shortfall in lottery funds (All lottery monies in Oregon are dedicated to economic development). It was expected that problems presented by a recently approved tax cutting initiative (Measure 5) would reduce funding even further in 1991-93. OEDD is charged with involving all 36 of Oregon's counties in the program. The five person staff consists of a program manager, three regional strategies coordinators, and an administrative assistant. Officials expected the program to take a slightly different shape in the third round (1991-93) because of significant job losses in the timber industry. It was also expected that it might be targeted only at rural counties, although there would be political difficulties with that approach.

Community Initiatives was begun in 1989. The focus of the program is capacity building; strategic planning, leadership development, and technical assistance to rural timber dependent communities. When a community decides to participate the first step in the program is to prepare a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis. The program staff consists of a manager, assistant manager and an administrative assistant, thus SWOT analyses are done by consultants. Once a SWOT analysis is completed a community may elect to participate in the full program which includes training in community leadership, strategic planning, and how to identify "success factors" for various strategies which might be considered. Technical assistance is provided and some resources for implementing action plans are provided. For the 1991-93 biennium the program is supposed to further expand statewide with even more of a focus on local capacity building. According to OEDD Director Steve Peterson,

In the first year of the 1989-91 biennium, the program took a two-pronged approach. Through the pilot Transition Communities effort, direct assistance has been provided to 19 rural, timber-dependent communities in southwestern Oregon. Through the Competitive Communities effort, 30 rural communities in Eastern Oregon are being assisted. These communities competed to be selected as part of the program and not all are classified as timber-dependent communities. Both programs have the same objectives .²¹

As of January 1991 some 50 SWOT's had been completed and "a few" communities had gone through the entire program. Program staff were working with 19 communities in different stages of the process at that time.

IV. MEMBERSHIP ON THE COUNCIL

The State Director of FmHA was given the initial responsibility of forming the Council. He first gathered together a small group of federal and state officials in the fall of 1990, and networking to build the membership began from there. The first formal meeting was held on December 14, 1990. Some federal officials joined because Director Thompson asked them to; others were given the assignment by Washington.

The current membership of the Oregon RDC is a very inclusive group with the criteria for membership being: an interest in rural development; holding a policy level position; and having the time and a willingness to serve. The group has discussed additional criteria which would balance representation by level of government, and include federal regulatory agencies and substate organizations. It is a diverse assembly in terms of affiliation. The membership represents federal, state, and local government, business and the not-for-profit sector. Of its 49 members there are 37 public officials; 21 federal (including the Chair), 10 state, 5 county, and 1 city. Three are academics and two of them represent the Extension Service. Five represent the business sector and there are four not-for-profit sector participants.

Geographically, the north-south distribution of membership is good, but 88 percent of the participants live along the I-5 corridor from Medford to Portland to Seattle. The greatest concentration of members is from Portland and Salem (34); three federal representatives are from the federal regional center in Seattle. Of the remaining twelve individuals, six represent communities along or very close to Interstate 5 from just south of Salem to about 30 miles north of the California border. One is from the northwest tip of the state. Five are from east of the Cascades with two of those located in central Oregon, and two in the north central to northeast part of the state. The other is from a community in the east to southeast part of Oregon. There are two Council members with Hispanic surnames. Fifteen, or about 30 percent, are women.

The FmHA staffer is the elected Chair of the Council and on occasion a County Commissioner from rural Oregon serves as Acting Chair. The Executive Committee recently established a committee to nominate officers for next year but it is expected that the Chair will be reelected. The Chair's role is to preside over meetings and,

according to his own description, "keep everyone involved and work to break down the barriers between them." The organizing and operating functions have been turned over to the appointed Executive Director.

There is a nine member Executive Committee which includes the Chair and the Executive Director; additional standing and ad hoc committees have also been formed. The Executive Committee seems to be a task oriented working group which represents the larger council, "gets some things done," and sets specific meeting agendas.

Federal representation includes each agency and department in the national effort. There are, in addition, representatives from seven departments not shown on the national matrix; three in Agriculture, three in Interior and the Corps of Engineers. On the state side of the national matrix there is representation from the Association of Oregon Counties, and there are five county commissioners representing five different counties on the membership list. Likewise the Oregon League of Cities is represented, but there is no official representative from the Towns and Townships Association.

Until recently there are no representatives from Native American tribal governments though the Chair did extend an early invitation to them. The Executive Director also visited the Confederated Tribes of Umatilla Indian Reservation in March. Recently a representative of the Confederated Tribes has joined the Council.

Discussants were asked about the composition of the Council and whether they thought there were groups not there that should be. One fairly typical response was: The people we need to make things happen are there. They are busy people who aren't willing to have their time wasted....Everybody expects something to happen; nobody wants meaningless motion.

The other side of the coin is, not all of those on the membership list are active participants; this includes some federal as well state officials. Additionally, in a brainstorming session in March the council's membership committee listed the following as "generic" groups that ought to be included:

- Native Americans (now included)
- Small business
- Representatives of coastal communities
- Economic development organizations
- Hispanics
- Tourism representatives
- Hospitals
- Seniors
- Ports
- The Agri-Business Council

The committee also thought there ought to be representation from state agencies such as Human Services, Parks and Recreation, Fish and Wildlife, and Environmental Quality. Federal agencies mentioned were Energy and the Bureau of Indian Affairs.

Members of the Council gave three different reasons for their involvement:

- I have the interest and expertise, and want to make things happen;
- I was asked to represent my agency/program; and
- Participation puts us in touch with potential resources

When discussants were asked to comment on why they thought others had agreed to participate, federal people said:

- Locals expect better placed resources;
- The private sector people have a financial stake in rural markets; and
- The other federal people are in because it helps them learn about other programs, and they are genuinely interested in improving rural communities.

State and local officials noted:

- Communities are looking for anything that will bolster their economies;
- Private sector people are in because they can't afford not to be; they have to get a return on their investment; and
- Some nonprofits are participating for public relations purposes.

Private and nonprofit discussants said:

- The public and business sector people are involved as a function of their work; and
- Some federal officials were ordered to participate, but there is a core group that wants to be involved.

Participants have varied expectations for the effort. Those with low expectations are skeptical of what they see as just another federal "process show" that won't produce results. One particularly critical individual said, "If you want rural economic development don't center the effort at the federal level. The feds are blinded by process and can't see what's practical." Another told us that he is on an educational mission. "Business people and some federal officials often lack information about rural areas. They don't understand the plight of rural America. There is even a lack of agreement as to what rural means. I want to help promote understanding," he said.

Another who was somewhat skeptical said he wanted to see if federal, and state agencies could really work together, and that he was hopeful that the RDC could be a vehicle to support distressed rural communities in their efforts to help themselves.

Yet another skeptic said "I'm taking a show me attitude. I'm not convinced yet, let's see if they can make a couple of projects work. Let's face it, the feds are at table because the President told them to be." Another spoke of how these efforts come and go, and as a result he doesn't have "incredible expectations."

Despite the skepticism of these responses, others were positive and think that the Council has real potential. One discussant said, "The Council has tremendous potential, but it won't accomplish anything if higher level people don't keep stressing its importance and asking for products. We need to give it a chance to see what cooperation can actually deliver." In a similar vein, discussants said that a lot of people are out in rural communities trying to develop leadership and the like, and RDC has the potential of coordinating rural development efforts so that local people won't get burned out.

Continuing with the "potential" theme, one participant said, "we finally have all the right players to collaboratively address significant rural development issues. The limitation is, there is no new money. Still we have the potential to break the bureaucratic mode and think about doing things differently."

One federal respondent with very high expectations said that the Council has already brought together a diverse group and agency people have gotten a better understanding of what's available. "The council ought to be able to help people in rural areas who don't know where to go for help," he said.

The view of another federal official is that this effort is about the more effective use of resources. Another wants to see it result in the coordination of federal programs to improve the economic situation of rural communities. "We don't want to create just another bureaucracy. We want to bring state and federal people together to foster understanding and encourage them to work together," he remarked. Another's goals were to find new people and new resources to work with and to learn how to access federal people and their networks.

Each discussant was asked how he or she would like the Council to be evaluated a year from now. Responses can be classified in terms of outputs, action outcomes, and process outcomes. For the purposes of this study, an output is an activity, so the interest would be in what is being done. An outcome is the result of an activity. Responses to this question by type of response and affiliation of discussant are presented below.

Outputs

Federal

- * Has a strategic plan and accompanying action plan had been put in place?
- * Are these plans linked to the state's strategic plan, and is there a demonstration program in the pipeline that responds to the vision and mission contained in the strategic plan?
- * Have specific projects gotten off the ground?

State-Local

- * Has anything been done in terms of the goals of the Council?
- * What has been delivered? What specific things has the Council been able to do?

Private and Nonprofit

- * Has something been done to provide specific assistance to communities?
- * Have federal resources been used to assist communities?
- * Has a creative network with 'X' pilots been put together, something that has never been done before?
- * Have we demonstrated that we have put forth our best efforts to provide input, information and support to communities?

Action Outcomes

Federal

- * Have the communities we have tried to help been improved, or at least have they not gotten worse?
- * Have we been able to produce a more effective use of resources?

State-Local

- * Has the council been able to identify problems, appropriately apply resources and solve problems?
- * Has it resulted in people working together to produce tangible products of benefit to rural areas?
- * Has anything happened as a result of our meetings out in the communities?

Process Outcomes

Federal

- * As a result of our efforts, have communities come to us looking for help?
- * Have we been able to coordinate federal, state, and local activities?

State-Local

- * Have leaders in local communities been empowered such that they can pull resources together on their own terms to meet current needs?

Private and Nonprofit

- *Have we produced new collaborative models of resource application?
- *Does our Council serve as a model for other states?
- *Have federal rules and regulations been simplified thus making it easier for communities to work with the federal government?
- *Have partnerships been formed for the purpose of leveraging resources?

As a whole it appears that the group is more interested in outputs than outcomes, and is more interested in process than action outcomes. First, private and nonprofit discussants have more process interests than do the others; even two of the four outputs they identified are process related. Second, the state and local people are more interested in action outcomes than anything else. Third, the group has common interests in collaboratively assisting communities, and in making better use of the scarce resources which are available for rural development.

V. STAFF OF THE COUNCIL: EXECUTIVE DIRECTOR

The Executive Director, Rick Ross, is on loan to the Council from the U.S. Forest Service (USFS). His agency was tabbed by Washington as the one which would supply staff. Ross was the Director of the Ecology, Range and Watershed Program in the Pacific Northwest. He had been involved in coalition building and dispute resolution in that capacity and has been involved in a number of efforts that brought diverse people together. He was selected largely because of those experiences but, as he put it, the timing was also right. He is nearing eligibility for retirement and this temporary assignment is not disruptive to his career as it might have been for others.

According to the Council Chair there wasn't a selection process per sé; or at least one involving the Council. The USFS is putting up the money to support RDC and they chose the Executive Director. Director Thompson wasn't critical of the selection; he simply noted that he had little involvement in it. Ross retires from the federal service in February 1991, and a search committee is now working to find his replacement. This process, then, will be much different from the first.

From the beginning of the process it was expected that the RDC office would be located in the Governor's Office. The transition to a new governor made this location less important because, with the exception of some involvement from OEDD, there has been little state participation.

Of the 10 state members (excluding the academics) of the council, only one of the representatives from OEDD has participated to any extent. Other state agencies,

and the OEDD Director, have withheld committing themselves in part because the governor has said they should be involved only on an as needed basis. Particular state agencies are responsive when they are asked for something specific. State officials have told the Council that if it shows that it can do something for five particular communities which have gone through an OEDD sponsored strategic planning exercise, they will become involved. There is ample skepticism on the part of state officials who see RDC as "the same old stuff." Nonetheless, many on the Council are convinced that it is critical to have full state participation so they have accepted the "five community challenge."

When the Executive Director joined the Council in mid February he had to negotiate with the state to secure office space. The location in OEDD gives him a connection to substantive rural development activities. However, he is without a secretary or support staff even though OEDD has provided a portion of a secretary's time.

A major portion of the Executive Director's job involves balancing federal and state interests for the betterment of rural communities. The Director believes that Oregon has done much more advance work than other states and cites as examples Oregon Shines, the Oregon Benchmarks, the Human Investment Partnership and the Regional Strategies and Community Initiatives Programs. He wants to put together a strategic plan for the RDC that reflects that work.

He believes his job includes assuring that an accountability system is put in place to track how well the RDC performs in terms of its own plan. Facilitating communication across federal programs is another aspect of the job; though he doesn't see this as an end in and of itself. He commented: "The Council is made up of very busy people so I work for them to simplify things and enable them to participate. In order to make it easier for them I want to encourage the use of committees made up of their own staff people to help with the Council's strategic plan." Mr. Ross feels that he has adequate resources for travel and to do the substantive things he needs to do.

The federal monitor has been invited to come to Oregon, and was expected to attend a meeting of the council planned for late May in a rural community. The extent of the contact between Ross and the federal monitor is unknown, but one gets the sense that the two of them have developed a good working relationship.

VI. MEETINGS

Meetings of the Council began in late 1990 with what were described as get acquainted sessions attended by 30-40 people; mostly federal officials. The first two

sessions were devoted to getting organized, building understanding and encouraging people to work together. The RDC now meets monthly and has been doing so since January. There is a core group of people which attends each meeting, but given the inclusive nature of the Council, the membership is for all practical purposes, whoever shows up. The regular April meeting visit to the state was attended by 27 members and about a dozen other interested parties. Meeting agendas are set by the Executive Committee.

There were some comments from discussants about meetings which are too long and not always on track. It was noted though that most participants are quite willing to speak out. One individual commented that there is a "strange dynamic in the group. ... One gets the feeling that some of the feds back off when state and local people talk. They seem to think that non-feds have the truth."

The decision making structure was described as "real loose." Decisions are made by group consensus and apparently much meeting time is process oriented. A document describing the RDC prepared by the Executive Director lists the operating guidelines for the Council as follows: "The council is operating in a very open style recognizing the voluntary nature of the membership and is attempting to work by consensus. The only vote taken was to elect Don Thompson as the first chair...."

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

The Council's substantive agenda grew out of the March San Diego Rural Development Institute attended by 26 members of the Council. The attendees were initially frustrated with the Institute, but their time together as a group was productive and resulted in statements of their vision, mission, and goals. Their broad agenda is reflected in these statements:²²

A Vision for Rural Oregon: A strong dynamic community that provides a safe, quality living environment for work and family and is responsive to changing conditions!

The Oregon Rural Development Council Mission: To promote rural development by focusing governmental, private, and non profit resources to assist rural Oregon in building long term viability!

Goals of the Oregon Rural Development Council:

1. Coordination of agency/organizational programs to provide efficient and effective resources for rural development projects;
2. Provide appropriate educational messages to: council members and staff; rural populations; urban populations; and decision makers at all levels;

3. Document, maintain, and have available for dissemination information on the full range of available resources;
4. Support leadership and leadership development in Oregon; and
5. Identify and recommend removal of legislative and regulatory barriers, gaps in programs, and other impediments to effective rural development.

In addition to the above, the Oregon RDC has a specific action agenda for the coming months. It has accepted the governor's challenge to see what it can do for five particular rural communities in the state. The entire council visited Burns in Eastern Oregon in late May and met with representatives of Burns, Hines, and Harney County; smaller groups made visits to other selected communities. The central purpose of the meetings was for the council to listen and learn about what the local communities have been doing as a part of the OEDD sponsored SWOT analyses and strategic planning exercises. Specific items on the future agenda will depend upon what is learned in these community meetings.

The state has been criticized for failing to provide implementation assistance in the OEDD SWOT process; once a community develops a plan, the state role ends. The challenge to RDC is to find a way to follow up on the community SWOT analyses. This means that the RDC will be in a broker/facilitator role--searching various federal and state agencies for expertise, people, ideas, and perhaps money so that communities may take advantage of the opportunities identified in their plans. A networking and brokering process was started during the visits and individual Council members have started working with the communities.

The substantive agenda as represented by the vision, mission, and goals statement was set as the result of a group process at the San Diego Institute. Oregon Council members were frustrated at that meeting because they weren't sure what Washington was expecting of them. There was apparently a fair amount of intragroup conflict as well, but it was described as productive conflict which helped the group learn to work together. It was this conflict which ultimately led to the consensus building process which produced the RDC's agenda.

There is some confusion and frustration in Oregon about the national agenda. On the one hand people told us they weren't sure what Washington wants. On the other hand they said they were pleased that Washington is letting them build their own bottoms up agenda. As one council member put it, "the Washington people gave us their goals as broad parameters and told us to develop our own agenda and process. They told us to do what we need to do; we don't have to please them."

Despite these feelings, there is clearly congruence between the state and national agenda. In fact the view of the Oregon Council is that their job is to empower

and nurture rural communities not fix things for them; to work with them not on them. "Partnership" is a word often heard in Oregon rural development circles. Additionally, Oregon is pursuing goals which are entirely consistent with the RDC responsibilities and specific objectives laid out in the Presidential Initiative.

VIII. PARTICIPATION IN INSTITUTES

As indicated, 26 members of the Oregon Council participated in the San Diego Institute.²³ All of them appeared to be critical of that meeting. Their comments included the following:

- The organizers were academics who had neither sensitivity to the people there nor the subject matter;
- Not enough cross-state exchange;
- We dropped money in an out-of-state metropolitan area;
- Too much theory and not enough practicality;
- Still no answer as to what rural means; and
- Presentations were on rudimentary subjects that should have been addressed to people in rural areas not to those attending.

While the participants thought the trip was worth while because of what they accomplished as an Oregon group. they did that on their own in what was described as a rebellion against the organizers.

IX. FUTURE COUNCIL PLANS

Aside from the community meetings and their aftermath, the next big activity as of this writing is the further development then implementation of the Council's strategic plan. It is to be based on the community visits and discussions held at the Oregon RDC Institute in July. There will be an attempt to link it with the state plan, i.e., to have RDC activities reflect the state strategic plan. Generally, the Chair and Executive Director feel that there is a lot of enthusiasm on the Council and they want to do something fairly quickly to show results.²⁴

X. SUMMARY AND CONCLUSIONS

The large Oregon RDC has a core group of activist members which wants to make things happen. The potential to do so is clearly there, and the members are committed to accomplishing their ambitious agenda. While it took time to forge that agenda and to recognize that the process will take dedication and hard work, the group's greatest potential seems to lie in its ability to leverage state and federal resources for the benefit of rural communities. However, this will not happen unless the state participates as a full partner. There is also the possibility that the greater understanding of rural problems gained by members of the Council will lead to the more effective application of federal resources.

The most significant barrier to success is the reticence of the governor and some of her cabinet officers. Their caution is somewhat understandable in that they have limited time and resources, and there is some feeling on their part that they have been burned by federal programs such as this in the past. Another barrier would be the lack of new resources attached to the Presidential Initiative. Discussants said repeatedly that communities in rural Oregon don't want to be studied yet again, and they don't want more plans; they want action. It is a limitation that the RDC can't supply new money for problem solving, although it clearly can leverage existing financial and non-financial resources.

A few discussants indicated that they would prefer strong leadership on the council. It was suggested that, in order to produce true innovation, a high energy member of the council needs to step forward and provide strong guidance. These same discussants are uncomfortable with the decision by consensus mode of operating, and would just as soon have a director or boss who calls the shots.

However, these barriers do not seem to be insurmountable if the Council can show the kind of results needed to bring state government in as a full partner.

NOTES

- 1 Tamira L. Miller. The Two Oregons: Comparing Economic Conditions Between Rural and Urban Oregon. Salem: Joint Legislative Committee on Trade and Economic Development, October, 1990, p. 4.
- 2 Rural Profile of Oregon: A Look at Economic and Social Trends Affecting Rural Oregon. Produced by National Governor's Association Center for Policy Research, Center for Agricultural and Rural Development at Iowa State University, Oregon State Extension Service, Oregon Economic Development Department. October, 1990, p. 4.
- 3 Ibid.
- 4 These population estimates are contained in Population Estimates for Oregon 1980-1990, Center for Population Research and Census, School of Urban and Public Affairs, Portland State University. March, 1991.
- 5 These items are taken from "Two Oregons" and "Rural Profile."
- 6 Michael V. Martin, "Should the State Have a Rural Policy? An Overview," in Rural Policy: The Oregon Debate 1990. Debate # 1. Salem: Rural Policy Research Group, 1990, p. 3.
- 7 Rural Institute Draft Concept Paper II. Author unknown.
- 8 Legislation recently enacted by the State Legislature establishes the following definitions: "Community" means an area or locality in which the body of inhabitants has common economic or employment interests. The term is not limited to a city, county or other political subdivision and need not, but may be, limited by political boundaries; "Rural Area" means an area located entirely outside of the acknowledged Portland Metropolitan Area Regional Urban Growth Boundary and the acknowledged urban growth boundaries of the Cities of Eugene, Springfield, Keizer, Salem and Medford; "Rural Community" means a community located in a rural area.
- 9 Michael Hibbard, "Small Towns and Communities in the Other Oregon." Oregon Policy Choices 1989, Legislative Discussion Paper Series. Eugene, Or: Bureau of Governmental Research and Service, University of Oregon, 1989, p. 1.
- 10 Thad Beyle, "The Powers of Governors," in State Government CQ's Guide to Current Issues and Activities 1990-91. Thad Beyle, ed. Washington, D.C.: Congressional Quarterly, 1990, pp. 121-29.
- 11 Information on the legislature is drawn from the official directory of state government, the Oregon Blue Book, Salem: Office of the Secretary of State, 1991, pp. 155-80.
- 12 Oregon Blue Book, pg. 194.
- 13 Oregon Economic Development Department, Oregon Shines. Salem, Or.: The Department, May 1989, pg. i.
- 14 Ibid., pg. II-2.
- 15 We were told that most other cabinet members report to the governor through the Executive Department, an OMB type unit of the Governor's Office.
- 16 Source: detailed OEDD organizational charts and the Oregon Blue Book, pp. 55-61.
- 17 Oregon Blue Book, pg. 56.
- 18 Ibid., pg. 56.

19 Erik Krieger quoted in Jim Kadera, "Forest Industry to Decline in 1991, Says Expert," The Oregonian, Portland, Oregon, January 9, 1991, pg. f3.

20 Oregon Shines, pg. II.12-II.13.

21 Steve Peterson, "The Role of the Oregon Economic Development Department in Providing Assistance in Rural Communities." Paper presented at an Aspen Institute rural policy meeting, Washington, D.C., Fall, 1990.

22 The vision, mission and goals statements are from an informational document prepared by Rick Ross. "Oregon Rural Development Council: What's It All About?" May 22, 1991, pp. 2-3.

23 Fourteen federal members, six private and private non-profit, three local, two academics and one state.

24 Discussions with Oregon RDC members since the state institute indicate that it was a successful meeting in which a Council strategic plan was developed.

SOUTH CAROLINA RURAL DEVELOPMENT COUNCIL

Ann O'M. Bowman
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September 1991

I. NATURE OF THE RURAL SECTOR

Saying that South Carolina is a rural state conjures an image of scattered settlements linked by verdant farmland and two-lane roads... small towns in which the local coffee shop is still the place to congregate...communities where honest, hardworking people enjoy a slow pace of life. As with most images, there are elements of reality and fantasy in this one.

South Carolina, unlike its neighbor to the north, is not dotted with a series of large cities, or, like the state to its west, a single world-class city. Instead, South Carolina is a collection of medium and small-sized communities. The most populous city is the state capital, Columbia, with approximately 100,000 inhabitants. And although its metropolitan area contains upwards of 450,000 people, one does not have to venture too far from the heart of Columbia to encounter rural life.

Demographics

In 1980, 3.1 million people lived on the 30,203 square miles that is South Carolina.¹ The data from the 1980 census were a watershed, not only because it was the first time that the state had reached the three million inhabitants mark but also because, for the first time in recorded history, South Carolina's rural population had fallen below 50% of the state's total population. From a high of 95.1% in 1820, South Carolina's rural proportion had declined to 45.9% in 1980. Most of the decline was of relatively recent vintage -- only forty years before, fully three-quarters of the state's inhabitants lived in rural areas. By 1990, the state's population had climbed to 3.5 million and the proportion rural had dropped to approximately 40%.

The 13% population growth that South Carolina experienced during the 1980s was not evenly distributed across the state. Metropolitan areas and coastal communities experienced the greatest increases. For rural sections of the state, the growth rate was much more modest and, in some instances, once birth and death rates were factored in, revealed quite a different pattern. Twenty-one of the 34 rural counties recorded negative net migration figures for the decade.

According to the 1987 Census of Agriculture, there were 20,517 farms in the state, covering approximately one-quarter of the state's land. These figures represent substantial declines from earlier periods. For example, in 1959, almost half of the state's land was in agriculture, with the number of farms more than 78,000. Actual employment in agriculture is difficult to pinpoint. Data from 1980 indicate that 31,398

persons were employed in agriculture (with another 5,600 in forestry, fisheries and mining). More recent figures (state estimates of the labor force in 1989) aggregate agricultural employment with forestry, fisheries and mining for a total of 43,000. (The timber industry is the state's third largest industry behind textiles and tourism.)

Data from 1987 reported that the average farm in the state covered 232 acres, with individual county averages ranging from 96 acres to 1,111 acres. The average value of agricultural land and buildings was \$201,169, while the average market value of agricultural products per farm was \$42,827. Forty-four percent of farm operators list farming as their principal occupation. In 1988, South Carolina ranked 35th among the fifty states in terms of net farm income with an estimate of 324 million dollars. South Carolina has come a long way since its one-crop (cotton) days of the previous century. Tobacco is the most important farm commodity, as measured by cash receipts, making up 14.3% of the total. Cattle are a close second (12%), and rounding out the top five farm commodities are soybeans, broilers, and greenhouse/nursery crops.

The state's unemployment rate in 1989 was 4.7%. As a general rule, the unemployment rate serves as a useful urban/rural delineator. In Metropolitan Statistical Areas (MSA), the unemployment rate was as much as a full percentage point below the state average while in rural counties unemployment typically ran to six and seven percent. (In five rural counties, unemployment was greater than eight percent.)

Manufacturing employment has a relatively large presence in some rural counties. For a state in which manufacturing accounts for 28% of all nonagricultural jobs, in a handful of rural counties manufacturing provides more than half of the jobs. For example, of the 4,020 nonagricultural jobs in one county, 2,200 are in the manufacturing sector. In this instance, however, two large industrial firms account for the vast majority of the manufacturing jobs. In many other rural counties, manufacturing employment is in the 40-50% range. The high employment in manufacturing pattern appears most frequently in counties adjacent to MSAs. And, although the textile industry remains the leading industrial employer, its dominance has declined dramatically over the past decade.

The median age in South Carolina, according to 1980 figures, was 28.0 years. There is no clear pattern for rural areas. The median age in rural counties ranges from a low of 24.5 years to a high of 32.3 years. Overall, approximately 30% of the state's population is less than 18 years of age. Rural counties do not land far from the average, ranging between 29% and 31%. South Carolina ranks 37th in terms of the percentage of the population aged 65 and over (10.9%). On this indicator as well, rural counties essentially mirror the aggregate.

South Carolina's educational attainments compare rather unfavorably to other states. Using 1980 data for persons 25 years of age and over, South Carolina ranks sixth in the nation in the percentage of its population completing less than nine years of education (25.7%). Fifty-three percent of South Carolinians are high school graduates, ranking the state 49th on that indicator. Levels of education are lower among residents of rural areas. Only three rural counties exceed the 53% high school graduation mark. (The better-than-average percentages are likely an artifact of the presence of military installations in those counties.) Most rural counties report high school graduate percentages in the low forties.

