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[Rural Centers in the South]

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Introduction

The severe economic distress of the 1980s produced an interest in state action to help rural citizens and communities. One result of that interest has been the creation of statewide offices and agencies whose primary mission is to study rural concerns and develop policy options to address rural needs.

We are again in an era when interest in such offices is at a peak level. Four state "rural centers" were created in 2004.[1] Another has been created this year in Indiana, and a serious effort in Alabama fell just short of success.

The current level of interest led SLC to form a Rural Development Task Force, and the Task Force encourages states to consider establishing such centers. As an aid to such efforts, the Task Force offers these profiles of four rural centers in the South: North Carolina, Louisiana, Maryland and Texas.[2]

These four centers are very different from one another and, therefore, offer a variety of options for legislators in other states. They vary in age, size, location within (or outside of) government, number and nature of their duties, and so on.

The profiles that follow are designed to stimulate ideas and options for ways to help. For more information, we encourage you to visit the websites of the offices profiled and to contact Jonathan Hull at SLC.

The reader is cautioned that these are not the only southern states with rural centers or other important rural initiatives. These four were chosen to illustrate the variety of ways states have chosen to approach the broad array of rural issues.

As a further caution, our focus on these centers is not intended to imply that the centers are the be-all and end-all of rural policy. There are others in every state that play a role, including departments of agriculture, economic development and community affairs, land grant and other universities and extension services, rural health offices, state rural development councils, the USDA rural development offices, and RC&Ds, to name a few.

The feature that state rural centers add is a focus on strategic thinking that is integrative of all sectors and stakeholders and the translation of that thinking into policy options for legislators and state executives.

LOUISIANA

Governor's Office of Rural Development

http://www.rurallouisiana.com/

In the 15 years since its creation, the Louisiana Governor's Office of Rural Development (GORD) has continued a strong focus on physical infrastructure development as its core mission. However, it has taken on new duties and programs related to that core mission, and it has become the principal sounding board for executives and legislators committed to rural Louisiana.

Perhaps most impressively, it has not only survived two changes of the persons and parties in the governor's office, but has emerged from each change stronger than before.

The Office has matured through these changes, and it carries a legacy from each of the administrations, as will be seen below.[3]

The landscape[4]

Louisiana displays an unusual balance among the principal economic drivers in its 64 parishes. Mining (oil and natural gas extraction), manufacturing and government each hold sway in substantial numbers of parishes, with agriculture being dominant in four.

The Delta region of northern Louisiana is one of America's major pockets of persistent poverty, and the state as a whole lags behind national averages on important measures like income and educational attainment. As in other states, the rural population lags the metropolitan populations on those same measures. Non-metro parishes have average family incomes that are approximately 75 percent of those in metro parishes, and that gap has remained steady for 30 years.

Seventy-five (75) percent of Louisianans live in metro parishes, similar to the national average, and just over 30 percent of the non-metro population is African-American.

During the 1990s Louisiana's population grew at less than half the national growth rate while non-metro parishes grew at only one-quarter the national rate (3.3 percent vs. 13.2 percent).

Beginnings

The Governor's Office of Rural Development was created by Act 216 in 1990 to "serve as the single point of contact for rural governments, service providers, state and federal agencies, and individuals interested in rural policies and programs for the state."

The author of Act 216, Rep. Francis Thompson, was motivated by, "… a lack of any unit of government that would take care of rural needs - a water well, a road that was not a state road, something to bring a business in. There was a great need for an office where, whatever you need, you can call them."[5]

The legislation envisioned a grant fund for rural development projects, but initial funding was only sufficient to support a small staff in the governor's office. According to Thompson, there was a "battle" to put it in the Department of Agriculture and Forestry, but he felt strongly that it had to be with the governor to get the best results.

In 1991 a one-time appropriation of two million dollars was secured for the grant fund. That same year Edwin Edwards defeated incumbent Gov. Buddy Roemer, but, according to Thompson, Gov. Edwards saw the value of the fund and provided a permanent funding stream of approximately $7 million.[6]

Throughout its early years, and still today, the Office and the Rural Development Fund focused on providing grants to rural villages, towns and cities (up to 35,000 people) and rural parishes (up to 100,000 people). The grants range from $15,000-$100,000 per year, and they are used for physical infrastructure projects that support economic development. Grants are often used to match funds from other sources, and in recent years GORD has focused on finding additional funding sources and helping small governments secure outside funds.

The critical value of the Fund, to Thompson, is that it, "lets little towns get funds that would never get any through a competitive process."

Evolution of the Office

In 1996 Murphy J. (Mike) Foster replaced Edwin Edwards as governor, and he brought a skeptical attitude about the rural grant fund. According staff at the time, Gov. Foster required persuasion to keep the fund in tact, and then insisted that administration and accountability be strengthened. With that accomplished, the program entered a period during which the fund was supplemented by an array of new programs.

Under the guidance of senior staff to the governor, the watchword was to find federal funds and programs that could be accessed, and to look for related state programs that could be relocated. Programs added in Gov. Foster's first term included:

» Recreational Trails, moved from another state agency
» Louisiana Small Towns, a federal program to help small cities with strategic planning and leadership development
» Federal Empowerment Zones
» Louisiana Rural Water Association, a new state program to provide technical assistance to local water and sewer operators
» Hardship Sewer Grant Program, a federal program to construct sewers where none existed
» Parish Bridge Repair and Parish Road Repair, new state programs to help repair bridges that otherwise would be taken out of service and to repair and improve unpaved roads

The Office scored a major success with its application for federal tax incentives under the Renewal Communities program. It secured the designation for four "communities" consisting of 28 parishes, 113 local governments and over 450,000 residents.[7] GORD estimates that the tax savings over the 10-year life of the program to be in excess of $900 million dollars.