South Carolina is generally considered a poor state. Per capita income figures (estimated at \$13,616 for 1989) place the state 42nd among its counterparts. The per capita income figures represent 77.5% of the national average. Data from the 1980 Census indicated that 13.1% of the state's families had incomes below the poverty level. As a general rule, rural counties are poorer than urban counties. In 13 of the rural counties, the percentage of families below the poverty level exceeded 20%. There is a racial element to the poverty figures. Ten of the counties with poverty levels greater than 20% have African American majority populations.

What is Considered Rural

Typically, 34 of South Carolina's 46 counties are considered rural. The designation is by default -- rural counties are what is left when MSAs are designated. (See the state map in Appendix A.) Some federal programs administered in the state, such as the Economic Development Administration and the Soil and Conservation Service, extend the definition of rural to include rural areas of urban counties. Rural counties can be found throughout the state, in both the "up country" (or "upstate") and the "low country." These geographical distinctions, derived from a fall line that bisects the state from northeast to southwest, carry more than geological significance. The rural counties of the low country tend to have high concentrations of African Americans, those of the upcountry typically do not. African Americans account for approximately 30 percent of the state's population; twelve of South Carolina's counties are majority African American. All twelve are rural counties; ten located in the low country, two in the upstate.

It is in the rural counties of the low country that one continues to find the traditionalistic political culture typically associated with South Carolina. In rural upstate counties, however, a more moralistic political culture prevails. Thus the sense of rural culture is bifurcated somewhat, that is, it depends on region.

II. GOVERNMENTAL STRUCTURE

After decades of being a non-issue, governmental structure became a cause celebre in South Carolina in the early 1990s. An activist governor with an eye on national office; a legislature rocked by political corruption; and the new, reform-minded leadership of the largest newspaper in the state fanned the flames the change. The governor established a Commission on Restructuring State Government, the legislature reenergized the existing Reorganization Commission, and the newspaper began a series of articles on state government entitled "Power Failure."

The current enthusiasm for reform confronts the hard realities of a century of South Carolina one-party Democratic politics. South Carolina politics is the "ol' boy" system in all its glory. Intense networks of "connected" persons -- primarily legislators, lobbyists, and selected agency heads -- run the state. The patterns of authority are intentionally blurred. Despite a century's worth of social and economic changes, the basic structure of South Carolina government remains unchanged.²

Governor-Legislature

South Carolina continues to operate under the much-amended Constitution of 1895, a document whose specific aim was to exclude the then majority African American population from politics. Elaborate mechanisms were constructed to insulate state officials from the public. A constitutionally weak executive, coupled with a powerful but decentralized legislature, was considered the best way to control a governor who might be elected by the majority African American population or who might launch a broad, populist appeal. Despite recent actions lengthening the governor's term of office and allowing for consecutive succession, South Carolina is frequently identified by scholars and observers as the most extreme example of a weak southern governor in a legislatively dominated state. It is in the powers of appointment and budget-making that the governor is especially hamstrung. The governor shares appointment power with the legislature (in fact, a joint legislative assembly appoints members to most major boards and commissions) and budget-making power with a five-member board. Consequently, much of state government falls beyond the governor's grasp. However, lest too much is made of gubernatorial weakness, it should be noted that an aggressive governor can mobilize the informal powers of the office to become an effective force in state government.

The current governor, Carroll A. Campbell, Jr., is a Republican from the upstate who had previously served in the General Assembly and the U.S. Congress. The Lieutenant Governor is an upstate Democrat. Seven other officials are elected to four-year terms on a statewide ballot: Secretary of State, Attorney General, Treasurer,

Comptroller General, Superintendent of Education, Adjutant General, and Commissioner of Agriculture. Among these seven officials, four (all Democrats) are veteran politicians, three (all Republicans) are relative newcomers to statewide politics.

Governor-Agencies

Executive fragmentation (as characterized by independently elected agency heads and a plethora of boards and commissions) remains a serious obstacle for an aggressive governor. (See the organization chart in Appendix B.) To be successful in influencing public policy, a governor must exploit his or her informal powers to compete with the General Assembly. The current governor, for example, has added special assistants for policy and budgeting to his staff. Skillful use of federal revenues is another means of increasing gubernatorial power. For example, the Division of Administration in the Governor's Office oversees federal funds under the general supervision of the Budget and Control Board. (The governor chairs the five-member Board, which is composed of the Comptroller General, the Treasurer, the chairs of the House Ways and Means Committee and the Senate Finance Committee.) Concern over the management of intergovernmental funds (more specifically, that federal funds were triggering state government growth) led to the expansion of the Board's purview. Some observers liken the Budget and Control Board to a shadow government. A governor who can dominate the Board can influence public policy. In addition to the "general supervisory" function through the Board, the Governor's office receives between \$150 and \$200 million in federal funds for Community Development Block Grants, Highway Safety, Juvenile Justice, Equal Opportunity, and Job Training Partnership.

As noted in the preceding sections, the governor is one of nine statewide elected officials. Seven of these officials serve as department heads. Except for the superintendent of education, each of these elected department heads serves and establishes his or her agency's policies without a board or commission. (The absence of boards and commissions is unusual, most South Carolina agencies, operate with a board or commission structure.)

One assessment of South Carolina's state agencies labeled them "virtually legislative agents." The General Assembly is free to organize and design the administration of state functions as it pleases, subject only to constitutional provisions. In addition, more than 200 boards and commissions supervise diverse and fragmented departments and agencies. The General Assembly traditionally elects the members of many of the major state boards. As a general rule, legislative election is a higher probability when the board oversees a sizable budget than when it has a

small budget and very limited function. Most boards and commissions are arranged according to two basic geographic patterns: membership based on the sixteen judicial circuits thus producing a large board, or membership based on the six congressional districts. The actual structure of the boards and commissions follows no particular pattern. The board or commission employs the agency director, sets and implements policy under the authority granted by state law, and provides overall, in some cases, daily direction of agency operations. Thus, on some boards, members are full-time and serve as both policymakers and administrators.

The economic development agency in South Carolina is called the State Development Board. Its official charge is to provide leadership in creating and sustaining a climate that serves private sector development and expansion. A 20 member board, appointed by the governor with the advice and consent of the Senate, runs the agency. A 24-member advisory committee supplements the board's efforts, especially in rural areas. In addition, the Coordinating Council for Economic Development, comprised of the board chairs of state agencies with economic development interests, was created to assist in strategic planning and coordination.

The state Department of Agriculture is headed by the Commissioner of Agriculture, an elected official. The current incumbent recently switched his allegiance from the Democratic to the Republican Party. An Agriculture Commission, elected by the General Assembly to support agricultural interests, has curiously-described "policy fixing powers" but no direct supervision over the Department of Agriculture.

The State Board of Education (elected by the General Assembly) is responsible for state-level rules, regulations, and minimum standards for K-12 public education in South Carolina. An elected official, the state Superintendent of Education, is the Board's administrative officer and heads the state Department of Education. And, although education is provided by local school districts, the 1984 Education Improvement Act authorizes the state to assume control of "impaired" districts.

Public health is a primary responsibility of the Department of Health and Environmental Control, an agency run by a board of seven members appointed by the Governor upon the advice and consent of the Senate. In addition, the state Department of Social Services (under the control of a board elected by the General Assembly) has some health-related functions. The Health and Human Services Finance Commission (its members are elected by the General Assembly) establishes general policy for the allocation of related resources. Among others programs, the Commission administers the Medicaid program and the Social Services Block Grant program.

As noted previously, the Small Cities Community Development Block Grant program is administered through the Governor's office. The Cooperative Extension

Service is operated through the state's land grant institution, Clemson University. A second Extension operation is housed at the state's traditionally black institution, South Carolina State College.

Legislature

The Senate is composed of 46 Senators serving four-year terms, the House of Representatives has 124 members, elected to two-year terms. The 1895 Constitution used the county as a base from which to organize politics and representation. The dispersion of political power to the county as an organizing jurisdiction led to the dominance of rural areas in state politics for the ensuing 80 years. Each county was allowed one senator regardless of population. Rural interests controlled the Senate. In the House of Representatives, rural members, by dint of seniority, occupied most positions of leadership. As a whole, the rurally-controlled General Assembly produced legislation that championed the status quo.

The march of time has left its imprint on the South Carolina legislature. The advent of the "one person-one vote" ruling and the imposition of single-member districts have changed both the focus and the composition of the General Assembly. Rural interests no longer hold sway. Diversity has increased. The traditional leadership cadre has been supplanted. The number of women, African Americans, and Republicans has increased in both chambers. Power has diffused. The changed environment, in the assessment of most observers, has resulted in a legislature more in tune with contemporary thinking.

The General Assembly plays an active role in legislative oversight of state agencies. Its Legislative Audit Council (LAC) is authorized to conduct investigations and audits of the operation of state departments, agencies and institutions and to study problems as requested by the General Assembly. The LAC is a powerful tool of the General Assembly in protecting some interests and threatening others.

State-Local

South Carolina is divided into ten substate regions. Councils of Governments (COGs) exist in each of the regions. As noted, there are 46 counties in the state. There are 271 municipalities. Municipalities in South Carolina include both cities and town but nomenclature aside, they have identical legal powers and organizational options. Ninety two school districts and more than 300 special purpose districts exist.

Legislative control of local government was insured through the 1895 Constitution because the document did not provide for county governing bodies. The legislative delegation from each county became the county governing board. A special "local government" session was reserved for the end of each legislative year to

pass a budget, or supply bill, for each county. Constitutional changes in the 1970s effectively released county governments from this legislative stranglehold. Now, both counties and cities in South Carolina possess home rule powers. Still however, the legislative delegation can be a powerful force in local governments in rural areas. Some observers expect the current redistricting plans in which fewer counties will be assured of a resident senator, to be the final blow to delegation meddling in local government.

One of the major intergovernmental issues in South Carolina has been the imposition of non-funded state mandates on local governments. A local option sales tax referendum linking an increase in the sales tax to a rollback of property taxes, was defeated in all but five counties in November 1990. Other critical state-local issues are the state's relatively restrictive annexation laws and the use of special purpose districts.

Role of the Private Sector

The private sector, most especially private economic interests, has long been powerful in South Carolina politics. As is customary in states with one-party politics, interest groups have flourished. The most powerful of those interests are business groups. Surveys of the state legislators routinely show that the Chamber of Commerce, textiles, insurance companies, financial institutions, and utilities are considered the most influential. (Only three percent of the legislators cite farm interests as influential in the legislative process.)

Through its earlier "The Goose that Laid the Golden Egg" promotion, South Carolina officials gained reputations as aggressive recruiters of industry. The aggressiveness continues, although the current promotional theme has more of a human resource focus: "Profit by Our Ability." Industrial investment in the state is on the increase. Some of the recruitment efforts have generated intense state-local conflict. In some instances, local opposition to development, in the form of restrictive city/county ordinances and property owner lawsuits, has disrupted the state's industrial recruitment efforts. But for the most part, South Carolina can be considered a business-friendly state.

III. PAST RELATIONSHIPS AND EFFORTS

Rural areas have been the focus of innumerable government programs. Despite the efforts, South Carolina's rural areas continue to lag behind their urban counterparts on a host of indicators. The consensus among state officials, and thus

the sense of urgency associated with the Presidential Initiative, is that non-investment in rural areas ultimately weakens the state as a whole. The South Carolina Rural Economic Development Council (referred to in this report as "the Council") intends to rectify this situation.³

Federal-State

No single pattern adequately captures the array of federal-state relationships in South Carolina. One Great Society-era approach had the federal government providing guidelines and money to the state for the implementation of national objectives. The federal government's role was one of resource provision, standard setting, and eventually, monitoring. South Carolina's responsibility was one of following directions, and more fundamentally, making a federally-developed program "work" for the state's rural areas. Not all programs, of course, fit that mold. The following examples reflect the range of federal-state programmatic relationships.

The Federal Highway Administration (FHWA) operates a federally-funded state program. The state of South Carolina selects the projects it wants to pursue, and the FHWA provides the funding (from gasoline tax revenues in the Highway Trust Fund) and monitors work on the project. FHWA also acts as a partner with the state in engineering and environmental concerns related to a specific project. The primary agency with which FHWA interacts is the state Department of Highways and Public Transportation. FHWA also deals with the Governor's office and regional planning commissions (or COGs).

The Soil and Conservation Service (SCS) of the U.S. Department of Agriculture operates with a highly decentralized structure. This grass roots-oriented agency has offices in each county and works with units of governments as well as individual farmers. In providing its services, the agency uses a cost-sharing mechanism rather than grants. Each of the counties has a Soil and Water Conservation District headed by a five-member board. Prior to the Presidential Initiative, SCS had established multi-county Resource Conservation and Development Programs in four areas of the state. These programs function in a Chamber of Commerce-mode to promote development in rural areas. SCS is closely tied to the state Department of Agriculture and the State Development Board.

Veterans Affairs (VA) is different still. Most of its programs are targeted to individuals, not programs operated by state agencies. However, VA is involved with state agencies including the Department of Education, the Employment Security Commission, the National Guard, and of course, the state's own Department of Veterans Affairs.

Federal-Federal

The degree of federal-federal interaction in South Carolina varies by agency. Veterans Affairs, for example, has only limited involvement with other federal agencies located in South Carolina. The Social Security Administration, the Department of Housing and Urban Development, and the Small Business Administration are the three agencies with which VA is most regularly linked. The Federal Highway Administration, on the other hand, has fairly consistent dealings with the Army Corps of Engineers, the Fish and Wildlife Service, and the Environmental Protection Agency (EPA).

Much of the federal-federal interaction is at the project level. To implement an erosion control project, for example, SCS might deal with the Corps, EPA, the Economic Development Administration, as well as a host of USDA agencies. Among South Carolina-based federal officials, these interactions are generally regarded as congenial. In instances where inter-agency inconsistency threatens to derail a project, South Carolina-based federal officials tend to work together to resolve the conflict. In some cases, contradictory rules and regulations can be set aside through consultation with agency heads and the granting of waivers.

There is a Federal Executive Council in the state capital, Columbia. It is a loose confederation of federal agency heads who interact on a regular basis. The Council addresses issues of coordination of federal programs on occasion.

Past Efforts at the State Level Related to Coordination, Economic Development and Rural Issues.

Issues of inter-agency coordination are paramount in South Carolina. In fact, the state created the Coordinating Council for Economic Development to bring together eleven state agencies to set overall state policy for economic development.

The State Development Board through its Office of Rural and Community Development conceptualizes rural development in terms of "capacity-building." This has taken the agency in two directions. One direction aims to improve state-level capacity for rural development. Agencies with programs that could help rural people, such as Parks, Recreation and Tourism, the Ports Authority, and Highways and Public Transportation among others, have formed a Rural Resource Team. Team members meet regularly to share information, learn from each other, and coordinate agency programs. The intent is to make the state-level effort at promoting rural development more effective. One tangible outcome of the Team's efforts is a constitutional amendment that now allows counties to build industrial parks jointly and share the revenues. The first of these parks, a joint venture of five rural, low country counties, is currently under construction.

The second direction involves capacity improvement at the local level. The Rural Partnership, funded by state government and public utilities, provides facilitators to rural areas in an attempt to improve the community's capacity to promote development. One key aspect on which the Partnership concentrates is leadership development. The process is similar from one community to another, however the priorities and issues may not be. Each participating community produces its own Local Economic Action Plan. The Rural Partnership is likely to become even more important in times of local government fiscal stress. One rural county recently resolved a budget shortfall by eliminating its County Development Commission. The Rural Partnership may help fill the breach. (The efforts of the Rural Partnership are supplemented to some degree by Palmetto Leadership, a forum sponsored by the Extension Service in which rural counties engage in strategic planning exercises. The program receives foundation and government funding and, like the Partnership, relies on facilitators to spark and sustain the effort.)

Despite formal efforts at coordination, South Carolina has frequently taken a problem-specific approach to coordinating rural development. A tradition of informal cooperation and the resulting creation of networks have aided that effort. When the issues involve agriculture, the network inevitably includes the Extension Service. County extension agents provide the interface with the state's farmers. And, in some instances, even when the issue is decidedly nonagricultural, support of area farmers for rural development projects is critical. Another key player at the project level is the state Department of Agriculture. In partnership with the State Development Board, Agriculture personnel function as conduits between firms interested in locating in rural areas and state agencies.

Community Development Block Grant (CDBG) funds have been important in rural development efforts. As indicated previously, those funds are administered by the Governor's Office and have been especially useful in funding infrastructure projects in rural communities. For many poor areas, however, coming up with matching funds for CDBG projects is difficult. CDBG monies were used to create South Carolina's Downtown Development Authority, an organization dedicated to the revitalization of the commercial districts of small towns. Currently, the Downtown Development Authority and the Jobs-Economic Development Authority are administering a commercial loan program for rural communities using CDBG funds.

IV. MEMBERSHIP ON THE COUNCIL

In discussing membership, leaders of South Carolina's Council articulate two themes: (1) the need for the Council to be large enough to be representative of rural development⁴ interests yet small enough to be functional, and (2) the eventual need to expand the Council's membership to the private sector, especially financial interests.

Members, Description and Selection

South Carolina's Rural Economic Development Council is comprised of 41 members. (This tally does not include the Executive Director or the state monitor.) Fourteen of the members are from federal government agencies, seventeen represent state agencies, and ten are in the "other" category.

The fourteen federal officials represent seven cabinet-level departments: Agriculture, Transportation, Education, Housing and Urban Development, Health and Human Services, Labor, and Veterans Affairs. (The U.S. Department of Agriculture, through its multiple agency structure has five members on the Council. The Departments of Commerce and Veterans Affairs each have two members on the Council.) Three of the federal officials are housed outside the state at their Atlanta regional offices.

The seventeen state officials represent fifteen separate entities. (The overlap comes from the three Council members who are part of various units within the Governor's office.) The fifteen agencies (and there is not necessarily any comparability across them in terms of organizational status) include: Office of the Governor, Department of Agriculture, Budget and Control Board, Cooperative Extension Service, State Development Board, Department of Health and Environmental Control, Employment Security Commission, Forestry Commission, State Housing Finance and Development Authority, Department of Social Services, Jobs-Economic Development Authority, Savannah Valley Authority, Parks Recreation and Tourism, Technical and Comprehensive Education, South Carolina State College.

The "other" category includes a broad range of public, quasi-public, and private sector groups. The ten on the Council are: Downtown Development Association, Lower Savannah Council of Government, Palmetto Economic Development Corporation, Santee-Lynches Regional Council of Government, SCANA Corporation, S.C. Association of Counties, S.C. Municipal Association, S.C. Conference of Black Mayors, Upper Savannah Council of Government, and Southern Rural Development Center.

The Council is predominantly white and male. Twenty-four of the 41 members are based in the state capital, Columbia. It is difficult to analyze the demographics of the membership because, at the state level, although the member agencies have not changed, the individuals representing them may.

The initial membership sprang from informal networks of rurally-focused actors and agencies. South Carolina's Governor, aware that the Presidential Initiative was in the works, requested that his state be designated one of the pilots. When the Deputy Undersecretary of the U.S. Department of Agriculture indicated that South Carolina had been selected, the Governor's staff moved quickly to bring together relevant state agencies and related "others." At that point, the sole criterion was that the agencies and other participants have a strong, not tangential, interest in rural economic development. While still in this pre-organizational phase, the prevailing thinking about the Council at the federal level was for state participants to serve in an advisory capacity. The state, however, argued that the rural development expertise rested with them, thus an effort decidedly less than a partnership was unlikely to succeed. State enthusiasm for the initiative increased when it became clear that a federal-state partnership, designed to "fit" the particular state would be the norm. Meanwhile, at the federal level, the long-time, well-connected state director of the Farmers Home Administration pulled together individuals from federal agencies to join the Council.

Chairs, Co-chairs, and Other Officers

At the first gathering of federal, state, and other rurally-interested parties, an Executive Committee was named by the organizers. The Executive Committee's function was to select a temporary chair to serve while the Council was in its formative stages. The Executive Committee chose instead to use a co-chair structure. The Council has operated with a co-chair structure since that time. To convey the "partnership" sense of the mission, one co-chair is from the federal side, one is from the state. The federal co-chair was assigned by her agency (Economic Development Administration) to serve in that role; the state co-chair (from the Governor's Office) had spearheaded the Council's development and was thus "the natural choice." The co-chairs of this still-young Council play a strong leadership role in that they represent their level of government. Even in a partnership, where abstract goals are very much "win-win," each co-chair speaks for his or her "side."

The Council has used an ad hoc committee system. Substantive committees were organized around issue areas to identify needs, resources, and implementation strategies. A By-Laws Committee has wrestled with difficult questions of structure and procedure. One of the most intransigent issues for the By-Laws Committee has been whether to continue the co-chair arrangement or to shift instead to a chair/vice-chair

design. Some federal officials argued that a chair/vice-chair structure is more organizationally sound and that, if imposed, the chair would come from one government level, the vice-chair from the other. (Also voiced was the sentiment that because this is a federal initiative, the chair should come from a federal agency.) State officials, on the other hand, tended to support the continuation of the co-chair arrangement, arguing that it had served the Council well thus far and that it conveys the kind of partnership that the initiative is intended to be.

Missing Agencies/Departments

Virtually everyone interviewed cited the need for greater involvement of private sector actors on the Council. And not just any private sector entity -- those with resources for rural development, such as financial institutions and corporations. Their relative (but not total) exclusion to this point is explained in terms of organizational dynamics. The decision rule was: Don't bring in the money-people until the Council has its by-laws in place and it has a clear vision of where it is going.

Among the absent agencies are the state Department of Highways and Public Transportation and the state Department of Education. The nonparticipation of the Highway Department is political (the department is on the outs with the Governor), the noninvolvement of Education was described by some members as an oversight. (Recently, the Council has added a district school superintendent to its "other" membership.) Also missing in the state-level ranks is the most powerful force in state government, the General Assembly. The legislature's absence is considered appropriate in that this is a collection of executive branch personnel that has been pulled together by the Governor. Noticeably absent from the federal side is the U.S. Environmental Protection Agency.

Members' Reasons for Involvement.

Members from the relevant federal agencies are required (by their departments) to be involved in the Council. In one sense, they are "on board" because a high-ranking department official has told them that they must be. Some federal officials candidly admitted that, if given a choice, they would devote less time and energy to the Council -- that their time could be more productively spent doing something other than attending Council meetings. Thus, to the question, "why are you involved in the Council," some federal interviewees responded with a variant on the "I have no choice" theme. Some were philosophical, that is, being assigned to the latest Presidential initiative goes with the territory. It should not be inferred however, that being ordered to participate is the sole reason for their involvement. All of the federal Council members interviewed cited the value of a coordinated approach to rural

economic development. The Council and the structure for interaction that it provides may be beneficial to their own agencies.

Non-federal participants were selected by the Governor's office. With any number of state agencies having some claim to "doing rural," the Governor's office concentrated on those agencies with a strong rural development focus. The State Department Board, the Department of Agriculture, Parks Recreation and Tourism, and Technical and Comprehensive Education were involved from the beginning. An invitation to membership for the non-federal, non-state "others," was done on the basis of their ability to bring resources (financial or otherwise) to the Council. When asked about their involvement they tended to cite the potential of the Council, of wanting to be a player in an initiative that might actually have an impact on rural development.

Members' Expectations

There are three related, but not necessarily complementary, goals articulated for the Council. One is that it serve as a mechanism for coordinating rural development in the state of South Carolina. Another is that the Council identify ways to use federal funds more effectively for rural economic development. And third, is that the Council actively seek changes in federal policy. The degree to which these goals are shared by the participants varies. There is strong consensus on the first goal -- the coordination function of the Council. Among a smaller, but still large segment of the Council is the expectation the Council's actions will result in "better" development programs. And finally, within the two groups of non-federal members, the goal of rewriting federal policy is frequently heard.

The South Carolina Rural Economic Development Council has spent much time and energy organizing itself. For every person who argues that organization-creation is a labor intensive but critical endeavor, you can find another who believes that the time has not been productively spent. Those who are somewhat frustrated with the progress of the Council tend to have scaled back their expectations. Among others, expectations remain high, in fact, too high, in the assessment of a few members. Thus the euphoria that accompanied the early stages of Council development may dissipate.

For those who ascribe to only the first goal, that of coordination, the Council has already been successful in providing a forum for communication. In a year from now, they hope to see the Council continuing to foster frequent, face-to-face interaction among participants. Those with more of a programmatic, service delivery perspective expect the Council, in the ensuing year, to conduct a successful demonstration project. That is, the Council will have generated a tangible product, perhaps a uniform, streamlined applications process for federal water and sewer funds. (This is currently

under consideration.) On the strength of the demonstration project, perhaps the Council-concept would be extended to other endeavors. Those aspiring to the most radical vision of the Council, hope that the passage of a year will produce a disruption in the established way of doing things. If they are correct, power to determine rural development priorities and spending will have shifted to the state.

V. STAFF OF THE COUNCIL: EXECUTIVE DIRECTOR

South Carolina's Rural Economic Development Council operates with a single staff member, the Executive Director. For three months, from the preliminary meetings in November 1990 through January 1991, the Council was without professional staff.

Selection Process

The U.S. Department of Transportation (DOT) was asked by the Secretary of Agriculture to donate an individual to the Council effort. DOT selected a GS 15 for the job, South Carolina approved his assignment and he began working with the Council on February 4, 1991. U.S. DOT pays the Executive Director's salary and travel expenses.

Reasons for Choice

The person selected by DOT had served as rural transportation policy coordinator for DOT in the Office of the Assistant Secretary for Policy and International Affairs for nine years prior to assuming the South Carolina job. As rural transportation policy coordinator, he had staffed the Monday Management Group. In addition to his federal-level employment, the Executive Director had worked as a health planner in the Office of the Governor of West Virginia. Thus, he brought to the task experience at both the federal and state levels. Prior to his assignment, he did not have any special ties to South Carolina.

Location of Staff Office

The Council staff office is located in the State Development Board's suite of offices in the AT&T Building across from the South Carolina Statehouse. Compared to other commercial real estate in the vicinity, the AT&T facility is generally considered premium office space. Council staff occupies a cubicle.

Job Responsibilities

When queried about his role, the Executive Director identified three responsibilities. First, he serves as a liaison between South Carolina's Council and the Working Group in Washington. Second, he conducts the day-to-day operation of the Council in cooperation with the leadership. And third, he assists the Council membership in identifying needs and resources, and in developing a strategy for pursuing them.

Among Council members, there are two disparate views of the proper role for the Executive Director. Some look to the Director to provide leadership, in effect, to serve as a third co-chair. Others think of the Director's job as a staff function, assisting Council leadership and members. The Executive Director, aware of these dissimilar perspectives among the participants, expects role clarification to occur as time passes and the organization matures.

Available Resources

South Carolina's contribution to staffing the Council involves office space and some administrative overhead. State agencies have not been assessed fees to support the Council.

Relationship to Federal Monitor

The federal monitors are members of the Monday Management Group. South Carolina's monitor, from the Forest Service, has served as the first point of contact for questions from Council members. He has attended at least three of the Council's meetings and both the New Orleans and Myrtle Beach training sessions. His role at these encounters has primarily been one of information provision.

VI. MEETINGS

As the Council struggles with its mission and identity, its meetings have had special significance. It is these encounters that have persuaded most Council members that the Council's future is bright; a few others that it is less than luminous.

Meeting Description

Absent by-laws to guide procedures, Council meetings have been conducted as a committee of the whole. Policy is made and rules are decided on a fairly ad hoc basis with a majority vote of the attendees. Since the Executive Director has been on

board, the Council has met approximately every month to six weeks. On average, two-thirds of the members attend the meetings.

Meeting Agendas

Meeting agendas are determined collaboratively by the co-chairs and the Executive Director. Agenda items have come not only from the leadership of the Council but from individual members. Agenda-setting is described by Council members as an open process.

The Council has used a limited committee structure. An Executive Committee had a brief existence, serving in a leadership-selection role. (The proposed by-laws create a 12-person Executive Committee, appointed by the co-chairs from specified categories of membership, to serve as the governing body of the Council.) A Goals and Objectives Committee was established at the New Orleans Institute and, once its report was accepted by the Council, dissolved. Needs committees were organized around four issue areas: education, infrastructure, livability, and jobs. Currently, Strategy Teams are developing strategies for addressing problems associated with rural development. Once the by-laws are in place, committees are expected to be formed to pursue demonstration project proposals.

Decision Rules

To this point, the Council has operated without by-laws. (A draft has been completed by the By-Laws Committee and will be voted upon by the Council at its August 29, 1991 meeting. The Council is planning a newsworthy by-laws ratification ceremony involving the Governor and chief executives of member agencies.) One of the major disputes on the Council has involved the issue of membership and "who votes?" Some federal officials have expressed dissatisfaction with the noninvolvement of state agency heads in the Council's meetings. The central concern has been the inability of non-CEO state participants to (1) speak for their agencies and (2) see the "big picture," that is, policy rather than program. Compounding the concern, some state agencies have not consistently assigned the same employee to the Council. Put simply, federal agency heads want to deal with state agency heads. While federal agency heads acknowledge that the representatives of the various state agencies may, in fact, be knowledgeable about rural economic development in South Carolina, these lower level officials cannot commit their agency to a course of action. In addition, technically-focused officials may have difficulty in shifting to a comprehensive, innovative policy orientation. The concern, which has been building over the past several months, should find resolution in the by-laws. Proposed is a change that would make agency heads the actual Council members. These members

would be allowed to designate alternates and both would be able to participate in Council deliberations. The belief is that this arrangement will increase the commitment of top-level state officials to the Council.

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

The substantive agenda of South Carolina's Rural Economic Development Council is clearly spelled out in Council documents. One does not have to venture too far below the surface to discover potentially competing interests and hidden agendas underlying the apparent consensus.

Agenda Content

Officially, the mission of the Council is "to improve the opportunities, income and well-being of South Carolina's rural people by strengthening the capacity of rural America to compete in the global economy." That rather expansive sentiment is narrowed in a goals statement: "The goal of the Council is to provide an institutional framework with which federal government resources can be used, in combination with those of state and local government, private businesses, and nonprofit organizations, to promote rural development."

Eight objectives have been identified by South Carolina's Council:

1. To create a state forum to promote rural economic development and implement the President's Initiative;
2. To report the activities of the Council to the Economic Policy Council Working Group and other interested agencies and organizations;
3. To use Rural Development Institutes to continue the education process for Council members, to continue Council team-building activity, and to serve as a "reality check" on the draft of the Council's strategic plan;
4. To inventory the state's rural economic development needs;
5. To inventory the state's rural economic development resources;
6. To develop a draft, long-term strategic rural economic development plan that will address the needs identified and utilize the rural development resources in the state;
7. To prepare and implement a rural development demonstration project that will illustrate comprehensive and innovative approaches to rural development in South Carolina, and have the potential for transferability to rural areas in other states;
8. To implement the rural economic development strategy related to needs and resources.

To a large degree, these objectives are sequential. As of the end of July 1991, the forum had been created (although finalization of the by-laws has fallen behind schedule), the Council's activities have been disseminated to interested parties, Institutes have been convened (although follow-up sessions have not occurred), needs and resources have been inventoried, and drafts of the strategic plan (relative to needs and resources) have been developed. Discussion about possible demonstration projects is underway with the U.S. Department of the Treasury. Implementation of the strategy awaits.

The Substantive Agenda Setting Process

The shared dismay resulting from the Rural Development institute in New Orleans led the Council to organize its second Institute (held in Myrtle Beach in June 1991) as a strategic planning session. Four categories of needs were identified at the institute in New Orleans: (1) education, (2) infrastructure, (3) livability, and (4) jobs. A fifth category, called the "policy umbrella" was added later upon the recommendation of the livability committee. The policy umbrella refers to policies that regulate the administration of programs that affect rural areas, cutting across the four needs categories. Needs Committees appointed by the co-chairs analyzed the four categories of rural needs. Draft needs reports (prepared by committees) were presented to the Council before the Myrtle Beach Institute. These needs assessments were reviewed at the Institute and have become the foundation for the state's strategy. Committees have been formed to transform needs and resources into implementation strategies.

Disputed Issues

To this point, the Council has operated fairly harmoniously. Two disputes have threatened to raise the discord level. One dispute has surrounded the issue of membership, discussed earlier in this report. The Council is composed of individuals representing agencies with a stake in rural economic development. These individuals, however, do not occupy comparable positions in their respective agencies. While this matter might appear at first glance to be a case of bureaucratic hubris, the dispute is potentially more serious. Despite the shared interest in rural development, Council members bring to the table different abilities to mobilize their agencies on behalf of a Council initiative. Noncomparability of participants could weaken the Council's efforts to move beyond strategic planning exercises.

The second dispute revolved around the leadership structure of the Council. As noted previously, a co-chair structure was decided upon as a means of denoting a

federal-state partnership. Members of the ad hoc Executive Committee responsible for the co-chair solution suggest that postponing the "who's in charge?" decision was wise. It provided an opportunity to experiment with a non-hierarchical structure in the Council's formative stages and gave the various participants a sense of ownership. However, until quite recently, the Council was divided as to the continuation of the co-chair arrangement. An early draft of the by-laws substituted a chair/vice-chair structure for the co-chair mechanism. Among those voicing support for the chair/vice-chair system, the underlying thinking was that the chair would come from the federal side. Accompanying that expectation was a concern that state interest in the Initiative, once relegated to vice-chair status, would wane. One possible solution -- the annual rotation of the chair between the federal and state sides -- was viewed with equal apprehension. The Council preempted a battle over structure in a tactical move at its July 30, 1991 meeting. From the floor, a motion was made that basically instructed the By-Laws Committee to put the federal/nonfederal co-chair structure in the document. After debate, most of which was in the "if it ain't broke, don't fix it" vein, the co-chair motion passed overwhelmingly.

To the South Carolina Rural Economic Development Council, the issues of membership and leadership structure have been central. Resolution of both disputes came in the form of the Council's by-laws. Some participants argue that the Council should have taken up organizational issues such as membership and structure before engaging in the strategic planning process. Others disagree, arguing that organizational fluidity actually facilitated strategic planning. Regardless, these potentially disruptive issues could no longer be avoided by the Council.

Relationship between State Agenda and the National Agenda

There is uncertainty among some members of South Carolina's Council regarding the nature of the Presidential Initiative. Most of the Council members interviewed acknowledged the political nature of the President's interest in rural development. Politics aside, more than one federal-level participant voiced skepticism about this latest of presidential initiatives. Many saw the "no new money" condition as an indication that, despite the rhetoric, the Administration's commitment to the effort was minimal. Some wondered whether, as the clamor to rescue the cities grows, the rural initiative might be displaced by a surge of interest in urban conditions.

Many nonfederal participants, especially those who see the Council as a vehicle for shifting power from the national to state governments, see both commitment and opportunity in the Presidential Initiative. Some of them talk of a future in which all federal funding for rural programs flows through the Council. This would take the Council far beyond its objectives, as currently stated.

If, however, one takes the mission and objectives statement of the Initiative at face value, then one can find a degree of congruence between it and the state's actions. The Council is pursuing an agenda that reflects national-level objectives. State officials proudly note that two South Carolinians serve on the President's Council. Among some members, there is a sense that South Carolina is "connected" to the larger endeavor.

VIII. PARTICIPATION IN INSTITUTES

One of the first activities of the Council was attending a Department of Agriculture Institute in New Orleans in March 1991. Also in attendance were the Councils of three other states: Maine, Mississippi, and Texas. The structure of the Institute included lectures and break-out sessions. Without exception, South Carolina Council members had predominantly negative reactions to the Institute. Phrased politely, many Council members found the Institute to be "a waste of time." Some acknowledged the "bringing together" function of the Institute. That is, after spending a week together at the Institute, initial federal-state polarization had declined. (Some suggested that one of the factors uniting the Council was the pervasive anti-Institute sentiment.)

The negative response to the New Orleans experience led to a far different second Institute. In June 1991, Council members met in Myrtle Beach, SC in what was to be a series of strategic planning sessions. Strategic planning facilitators led Council members through the process. The endeavor appears to have been successful in clarifying issues and developing strategies, but it may have fallen short of creating a vision of success.

The Council intends to conduct additional, in-state sessions. One limiting factor will be the cost, defined broadly, of these sessions. Participants have indicated that their agency budgets do not contain unlimited slack and that their schedules cannot accommodate excessive time demands.

IX. FUTURE PLANS

For South Carolina's Council, looming most immediately on the horizon is the promulgation and adoption of by-laws. Many Council members see resolution of the by-laws as a clear signal that organization-building tasks are behind them. They welcome the opportunity to move to more substantive activities. As the Council

pushes ahead, disagreements about the Council's direction or scope are likely to surface. The Council is committed to an activist posture but is less clear about the direction of the activism. What is the Council's vision? How will it function as an advocate for rural interests, a catalyst for rural improvement? Will it aim for redesign of federal and state policies and reallocation of federal and state funds for rural areas? These are the kinds of questions that summon thoughts of turf protection, inter-agency competition, and intergovernmental friction. Thus far, the Council has been successful in creating a team-like atmosphere among participants. Clarification of direction will test the strength of team loyalty.

Meetings Scheduled

At the Council's July 1991 meeting, the feasibility of a demonstration project with the U.S. Department of the Treasury was explored. Four possible projects were discussed: developing a streamlined application process for rural loan programs, providing information and training on new property appraisal standards in rural areas, piloting a unified, streamlined property disposal process for government agencies active in rural areas, and piloting a data base for administrative offset. Although the Council may end up with proposals in all four of the areas -- with linkages to the four substantive needs categories already defined by the Council -- the proposal generating the greatest discussion was the development of a uniform, streamlined process for applications for federal funds for water and sewer projects, housing, and micro-financing.

Many participants see the demonstration project as pivotal to the success of the Council. A successful demonstration project, accompanied by great fanfare, could energize Council members and, just as importantly, pique the interest of private sector financial interests. Others however, are wary. They believe that a demonstration project could push the Council in a programmatic (and they believe, mistaken) direction. Those holding this view argue that the Council should articulate real rural development issues. Meanwhile, the approach taken by the Strategy Teams is to acknowledge the existence of rural problems that even a multi-agency Council cannot solve and to focus instead on those problems where a Council effort can make a difference.

Other Activities

The Council faces the challenge of sustaining interest among already-busy participants. Resolving the issues of membership and structure through the by-laws will satisfy most participants and dissatisfy a few others. Efforts to attract media attention, to promote -- and as one interviewee advocated -- to market the Council, are

underway. But moving into more substantive areas will require decisions about the fundamental focus of the Council. These decisions are likely to trigger disputes and, inevitably, the Council will move closer to the agenda of some participants than others. This is still very much a process, replete with uncertainty. Decisions made in the ensuing year will likely spell the fate of the Council.

NOTES

¹ Unless stated otherwise, the demographic data reported here were compiled from the South Carolina Statistical Abstract, 1991.

² A volume forthcoming from the University of Nebraska Press, South Carolina Government and Politics, written by Cole Blease Graham, Jr. and William V. Moore, was especially helpful in the Governmental Structure section of this report.

³ The information in the remainder of this report was generated through field work. Interviews were conducted with 11 Council members (including the two co-chairs) and the Executive Director. (Four federal officials, 4 state officials, and 3 other participants were interviewed.) Interview data were supplemented by a review of Council documents, e.g., minutes of meetings, committee reports, and Council publications. The author thanks those interviewed for their cooperation.

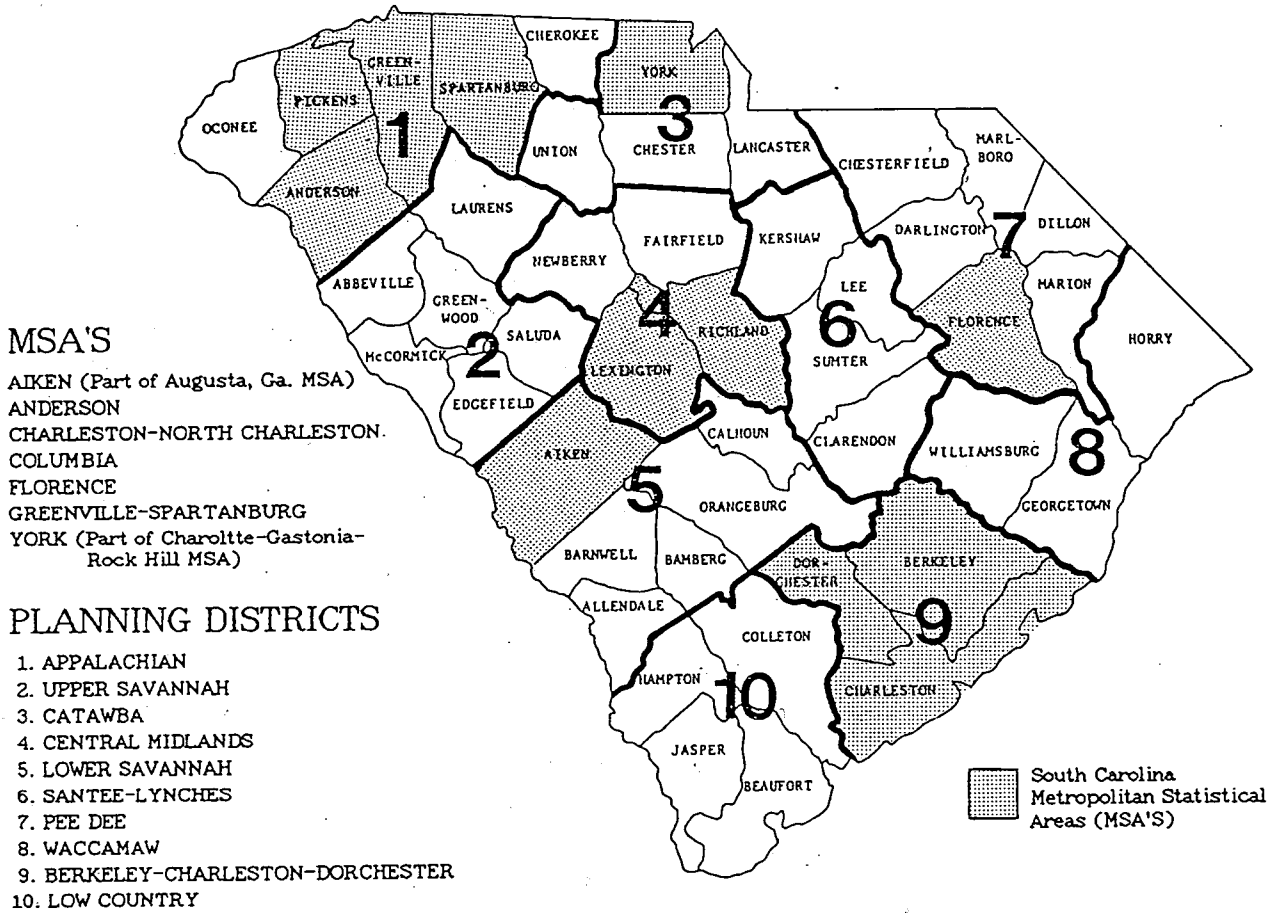
⁴ The Council consciously chose the name Rural Economic Development. A few participants continue to argue that the Council has defined rural development too narrowly. Others, looking at the four categories of needs that the Council has identified -- education, infrastructure, livability, and jobs -- believe that it has conceptualized the term too broadly.

APPENDIX A

South Carolina Planning Districts and Metropolitan Statistical Areas

Appendix A

SOUTH CAROLINA PLANNING DISTRICTS AND METROPOLITAN STATISTICAL AREAS




MSA'S

- AIKEN (Part of Augusta, Ga. MSA)
- ANDERSON
- CHARLESTON-NORTH CHARLESTON.
- COLUMBIA
- FLORENCE
- GREENVILLE-SPARTANBURG
- YORK (Part of Charlotte-Gastonia-Rock Hill MSA)

PLANNING DISTRICTS

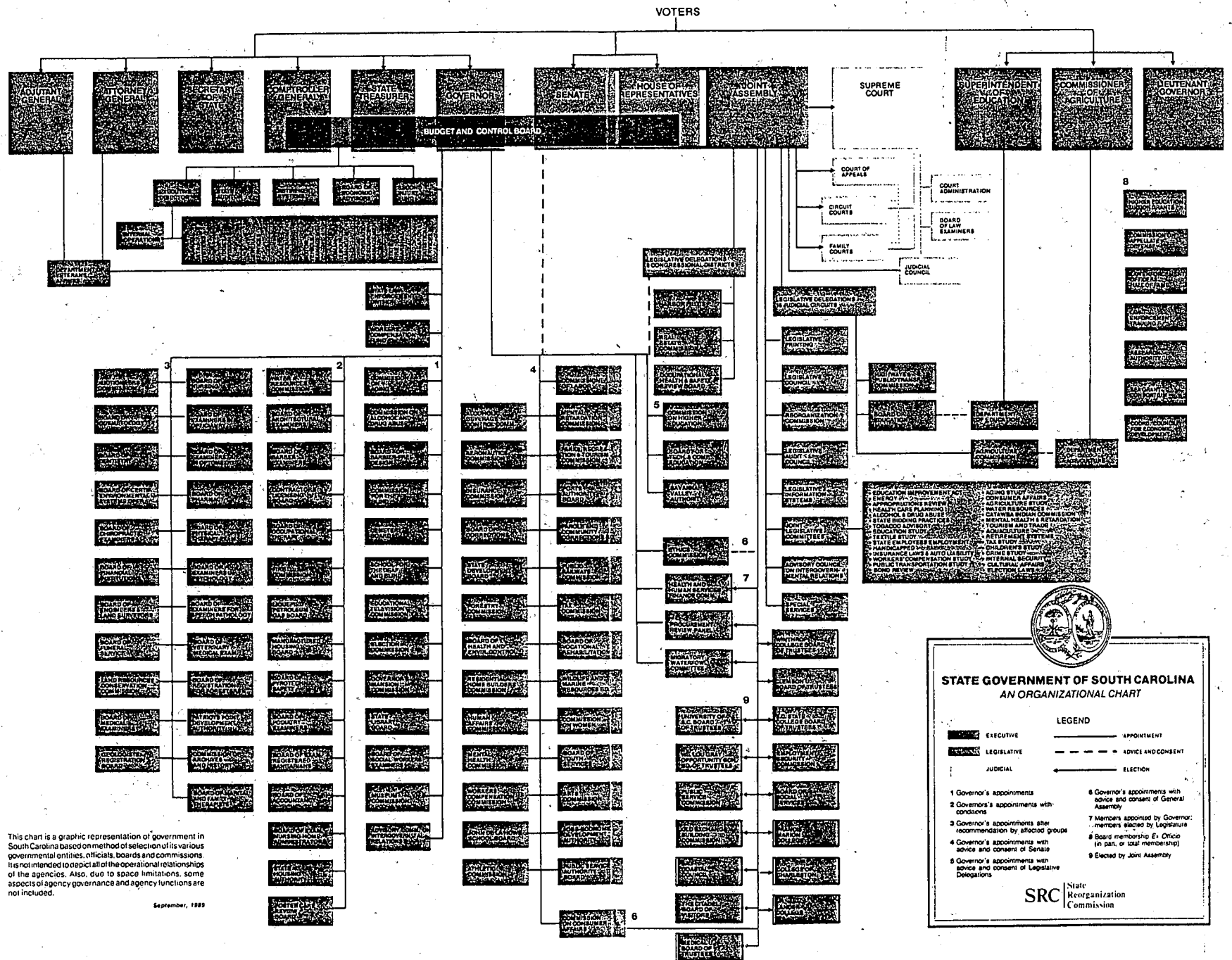
- 1. APPALACHIAN
- 2. UPPER SAVANNAH
- 3. CATAWBA
- 4. CENTRAL MIDLANDS
- 5. LOWER SAVANNAH
- 6. SANTEE-LYNCHES
- 7. PEE DEE
- 8. WACCAMAW
- 9. BERKELEY-CHARLESTON-DORCHESTER
- 10. LOW COUNTRY

 South Carolina Metropolitan Statistical Areas (MSA'S)

APPENDIX B


South Carolina Organization Chart

Appendix B



This chart is a graphic representation of government in South Carolina based on method of selection of its various governmental entities, officials, boards and commissions. It is not intended to depict all of the operational relationships of the agencies. Also, due to space limitations, some aspects of agency governance and agency functions are not included.

September, 1989



STATE GOVERNMENT OF SOUTH CAROLINA
AN ORGANIZATIONAL CHART

LEGEND

EXECUTIVE

LEGISLATIVE

JUDICIAL

———— APPOINTMENT

- - - - - ADVICE AND CONSENT

← ELECTION

1 Governor's appointments

2 Governor's appointments with advice and consent of General Assembly

3 Governor's appointments after recommendation by affected groups

4 Governor's appointments with advice and consent of Senate

5 Governor's appointments with advice and consent of Legislative Delegations

6 Governor's appointments with advice and consent of General Assembly

7 Members appointed by Legislature

8 Board membership: E1 Office (in part, or total membership)

9 Elected by Joint Assembly

SRC State Reorganization Commission

SOUTH DAKOTA RURAL DEVELOPMENT COUNCIL

Robert Agranoff
Indiana University - Bloomington

September 1991

Overview

The state of South Dakota is primarily rural and therefore concerns of its rural economy and society have been overarching since its territorial days. The Presidential Council on Rural Development is a state-oriented body comprised of persons who would like to blend improved federal program management with existing state efforts in economic development and promotion of agriculture. The state began Federal Council participation with no apparent agenda, but wishes to "improve their federal-state posture." While economic development appears to be the cornerstone of their efforts, there is also interest in related community development. Economic development in this primarily rural state is a predominant emphasis of Governor Mickelson's administration. The state has not had a great deal of experience with major federal program adjustments and team members exude an optimism concerning success because "the President is behind it."

At this point four pilot economic and community development issues have been identified. Team members represent top appointive executives in state and federal (in South Dakota or federal region) governments and key rural sector associations. The Council has organized and conducted a needs assessment. At its Summer Institute they are expected to develop an agenda-setting process and adopt a strategy, after which they will select focused projects for federal-state negotiation. Most team members feel they need a "win" by early 1992 to keep any momentum going. A process for intergovernmental problem-solving has been approved by the Council.

I. NATURE OF THE RURAL SECTOR

South Dakota is one of the most rural states in the U.S. Of the 696,004 persons enumerated in the 1990 Census most live in rural areas or in very small towns. Nearly one-fourth of the state's residents live on farms. The state has only 13 cities of 5,000 persons or more. Only one city, Sioux Falls, has a population greater than 100,000, with 110,000 inhabitants. Most South Dakotans live in the county or in very small towns. Of its 310 cities, 44 range in population from 1,001 to 5,000, 61 from 501 to 1,000, 53 from 251 to 500, and 139 have less than 250 inhabitants (40 of these have less than 100).

The dominant farming patterns that developed in South Dakota during its first century of growth bear a close relationship to the environmental conditions that characterize the state. The transition area, in which the eastern intensive farming patterns merge into the extensive grazing type of the western half of the state, coincides roughly with the Missouri Hills section where the physical features of the prairie grasslands blend into the Great Plains environment. In the course of time the western half of the state developed an extensive ranch type of livestock production. East of the Missouri River livestock grazing and cash-grain farming were to prevail in the northern part, while a feed-grain and general livestock pattern became predominant in the south. By virtue of these environmental influences, the history of South Dakota agriculture has been essentially a story of adjustments and modifications in farming methods and land use.

South Dakota's principal source of wealth is agriculture. The state may be divided into three types of farming regions. The western half of the state is known for its open range livestock production. The northeastern quarter of the state is a livestock grazing, cash wheat area. The southeastern quarter is a feed grain, general livestock area. Going from southeast to north, production shifts from corn to wheat, barley and flax, and general farming. Going west from the southeast corner, agriculture shifts from corn to general crops, then to grasslands.

The principal crops, for which the state commonly ranks among the first ten states, are spring wheat, durum wheat, corn, oats, rye, flax, hay, sunflowers, and sorghum grain. Livestock is, however, by far the most important source of income. In 1990, of \$13.2 billion in agricultural income, \$8.7 billion was derived from livestock and \$4.5 billion from crops. Mining has also been a traditional industry, with the leading products being gold, cement, quartzite, and granite.

Although agriculture is South Dakota's principal source of income, the number of persons engaged in farming has decreased as it has elsewhere. From a high of over 83,000 farms in the early 1930s, the number of farms decreased to approximately 72,500 in 1940 to 40,000 in 1978. The latest available figures, for 1989, places this number at 35,000. The average farm size has increased from 540 acres in 1930 to 1,266 in 1989. Interestingly, the total number of acres in farms has held constant during this period at about 45 million acres.

Other areas of South Dakota's economy have grown along with agricultural change. In addition to agriculture's \$13.2 billion contribution to the state's economy, other leading industries and their economic contributions in billions of dollars are: service, 3.7; government, 3.4; finance, 2.8; medical, 2.6; recreation, 2.2; and transportation, 1.2. Employment patterns generally reflect these trends. In 1990, total

non-farm employment was 288,500. Of this number: 48,300 were employed in mining, construction and manufacturing (34,000), and 240,000 in the service industries (76,000 in trade, 16,300 in finance, 71,700 in services, and 62,000 in government). By contrast, farm employment was 58,000 in 1990, a drop from 80,000 farm workers in 1980, with the most precipitous drop occurring from 1989 to 90. Farm employment was reported as being 70,000 in 1989. Unemployment was estimated at 13,000 in 1990.

South Dakota's population is becoming older as people have migrated from the state. Twenty seven and one-half percent of the population is over fifty years of age. Of this group, fourteen and one-half percent are over 65 years old, which is higher than the national average of just under eleven percent. Thirty eight percent of the population is under 25 years of age, with the remaining thirty four percent between ages 25 and 50.

Rural conditions reflect the relative disadvantage of those who live outside of large towns and cities. The National Center for Small Communities reports that South Dakota rural residents: are more likely to be on Social Security income than urban residents (30.2% versus 25.9%), have a lower per capita income than urban residents (\$4964 versus \$6544), and are more likely to be in a family under the poverty level than urbanites (17.6% versus 7.5%). Rural residents also face poorer housing conditions and have poorer access to health care.

Education is something that is highly valued in the state. Traditionally it has ranked in the top three in terms of high school graduation rates - over 90 percent. Traditionally South Dakota military recruits have a very low rejection rate. The state has a large number of higher education institutions for its size, seven public and nine private colleges and universities.

The large number of Native Americans in the state is an unusual aspect of South Dakota population. South Dakota ranks fourth among the states in size of Native American population. About seven percent (50,576) of the population is Native American. Nine reservations lie wholly or in part within the state: Cheyenne River, Crow Creek, Flandreau, Lower Brule, Pine Ridge, Rosebud, Sisseton, Standing Rock, and Yankton Reservations. Tribal and Indian lands and Federally owned lands used for Native welfare total 4,761,903 acres, or almost ten percent of the land area of the state. Over seventy-five percent of this land is, however, non-tillable grazing land, mostly of low productivity. Recently Native Americans have been migrating to South Dakota cities and towns.

The most overarching concerns relating to social and economic change are reflected in the declining numbers of rural farms and shrinking populations. First, the

state has not recovered from the severe population loss caused by the depression of the 1930s. Second, the number of persons living in rural areas (towns of less than 2,500 and on farms) has been steadily declining. Third, while there has been a large number of persons migrating from the state, an equally important migration has taken place in the population movement from the farm to cities.

The significance of these trends to South Dakota is considerable. Of South Dakota's sixty-seven (two were consolidated prior to the 1960 census) counties, forty-five lost population between 1950 and 1959 and fifty-three between 1960 and 1970. Between 1970 and 1980, 40 of the state's sixty seven counties lost population. Between 1980 and 1990 fifty three of the state's counties lost population. Of the counties that gained population, four were in the Rapid City area in the western part of the state, four were in small counties that contained Indian reservations, and all but one of the remainder were in the Interstate 29 corridor in the Eastern part of the state. The only other gain was in Hughes County, due to government growth in Pierre. Within each county, a considerable shift from the farm to towns can be observed. The trend is clear: an overwhelming number of municipalities and counties are losing population.

Among the important government problems affected by population changes are school district reorganization, reapportionment of the state legislature, and local government financing. Moreover, many South Dakota communities are becoming concerned about the future of their retail businesses, schools, churches, and other social institutions where numbers of people are important.

Fortunately, three significant developments since the 1960s have improved the state's economic picture: (1) the Missouri River development program, which brought over half a billion dollars into South Dakota during its construction phase; (2) the rise of "tourism" and recreational opportunities in connection with both the Black Hills and the Missouri River development; (3) the completion of the Interstate Highway System which brought South Dakota much closer to markets and aid in overcoming the state's long existent transportation disadvantage; and (4) the steady growth of the credit service processing industry in the southeastern portion of the state.

What is Considered Rural?

Rural has a special meaning in sparsely populated states like South Dakota. A University of South Dakota population study has classified the state's counties into three categories: urban, rural, and frontier. The 16 urban counties, which contain 56% of the state's total population, are comprised of the four counties in the western Black Hills region, Hughes County, which contains Pierre, and the eleven eastern counties

in the interstate 90 and 29 corridors. The two interstates intersect at Sioux Falls. This would also include the surrounding counties containing cities such as Aberdeen and Huron. Most of these counties have gained population since the 1960s. At the other extreme are the frontier counties of the interior Missouri Valley and the northwest. These counties are so sparsely populated that rural telephone subscribership averages about .8 per square mile. Population density in these resort and ranching counties is about two to three persons per square mile. These counties have experienced population losses of from 20-40% since the 1960s. The remaining rural, non-frontier counties, which have experienced population losses of smaller magnitude, are the remaining farming and ranching counties of the Missouri River Valley and the agricultural areas of the eastern portion of the state. State government generally follows this designation for many of its programs.

While rural is considered to include the two non-urban types of counties, the state feels that frontier counties require special attention. These isolated areas do not have the critical mass of population to offer quality amenities of life, such as schools, health care, inexpensive energy or wastewater treatment. As a result, special efforts need to be made in these areas. In the relatively populated rural counties, the emphasis is more on economic and community development to increase growth in South Dakota, and as farmers leave farms, to create non-farm employment opportunities and to develop a quality of life in communities so that further rural decline does not occur. Thus, rural is considered by the state to be efforts that are targeted at 51 of the 67 counties that lie outside of the urban corridors of the state.

The Presidential Council decided to go with a different rural definition. Since Sioux Falls - Minnehaha County comprises the only MSA in the state, the Council initially considered that everything but the county limits would be considered rural. However, since there are rural portions of Minnehaha County, it was decided that "rural" constituted everything in the state outside of the city limits of Sioux Falls. It was also decided that if a Sioux Falls issue had rural implications, it too would be considered. Thus the group has a rather encompassing definition of rural.

Since the state is highly rural and frontier its culture expectedly follows suit. There are really no dominant cities in the state, and South Dakota's few cities have large contingents of rural migrants. The scale of most undertakings is small in size. Politics and government appear to be conducted on a familiar basis.

South Dakota's political culture has been conditioned by two factors that only recently changed. First, there has been a high degree of popular control over government through such mechanisms as weak political party systems, open primaries, limited gubernatorial terms, use of boards and commissions to weaken the

governor, and relatively frequent use of the initiative and referendum. Second, is the geographical isolation of the capital, Pierre. Lying at the geographical center of the state, Pierre is in the brown grasslands far from where any population lives. According to Clem, an expert on South Dakota politics, in his book, Prairie State Politics, "It is in the midst of this vast sea of grass that nerves of state government are collected. Those nerves are thickly insulated by the vastness of the prairie from popular pressures, and as a result the response of state government has often been relatively slow" (p. 137). However, these trends have changed since Clem drew those conclusions nearly a quarter century ago. The office of the governor has been strengthened and the term lengthened. Patterns of communication and transportation have made the state capitol less isolated and insulated. Nevertheless, elements of the culture may remain alive.

According to Farber, Geary, and Carlson, authors of a textbook on South Dakota government, the role of government in social and economic development has been an enduring debate between political parties and candidates for office. On the one hand are social experimentation ideas brought by German and Scandinavian immigrants: public ownership, government sponsored programs in health and welfare, and the cooperative movement. On the other hand is a rural-frontier mentality that wishes to be left alone by government, particularly in regard to regulation and taxation. Alan Clem claims that although the state is considered a conservative backwater, the agrarian radical strains come out from time to time. Populists were successful before the turn of the century, and the Progressives were powerful in the Republican Party until the New Deal Period. The conservative image of South Dakota Republicanism is somewhat attached to the long-time Congressional career of Karl Mundt. Of course, South Dakota is also the state of liberals such as George McGovern and James Abourezk.

While South Dakota's Republican Party has a large base, there are periodic swings the Democratic party, particularly in voting for national office, when farm prices are down. For example, during the early 1970s, "McGovern Democrats" once held both of the state's Senate and both House seats. South Dakota tends to be dovish on foreign policy; it had an isolationist legacy before World War II. The state legislature, on the other hand, has been heavily Republican. The Democrats controlled one house in the early 1970s. Since 1976 Republican majorities in both houses have usually been substantial. However, Clem reports that state issues have rarely divided the political parties in the legislature. Rather, he concludes that individual candidates for offices or office-holders are independent of the parties. There are many conservative Democrats and progressive Republicans. State issues often cross party

lines, with geography, economics or social outlook as the deciding factor in issues. Herbert Schell, the state's historian concludes that, "Differences between political parties over state issues have been more imagined than real: the distinction has been one of degree rather than a matter of basic principles" (p. xi).

Anti-government feeling runs strong through both parties. City governments are just beginning to develop an interest in zoning. In fact, the aversion to regulation runs so high in some areas that hunting (bow and arrow) is allowed in some city parks. The state currently has no income tax and no seat belt law. Many residents openly resent (some say defy) governmental agricultural and environmental regulation. The rural culture includes attitudes that the state can help communities, but only if they take efforts to help themselves. State economic development programs follow this philosophy.

II. GOVERNMENTAL STRUCTURE

Governmental units in South Dakota are numerous for its population size, reflecting geographic dispersion and the belief in the pioneer days that great cities would emerge supporting trade and industry along with agriculture. This led to governmental development on a scale similar to eastern states. Once the units were created they proved difficult to abolish. Even after school district consolidation, in 1975 there remained over 1700 units of government. In 1990 that number is believed to have increased with the addition of water districts throughout the state.

The governor is a relatively strong executive vis-a-vis the legislature. Formally, the powers of the office are similar to most other governors. The governor possesses a line-item veto on appropriations items, but it is reported as rarely used. During the early 1970's Governor Kneip was successful in executive branch reorganization, reducing the number of agencies from some 160 to fourteen cabinet type agencies. The legislature is part-time, holding annual sessions of 45 and 30 days since 1962. Legislative staffing and interim activity is minimal compared to other states, making the legislative body relatively weak vis-a-vis the governor.

Governor

The current governor, George S. Mickelson, is generally thought of as strong and less ideological than his predecessor. Economic development (ED) is a focal point of his administration. Mickelson's program of ED has four major foci: 1) attracting plant relocations and new business starts in the state, including actively

competing for large projects such as a General Dynamics factory and the "superconductor"; 2) agricultural processing expansion; 3) promotion of small, home or farm based industries; and 4) community assistance. He has had a strong interest in deregulation to promote economic development, including involvement in some pitched battles with environmental interests. William Janklow, who was Mickelson's predecessor, laid the groundwork for ED by encouraging Citicorp and other banking/credit operations to move to Sioux Falls and Rapid City. Part of this effort involved loosening the state banking laws. Other ED efforts pushed by Janklow involved state purchase of railroad tracks to hold down freight costs, initiation of a state hail insurance program, and state coal, cement, and gas station operations.

Mickelson leads the executive branch through a subcabinet structure and his immediate staff operate by assignment to these functional areas. The ED subcabinet includes the departments of Economic Development, Labor, Education, Transportation, Energy, and Indian Affairs. While not in this cabinet group, the Department of Agriculture also plays a role in rural development through farmer loan and product development efforts. The Department of Tourism is also involved in ED, particularly through its role in promoting use of its two visitor attractions, the Black Hills area and the Missouri River basin. These departments work well with the Extension Service, located at NDSU in Brookings, although their role in ED/CD is not as well developed as it is in other states.

The flagship agency for rural economic development is clearly the Governor's Office of Economic Development (GOED). The governor's four part strategy is spearheaded by GOED and includes some 23 different federal-state and state grant, loan, and bond programs. Notable efforts among these programs is a \$40 million Revolving Economic Development and Initiative Fund (REDI Fund), financed by a special 10 month 1% sales tax passed in 1987. The REDI fund is a low-interest revolving loan fund for the creation of primary jobs, capital investment and diversification. Another loan program, Agricultural Processing and Export Loan (APEX), is designed for communities of 2,000 or less to assist in export of value-added raw agricultural products. A third program, Guide to Opportunities for Local Development (GOLD), assists communities in strategic planning for ED, with GOED, electric power cooperative, and planning district technical assistance. The remainder of the programs are standard state or federal-state programs. GOED administers the CDBG program on a competitive basis. There are no specific economic development, infrastructure or rural set-asides. It was reported that about 40% of CDBG is now devoted to ED. No rural urban breakdown was possible.

Legislature

The part-time nature of the legislature is said to make it weak vis-a-vis the governor. The legislature is comprised of thirty five senate members and seventy representatives. Since the state remains so rural, recent apportionment has not affected the rural-urban balance of leadership as much as it has in other states. The legislative map indicates that only a handful of districts exist west of the Missouri River. Nevertheless, the west has retained a portion of the leadership. Staffing occurs through the Legislative Research Council, a body made up of all legislators -- and a fifteen member Executive Board -- who work on issues between sessions. It operates through standing committees. The Council has about twenty permanent staff, which expands to about fifty during the sessions. The Council provides the legislative support and clerical help for all legislators but the leadership. Both houses are currently controlled by the Republicans, the House by about a 60 percent to 40 percent margin, and the Senate by one seat.

State-Local

The primary ED agent that deals with local governments are the six Regional Councils, established in 1970 for planning and coordination of federal and state programs. Headquartered in Aberdeen, Rapid City, Sioux Falls, Watertown, Yankton, and Pierre, all but the latter are active. The five active Districts are organized as Councils of governments. No state funds support their operations (a funding proposal is pending); they are mostly financed out of fees for service from counties and cities, or overhead costs from grants. GOED works through these Councils and uses them as a form of field staff for promoting and brokering state programs as well as for problem-solving. Councils also review and comment on state programs and projects. This arrangement is said to work well in three of the five active districts.

ED is the province of municipalities, and the state provides the usual tools for such efforts. For example, municipalities can create business improvement districts to promote retail trade through community improvements. Another program, Industrial Development Grants, earmarks small grants to towns (under 50,000) to start-up or support such projects. The problem is that so many cities are small and lack the capacity to get involved in state or federal programs. The State Municipal League does not have a formal ED policy, but it has been the sponsors of a number of workshops and seminars. The League also operates a toll-free line that provides technical assistance to towns on ED as well as on other matters.

Counties and townships play a less direct role in ED. Counties primarily administer state services at the local level, including human services. Townships

administer roads and perform other services in rural areas. More important for rural ED, are the nine tribal governments located on six Indian reservations. The tribal governments have a role in administering federal and federal-state programs. Other ED programs are operated cooperatively by the state and selected tribal governments. Finally, an interstate federal-state Missouri River Basin Commission has a role in developing the area's dams and water resources, including issues of navigation, flood control, irrigation, hydroelectric power, and recreation.

Private Sector

Several private organizations have taken an interest in rural ED. In addition to the Municipal League, active roles have been played by the rural electric cooperatives (REC), which operate several economic development projects. In addition to business promotion, RECs have been active in promoting rural educational television, promoting low interest loans, promoting rural health, and in brokering grants for its members. The Bankers Association has been involved in training its members in handling rural non-agricultural credit programs and funding sources. It is currently preparing a resource book. Finally, the Association of Commerce and Industry has taken a direct interest in rural ED, but has no formal programs. Its members were reported as ambivalent over the role of government action in ED.

III. PAST RELATIONSHIPS AND EFFORTS

Federal-State

Participation by the state in federal efforts is largely through the usual federal programs. In addition to CDBG, the state makes use of FmHA programs for developmental purposes. This includes Community Facility Loans and Business and Industrial Loans. In addition, the Bureau of Indian Affairs has three programs available to tribes, Indian organizations, and individual Indians for financing enterprises on reservations: Indian Revolving Loan Fund, Loan Guarantee Fund, and Indian Business Development Grant Program. EDA programs are also available in the state and for Indian tribes. Relationships between state-based federal officials and state officials are relatively close and cordial; a cooperative spirit toward development is reported.

One of the longest standing special federal-state efforts is the Agricultural Enterprise Program administered by the South Dakota Department of Agriculture (DOA). The state retains a \$14 million fund that goes back to the Farm Credit

Administration of the 1930s. Through an intergovernmental use agreement monitored by FmHA, the state spends the interest earnings to support agriculture. The largest share of the money is for a loan buy down program of 2 to 3 percent. A Young Farmers' Loan program at 3 percent interest is also funded by part of these funds. The remaining dollars are used to sponsor DOA educational programs. This year the fund will loan \$1 million to the livestock producers to form a consortium of growers/producers. The state's Department of Labor also has a few special programs. One, Agricultural Community in Transition (ACT), is designed to assist farm families in transition from farming to other labor force employment. ACT is implemented with the Extension Service, the Agriculture Mediation Service in DOA, the Migrant Council and the Farmers Union. Another project involves a federal government agreement with the Standing Rock Reservation, the state of North Dakota, and the state of South Dakota, to conduct a head count hard-core unemployed count. Yet another project is a special JTPA effort at 75 hard core unemployed on the Lower Brule Reservation. Finally, the department of Tourism is involved in two federal-state efforts. The first involves identification, with the U.S. Army Corps of Engineers, of areas of Missouri River Basin growth potential. The second involves efforts to get U.S. Department of the Interior support for establishing a Wounded Knee national monument.

Federal-Federal

Other than ac hoc cooperative efforts between federal agencies, most federal to federal efforts have involved project efforts between the Economic Development Administration (EDA) and Indian Reservations. These cooperative efforts (with other units of Commerce and BIA) have involved the construction of industrial parks and some irrigation projects (with the Corps of Engineers, Agriculture, and BIA). At one time EDA had an Indian set-aside, but it was eliminated in the early 1980s. Most federal-federal contact is project oriented and sporadic. Prior to the Presidential Council, there was no formal mechanism for federal official interaction. Indeed, when the Federal Council acting chair requested a list from the White House Office of all federal government officials who had the State of South Dakota as their territory, he was told no such list or directory existed. A list was built department by department.

Past State Efforts

The state has not made any formal efforts at coordination for rural economic development. Although no integrated strategy is documented, or stated in one place, the four-pronged approach cited earlier appears to be generally understood. State level coordination is universally reported as informal and project or problem-oriented.

The state government is small and staff mobility across agencies fosters the personal touch. Governor Mickelson is said to emphasize interagency coordination more than his predecessors.

Few special efforts are made with programs like CDBG. A \$2 million CDBG set-aside is used to create the Revolving Loan Fund for Communities. The remainder of the allocations are made on a competitive grant basis. The SDSU Extension Service has a Kellogg grant for leadership development, operated jointly with North Dakota, but it does not appear to link with other programs. The state GOED serves as a facilitator for non-agricultural business, industrial and community ED problem-solving. Agriculture related problems are left to DOA. Other efforts depend on ad hoc contacts.

IV. MEMBERSHIP ON THE COUNCIL

Selection of Members

The South Dakota Presidential Council is comprised of forty-five members from state and federal agencies and from state associations. Selection of representatives was made from those agencies or organizations that selectors believed had an interest in rural development. Once an organizational designation was made position determined membership. State agency representatives are always departmental secretaries. Federal officials are the heads of South Dakota offices or high-level regional officials. Association representatives are Executive Directors. The selection process began with a federal chair and state vice chair and about 15 members. This group operated from October 1990 to January 1991, when the core group expanded. Not all members of the Council were centrally selected. A few state officials and association executives mentioned that they requested membership on the Council. The only groups that were refused requested membership were farm and commodity organizations. The stated reason for refusal was that it would be impossible either to be selective or to seat all organizations. As a result, the President of the Agriculture Unity Group, an umbrella of farm organizations, was asked to join. There also was a conscious effort to "not give the Council too much of an agriculture flavor (bias)," both federal and state, as was perceived to be the case in some other states.

The membership is comprised of thirteen state officials, nineteen federal officials, and thirteen association executives. Of the nineteen federal officials, fourteen are based in South Dakota and five are located in their regional headquarters out of the state. Six of the Council members are female and four are minority group members. Although all of the federal agencies that the state government wished to be

on the Council are now sitting, it was reported that the Environmental Protection Agency and Housing and Urban Development were initially reluctant to be involved, and they are reported to be less active than the Commerce, HHS, and Transportation representatives. With the Department of Agriculture, there was some reluctance by the Agricultural Stabilization and Conservation Service -- particularly over the designation of FmHA as the lead agency -- but this is reported as being overcome.

Officers and Committees

The chair is the official who was initially designated to organize the Council, the state director of FmHA. He is based in Huron. This official has worked for the federal government for just over one year. Prior to this federal appointment, he served seven years as South Dakota Secretary of Agriculture and the previous ten years in the state House of Representatives. Thus, he is a federal official with a state orientation. The vice-chair is the governor's Special Assistant for Economic Development. He has eight years of Washington, D.C. experience as a former senatorial legislative assistant and as a U.S. Department of Interior official. An executive committee operates to make decisions between meetings that includes these two officials, the head of the Extension Service, the Secretary of Labor, and the Executive Director. These officers were elected by the Council in February of 1991.

The Council has also been organized into four committees:

1. *Communications*, to publicize the work-of the Council and to prepare literature.
2. *Resource identification*, which is developing an electronic data base of available state and federal resources.
3. *Demonstration*, which identified the above project and will identify future federal-state projects.
4. *Needs assessment*, that has accumulated previous work into a comprehensive document.

Reasons for Involvement

Most member's reasons for becoming a part of the Council can be stated as being related to the feeling that there are federal barriers to rural development and they want to participate in reducing those obstacles. With one exception, when probed for a specific agenda or project as being the reason to participate, there were only negative responses.

Expectations

Only one Council member stated a specific goal, and that was process-oriented. That was to change a particular federal agency's orientation away from current practices toward more rural development in response mode. Even then no specifics were mentioned. Other members had no specific objectives or general goals. Improvement in relations were stated by both state and federal officials. The standard against which they wished to be judged was the selection of a demonstration project (or projects) that could be successfully carried through to completion within one year. There was optimism that a project or projects would be found and solutions would be forthcoming.

Some association executives expressed another wish. In the words of one, "the state (government) people think they are o.k. and its all the feds, but they have a long way to go too, in brokering their programs for development." The feeling expressed was that communities too often bounce from state agency to state agency in finding development assistance and that more case handling should be undertaken to see projects through. State rules and procedures were reported as obstacles as well, and the feeling was that they also should be looked at by the Council. Thus, these executives felt that state barriers in rural development should also be on the Federal Council's agenda. Although other members of the Council did not preclude state actions, they said it remains to be seen whether the Council will take such action.

V. COUNCIL STAFF

The Executive Director of the Council is the former Deputy Director of the Governor's Office of Economic Development. After hearing that someone else had been interviewed for the position, he simply made it known that he was willing to make a shift to the Council. The acting chair (later chair) and the Governor's staff person (vice chair) designated him as the choice that was posed to the Council. The Executive Director's work at GOED included the internal operations of the Office, including the CDBG program. Prior to his state government service, he was a Pierre businessman.

The staff offices are located on the capital complex in the South Dakota Heritage Center in space that is shared with unrelated functions. There are few other direct state resources available, including secretarial help. GOED does provide backup services and helps with mailing and supplies. The Council will seek federal dollars for an executive assistant in the next federal fiscal year.

The Director has no other federal or state responsibilities to balance. He has spent most of his time building bridges for the Council, in staffing committee work, and arranging Council meetings. The Council chair feels that a full-time Executive Director is important to the success of the Council, providing the emotional investment in accomplishment that is needed. Since most Council members see the work to be state initiated and federally responsive, they feel it is important that the director is a "state-identified" individual.

Relationships with the federal monitor are reported as good. She has attended all but one of the Council meetings. It was also reported that monthly meetings in Washington of the eight Council executives may have made the role of the monitors less significant than originally intended.

VI. MEETINGS

At this writing the Council has met four times: 1) October, 1990, to hear presentations on the Council role and on state programs; 2) February, 1991, to organize and adopt a mission statement; 3) in April, 1991, to hear from committees and to plan future work sessions, and, 4) in July, 1991 to adopt a process and to select pilot projects to begin their work. Meeting agendas are set by the Executive Committee, based on the general direction set by the previous Council meeting. Meetings are said to be relaxed, well organized, and informative. To date, decisions have been by informal consensus. The by-laws call for a simple majority vote on questions.

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

With the exception of pilot efforts, there is no substantive agenda at this time. Council members plan to select an agenda by their September, 1990 meeting. The July meeting, held as a retreat in the Black Hills, was to design a strategy for developing a plan. At the meeting, working groups in the four needs assessment areas were established: social, environmental, economic, and community. These groups will continue and will identify components of the strategy.

The July Council meeting was successful in developing both process and substantive issues. Procedurally the Council agreed that any issue relating to rural development that has an impact on more than one community, whether it is brought forth from a single community or a group of communities, will be placed on the

Council's preliminary agenda. All issues must be put in writing (with Council staff assistance to be provided if necessary). No form or application format was established. Rural development barriers or concerns to be considered not only relate to federal-state government issues, but also to state-local government issues, and to local government issues.

Once an issue is accepted it will be transmitted to the Council's Review committee. It will then be considered and one of three dispositional possibilities may occur: 1) the issue will be turned down as a matter of potential Council action and will be returned to the submitter or referred to another, more relevant agency; 2) it will be resolved quickly by seeking administrative interpretation, clarification, or problem-solving; or, 3) the issue will be turned over to a working group or task force of the Council that has expertise in the subject matter. In the case of the latter situation, the task force will consider the issue, prepare a report, and propose a resolution which will be transmitted to the full Council. The Council will consider the report and ratify the action.

Substantively the four work groups were able to identify concrete issues that will represent the Council's pilot project efforts. First, a demonstration project, involving a South Dakota on-line resource data base (grants, loans, programs) was identified that will form the basis of a federal funding proposal to the Department of Agriculture. The proposal will seek funds to place a person in the University of South Dakota's Business Research Bureau to support this economic development brokering tool. This electronic resource base, which already has nearly 500 potential entries, will be available to a variety of users, such as FmHA, Extension agents, planning district staff, GOED staff, and the Council. Second, a group will be examining the environmental regulations review process. The aim is to propose a more standard way for interests in the state to deal with EPA and the state Department of Water and Natural Resources. Third, a group will be tracking the proposed regulations concerning the Americans With Disabilities Act. Concerns were raised regarding the impact of regulations on small retail and service establishments, and the Council would like to be able to provide some input into the regulatory process. Fourth, the Council identified the location of a new bridge over the Missouri River in an area that is isolated. They will examine the potential economic impact of the three most promising sites. A potential additional issue will be to study options for increasing primary health care providers in rural areas. This project could involve negotiating for the use of foreign licensed physicians, increasing the number of physician assistants and nurse practitioners, and means of coordination with the U.S. Indian Health Service.

By the end of the summer it is expected that from one to three of these demonstration project proposals will be submitted to the federal government. By fall,

the group hopes to be identifying barriers and working on solutions to these problems. Thus, process and substantive agenda issues are intertwined, with a concrete agenda to follow in the next few months.

There have been no openly disputed issues or differences between state or national agendas. Indeed, it is difficult to determine any concrete state or federal agenda. The working relationships with federal agencies are very cordial and to date procedural. As leadership members reported, "we are under instructions to regularly report on the progress of our process results." They were also instructed to "report any concrete successes immediately."

VIII. PARTICIPATION IN INSTITUTES

Twenty-eight Council members attended the San Diego Institute. Virtually all discussants found the Institute to be extremely basic for their backgrounds and experiences and not really worth their time. The most productive aspect of the meeting was the planning for state Council activities that they were able to accomplish around Institute Activities.

IX. FUTURE PLANS

The South Dakota Council's horizons in setting a strategy and selecting demonstration projects have been charted. Two committees -- Review and Demonstration Projects -- continue to meet and are fully active. In September the Council plans to "go public" and request submission of issues and concerns. Council meetings are scheduled for September and for November. The Council fully expects to continue beyond the first year, when they think the real work will be done.

Most state government members demonstrate an optimism that may reflect an absence of firing line experience in major efforts at changing federal programs. The few who have had such experiences are definitely more cynical and less sanguine about results. The federal officials recognize their programs often present barriers but are more "resigned" to the Council as "another demonstration effort". Association members who are outside of government also reflect the same optimism as state officials. Time may harden the optimism, or they may learn how to conduct the process. It is too early to tell.

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APPENDIX A

**South Dakota Rural Development Council
Chronological Progress Report**

SOUTH DAKOTA RURAL DEVELOPMENT COUNCIL CHRONOLOGICAL PROGRESS REPORT

JUNE 24, 1991

- OCTOBER 25, 1990:** Initial meeting held in Pierre, with good representation from federal, state, and local organizations. Presentations were arranged and conducted by Washington management group and Governor Mickelson's office.
- JANUARY 12, 1991:** The expected-to-be council chairman and expected-to-be executive director attended the Rural Development Leadership seminar in San Antonio, Texas.
- JANUARY 21, 1991:** Executive Director hired for the South Dakota Council.
- JANUARY 22, 1991:** Steering/Nominating Committee met and agreed on a council operating policy, membership list, and a slate of officers to present to the full council.
- FEBRUARY 15, 1991:** Organizational meeting of the full council, with approval of the operating policy and action plan, adoption of the mission, goals, and objectives, and election of officers.
- MARCH 10-14, 1991:** Twenty-eight members from the South Dakota Council attended the Rural Development Institute in San Diego, California. The South Dakota Council organized into four committees to complete our five short-term goals and began the process.
- APRIL 11, 1991:** The full council met in Pierre, discussed the lessons learned at the San Diego institute, continued the committee work, and planned future work sessions independent of the full council meetings.
- MAY & JUNE, 1991:** Numerous committee meetings were held which have resulted in various printed informational forms to help explain our objectives, a week-long editorial blitz across the state, a nearly completed comprehensive needs assessment, unlike any attempted previously, a format for a computer-based data bank of resource information that will be continually maintained, updated, and expanded, and several ideas for demonstration projects that are very nearly ready to submit.

IMMEDIATE FUTURE COUNCIL ACTIONS

JULY 15-17, 1991:

Conduct the South Dakota Summer Institute that is planned to design our council strategy to assist rural development efforts in our state. We plan to restructure the council into four working groups that will address the four major categories of needs as identified by our needs assessment. These groups are expected to not only help formulate the strategy, but to act in a continuing role to facilitate the process.

AUGUST, 1991:

Submit at least one, but perhaps as many as three, proposals for demonstration projects.

Submit a draft of the South Dakota Council's strategic plan.

OCTOBER, 1991:

Begin our quarterly meetings of the full council, broken into four work groups, to begin our mission of encouraging interaction of federal, state, and local provider agencies and organizations to identify and eliminate barriers to rural community development in South Dakota.

APPENDIX B

South Dakota's Presidential Council on Rural Development

Mission, Goals, Objectives, and Strategies

SOUTH DAKOTA'S PRESIDENTIAL COUNCIL ON RURAL DEVELOPMENT
MISSION, GOALS, OBJECTIVES, AND STRATEGIES

January 22, 1991
(Updated April 22, 1991)

The mission of South Dakota's Presidential Council on Rural Development is to provide an institutional framework within which federal government resources can be used, in combination with those of state and local governments, private businesses, and nonprofit organizations, to promote rural economic development. Because rural economic development can only be achieved in the long term and because resources are limited, the Councils will provide leadership in making strategic use of available resources to achieve short- and long-term rural economic development goals. The Council will serve as a focal point for identifying inter-departmental and intergovernmental issues that are barriers to implementing a long-term rural economic development strategy, resolving those within their capability, and elevating national issues to the Economic Policy Council Working Group on Rural Development for action at the Washington, DC, level.

Goal 1: Achieve better inter-departmental and intergovernmental relations between federal, state, and local agencies that have programs or policies that impact rural communities.

Objective A: Create, by March 1, 1991, a state Council that includes all the heads of federal and state agencies, local government organizations, and private enterprises that directly impact rural communities which will meet on a regular basis to discuss methods to more effectively deliver assistance programs to rural communities.

Strategy 1: Set up a Nominating/Steering Committee composed of agency heads that have been informed of the overall mission of the President's Council on Rural America.

Action a: Hold the first meeting in January, before the full Council meeting in February, but after the training meeting for pilot states in San Antonio.

Action b: Develop a list of officers and members to recommend to the full Council and present this report to the Council for approval.

Action c: Develop an operating policy and present it to the full Council for approval.

Action d: Develop a mission, goals, objectives, strategies, and action plan and present the plan to the full Council for approval.

Objective B: Establish, by March 15, 1991, an effective linkage between the state Council, as inter-departmental policymaking bodies at the state level, and the EPC-WGRD, as an inter-departmental policymaking body at the national level.

Strategy 1: Report to the EPC-WGRD, on a regular basis, the strategies, activities, opportunities, and successes of the state Council.

Action a: The Executive Director will submit activity reports, on a monthly basis, to the EPC-WGRD, Governor Mickelson, the Executive committee, and all members of the Council.

Goal 2: Obtain an inventory of rural economic problems as identified by local officials.

Objective A: Identify and collect, by May 1, 1991, recently conducted surveys of state needs from all appropriate federal, state, local, and private agencies.

Strategy 1: Work closely with Council members to collect those surveys currently available through the represented agencies and organizations and to identify any other surveys that may exist outside the Council.

Action a: Convey requests by letter and by personal contact to all Council members to turn in copies of recently completed needs surveys and to identify any others of which they may be aware.

Action b: Meet with appropriate faculty at South Dakota State University to determine if an agreement can be reached that would permit SDSU to prepare a comprehensive data base of state needs from the various existing needs surveys.

Action c: Collect all identified needs surveys, analyses, and studies and deliver them to the appropriate staff at SDSU to develop a comprehensive data base of current state needs by July 1, 1991.

Goal 3: Prepare an inventory of resources available to address identified rural development needs.

Objective A: Assemble, by July 1, 1991, a comprehensive, user friendly data base that lists, in a single file, all resources and programs available to address rural needs and contact agencies and personnel that administer those programs.

Strategy 1: Work closely with Council members to identify those resources and programs available from agencies and organizations represented on the Council and to further identify any other resources of which they may be aware.

Action a: Through a combination of mailings and personal visits, collect the needed information from federal, state, and local governments; the private sector; and nonprofit agencies and organizations.

Action b: Meet with appropriate faculty at the Business Research Bureau at The University of South Dakota to determine if an agreement can be reached that would allow the BRB to prepare a comprehensive, user friendly data base of resources and programs available to help South Dakota's rural communities.

Action c: Collect all identified resources and programs and deliver these to the BRB by May 1, 1991. Determine the most efficient data base structure, identify the data base access points, develop the program, and deliver it to the Council by July 1, 1991.

Goal 4: Develop a short- and long-term strategy to address the needs of rural communities in South Dakota.

Objective A: Prepare a strategy, by August 1, 1991, that outlines how the programs of participating federal, state, local, private, and nonprofit agencies and organizations could be applied to address the needs of South Dakota's rural communities.

Strategy 1: The strategy should reflect the use of existing programs, with the premise that there will be no new programs or resources to address the identified needs.

Action a: Prepare a matrix that overlays existing resources with identified needs to determine what needs can be met with programs in their present form.

Action b: Identify those needs that exist outside the parameters of present programs and develop a plan that will move the existing programs into a position that more completely addresses the present needs.

Goal 5: Prepare a rural economic development implementation plan.

Objective A: Complete, by October 1, 1991, an implementation plan that sets out a strategy to adapt existing programs to better address existing needs.

Strategy 1: Develop the implementation plan in a manner that identifies needed changes to existing programs by changes that could occur at the state level, as opposed to the national level, to make existing resources more available to current needs.

Action a: Implement those changes that are possible to make at the state level and refer to the EPC-WGRD those recommendations that require action at the Washington level.

TEXAS RURAL DEVELOPMENT COUNCIL

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September 1991

I. NATURE OF THE RURAL SECTOR

The rural sector in Texas has been under duress for more than a decade. A steep decline in oil prices and poor performance in commodity prices have produced difficult conditions for rural Texas. These conditions are most clearly revealed in a dramatic fall in the value of agricultural land—30 to 50 percent decline in rural land median price per acre—during the 1980s. In addition, there has been a selective outmigration, especially in those counties not adjacent to metropolitan counties. Income levels are relatively low in rural areas. There is, however, great diversity in the various subregions of the state.

Demographics

The population of the state is about 80 percent urban. During the 1980s, metropolitan areas grew by about 22.8% while non-metropolitan areas grew around 6.1%. In terms of the labor force, metropolitan county employment grew, between 1976 and 1988, by 45% (7.5 million jobs) while non-metropolitan counties increased by 17 % (around 1.5 million jobs).

Rural Texans are older than urban Texans. In non-metro areas, 30.8% of the population is over 50 years of age compared to 20.3% in metro areas. While persons over 65 years of age account for around 10% of the state's population, they account for around 20% in rural areas. However, in the Rio Grande Valley, the rural age distribution is relatively bimodal—there are relatively high shares of children and of elderly.

Rural Texans have less education. While over 66% of urban Texans have more than 12 years of schooling, in rural Texas only 50.5% have attained that level. There is some subregional variation, however. In the Rio Grande Valley only 36% have more than 12 years of schooling while in the High Plains, over 60% of the population does.

Passive income accounts for around 39% of personal income in rural areas but only 26% in metropolitan areas. Farm income declined from 29% of rural income in 1969 to 17% in 1988. While goods producing sectors showed a relative decline throughout the state, it was much steeper in non-metropolitan areas. Per capita income was 18% higher in metro areas in 1988 (\$2,400) while 24% higher in 1976 (\$1,300) (not corrected for inflation). In West Texas, rural per capita income is actually

higher than urban per capita income. In South and Central Texas, there is not a dramatic difference in per capita income in urban and rural areas.

Definition of Rural

Among state and federal policy officials there is no commonly accepted definition of rural nor is there any pressure to establish a common definition. The exercise of defining "rural" seems to be avoided because it would be divisive. There is, in fact, great variation in rural character and culture in various subregions of the state. East Texas is Southern in character, with relatively small farms, numerous small towns and a high incidence of poor African Americans. In the Rio Grande Valley, there is fairly high population density in the rural areas of the Brownsville-Harlingen, Laredo, and El Paso and very low densities in other areas. The infamous "colonias" are unincorporated areas and can be considered rural although most are in metropolitan counties and near cities. There are various efforts to "urbanize" these areas through the provision of adequate levels of infrastructure. Annexation is one solution to this problem. The rural areas of West Texas are extremely sparse; towns are few and distances between them very great. Central and North Texas show great diversity in agricultural crops and a moderate population density. Cities of 50,000-100,000 serve rural areas and some manufacturing exists. Rural residents in Central and North Texas have fairly easy access to metropolitan areas.

II. GOVERNMENTAL STRUCTURE

Governor-Legislature

State government in Texas retains many of the populist concerns imbedded in its 1876 Constitution. The state has a long ballot, electing six executive branch officials. The governor has weak formal powers, limited to the power of appointment of members to boards and commissions and line item veto over the state budget.

Governors have occasionally exercised political leadership in the state but more frequently the state legislature, led by the Lt. Governor in the Senate and the Speaker of the House, establishes the agenda. The governorship has changed hands, and parties, in each of the last four elections. The limited powers of the governor and the continually changing political landscape have produced little leadership from governors, particularly with respect to rural issues. However, Governor Ann Richards, who took office this year, appears to be interested in influencing the rural development agenda in the state and has placed a high priority

on the colonias. Her ability to act on this agenda will likely be severely curtailed by the current fiscal crisis in the state.

Rural policy has not been a major focus in recent legislative sessions; in fact, the state has very few examples of spatial targeting. Diversity found in the state complicates the formation of consensus on a targeting strategy. In 1989, a water bill, however, was targeted to the colonias and funding was expanded in 1991. In addition, the Omnibus Health Care Recovery Act of 1989 had important provisions for rural health problems. While the Governor's agenda addresses all of rural Texas, a special effort is being focussed on the Rio Grande Valley, and especially the colonias.

Governor-Agencies

The governor's formal influence in the state executive branch is substantially circumscribed. Of the major state agencies with a rural development dimension, she has the power to appoint the executive director in only one, the Texas Housing and Community Development Agency. In the Departments of Commerce, Highways, Health and Human Services, the governor appoints board and commission members who appoint executive directors. Members of the Texas Railroad Commission and State Board of Education are elected directly as are the Commissioners of the Agriculture Department and the Land Office. Governor Richards, however, has been very aggressive and somewhat successful in gaining a majority of appointments to various boards and commissions and may have a significant influence on the operations of the agencies.

The Department of Commerce (TDOC) administers the small cities Community Development Block Grant Program (CDBG). TDOC was established in 1988 and Republican Governor Clements made all the appointments to its Board. The CDBG program has emphasized economic and community development projects. Governor Richards has made a concerted effort to gain control of the board, through appointments, and to influence the selection of a new executive director.

Texas Department of Agriculture was run by Jim Hightower from 1982 until 1990 when he lost the general election to Republican Rick Perry. Hightower aggressively pursued a new strategy for rural development, emphasizing protection of family farms, diversification of agriculture production, and value-added processing of food and fiber in the state. He drew broad political attack from the federal administration and the state's Farm Bureau and traditional agricultural interests. Governor Clements used various maneuvers to limit Hightower's powers. The new agricultural commissioner, Rick Perry, in cooperation with the Republican Treasurer, Kay Hutchinson, has announced the start of a rural business development program, drawing heavily on a program established by Hightower.

The Extension Service, affiliated with Texas A&M, has a high degree of autonomy. It is county agent-dominated and defines its own agenda to a significant extent. The specialists in the service are fairly entrepreneurial in their activities and have had significant impact on defining a rural development agenda for the state. The Extension Service has been able to work with gubernatorial administrations of both parties, and it is working closely with the new governor on state policy.

Legislature: leadership patterns, role of rural legislators

The dominance of rural Texas in the state legislature ended with reapportionment. While a significant rural voice is still found in the legislature, reinforced by the views and values of conservative Democrats and many Republicans, with few exceptions rural concerns are not significant legislative items. The fact of the matter is that Texas is around 80 percent urban and the Texas legislature reflects this composition. While the political power of large cities (Dallas, Houston, San Antonio) is somewhat fragmented between Democratic control in central cities and Republican control of suburbs, rural interests are not a dominating force in the legislature. Rural legislators tend to be conservative Democrats—although there are a few populist in these ranks—except in the High Plains where the Republican party dominates. However, partisanship in rural areas is weak; a conservative political orientation dominates. Even rural areas with a high minority population (East Texas with an African-American population and South Texas with a Mexican-American population) tend also to be dominated by fairly conservative political leadership.

State-Local Relations

In 1982 there were 4,192 local governments in Texas (254 counties, 1121 municipalities, 1,125 school districts and 1,691 special districts). This extraordinary fragmentation in local government is related to the limited powers provided to county government. County governments' principal responsibilities are in road construction, health services and hospitals, and criminal activities. Counties lack the power to be self-governing and are inadequately funded to be effective administrative units of state government. Counties are extremely limited in their abilities and in unincorporated areas special districts are frequently established to provide services. While counties are weak, the home rule powers of cities are strong.

Councils of governments exist throughout the state. Earlier viewed as a important advance in local government in the state, their record is mixed. Most serve relatively minor functions. However, in remote rural areas they do provide an important forum for discussion of regional issues. The aggressiveness of executive directors appears to be an important factor in the role Councils play in rural areas.

Role of Private Sector

The political expression of the rural private sector follows the same lines as in other areas of the country. The principal general farm organization is the Farm Bureau. Other major groups are agribusiness, commodity organizations, farm suppliers (chemical companies, financial institutions, etc), marketing and processing organizations, and utility companies. All these types of organizations are active in Texas, although most have a fairly narrow range of interests. Highway construction companies are close to county commissioners in rural areas. The Extension Service works very closely with many of the private sector groups.

III. PAST RELATIONSHIPS AND EFFORTS

Federal-State Relations

As reported from the state perspective, there has historically been little meaningful cooperation between federal and state governments in rural Texas. Three different types of federal-state relations can be identified, but instances of meaningful cooperation are few. Some federal delivery systems have little programmatic contact with state systems, e.g. Farmer's Home Administration and other U.S.D.A. programs. In instances of shared funding, where federal and state funds are utilized in a single activity, there is limited cooperation. In the Extension Service, the federal presence dominates policy direction with little influence or oversight by state officials. In the third type of relation, federal funds are administered primarily by state agencies. In the case of small cities CDBG, TDOC has substantial discretion in program administration and again no sense of cooperation between federal and state agencies can be noted. In fact, decentralization of the administration of federal programs, such as in health and human services and CDBG, diminishes the opportunities for cooperation between federal and state agencies because state agencies now have more discretion and autonomy in the administration of programs.

While programmatic cooperation is rare, a number of instances of state-federal collaboration on projects have occurred. In the 1960s, section 304 grants from the Economic Development Administration were provided to the Governor's Office. These grants had to be matched by state funds, and the program resulted in cooperation between the state, EDA and Farmers' Home Administration.

As an example of cooperation on a project, a water supply project in Sierra Blanca involved cooperation between TDCA, EDA and other agencies. In this case, no one agency had sufficient funds to undertake the project on its own. Under the

leadership of the regional director of EDA, a number of agencies agreed to provide partial funding. While a successful effort, it did not lead to further cooperation.

Small Business Administration (SBA) has an extensive field organization in the state and is generally viewed as an agency that cooperates with a broad range of institutions and organizations. While its specific mandate is to provide loans to private sector businesses, it fulfills this mandate in a fairly entrepreneurial fashion and works with many local groups (governments, chambers of commerce, utility companies, banks) and state (TDOC), and other federal agencies. As an example, one Small Business Development Center of SBA provides information on TDOC's export program; a district office of SBA volunteered to assume this role.

The Community Development Block Grant (CDBG) program, administered by TDOC, requires matching funds in its competitive grants programs. Local governments present proposals and the proposals will frequently include matching funds from such agencies as Farmers' Home Administration, EDA, and Texas Water Development Board. The Texas Health Department and Texas Water Commission may be involved if the proposals include water projects. The development of Comprehensive Housing Assessment Study (CHAS), a federal requirement, involves cooperation between the CDBG program in TDOC and the new Texas Department of Housing and Community Development.

These examples suggest that cooperation is the result of two different factors: (1) a legislative mandate, or (2) a need to aggregate resources sufficient to undertake a project. That is to say, agencies appear more likely to cooperate when other resources can be mobilized on a project of specific interest or when an agency is required to collaborate, especially for federal-state collaboration, by law.

In Texas, there are a number of instances of outright hostility between state and federal agencies. The TDA, under Jim Hightower, was involved in a public feud with USDA over beef exports, among other matters. Similar disputes, although less public, occurred between TDA and other state agencies.

In social services, there has been a good deal of cooperation and coordination between state and federal agencies. While federal dominance has dissipated, with decentralization and the creation of block grants, federal agencies nevertheless still play a facilitative role. The Public Health Service was identified as an example of a federal agency with an extensive history of very significant relations with state and local agencies. Federal centers and institutes provide important technical information, largely through professional relationships with state officials.

One state official argues that after comparing the range of potential activities of the federal government and state government in rural development, in only two areas does federal government clearly hold advantage over states: raising capital and in

providing technical assistance. In other areas, such as mobilization of local resources and service delivery, states have more effective instruments and capabilities. This may have implications for the potential basis for effective cooperation. Furthermore, until 1987-88 federal legislative and executive personnel in Washington, appeared to have not trusted state officials. That is, cooperation was not pursued because state officials were perceived not to be committed to protecting existing federal programs. However, there was a dramatic change in the late 1980s, perhaps as a result of the budget crisis in Washington. Given the lack of resources, federal agencies and policy-makers started looking to the states as potential partners in rural development.

Federal-Federal Relations in Rural Texas

Federal officials reported only limited cooperation among federal agencies in the state although the degree of cooperation with other actors varies significantly among agencies. Agencies have distinct missions and constituencies, thus producing little coordination and cooperation. Also the training received in some federal agencies may be not conducive to approaching rural issues in the holistic framework suggested by the federal initiative. As one former federal official, now with state government, observed, federal agencies and officials tend to be program-oriented and, consequently, cooperation is problematic.

The need, however, for cooperation was confirmed by most people interviewed. Many instances were noted where several agencies have programs that can deal with the same problem -- for example, construction of rural health facilities can be funded by DHHS, Farmer's Home Administration and HUD -- yet none have adequate knowledge of health issues. Overlapping jurisdictions justifies the need for cooperation. Some officials indicated that this lack of cooperation among federal agencies is the result of Congressional committee structure.

One other explanation for the lack of cooperation among federal agencies was the significant decrease in the line and operational responsibilities of federal agencies. Decentralization of these responsibilities to states, as in health and human services or small cities CDBG, means there are fewer resources available within regional offices of federal agencies upon which cooperation could be based. Another possible outcome of such arrangements may be greater federal control and less cooperation.

Because of the matching fund requirement in most programs of EDA, it has a fairly significant history of cooperation. Local communities must put together proposals which include a match, and often funds from other federal agencies are used. These instances of interdepartmental collaboration resulted from actions

initiated by local communities, as noted above in the case of the small cities CDBG program.

The SBA also has a reputation for extensive and productive cooperation with other federal, state and local agencies and the private sector, as described above. Its extensive field operation, the nature of its mission--proactive and entrepreneurial--and its organizational culture all apparently contribute to its record on cooperative relationships in rural Texas.

State Level Activities Dealing with Rural Texas

In 1990 a major state initiative in rural development was completed. Interim committee legislation was adopted in the 70th Legislature (1988) for a Rural Development Commission. The legislation was promoted by a Republican representative from West Texas and its charge was to survey conditions in rural areas and to make policy recommendations for rural Texas. While the Commission was formally nonpartisan, it was staffed by TDOC and the Extension Service and a number of observers noted an anti-Hightower attitude in the original motivation for establishing the commission.

Regardless of the motivation for the formation of the Commission, it conducted hearings throughout the state and involved a large and diverse group of individuals in its discussions. Its report was very thorough and clearly focussed on rural development rather than on agriculture development. Even though few of its legislative recommendations were adopted in the 71st Legislature—buried in the ongoing dispute between TDOC and TDA—the Commission's work was successful in defining the problems of rural Texas and its report will have a lasting effect on policy discussions in the state. In particular, an office of rural affairs, a clearinghouse of information for rural areas, and rural training consortia have attracted a good deal of attention. (The Commission's report was used during the June meeting of the Texas Federal Rural Development Council.)

In terms of social services, a good deal of effort has been devoted by the state to coordination, especially in health and human services. This effort has been undertaken both in agencies and in the legislatures. The health crisis in rural communities has led to a variety of actions by the state, including the creation of the Center for Rural Health.

As a result of both the Commission's work and Hightower's initiatives, a holistic approach to rural development is widely accepted in Austin. In addition, as a result of the small cities CDBG, TDA programs, SBA and other activities, significant progress has been made in developing rural assistance infrastructure in the state. That a broad range of activities and services need to be coordinated in order to serve adequately

and to induce change in rural Texas is understood and endorsed. However, as one observer noted, as one moves from broad policy initiatives to specific projects in the field, traditional agricultural projects dominate. In any event, the policy environment appears to be receptive to change.

IV. MEMBERSHIP ON THE COUNCIL

The formation of the Texas Federal Rural Development Council (TFRDC) has followed a path unlike that of the other pilot states. There are three major differences: (1) full membership on the Council is reserved to representatives of federal agencies; state and private sector members have an affiliate status; (2) one of the first actions of the Council was to adopt a constitution and by-laws; and (3) the TFRDC has operated without an Executive Director, although one will be in place by September 1, 1991.

The responsibility for implementing the TFRDC was given to the Farmers' Home Administration offices in the state. Officials at Farmers' Home Administration understood its charge to be the creation of a Council to encourage, principally, cooperation among federal agencies. While this charge would involve state and local participation, the undertaking was perceived to be ultimately a federal initiative, dependent upon federal resources, and hence full Council membership was restricted to representatives of Federal agencies. There were also legalistic concerns related to the lack of a legislative backing to the Federal Initiative, and hence limitations on joint funding (federal and state) of activities. Some suspect there was also a political motivation to the affiliate status for state officials in that many state agencies are controlled by individuals associated with the Democratic party and there was a fear that state officials might attempt to dictate the Council's agenda.

The initial organizational meeting was held in San Antonio, November of 1990. At the second meeting, February 11, 1991, the TFRDC formally organized itself and adopted by-laws and elected officers. The decision for an early adoption of a constitution and by-laws was the result of the principals at Farmers' Home Administration desire to state clearly and explicitly the purpose and organizational structure of the Council. It was believed that such formality would diminish the ambiguity of purpose and competition for "turf" among the wide variety of actors involved in the Council. The apparent advantage of this strategy was that the nature and range of interaction of participants on the TFRDC was clarified and questions of self-government were well-defined. Certain aspects of this strategy, however, did create misgivings. U.S.D.A. agencies hold 13 of the 35 federal votes on the Council

and state and private sector representatives hold affiliate status, which disqualifies them from being members of the Executive Committee.

The TFRDC has yet to appoint an Executive Director. The Extension Service volunteered to detail an employee to serve in this capacity. This offer met with resistance, both political and interagency. There was also a desire to locate the TFRDC office in Austin, which the Extension Service was not prepared to do. The Austin location was considered critical to the Executive Committee and, consequently, the appointment of an Executive Director was delayed. This delay has placed additional responsibilities on the TFRDC Chair, who has served in his policy leadership capacity but also has had responsibility for the daily operations of the Council. It has also forced the TFRDC to rely more heavily on committees and broader member participation than would have been the case had an Executive Director been in place.

Membership

Membership in the Texas Rural Development Council consists of heads of state offices, or their designee, of Federal departments and agencies located in Texas with rural development responsibilities and/or impact and representatives of regional offices serving Texas for agencies without state-level offices. Affiliate Member status is available, upon written request, to officials or representatives from state government, local government, private sector organizations, and nonprofit and charitable organizations who have responsibility for and/or impact on rural development.

Membership (as of 7/16/91)

<u>Federal—voting members</u>	35
Austin	7
Dallas	10
Ft. Worth	3
Temple	3
College Station	4
other	4
out-of-state	4
women	4
<u>State—voting members</u>	22
Austin	17
College Station	3
Other	2
women	6
<u>Private—voting members</u>	15
business	2
state associations	5
communities	3
Austin	7
out-of-state	2
other	5

Organizational Structure, Officers and Chairs

The Texas Federal Rural Development Council is governed by an Executive Committee, which consists of the officers of the Rural Development Council:

Chair—Assistant State Director, Farmers' Home Administration, Temple

Vice-Chair—Special Assistant to the Regional Administrator, U.S. Department of Housing and Urban Development, San Antonio

Secretary—Acting Regional Director, Economic Development Administration, U.S. Department of Commerce, Austin

Treasurer—Regional Director, U.S. Department of Health and Human Services, Dallas

General Counsel—Office of General Counsel, U.S. Department of Agriculture, Temple

Other members include the immediate past Council Chair and the Executive Director (non-voting member). The first set of officers was elected on February 11, 1991 and

will serve through December 31, 1991. Thereafter, officers will serve for one (calendar) year.

The Executive Committee is empowered, in the Council's Constitution and By-laws, to establish committees deemed necessary to carry out the activities of the Council. Committee membership is open to representatives from the Federal Government and Affiliate members. Committees are co-chaired, with one co-chair from the federal government and the other non-federal. Five committees have been established:

Clearinghouse Committee (federal members-3; state-6; private-5)

Federal Co-Chair: Director, Texas Agricultural Extension Service, Texas A&M University, College Station

Non-Federal Co-Chair: Assistant Commissioner of Intergovernmental Affairs, Texas Department of Agriculture, Austin

Outreach and Retention Committee (federal-2; state-1; private-1)

Federal Co-Chair: Reclamation Rep., U.S. Bureau of Reclamation, Austin

Non-Federal Co-Chair: Director, Rural Rental Housing Association, Fort Worth

Delivery System Committee (federal-8; state-6; private-5)

Federal Co-Chair: Regional Director, ACTION, Dallas

Non-Federal Co-Chair: Associate Director, Economic Development and International Relations, Office of the Governor, Austin

Strategic Planning Committee (federal-6; state 4; private-5)

Federal Co-Chair: Special Assistant, U.S. Housing and Urban Development, San Antonio

Non-Federal Co-Chair: Extension Economist-Development and Policy, Texas Agricultural Extension Service, College Station

Special Issues/Demonstration Committee (federal-14; state-4; private-3)

Federal Co-Chair: Regional Administrator, U.S. Housing and Urban Development, Fort Worth

Non-Federal Co-Chair: General Manager, Texas Rural Communities, Inc., Austin

The organization of these committees and their initial charge were developed during a two-day strategic planning meeting on April 22 and 23, 1991. The committees held meetings in conjunction with the Institute on June 4-6. Each committee reported back to the full Council the work plan and objectives (discussed Section VII).

Participation of Federal and State Agencies/Departments

Participation of federal and state agencies is very broad. While the core group represents a small subset of potential participants, to date most, if not all, agencies and departments are represented; certainly all relevant actors are listed as members of the Council. There may be some lack of substantial participation of social service agencies and departments, both state and federal. The long standing lack of understanding between infrastructure and development agencies and social service agencies is not likely to be easily resolved by the Council. The challenge is even more complex given that state agencies are the principal providers, rather than federal agencies, and these state agencies have not been active in the Council. More extensive participation of such actors will likely depend on the types of demonstration projects chosen and since projects that involve both social service agencies and development agencies are difficult to organize, chances are this limited participation will continue.

Members' Motivations for Involvement and Expectations.

There are diverse motivations for involvement in the Council. The most frequently given reason is that the Council can potentially fill a real need by providing a forum to discuss rural issues and to encourage cooperation among the various actors. To "network" with other officials involved in rural Texas was a very common motivation for participation.

Among some federal officials, there was a sense of obligation to directives from Washington and a commitment to try to make the President's initiative work. To draw additional federal resources to the state was also mentioned as a potential benefit. Given that federal agencies and officials tend to be program oriented, the project orientation of Council provides opportunity for federal officials to be creative and innovative.

Among state officials, in spite of some irritation toward their affiliate status, there is optimism toward the endeavor. Even though rural initiatives fared poorly in the last legislative session, much of state government is under "new management" and, consequently, ripe for change, including the development of new relations among state agencies. There is also a skeptical view that finds this initiative to have little substance and little promise because there are no new resource allocations for it; given that significant new federal resources are unlikely to become available, the effort amounts to little more than arm-waving. Also, since state officials are affiliate members, there may be somewhat less commitment on their part toward achieving its success.

State officials are quickly moving forward on rural agendas, especially at TDA and in the Governor's Office. The Council is providing a neutral forum for these two groups to interact. However, the ability to blend these agendas with federal ones developed by the Council remains uncertain. The identification and implementation of demonstration projects will obviously be a crucial test. While some individuals express reservations about the likelihood of success, most are relatively optimistic. Most also believe that the interaction and "networking" to date have already produced positive and significant results and that the Council could continue for a reasonable length of time even if no demonstration projects are undertaken.

It is also interesting to note that few individuals hold very high expectations for the Council; at best, it will serve to coordinate rural development efforts but its effect is likely to be in terms of the impacts of specific projects and not in terms of policy development. The policy development function will remain with the individual agencies and legislative bodies.

V. STAFF OF COUNCIL: EXECUTIVE DIRECTOR

Process of Selection

The Executive Director of the Council is appointed by the Executive Committee, according to the by-laws. The Executive Director will serve as chief staff officer of the Council and be a non-voting member of the Executive Committee. The Executive Committee is responsible for identifying office, secretarial and other needed support of the Executive Director.

The Council has yet to appoint an Executive Director, for reasons discussed above. In addition, the Executive Council has adopted a cautious and deliberate strategy in forming the Council in order to assess the extent of commitment of federal and state and private sector officials before staffing the organization (the appointment of an Executive Director was not given a high priority in the formative phase of the organization).

At the Council meeting in Austin June 4-6, 1991, the Council Chair announced that the Farmers Home Administration had designated a existing unfilled line to fill the position of Executive Director of the Council. The Executive Director would be an employee of Farmers Home, on loan to the Council. Recruitment for the position was opened and expected to be filled by September 1, 1991.

Staff Office

The Council initially operated out of the Farmers Home Administration Office in Temple. The permanent office of the Council will be located in Austin, Texas, in space provided by the General Services Administration. EDA is providing help in organizing the office.

Staff Responsibilities

The Executive Director will carry-out the policies of the Council and be responsible to the Council in conducting its day to day business.

A director of special projects on detail from the U.S. Forest Service, was appointed in July. Current responsibilities include setting up the Council's office, collecting and developing Council materials, and designing information dissemination vehicles. Once an Executive Director is appointed, responsibilities are likely to be redefined.

Available Resources.

The Council is currently seeking operational funds from federal agencies. A grant has been provided by a private sector organization, the Rural Rental Housing Association, for \$5000. Furniture, office equipment and supplies are being sought as donations from federal agencies.

Relationship to Federal Monitor

The relationship was important as the TFRDC was organized, but as time has passed, the advising functions performed by the monitor have been increasingly met at the Executive Directors meetings.

VI. MEETINGS

Types and Purpose of Meetings

The Council and its Executive Committee meet quarterly. The first meeting of the Executive Committee was on February 27, 1991, where a variety of administrative issues were discussed—selection of Executive Director, location of office, cooperation with the Governor's Office and the By-Laws.

The Council participated in the Rural Economic Development Institute in New Orleans in early March. Thirty representatives from Texas attended. The Council held its second meeting in conjunction with the Rural Economic Development Institute in

Austin, June 4-6, 1991. This meeting was attended by 69 individuals. Presentations were made on the Federal Initiative, national and state economic conditions in rural areas, and rural policy in Texas. The committees of the Council had several hours available for meeting and reports were made to the full Council in the closing session. This Council meeting appeared successful in broadening the participation of various federal, state and local officials in the Council's activities. Previously attention had been focused on institutional and procedural issues, but at this meeting the discussion moved toward substantive issues and actions to be taken by the Council. One official reported that the meetings was too formal with too many presentations and not enough time devoted to interaction and open discussion.

Agenda Setting

As established in the By-Laws, the Executive Committee is authorized to set the agenda for Council meetings. In terms of the committees, while they did receive a charge from the Executive Committee, they appeared to exercise substantial discretion in determining what types of issues and actions they would consider.

Decision Rules

According to the By-Laws, for the Executive Committee, a majority of members need be present for constituting a quorum and when a quorum is present, a simple majority shall decide any questions put to a vote. At the meeting in Austin, decision by consensus appeared to be the principal operating rule. Decision by consensus has frequently been indicated as the only feasible decision rule for the Council.

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

Content of the Council's Agenda

The objectives of the TFRDC, as stated in its Draft Strategic Plan (July 12, 1991) are:

1. An assessment of the rural economic development problems in various regions of the state, their causes, and the elements of a strategy that will be necessary to resolve them. Included with this assessment would be the development of an overall plan that will insure investments of time and resources that will have the greatest positive impact on rural development in Texas. As an essential element of the process, the Council will identify and describe barriers to effective cooperative action and recommend necessary changes in procedures to eliminate or lessen these

barriers. To undertake these tasks and meet these objectives, a Strategic Planning Committee has been created.

2. The development of a better understanding of the resources that are currently available for rural development in Texas. To this end, the Council will update the inventory of Federal Rural Development Resources prepared by the General Accounting Office in 1989 as well as collect current information on resources from state and local government as well as private sector and nonprofit organizations that are available to address rural development needs in Texas. The Council has created a Clearinghouse Committee to carry out this task.

3. Ensure that resources are employed efficiently and effectively to meet the needs of rural development as well as provide a means by which accurate information on available resources can be obtained by end-users throughout Texas. It is the responsibility of the Delivery Systems Committee to meet this objective.

4. Conduct outreach to develop an effective working relationship with partnership organizations among state and local government, in the private sector, and among nonprofit organizations. The Outreach and Retention Committee has been formed to meet these objectives.

5. Identify potential partnership opportunities where a coordinated, cooperative effort could maximize the assistance provided to a rural community or directed towards a specific rural problem. To accomplish this objective, there is a need for the development of strategies for combining resources from various agencies and selecting appropriate projects where a coordinated effort can be undertaken. Any such approach must take into consideration the different needs of individual regions and types of areas, as well as those of individual population subgroups within Texas. A Special Issues and Demonstration Projects Committee has been formed and charged with the responsibility of meeting this objective.

To date, most issues addressed by the Council and Executive Committee have focused on operating procedures and organizational structure. The substantial discretion given to federal officials in Texas to establish the Council has been exercised through a relatively slow and deliberate strategy. The success of the Council depends on voluntary cooperation for federal, state and local officials and the Council's Executive Committee felt this could best be achieved through a process in which substantive issues were postponed until the range and extent of interest of possible collaborators could be determined. The postponement of selecting an Executive Director also reinforced this strategy. The commitment became evident in the Council meeting in June, and steps toward establishing a substantive and operational agenda were taken.

Much of the Council's work is being conducted through Committees:

Clearinghouse Committee — Its objective is to insure the availability and accessibility of a comprehensive database of rural resources to support rural development in Texas. Subcommittees have been formed with the task of identifying rural development clearinghouses. Based on these findings, the committee plans to organize an index of clearinghouses. Access to the index will be determined in collaboration with the Delivery System Committee, but will likely include a 1-800 number and be housed in the TFRDC Austin Office. Subcommittees were created—Agriculture, Economic Development, Human Resources, and Infrastructure—in order to broaden the base for the committee's search activities. Target date for completion of the initial phase of this task is August 1, 1991.

Outreach and Retention Committee — Its objective is to identify and involve agencies, organizations, and people who have meaningful roles to play in meeting TFRDC's goals. Categories of membership have been proposed as well as the types of materials that can be used in its recruitment strategies. Subcommittees are developing a written plan outlining proposed methods for bringing additional TFRDC participants on board and addressing specific activities. Target date for submission of subcommittee reports is July 24, 1991.

Delivery System Committee — Its objective is to identify a delivery network which efficiently and effectively uses existing resources to address rural needs in Texas. This includes access to clearinghouse information by potential users and the adoption of clearinghouse information in the various training programs in the state. Subcommittees are at work preparing a written plan outlining a proposed delivery system for Texas. Target date for submission of this report is July 25, 1991.

Special Issue/Demonstration Committee — Its objective is to identify rural development needs and opportunities which should be addressed by intergovernmental and private sector cooperation. Subcommittees are collecting information which will assist in the preparation of a written needs assessment of rural Texas. Target date is July 25, 1991.

Strategic Planning Committee — This committee includes the co-chairman of the other four committees as well as all members of the Executive Committee. It will take the reports from the four committees and integrate their findings into an overall plan of action. It is anticipated that this committee will meet in mid-August, 1991, and prepare a report for submission to the Council at its September 1991 meeting.

By the end of the current calendar year, TFRDC expects that the following will be accomplished:

- A clearinghouse of current information on rural development resources will be established and operational in Texas.
- An effective means of making this information available to local end-users will be identified and steps taken to institute such a delivery system throughout Texas.
- One short-term project will be identified as suitable for a coordinated, cooperative effort by Council agencies and organizations.
- A long-term project will be identified and initial research undertaken to determine the most effective means of cooperative action.
- Additional private sector and nonprofit members will have been recruited to participate in the activities of the Council.
- Sufficient funding will be in place to ensure the effective operation of the TFRDC throughout the 1992 fiscal year.

Process of Setting the Substantive Agenda

The process of setting a substantive agenda has been embedded in the committee structure of the Council. The task of identifying potential demonstration projects rests, at least initially, with the Special Issues/Demonstration Committee. In its report to the Council at the June meeting, the committee decided to investigate a project in Corpus Christi that involved cooperation between federal agencies to see if any lessons could be learned from the case. Potential demonstration projects are being identified and assessed by the committee. Recommendations on demonstration projects will be brought before the full Council.

Resolution of Disputed Issues

At the time of the formation of the TFRDC, disputed issues such as affiliate status for state officials and representation of U.S.D.A. agencies were resolved by deferring to the leadership of the initiative, Farmers Home Administration. Having clearly defined by-laws, with explicit rules for changing the by-laws, and a very open posture with respect to broad participation in Council business, dissipated much of the early antipathy produced by these controversial decisions.

While the identification of short- and long-term demonstration projects has not yet created disputes, it is a critical element in the future of the Council. Great care is being exercised in this process, in order to secure broad support and to avoid disputes. In other words, the method of resolving disputes is largely one of taking actions necessary to avoid disputes. The organization is probably not yet strong

enough to adopt any other method of dispute resolution. This may limit the range of issues/projects addressed by the Council.

Relationship between State Agenda and the National Agenda

This relationship is largely unformed. Attention has been focused in developing consensus and establishing an agenda for the Council and the relationship with the national agenda is still undefined. This may change in the near future as the Council starts soliciting funds for its activities. As federal agencies in the state consider funding projects, approval from Washington may be required, thus changing the nature of state and national interaction. The relationship between the state and federal agendas is likely to be project-oriented and not concerned with rural development policy since TFRDC is unlikely to engage in policy issues.

There is some fear that the issues surrounding the Farm Bill and the Federal Initiative, especially in the formation of the Rural Development Administration, may undermine the grass-roots nature of the TFRDC.

VIII. PARTICIPATION IN INSTITUTES

The Texas Federal Rural Development Council has participated in two National Rural Economic Development Institute meetings (New Orleans, Austin). Thirty representatives attended the New Orleans meeting and while this meeting was helpful in explaining the purpose of the President's Federal Initiative and for gathering representatives from federal, state and private sectors to discuss common problems, the Texas participants felt strongly that the second meeting should be held in Texas and focus on Texas issues. The Austin meeting (attendance 69) appeared very successful. A wide range of topics were discussed and the participants represented broad and diverse interests. The interaction of the participants was very important and a sense of being engaged in a common activity emerged among the participants.

IX. FUTURE PLANS

Meetings Scheduled

July 1991

- 24 -- Outreach and Retention Committee Meeting
Federal Building, Austin, Bureau of Reclamation
- 25 -- Delivery System Committee
Sam Houston State Building, Austin

August 1991

- 1-- Clearinghouse Committee Meeting
Stephen F. Austin State Building, Austin
- 19-20 -- Executive Directors Meeting—8 Pilot States
Seattle, Washington
- 28 -- TFRDC Strategic Planning Committee Meeting
Grant Building, Austin

September 1991

- 24-25 -- Executive Directors Meeting—8 Pilot States
Maine
- 19 -- Quarterly TFRDC Membership Meeting

WASHINGTON RURAL DEVELOPMENT COUNCIL

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September 1991

Executive Summary

Overview: Washington's Rural Development Council, as of July 1991, has:

- created an Executive Committee of 30--a chair, five vice-chairs, 24 additional members representing nonprofit organizations, private sector, tribal governments, local governments, state agencies, and federal agencies.
- developed a mission statement that stresses locally-initiated strategies and activities.
- organized efforts to develop a resource inventory, a means of selecting local projects, and several pilot projects to test efforts at coordinating local, state and federal activities.
- named an Executive Director, who reports to the Council and is on loan from the state Department of Community Development.

Washington's rural sector occupies more than three-fourths of the state's geography, yet contains less than 20 percent of its population. Non-metropolitan counties are mostly either timber-dependent or agriculture-dependent; a few are both. Rural areas have less density, lower per capita personal incomes, proportionally fewer people in prime working age groups, and more people with low education than metropolitan areas of the state.

Previous and continuing rural development activities in Washington have concentrated on small communities dependent upon a single, or narrow, range of economic activity. Rural development efforts have also gone beyond narrow economic and business concerns, to include transportation, housing, infrastructure, health care, family security, education and workforce retraining issues and programs. Better coordination of these directions will be a major challenge for Washington's Rural Development Council.

Initial pilot projects will focus on two general issue areas: low-cost and affordable housing in rural areas and coordination of job retraining resources in timber-dependent counties. Choice of these issue areas grew out of case studies of Douglas (Eastern Washington) and Lewis (Western Washington) counties presented at an Executive Committee retreat in July 1991.

"Form, consolidate and evolve" describes the actions of Washington's Rural Development Council through July 1991. Washington's commitment to, and involvement in, the national effort will be assessed before the new federal fiscal year--October 1991.

I. NATURE OF THE RURAL SECTOR

More important than urban and rural differences is the division in Washington State between those regions east and west of the Cascade Range. Western Washington is the "coastal" region of major manufacturing and urban centers, forested and green landscapes, access to salt water resources, temperate and wet climate. It also contains the political capital. Eastern Washington, conversely, is agricultural, dry, resource-dependent, and somewhat physically distant from political and economic decisions.

Looking at the spatial distribution of population in the United States, one realizes that the Pacific Coast region is its most urban. California, with 96 percent of its population living in metropolitan areas, sets the tone for the region, but Washington State is second and above the national average, with 82 percent of its residents living in metropolitan counties.¹ Rural, non-metropolitan counties are 28 of Washington's 39 counties (see Appendix A, figure 1), covering nearly three-fourths of the state's geography, but holding a scant 18 percent of its population.

This division of the state into metropolitan and non-metropolitan counties is, in part, a fiction of the Bureau of the Census. Many of Washington's highly urbanized, metropolitan counties, such as King (Seattle) or Pierce (Tacoma), also have substantial rural areas where agriculture and/or forestry are major segments of localized economies. In Eastern Washington, counties that are nominally metropolitan (Yakima and the Tri-Cities of Benton and Franklin counties) are major agricultural regions of the state and contain many small towns and sparsely populated areas. Other counties in both regions of the state that are nominally non-metropolitan are facing major issues of in-migration, population expansion and growth management. The fiction, however, is accepted and the discussion here of rural Washington will focus largely on the features of the state's non-metropolitan counties.

Economic Features

Employment patterns in non-metropolitan and metropolitan Washington share one feature: the services sectors have the largest portion of workers in each.² Apart from this general feature of the current American economy, Washington's non-metropolitan counties have two quite different features of dependence on a natural resource base.

Farming. Where the recently distressed agricultural regions of the United States seem typified by single or perhaps dual crop or commodity rural economies, Washington's agriculture is quite diversified. No single crop or agricultural activity dominates, but wheat, beef cattle, dairy products, apples, and miscellaneous crops are the major categories.

Where agriculture is a dominant feature of the local economy, generating 15 percent or more of total industry earnings, the county is classed as "agriculture-dependent."³ To these non-metro counties could be added the nominally "metropolitan" counties of Yakima, Benton and Franklin, clustered in the Columbia Basin region of south-central Washington (see Appendix A, figure 2).

Forests. Timber and associated forest products industries are crucial features of others of Washington's counties. In its 1991 session, the Washington Legislature enacted a package of coordinated economic diversification and family security bills to begin to address the economic distress and social dislocation occurring in the state's timber-dependent counties. This resulting legislation also defines timber-dependent regions, which now account for 20 of the state's 39 counties. Three of the 20 are metropolitan counties (Whatcom, Snohomish and Yakima) that have substantial employment in timber-dependent industries (see Appendix A, figure 3).

Agriculture-dependent, non-metropolitan counties have had a combination of high and low unemployment rates, but timber dependent, non-metropolitan counties traditionally have had unemployment rates from double to more than triple the state average (see Appendix A, figure 4). Timber dependent, non-metro counties are distressed, reflecting a historically long decline in the once dominant timber industry⁴ that manifests itself today in the state's highest unemployment rates and high rates of public assistance use.

Age Distribution

The age mix of a population is both a reflection of and a stimulus to its economic health. Those areas with a high proportion of their population in the prime working age groups of 18 to 44 years of age are usually more urban, with more diversified economies, higher wages, higher per capita incomes--and also higher costs of living.

Compared to the state as a whole, and compared to urban, metropolitan areas in both Eastern and Western Washington, non-metro counties show smaller proportions in this prime working age-group (see Appendix A, figure 5). Correspondingly, these counties have higher proportions of two dependent populations--the young and the old. The age mix is also reflected in these counties' standing in per capita income distribution in Washington (see Appendix A, figure 6).

Education

In this era of much discussion of educational quality, one should not forget the mere attainment of a high school diploma as the threshold of economic self-sufficiency for individuals. Those without such a diploma are very low on the earnings ladder and generally remain there throughout their working lives. Gone forever in Washington are the days when a male high school drop-out could go to work in a lumber mill, earn wages high enough to support a family in comfort in rural areas, and have some economic stability even with some seasonal and cyclical fluctuations. Economic futures for women without this basic educational credential are even more dismal.

Washington's Family Income Study portrays education attainment for metro and non-metro, Eastern and Western Washington, populations. Figure 7 (in Appendix A) shows these patterns for 1988, where educational deficits, defined as completion of less than a high school education, are somewhat more evident in non-metropolitan areas of both Western and Eastern Washington.

The Nature of "Rural" and of Change

Consensus on a definition of rural is elusive, and doubtless of mostly academic interest. Areas minutes from Seattle, Washington's dominant metropolitan center, are bucolic rural retreats with all the features of an agriculture-based local economy. Thanks to local efforts at protection of farmland, many of these areas will remain productive farmland in the near term.

Other areas, equally close to metropolitan centers, hold major tracts of potentially harvestable timber and still support occupations that evoke much that is historically characteristic of the Northwest.

In rural, remote areas of the state, hundreds of miles from the nearest urban center, are agriculturists who orchestrate their annual cropping patterns to the demands of distant foreign markets in Asia and the Middle East. These "farmers" keep in constant contact with potential markets and international brokers through modems, computers and telecommunications networks that rival those in the nation's most sophisticated cities.

Perhaps remoteness from services defines rural, but often it also includes a perspective on ways of living, a more informal style, a warm sense of humor and a crafty assessment of what is worthwhile to pursue. Change affects all rural areas in Washington State; some will experience it more rapidly than others, as they are drawn into the expansion of its urban, metropolitan areas.

New forms of manufacturing -- electronics, computers, software, biotechnology-- will characterize some of this change. Similarly, the services sectors, dominant now in

both metro and non-metro areas of Washington, will also expand and transform. The hope for change is that these areas of expansion and growth will spread to Washington's rural areas. Very recent patterns of employment growth suggest, for example, slightly less concentration in Washington's core Puget Sound region (Seattle, Tacoma, Everett and their environs) and some expansion on the periphery.

II. GOVERNMENTAL STRUCTURE

Washington is most obviously a western state -- one that just recently celebrated its statehood centennial. It also has a strong western populist tradition that has led to extensive citizen participation in public decisions. This populist history has developed a political culture that is at least wary of government and the concentration of political authority.

This history also produced a state governmental structure with nine officials elected by a statewide electorate. In addition to the governor and lieutenant governor, the offices of attorney general, secretary of state, treasurer, auditor, insurance commissioner, commissioner of public lands, and superintendent of public instruction are all elective (see Appendix A, figure 8). In Washington, all judges -- supreme court justices, state court of appeals judges, county superior court judges, district court judges -- are elected on non-partisan tickets.

Added to these separately elected officials are heads of agencies only indirectly responsible to the governor, but who are selected by commissions appointed by the governor. Of the approximately 97 separately budgeted agencies and state organizations, only 34 report directly to the governor. Some of these agencies are tiny--some with fewer than 10 employees. Finally, Washington State, at any time, has over 400 separate boards, councils, commissions and committees providing independent advice or direction to the activities of state government.

Every recent governor has tried various forms of state government reorganization; some have been successful at the margin, but none have implemented a thorough restructuring. The current governor has made several proposals for reorganization over the past six years. Only a few have been legislatively approved. About as many new agencies have been created as have been consolidated.

Governor-Legislature

Authority in the state is institutionally and politically divided. Aside from elected heads of major state executive functions, the legislature since 1987 has been

balanced between a Republican Senate and a Democratic House of Representatives. Partisan differences weigh somewhat less heavily than do institutional differences, however, and leaders in both Senate and House, regardless of their partisan affinity with the governor, develop their own policy agendas.

Governor-State Agencies

Economic development efforts in Washington State are the prerogatives of a range of state agencies. Principal ones are the Departments of Trade and Economic Development, Community Development, Employment Security and Agriculture, all of whose directors are governor's appointees. The heads of these agencies, together with the directors of the State Board for Community and Technical College Education and the Higher Education Coordinating Board, comprise the governor's economic development cabinet. This cabinet group, recently reinstated, is to provide general coordination and policy guidance for executive agencies' involvement in economic development.

The Department of Trade and Economic Development is the state agency with primary responsibility for liaison with the private sector. Appropriately, the Department of Community Development is responsible for administering the federal Community Development Block Grant and implementing programs with these resources.

Washington's Department of Health is a relatively new state agency, carved out of a larger umbrella human and health services agency--the Department of Social and Health Services. A recently created Office of Rural Health will bring attention to the particular needs of access, facilities, training and technical assistance of rural areas in Washington. Articulating the role of rural health in a broader state rural development policy will be the challenge for this state agency.

Policy direction in education at the state level in Washington is somewhat fragmented. Local K-12 education, as in much of the country, is largely the responsibility of local school districts and their locally elected boards. State funding of basic education, in effect since the late 1970s, will produce in excess of \$7 billion in state general funds in 1991-93 for these local schools. Overall coordination of resources and policy is the charge of the Washington Office of the Superintendent of Public Instruction, headed by a separately elected state official.

Community and technical colleges are under the direction of the State Board for Community and Technical College Education, although each of the 32 individual colleges is governed by a board of trustees. Unlike California, Washington does not have a coordinated state "system" of higher education for its public four-year institutions, but instead has created a very loose confederation under its Higher Education Coordinating Board. Each of the six four-year institutions, ranging in size

from over 35,000 to about 3,000 students, is quite autonomous. While recent governors have developed policy directions in education, and the current governor has been an innovator in this arena, effective control of educational resources is dispersed.

Agricultural extension programs are administered and operated through Washington State University, the state's major land-grant institution. Extension offices and programs are in every county; field research and extension economic development activities are more broadly dispersed. While major portions of these activities are federally supported, state resources have provided a means of better targeting extension efforts to state priorities. For example, in the 1989-91 biennium almost \$38 million in state funds was appropriated for research at Washington's four-year institutions. 80 percent of these funds were channeled to Washington State University for agriculture-related research. The overall strategic direction of university-based extension efforts is adjusting to the shifting priorities of development in Washington's rural areas.

Legislature

Washington's legislature is made up of two houses, Senate and House of Representatives. Washington has a biennial budget process. Sessions are annual, with budget sessions occurring in odd-numbered years.

The state is carved up into 49 legislative districts, with two representatives and a senator elected at large within each district. House terms are two years; Senate terms are four. Although legislators serve, and are compensated, part-time, the work requires nearly full-time attention. Washington is among those states with full-time, professional, non-partisan legislative staff for the standing committees, augmented with personal staff for members and professional staff for each party caucus.⁵

Partisan control has been divided since 1987, with a Democratic House and a Republican Senate. Rural legislators occupy some of the key leadership positions in the Senate, such as Majority Leader. A count of all leadership positions, including chairs of standing committees, shows 72 percent from districts in metropolitan counties and 28 percent from those in non-metropolitan counties. The balance in the House of Representatives is 82 percent metro and 18 percent non-metro, which exactly mirrors the distribution of Washington's population. Both metro and non-metro areas of Eastern Washington enjoy more representation among the Senate committee chairs, reflecting the greater strength of the Republican Party in that region and the seniority of the region's Senators.

State-Local

The structure of local government in Washington State is complex: 39 counties, 268 incorporated cities, and over 1100 special purpose districts, excluding school districts. Special districts date back over 100 years and include the obvious port, water, public utility, fire protection, regional library, and park districts as well as the less obvious irrigation, weed, rural library, flood control, soil conservation, agricultural pest, and reclamation districts of particular concern to rural areas.⁶

One of Washington's local government traditions -- an insistence upon local option and control -- is also a key part of the state's political culture and one that directs all contemporary policy development. Local government structure began with counties and cities and evolved into the myriad interweaving of local districts created for particular governmental purposes, with state legislative authority providing the legal bases for their growth.

Washington's only approximation to regional government is the Metropolitan Municipal Corporation of Seattle (Metro), authorized in 1957 to develop and manage sewers for the metropolitan area of Seattle; its functions were later expanded to include public transportation. Various councils of governments were created in the 1960s and 1970s -- largely to receive federal planning and coordination resources. None of these structures led to real regional government. Recent responses to growth, congestion and sprawl in the greater Seattle area may produce a new regional governmental structure with some authority, but for now the reality of regional government in Washington is quite distant.

The Private Sector

Four major players -- timber, agriculture, aerospace and organized labor -- influence the intersection of the private sector with public policy in Washington State.

According to some analysts, timber as a dominant force in Washington's economy has really been in fairly continuous decline since the 1930s.⁷ The forest products industry, those who work in it, and the state's regions dependent on this sector are, however, important influences on both the economy and public policy. Recent state efforts to address rural development needs have occurred in the context of changes in this sector. Major firms include Weyerhaeuser, Simpson, ITT-Rayonier, Burlington Northern's forest products subsidiary and Boise Cascade.

Agriculture in Washington State has been less in decline than in a position of stability, as a share of total state economic activity. The state's agriculture is quite diverse and is not dependent on a single crop or commodity. Agricultural holdings

may be large, but the dominance of huge agri-business enterprises characteristic of California agriculture, for example, is rare. Most holdings are family-held enterprises, though they may be incorporated. Agriculture's influence in state policy-making is considerable, from areas of pesticide regulation to priorities on state research dollars to tax exemptions for agricultural enterprises. New initiatives in environmental regulation and growth management are sometimes seen as "urban" policy directions. Outcomes in these policy areas have been shaped, in part, by agricultural interests.

Boeing is largely responsible for Washington's growth, prosperity and employment boom of the 1980s. One out of six jobs in Washington State is dependent upon this aerospace giant; the dependence is even higher in the core Puget Sound region.⁸ Aircraft orders from domestic and international airlines will supposedly continue this prosperity well into the 1990s. As a major contributor to the state's economic health, Boeing also influences its public policy; one example is that sales of commercial aircraft are exempt from the state's sales tax.

High technology such as electronics, computer software, instruments, biotechnology, and the like is increasing in importance in the state. Its influence for the present, in terms of employment, is largely confined to the Puget Sound region, with some small spread to the Tri-Cities and Spokane. High technology's influence on public decisions is increasing, but not yet as evident as that of timber, agriculture and aerospace.

Large firms in Washington State, unlike those in industrial states of the Midwest, do not usually seek support directly from state economic development programs. The exception may be high technology firms that support state investment in research and technology transfer activities at Washington's public universities.

Finally, the role of organized labor in Washington's political history is an important private sector influence on economic development activity. Washington has a long history as a strong union state, although organized labor's share of the workforce has declined greatly over the past 25 years. New areas of strength are among public employees, however. Labor's recent influence on economic development activities has been most evident in the development of new policy in vocational education and retraining the current labor force.

III. PAST RELATIONSHIPS AND EFFORTS

The federal government's influence on the development of Washington's rural areas can be traced to the 1860s when Congress incorporated railroads, such as the Northern Pacific, and granted them land--the odd sections for forty miles on either side

of the railway right-of-way. This pattern of federal involvement in the natural resource base of Washington's rural economy has continued to the present. Huge hydroelectric projects such as Bonneville and Grand Coulee, massive irrigation endeavors such as the Columbia Basin Project, and federal participation in the management of forest resources are but the most visible examples. Less visible influences include a national agricultural policy that uses crop and commodity subsidies to buttress rural income, major federal support for agricultural and related research at Washington State University, and the completion of interstate and subsidiary highways that have reduced considerably the distances between rural areas and urban markets, services, and shipping.

Federal-State Interactions

Existing programs of a range of federal agencies have been concerned with economic development efforts of the past decade or so. The activities of three -- the Department of Commerce's Economic Development Administration, the Department of Agriculture's Farmers Home Administration, and the Department of Housing and Urban Development -- give a window on this interaction from the perspective of federal agencies.

The Economic Development Administration in Washington State has worked with state agencies, both as a source of federal assistance for jointly funded projects at the community level and as a participant in building cooperative arrangements among state agencies, local organizations and federal agencies. Liaison has been strong with the Washington Departments of Community Development and Trade and Economic Development, as well as with the state Department of Transportation. Specific involvements have been with Public Works Trust Fund programs and with those local projects supported through Community Development Block Grant resources.

Farmers Home Administration has major links with the state Department of Community Development for its housing and community and business programs. In the former, the link is through state housing programs, which have grown considerably over the past five years, and the State Housing Finance Commission, to the extent that these efforts target rural housing needs and priorities. FmHA is also involved with loan and grant activities centering on public works in rural communities. Other areas of liaison with state agencies include links with the Department of Social and Health Services, when FmHA needs information about potential borrowers who are their clients, with the state commissions dealing with the interests and needs of minority communities, and with Washington State University and the state's community colleges on issues and programs related to rural development.

The Department of Housing and Urban Development has a long-standing relationship with communities in Washington's rural areas. Much of its assistance has taken the form of grants since 1981, so HUD plays more of an oversight role, with state agencies making the grant decisions. Housing programs within the state Department of Community Development are HUD's main contact points among state agencies. In terms of interactions with local agencies, HUD has extensive contacts with local economic development districts and local housing authorities.

HUD staff have also interacted with the state Department of Social and Health Services on issues related to homelessness, child care and general social services for low-income families. Similarly, discussions have been held with the state Department of Trade and Economic Development regarding Washington's possible participation in HUD's enterprise zones programs. Washington State has yet to develop an initiative in this policy area.

Linkages of federal agencies that focus on rural development programs with their parallel state agencies have been extensive in Washington State. Whether or not these contacts have resulted in a more effective targeting of development resources remains open, however. Nonetheless the potential for better coordination and targeting of federal resources with state efforts is in place.

Federal-Federal Interactions

One purpose of the presidential rural development initiative is to achieve effective coordination and targeting of existing federal programs and resources. In key areas, collaboration does occur between federal agencies and those state agencies with related programs and issues.

Federal agencies with grant, loan and other financial assistance programs, in part directed at rural development, do coordinate efforts. These include the Farmers Home Administration, Small Business Administration, Economic Development Administration and Housing and Urban Development.

Constituent units of the U.S. Department of Agriculture also have the potential for program coordination. Quarterly meetings involve the range of USDA organizations that operate in Washington State (e.g. Soil Conservation Service, Cooperative Extension, Farmers Home, Forest Service, etc.).

In addition, regional directors of federal agencies in Washington State who are presidential appointees meet relatively frequently to plan coordination and implementation of presidential initiatives. This policy coordination effort includes the rural development initiative.

These mechanisms can encourage efforts at coordination among federal agencies and between federal and state agencies with shared policy responsibilities.

What may not be as well-developed is a commitment to actually do things differently--streamline programs, consolidate application processes, target resources towards rural programs that might ensure the greatest return. The atmosphere for collaboration may be healthier now precisely because federal fiscal resources are and will continue to be scarce. Ambivalence on the part of federal agencies may stem from a belief that this presidential initiative is merely a mask for impending program and staff cuts. For the Rural Development Council effort to work in Washington State, this ambivalence needs to be taken into account.

State Efforts

Especially in the years following the 1981-83 national and regional recessions, separate executive and legislative directions for policy development have been most obvious in the areas of economic development, economic diversification, workforce retraining and assistance to community development efforts in rural areas. Some of these state responses emerged as the Reagan Administration moved to devolve responsibility for many community development efforts to the states--such as the creation of the Community Development Block Grant program.

In Washington State, there have been many state legislative initiatives that have led to implementation efforts and programs related to general community revitalization, coordinated business assistance, entrepreneurial training, industrial recruitment, export assistance and marketing, financial assistance and loan packaging. Washington's economic development efforts, while early on engaged in attracting industry from elsewhere, have shifted toward a variety of efforts directed at existing sectors, firms and communities as they adapt to rapid economic change. Some highlights of the mixture of these efforts follow.

Legislation in 1985 created Washington's Economic Development Board whose members included a broad mix of persons from business, state executive agencies, trade associations, labor, higher education and the legislature. The Board was charged to develop a long-term economic development strategy for Washington State, one that would also articulate the appropriate role for state government in the evolution of the regional economy.⁹ While the effort fell short in setting forth a plan of implementation, it did articulate a vision of economic change and some of its consequences.

To enlist the resources of public higher education, several programs addressed needs of key sectors of the Washington economy--the Washington Technology Center at the University of Washington, to develop applied research capabilities to serve high technology enterprises; the Center for International Trade in Forest Products (CINTRAFOR) at the University of Washington, to provide basic research on timber

markets, policy issues, and manufacturing technologies to stimulate international trade in this key economic sector; and the International Marketing Program for Agricultural Commodities and Trade (IMPACT) at Washington State University, to provide practical solutions to international marketing issues related to agricultural commodities and to help introduce new agricultural products for international markets.¹⁰ Problems have arisen in the implementation of these efforts as traditional university processes of academic research and rules for promotion and tenure of faculty are often in conflict with the more practical technical assistance and technology diffusion goals of policymakers.

In 1990 the Washington Legislature directed state agencies to convene a Service Delivery Task Force to develop a more cohesive approach to state economic development programs targeted at rural areas in Washington, as part of comprehensive growth management legislation passed and directed at the more urban counties. While rapid economic growth, and its unanticipated consequences, are troubling to the core Puget Sound region, efforts to promote growth in the state's rural areas seem to lag.¹¹ The program and policy recommendations of this Task Force remain to be implemented, but do serve as some of the immediate background to the work of the Rural Development Council.

To continue efforts begun in the 1981-82 recession, Washington has also targeted economic development and relief efforts at vulnerable sectors of its economy. When the Tri-Cities region was facing economic difficulties in the late 1980s from curtailed nuclear weapons production of the U.S. Department of Energy on the Hanford Nuclear Reservation, the Washington Legislature orchestrated a range of targeted economic diversification programs to assist that region through a period of potential distress. In the face of restrictions on timber harvest and the long-term decline in the state's forest products industry, legislation was enacted in 1991 to target economic development, diversification and family security programs toward timber dependent, mostly rural, counties.¹²

To position Washington's workforce to better compete with those in other states and in other countries, an Advisory Council on Investment in Human Capital recommended a restructuring of vocational and technical education in the state. The goal of this restructuring is to create a training system more responsive to rapidly emerging requirements for new skills among workers and to address the technical side of public education more effectively. Legislation to implement many of this Council's recommendations was also enacted in 1991.¹³

Combined legislative and executive policy directions in the 1980s and into the 1990s have sampled a variety of approaches to a state government role in Washington's changing economy. While no comprehensive strategic economic

development policy has emerged from these combined efforts, the above examples illustrate experimentation with a range of approaches as state government responds to economic change, including change in Washington's rural areas. A common criticism heard is that these efforts for the last decade have been a "mile wide and an inch deep", with few attempts at targeting a limited range of opportunities for state involvement in economic change. What is also still missing are effective means of program coordination and collaboration that makes it easy, rather than complicated, for local communities to gain access to these programs. Finally, in common with all states, Washington has done very little to evaluate the outcomes of its public economic development efforts.

IV. MEMBERSHIP ON THE COUNCIL

Who Belongs to the Rural Development Council?

Membership in Washington's Rural Development Council has been open and broadly inclusive from its beginnings. Anyone who shows up at a Council meeting is a member. Particular efforts have been made to ensure broad participation of those with rural development interests from nonprofit organizations, local governments, the private sector, tribal governments, state agencies and the federal government. An effective balance has been achieved in terms of regions of Washington, gender, and those ethnic minorities represented in rural areas--Native Americans and Hispanics. Above all the process of membership is fluid, so speaking of a "selection process" would be misplaced.

Who Coordinates the Council?

Washington's Council has now created an expanded Executive Committee of 30 members, plus an Executive Director. The chair of the Council is a position that will rotate. The current chair is the regional director of the U.S. Small Business Administration. There are five vice-chairs appointed by the governor, reflecting five additional areas of representation--nonprofit organizations, tribal governments, local governments, state agencies, and the private sector. Four additional members from each of these areas represent a cross-section of rural regions and groups. Thus, a chair, five vice-chairs and 24 group members comprise the Council's Executive Committee. This structure has evolved since late 1990 and was set in July 1991.

This expanded Executive Committee is the core work group for the Council. Members are participating with a commitment to the Council's mission, some understanding of how to fit the national efforts to local, rural concerns and needs in

Washington State, and a desire to develop some task-specific activities that will identify the Council to communities in rural Washington.

The Committee has agreed to organize, develop and facilitate Council meetings, with a notion of holding them twice a year. More substantially, the Committee will begin the work of organizing and coordinating Council activities--the orchestration of assessments of federal, state, local and private resources; the evaluation of development needs of rural areas; the assessment and adoption of initial, "pilot" activities for Council activity.

Federal Involvement

In addition to the chair (Small Business Administration), key staff of the Farmer's Home Administration, U.S. Forest Service, Cooperative Extension and Commerce's Economic Development Administration serve on the Executive Committee.

Other representatives of federal agencies who are members of the Council include key staff from the Soil Conservation Service within the U.S. Department of Agriculture; the Bureau of Reclamation, the Bureau of Land Management, and the National Park Service within the Department of Interior; Office of Economic Adjustment in the Department of Defense; Environmental Protection Agency; Housing and Urban Development; Department of Labor; Department of Veterans Affairs; Department of Health and Human Services. Federal participation in Washington's effort is broad and inclusive, potentially representative of a wide range of federal resources that might be applied with greater coordination in the state's rural areas. The commitment of various agencies is somewhat uneven, however, at present.

State Involvement

One of the five vice-chairs is an assistant secretary of the state Department of Health--signaling a conscious effort on Washington's part to move away from a narrow view of rural development restricted to economic issues. Other state agencies on the Executive Committee are the Departments of Agriculture, Trade and Economic Development, Community Development and Employment Security. Additional staff of these and other state agencies, covering Transportation, Social and Health Services, and higher education institutions participate in the broader work of the Council.

Reasons for Involvement and Goals

Washington's Council chair has framed the direction of this pilot initiative well: "Whether federal agencies, with the state in the lead, can do things differently to assist change and development in rural Washington." For the work of the expanded Executive Committee in July 1991, participants were polled about their understanding

of the national initiative, the Washington pilot, the Washington mission statement, and their choice of "relationship building" or "task" activities. Results were:

- | | |
|-----------------------------------|--------------------------------|
| •Understand national initiative | <u>Agree to Strongly Agree</u> |
| •Understand Washington pilot | <u>Neutral to Agree</u> |
| •Can work with Washington mission | <u>Agree to Strongly Agree</u> |

Consensus judgment was that initial work of the Executive Committee and the Council should be a balance between building relationships and working on specific tasks.

Expectations

The most accurate perspective on the expectations of the Washington State participants is a combination of hope, moderate enthusiasm and skepticism. Washington's strong tradition of citizen participation in public decisions will carry a part of this Rural Development Council initiative. More telling, however, will be the practical results that need to come from the efforts of the participants. A system that yields effective coordination of public and private efforts in rural development is the desired outcome.

From state agencies the goals are to have a rural development focus that does not concentrate just on economic development themes. This is an important goal, because much of the interest and involvement of other groups will be based, initially, on economic concerns. The issue areas must always be kept broad, and this will take great effort. Another perspective from the state level is to be attentive not just to coordinating state and federal resources to benefit rural areas, but to examine state and federal policies that contribute to instability in rural Washington and to look at coordinated ways to ameliorate or change these policies.

Local, nonprofit organizations are concerned with broadening the base for "locally conceived and driven strategies." The Council needs to be developing a broad range of partnerships to implement the key notion of "coordinating and applying resources", and not just concentrate on areas of coordination between state and federal activities that pertain to rural development. Local communities must be driving this initiative if the mission statement is to have meaning.

The perspective of local government reflects the truth that every locality in Washington will be different. The Council's Executive Committee needs to develop into an effective link with local communities so that their needs are communicated clearly. What will work for rural communities is a link with a person, or persons, on the Rural Development Council to assist them in developing the infrastructure for development--improved schools, roads, utilities, housing, health care and so forth.

The Council needs to develop this linkage system, with real people, not just some "process" that always brings to mind state government red-tape.

Washington's tribal government perspective recognizes that coordination means building networks. Their interest is primarily in the perspectives and needs of the 43 tribes in Washington and the ways in which interaction with other communities can be mutually beneficial. In serving the development needs of individual communities, there is often much confusion, duplication and lack of sharing of information. This Council could do a better job of getting and sharing clear information among rural communities, and assisting in building strategies around this information. Tribal governments in Washington also have the view that development ranges over a broad spectrum, and is not just confined to economic development, but inclusive of health, education, literacy, and human services activities and programs. Tribal governments will be part of this process if it serves their needs and if it is broadly inclusive.

The federal perspective is to pose a question. Is it possible, on the heels of a number of other "rural" initiatives that staff of all federal agencies have lived through, to actually invent and carry out a good, practical system of coordination? For federal agencies, the plan, or discussion of a strategy, will not be sufficient, for all federal agencies have been down that path numerous times. The plan is developed, written up, put on the shelf, and everything continues as before. Someone in Washington D.C. has a sense of accomplishment, but few in the field think that anything will change. This initiative, to actually work, must involve real coordination of federal programs and federal resources available on a state and local level within Washington State. The challenge is to figure out how to implement this system of coordination.

V. COUNCIL STAFF: EXECUTIVE DIRECTOR

Washington's Executive Director is a member of the staff of the state Department of Community Development, who has been on loan to the Rural Development Council for fewer than five months. He has considerable background in working with rural communities in Washington; previous experience includes managing selected programs administered under the aegis of the Community Development Block Grant. During the fall of 1990, he was on loan to what is now the Council of State and Community Development Agencies in Washington D.C., on issues related to this initiative. The staff office, for the present, is located in the central office in Olympia of the Department of Community Development.

Washington's choice of an Executive Director is this state's signal of some of its terms for participation in the initiative. If the process is to develop a partnership, then the link should be through that state agency that is most closely in touch with local governments and communities. This is a choice different from the one made in other pilot states, a number of which have persons delegated from federal agencies to the Executive Director position. Washington's choice brings a person with credibility in previous work with representatives from all six of the constituency groups represented on the Executive Committee of the Council.

The Executive Director works for the Rural Development Council, and not for either a state or federal agency. He is the lead staff support for the work of its Executive Committee of 30 members. The balance of interests that needs to occur in Washington State is not only the one between federal and state agencies that share policy interests. Washington's Council is formed from six equal groups of interests, of which state and federal are but two. The job responsibilities of the Executive Director include operating from consensus positions taken by the Council and its Executive Committee. The themes articulated in work to date of Washington's Council speak to working partnerships, collaborations, joint activities, networks, consensus, and coordination across all of these interest areas and not solely in a balancing act between federal and state government programs.

Resources available for specific activities of the Council to date are quite limited. Some federal, and considerable state, resources have been advanced to ensure the participation in meetings, Institutes and work groups of those representing local government, nonprofit organizations, and even some state agency representatives. Funds to coordinate a resource inventory, much less to support projects in rural communities, are not yet available. The resource test for Washington's Council will lie in its ability to develop means to access discretionary program resources, put together categorical program resources from state, local and federal agencies and direct them to targeted rural development projects.

Washington's federal monitor is a staff member in the Economic Research Service of the U.S. Department of Agriculture and has been a resource and information link between Washington's Executive Director and the Working Group on Rural Development in Washington, D.C. He has supported Washington State's approach of implementing the initiative somewhat on its own terms. In feeding information about developments within the state to the Working Group, and from there to staff in Washington State, he has provided an able communications link in the early stages of this state's process of creating a Rural Development Council.

VI. MEETINGS

Meetings have been of several kinds since Washington State elected to be part of the pilot project. An initial organizing meeting, through the auspices of the state director of Farmers Home Administration, set up a temporary steering committee in mid-November 1990. Several additional organizing meetings developed some outline to the initiative and sketched out a commitment from federal, state and local representatives to participate and devote resources on a trial basis until October 1, 1991.

An Executive Committee of three (federal, state and local) representatives, backed up by a steering committee was created in early February 1991. An Executive Director, responsible to the Council, was hired. A representative group of 28 federal, state and local persons took part in the National Rural Economic Development Institute in San Diego in March 1991. A mission statement, a set of guiding principles, and an initial committee structure came out of the work there.

An additional meeting for new members occurred in Seattle in May 1991 to familiarize people with the process to that date. The group expanded the Executive Committee from three to six, giving a representative base of six "constituency groups" to Washington's Rural Development Council. The Steering Committee was to be made up of four additional members of each group, plus the Executive Committee.

The most recent meeting of an expanded Executive/Steering Committee took place in Wenatchee in early July 1991. The chair suggested and those assembled agreed to erase the distinction between "executive" and "steering" and merely create a single Executive Committee of 30, representing the six constituency groups. A professional facilitator assisted in developing the agenda and ran the three-day session. The substantive discussions and work of these meetings have set the direction and process for the next phase of work of Washington's Council.

Members of the evolving steering committee have generally worked to draw up meeting agendas. Staff -- the Executive Director and his assistant -- have done the bulk of detail work, planning and coordination.

For the present, decision rules are loose. Sometimes votes are taken when very specific issues (expanding the Executive Committee or creating an enlarged Executive Committee) are brought up, but more often consensus decisions are reached. One difficulty with the latter has been that decision points are sometimes revisited--and sometimes more than once. Writing up decisions arrived at and

carrying them over to subsequent meetings will address this tendency to go over "decisions" on a repetitive basis. However, the loose structure of the Council, with membership open to whomever arrives at a meeting, will continue a rather loose decision process.

VII. THE COUNCIL'S SUBSTANTIVE AGENDA

Mission: According to locally conceived and driven strategies, coordinate and apply private, local, state, tribal and federal resources to support the development of viable self-reliant rural communities.

The content of Washington's agenda is beginning to emerge. It is a fleshing out of the mission statement as each activity takes place--Council meeting, orientation for new members, Executive Committee meeting. What seems key to understand is the important refinement that this state's mission makes to the national rural development mission. The latter is more focused on exclusively economic goals, while Washington's is consciously broader. The national agenda emphasizes agency collaboration--particularly federal agency collaboration, where it may have only rarely occurred. Washington State has considerable experience with interagency collaboration on state policy issues in a development context, so the stress here is on "bottom-up," locally driven strategies. The federal role, while important, can be seen as but "one-sixth" of the Washington effort, rather than perhaps "one-third," or more, from the federal perspective. Washington's uniqueness, moreover, is signaled in part by the size of its Executive Committee of 30 members, committed to working collaboratively in carrying out the mission.

Setting the Agenda

Washington's July 1991 Institute, organized as a retreat for what has become an enlarged Executive Committee, developed a focus that involves linking the pool of resources available to the needs of rural areas. The notion of a "living library" came out as a kind of metaphor of how Washington's Rural Development Council could present itself to the state's rural communities.

Resource teams can be mobilized to advocate for both process and program changes in state and federal programs that will help local areas carry out their "locally driven strategies." Building a rural development network in Washington is an overarching goal of this process. Finally, the notion of locally driven strategies means that the Council recognizes that communities will be at different stages of articulating

such strategies--those with well-defined ones, those in process of developing strategies, and those just at the beginning of such a process.

Directions for the Rural Development Council

Several directions, or roles, are charted out for the Council. Facilitation emphasizes organizing technical assistance for a specific activity such as grant writing for local communities and, somewhat broader, to become a sounding board for emerging rural issues, to give some substance to the advocacy role of the Council. On an even broader level, the Council can be seen as the "home" for the development of a rural policy, or policies, for Washington State.

The Council as a change agent extends the notion of advocacy for the needs of rural areas. Looking for ways of leveraging public with private resources (and the reverse) can be a means of carrying through this role. Building upon and extending this role, the Council as a resource developer also becomes important, as a way of maximizing knowledge about discretionary resources throughout rural areas of the state.

Action Plan for the Next Three Months

Part of the team-building work for the July retreat was to work with two case studies of different rural counties--timber and agriculture, Western and Eastern Washington. Representatives of Douglas and Lewis counties described principal economic and social features of their areas and discussed problems that might benefit from a more coordinated approach.

Douglas County faces a shortage of affordable housing in an area enjoying moderate growth, with some stimulus from former urbanites retiring to Eastern Washington. However, teams working on this issue concluded that housing was but a focal point for a collection of rural development issues--wage levels, job training, urban annexation, land use planning, rural credit, infrastructure and more. Council teams identified those state, federal and local resources related to housing that might be interconnected.

Aside from being rural, Lewis County is also one of Washington's timber-dependent counties. Issues in this county's development needs revolve around this dependence, and include the lack of coordination and availability of retraining resources and general economic diversification strategies.

These "case studies" led the Executive Committee to propose taking up initial issue areas of the coordination of housing resources (both low-cost and moderate) and coordination of retraining and general economic diversification resources over the next three months. The Council Executive Committee also took on the issue of

identifying a mutually useful relationship with the state "Timber Team" as economic development, diversification and family security programs get off the ground for these regions of the state. Assisting in the coordination of federal resources can be a useful addition that the Council can bring to the "Timber Team" effort.

The Council will also begin a process to activate its six constituency groups, so that each gains ownership of the Council's mission and is able to articulate those resources available to bring to the larger Council. A broader goal will be to identify approaches for sharing information across agency and organization lines at the community level, partly through creating some kind of inventory or "library" of current resources. This effort at communication and resource sharing, it is hoped, will assist in the goal of integrating the broad range of existing programs and resources, at whatever level, that can be committed to rural development in Washington.

This three-month plan will carry the Council through September 1991, and their assessment point for a decision on whether to continue the effort into the new federal fiscal year. It is modest, but it reflects the evolution of issues in this early phase of the process of creating a Council.

A long-term strategy is not fully fleshed out, except that it is to implement the mission through creating a resource coordination mechanism -- a "living library" -- to assist local communities that request assistance. The action orientation of many, if not all, members of the Council will build a strategy as the Council learns by doing. This agenda is modest, but can be tested and assessed with results from the actions that are planned for the short run.

VIII. PARTICIPATION IN INSTITUTES

In mid-March 1991, the four western states (Washington, Oregon, Kansas, South Dakota) attended a five-day Rural Development Institute, organized through the University of Wisconsin and held in San Diego. This was seen as the first in a series of two--or perhaps more. Happily for all Washington participants, the second was reconfigured to be under the control of the individual states, tailored to their particular needs, concerns and desires.

The Institute was useful to Washington's participants as time was provided, in a neutral setting, to develop a mission, set out an initial committee structure, and strategize on directions and potential activities. The work at this Institute made the internal work of the July retreat more feasible.

Washington's assessment of the San Diego Institute mirrors that of participants from other states. Dwelling on change and the need to do things differently is a

message that has been received and is part of policy implementation at the state level. Perhaps those from federal agencies need more of this kind of reinforcement, but many Washington participants found it tedious, boring, repetitive and not useful. This would not be a good process to repeat for other states joining in this initiative, as it is very time-consuming and chews up resources that could be better used by the individual Councils in advancing the goal of rural development. The process of building this kind of effort will be very different in every state, yet the overall goal of better resource and program coordination can be achieved without an overall, or central, plan of direction.

NOTES

1 See Council of State Governments-Western Region, **The Dynamic West: A Region in Transition** (San Francisco, 1989), pp. 18-21; Gary W. Smith, **Rural Washington Economic Conditions and Trends: A Briefing** (Pullman, WA., 1990), pp. 4-5.

2 See Donald Cocheba and Richard Mack, **Metro/Non-metro Shares of Service Sector Activity in the Washington State Economy** (Olympia, WA, 1987), pp. 3-4.

3 See Smith, p. 24.

4. See Douglas E. Booth, **Regional Long Waves of Economic Development: Trends in the Washington Economy** (Olympia, WA, 1987), pp. 5, 6, 10.

5 See Edward Seeberger, **Sine Die: A Guide to the Washington State Legislative Process** (Seattle, 1989).

6 All of this information is drawn from the excellent reports of the Washington State Local Governance Study Commission, **Volume I: A History of Washington's Local Governments** and **Volume II: The Quiet Crisis of Local Governance in Washington** (Olympia, WA, 1988). Volume I, pp. 1-5, gives a general overview of the setting and authority relationships of local government in Washington State.

7 See Booth, op.cit.

8 See Richard Conway and others, "The Boeing Company Economic Impact Study," **LMI Review**, October 1990 (Olympia, WA: Washington Department of Employment Security), pp. 9-25.

9 See Washington State Economic Development Board, **Washington Works Worldwide** (Olympia, WA, 1988).

10 See Washington Legislative Budget Committee, **Sunset Review: Center for International Trade in Forest Products: Preliminary Report** (Olympia, WA, July 1991) and **Sunset Review: International Marketing Program for Agricultural Commodities and Trade: Preliminary Report** (Olympia, WA, July 1991).

11 See Washington Department of Trade & Economic Development, **Service Delivery Task Force: Final Report and Recommendations** (Olympia, WA, February 1991).

12 See Engrossed Substitute Senate Bill 5555 and Engrossed Substitute House Bill 1341, Laws of 1991, Washington State Legislature.

13 For a summary of recommendations, most of which were mirrored in the resulting legislation, see Washington Advisory Council on Investment in Human Capital, **Investing in Workforce Education and Training** (Olympia, WA, December 1990).

APPENDIX A

Maps and Demographics

Provided by the Washington State Institute for Public Policy

Figure 1 Washington State

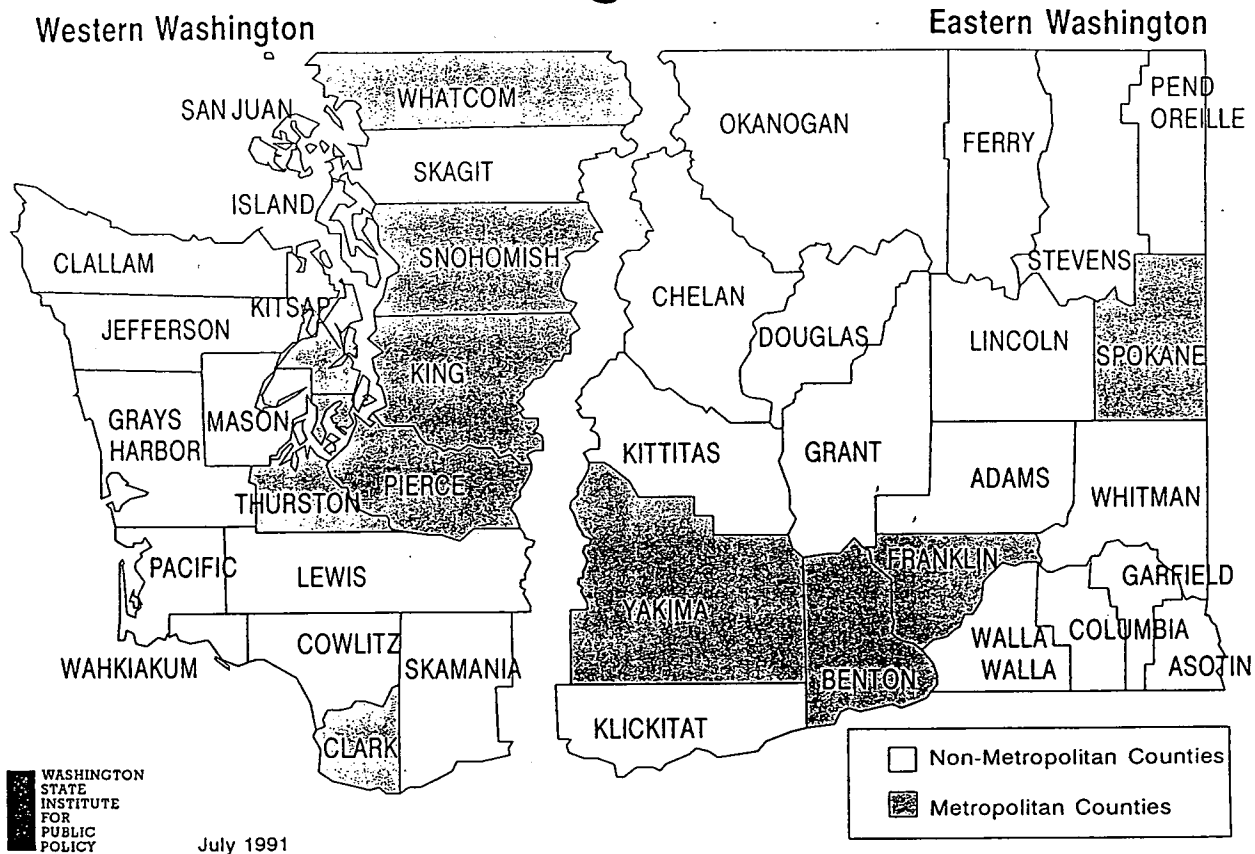


Figure 2 Agriculture Dependent Non-Metropolitan Counties

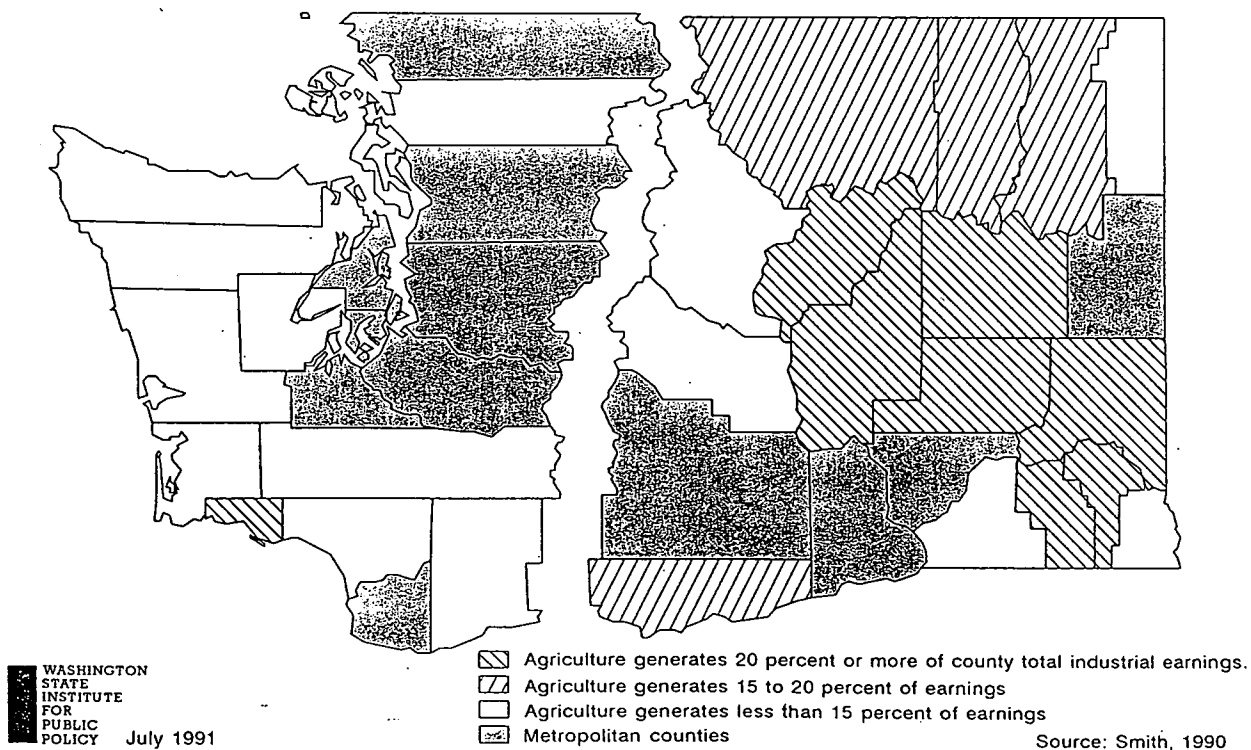
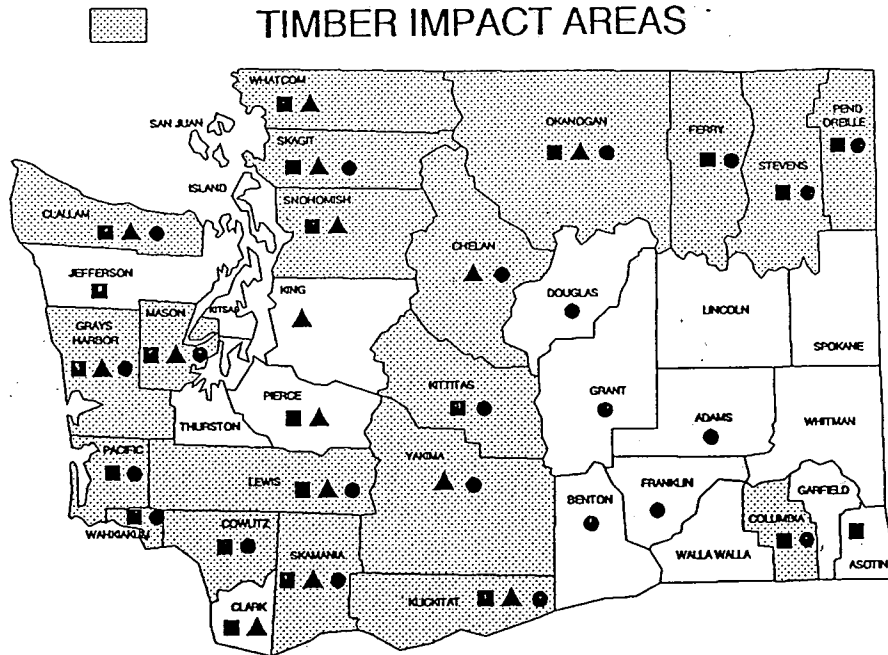


Figure 3

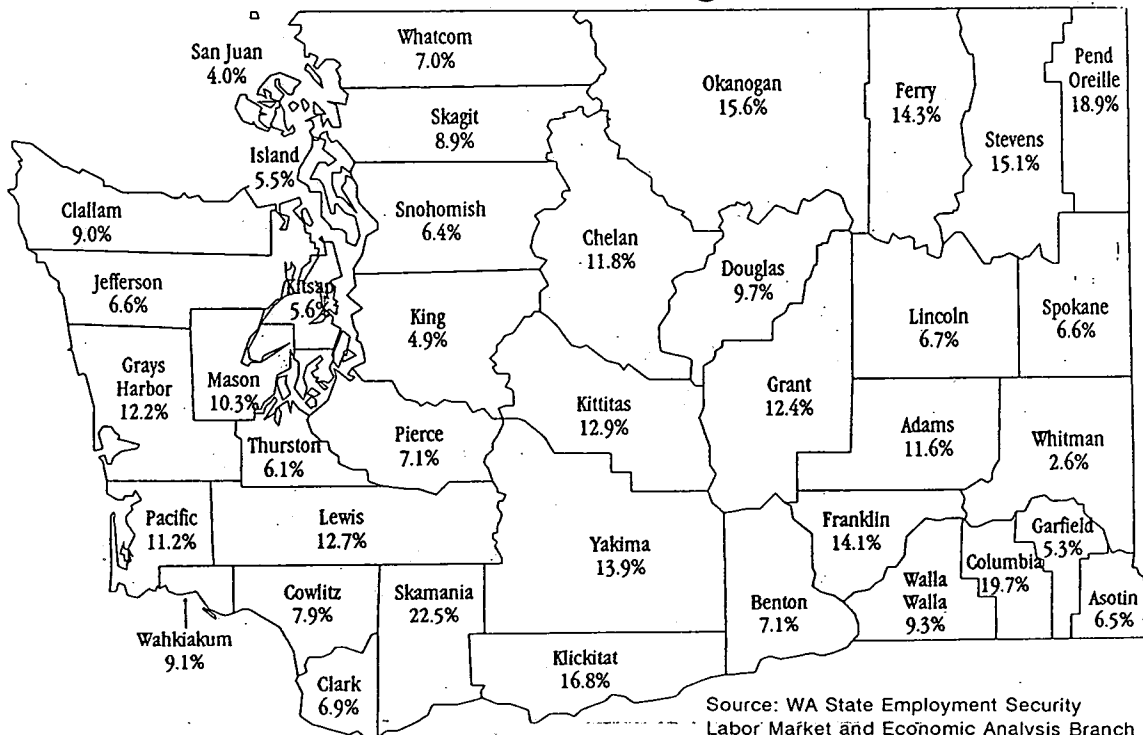


TIMBER IMPACT AREAS ARE COUNTIES THAT MEET AT LEAST TWO OF THE FOLLOWING CRITERIA: *

- AN ANNUAL UNEMPLOYMENT RATE 20% OR MORE ABOVE THE STATE AVERAGE.
- A LUMBER AND WOOD PRODUCTS EMPLOYMENT QUOTIENT AT OR ABOVE THE STATE AVERAGE.
- ▲ DIRECT LUMBER AND WOOD PRODUCTS JOB LOSSES OF 100 OR MORE.
- * CLARK AND PIERCE COUNTY ARE EXCLUDED BY POPULATION CRITERIA.

Source: Engrossed Substitute Senate Bill 5555
Engrossed Substitute House Bill 1341

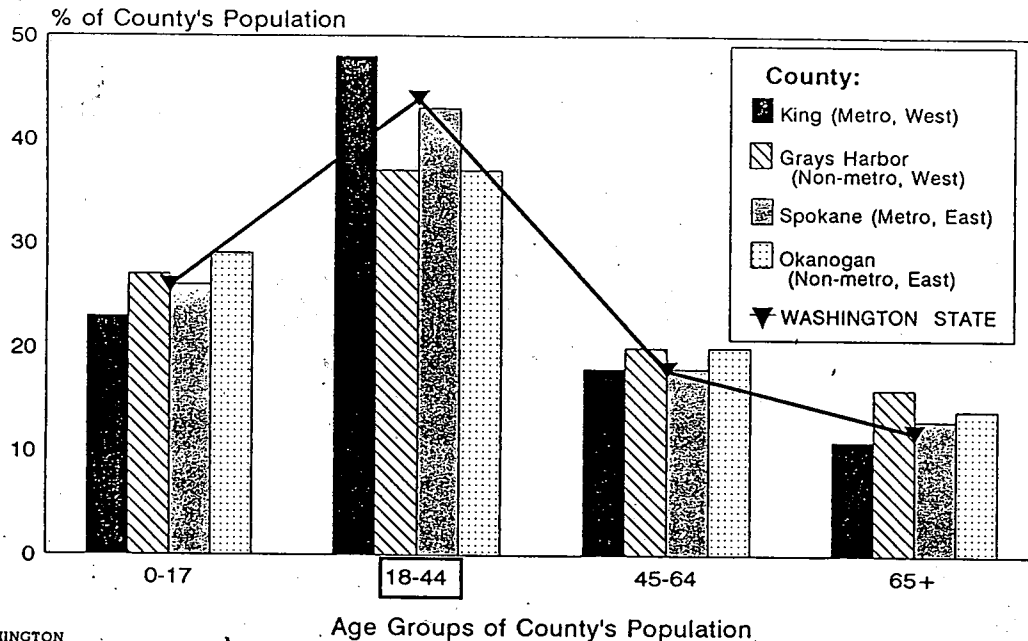
Figure 4
March 1991 Unemployment Rates
Overall State of Washington = 6.9%



Source: WA State Employment Security
Labor Market and Economic Analysis Branch
Washington Labor Market (April 1991)

Figure 5

Metro Counties Have More People Of Prime Working Age



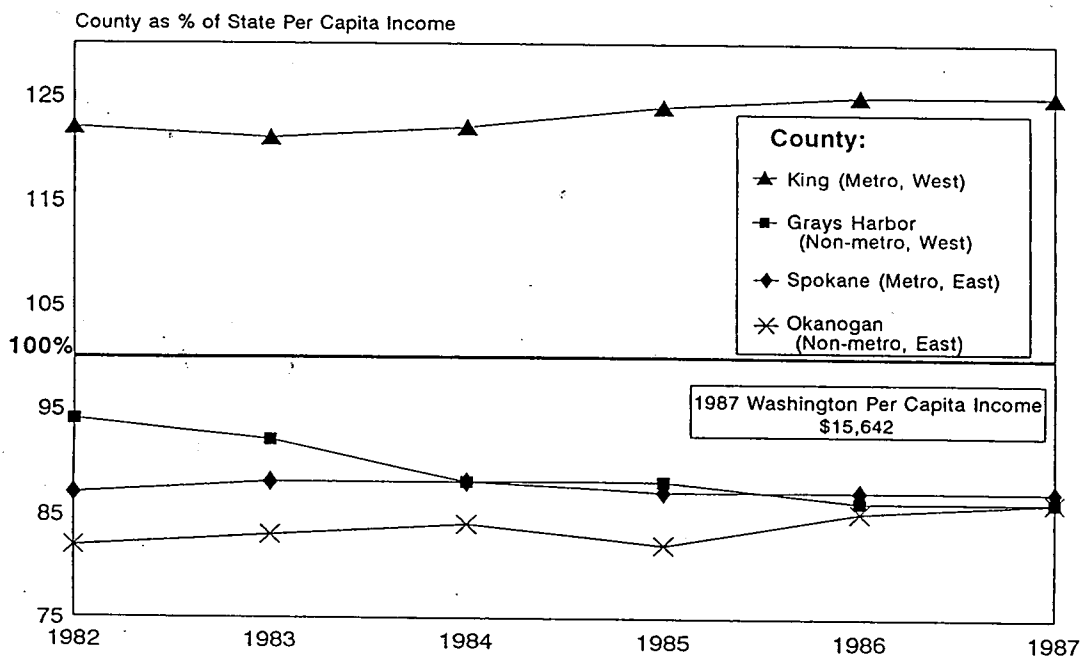
WASHINGTON STATE INSTITUTE FOR PUBLIC POLICY July 1991

Source: 1990 U.S. Census

Figure 6

Per Capita Income 1982-1987

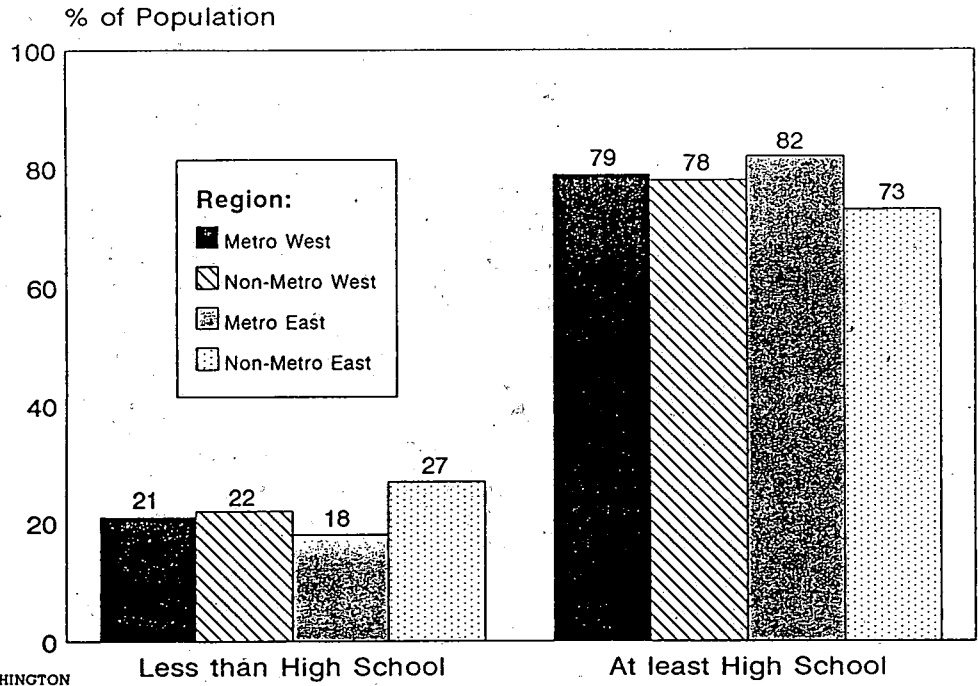
Four Washington Counties



WASHINGTON STATE INSTITUTE FOR PUBLIC POLICY July 1991

Source: U.S. Dept of Commerce, B.E.A. Local Area Personal Income: 1982-87 V.5 (1989)

Figure 7
Educational Level of General Population:
Regions of Washington State



WASHINGTON
STATE
INSTITUTE
FOR
PUBLIC
POLICY July 1991

Source: Family Income Study, 1988 Data

Figure 8

Organization of Washington State Government

Washington State Government

State agencies based on gubernatorial appointment authority

Legislative Branch

Senators - House of Representatives

- Legislative Budget Committee
- Legislative Evaluation and Accountability Program
- Legislative Transportation Committee
- Office of the State Actuary
- Joint Legislative Systems Committee
- Redistricting Commission

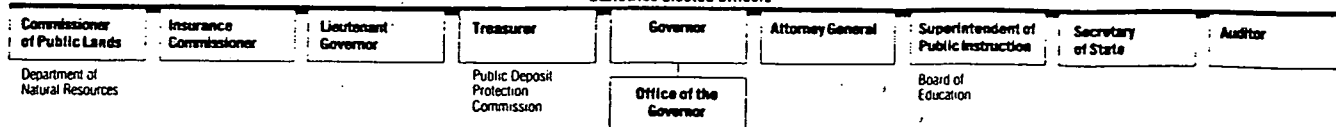
Executive Branch

Judicial Branch

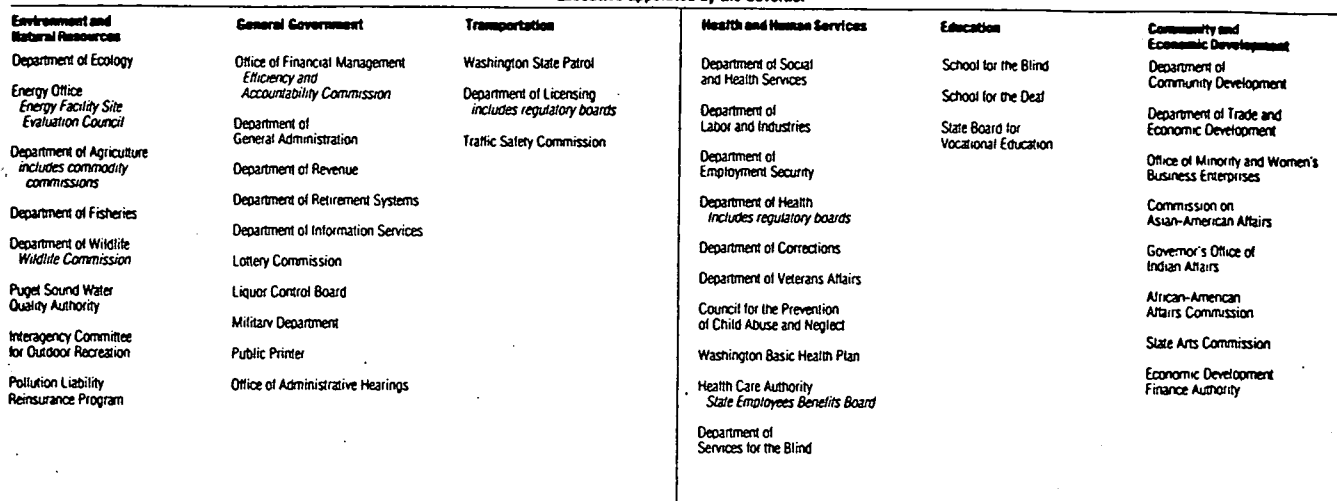
Supreme Court

- Court of Appeals
- Superior Courts
- District Courts
- Municipal Courts
- Supreme Court Clerk
- Supreme Court Commissioner
- Administrative for the Courts
- Reporter of Decisions
- State Law Library

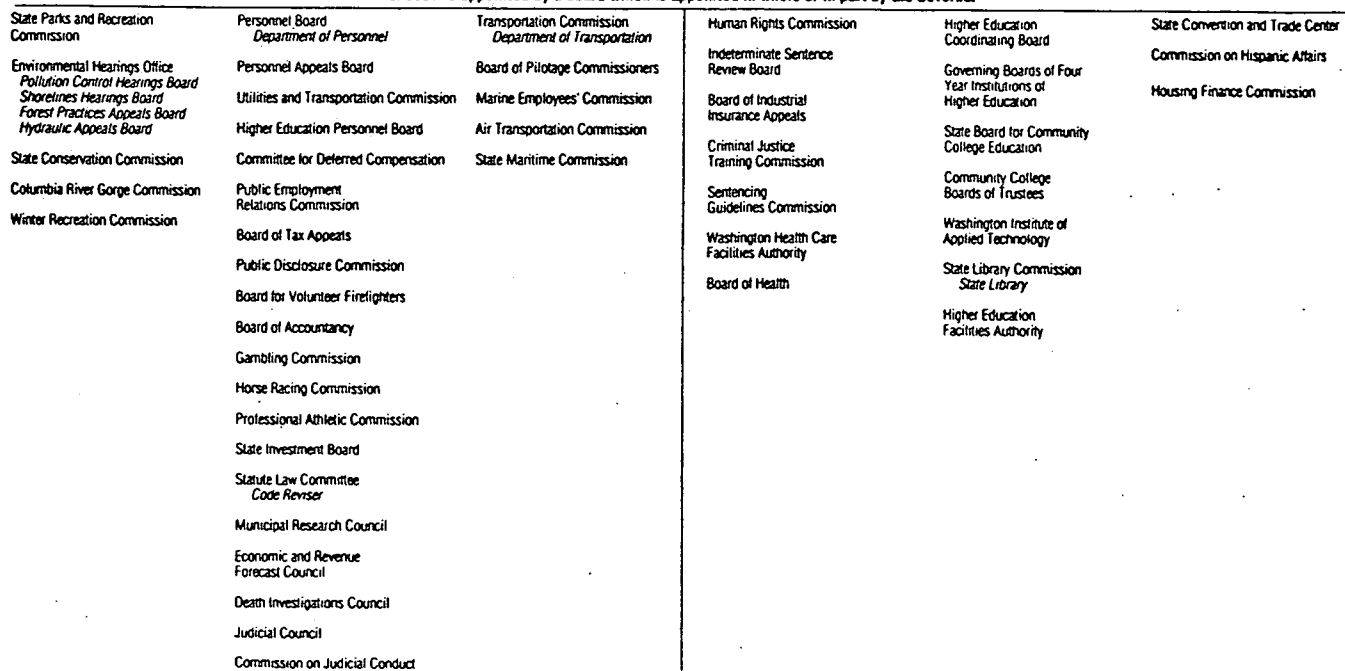
Statewide Elected Officers



Executive appointed by the Governor



Executive appointed by a board which is appointed in whole or in part by the Governor



Boards not appointed by the Governor