In 2001 the Gov. Foster took the unusual and important step of establishing a *legislative* rural task force consisting of 19 rural legislators including the Speaker of the House and the President of the Senate. This task force, along with a bi-partisan rural caucus in the House of Representatives, has become a critically important partner to GORD and the governor(s) in developing and implementing policy initiatives. The task force is staffed by GORD and meets several times a year for input from agencies, experts and citizens. Along with GORD, the task force is the focal point for assessing and reacting to rural concerns.

2001 was also the first year of partnership with the Delta Regional Authority. As the state with the most distressed counties/parishes in the Delta region, Louisiana receives and GORD administers the largest state grant allocation in the region. The size of the allocation depends on federal appropriations and has fluctuated dramatically, from over $5 million in 2002 to less than a million dollars today.

GORD today stability and change

Under Gov. Kathleen Blanco there have been some changes in the administrative structure of the Office of Community Programs, of which GORD is a part, but the operations of the Office are essentially unchanged. The Rural Grant Fund remains the core activity, awarding infrastructure grants of approximately $7.5 million annually. The overall agency budget is approximately $8 million and the Office has 6.5 full-time-equivalent employees.

Grants for water, recreation, roads and streets, and fire protection make up over half of all granted funds. Other significant categories include renovations, equipment, sewer, and buildings. GORD sees most of its projects, including such things as water and sewer improvements, road repairs, and fire and police stations and equipment as supporting job retention and business expansion.[8]

Programs added during the Foster administration continue in place, except for two small federal programs for which funding has expired.[9] However, the Office has broadened its purview into some notable new areas including telecommunications and health care.

GORD is staffing and playing a leadership role in the Louisiana Broadband Advisory Council, created by legislation in 2004. The Council is developing plans to assure access to broadband capabilities throughout the state within five years. GORD is also newly involved in efforts to develop more Federally Qualified Health Centers and Rural Health Centers and to obtain critical access designations for more rural hospitals.

Outreach to allied stakeholders is getting new focus through statewide rural economic development summits and plans to reinstate the Rural Development Council. The Legislative Rural Task Force remains a strong partner to GORD and Governor Blanco.

All of the newer initiatives are undertaken in partnership with numerous other agencies and offices.

Observations

In 2005 GORD retains is original emphasis on hard infrastructure and leveraging funds from other sources for infrastructure projects, but under Gov. Blanco the Office is cautiously opening doors in new directions, including telecommunications, health care, and new forms of outreach. It retains important policy functions due to its direct access to the Governor and close working relationships with the Legislative Rural Task Force and the rural caucus. It not only survives changes in the governor's mansion, but appears to grow and mature because of them!

Legislative confidence is evidenced in recent comments by Rep. Thompson that, "Any state in this nation that does not have a rural development office is missing the boat. They are not saving money they are wasting money!"

MARYLAND
The Rural Maryland Council

http://www.ruralforvm.state.md.us/

After a decade of evolution, the Rural Maryland Council (RMC) is now an independent state agency administratively attached to the state's department of agriculture. The small office also serves as the state's rural development council under the National Rural Development Partnership program. The RMC's self-proclaimed "two essential roles" are anchored in its SRDC roots: (1) convening, facilitation, and neutral brokering, and (2) acting as a rural voice for effective public policy.[10]

The landscape

By national standards, Maryland is a highly urbanized state, with 17 of its 24 counties classified as metropolitan and 95 percent of its 5.3 million residents living in metropolitan areas.[11]

Marylanders view their state differently, recognizing rather sharp distinctions among three areas: Baltimore City, suburban Maryland, and the remaining 'rural' regions that include 18 of the state's 24 counties. There are three distinct rural regions: the western, southern, and eastern shore, all separated from one another by the Baltimore-Washington metropolitan region. Approximately one-quarter of the state's population lives in the 18 rural counties.

Maryland's rural regions lag behind the suburban region on indicators such as income, health and education. Baltimore City lags significantly behind not only the suburbs but the rural regions as well.[12]

The economies of Maryland's counties are unusual. Manufacturing, mining and farming play a smaller role than in most states, and government plays a larger role, including in rural counties.

The development of the RMC

In late 1993 Governor William Donald Schaefer signed an executive order creating the Maryland Rural Development Council (under the auspices of President George H. W. Bush's Presidential Initiative on Rural America), and the Council began operations in early 1994 with staff and offices provided by the state Department of Housing and Community Development.

In 1995 a 'rural caucus' was formed in the Maryland General Assembly. One of the first initiatives of the caucus was to constitute the Council as an independent state agency co-located with the state Department of Business and Economic Development in Baltimore. The Council was renamed the FORVM for Rural Maryland.

It was during this period that the RMC's major organizational objectives were first articulated:

» Enable citizens in rural communities to achieve success in employment and have access to quality, affordable health care and other essential services
» Preserve agriculture and other natural resource-based industries as an integral part of Maryland's rural economy and culture
» Advocate for a manageable regulatory process and reasonable and effective compliance
» Address the impact of changing conditions on the environment, heritage and economic well being of rural Marylanders

In 2003 the rural caucus supported new legislation expanding the Council's governing board and changing the name once again to the Rural Maryland Council. It also relocated the office to Annapolis so the agency would be more accessible to both policy-makers and rural stakeholders. The Council continues to serve as Maryland's rural development council under the federal partnership program.

The RMC today

Today the RMC is governed by an executive board of 40 members who are broadly representative of, and selected by, over 30 public and private stakeholder groups, including three members each of the state Senate and House of Delegates, and six representatives of the governor and relevant cabinet departments. The board annually elects a chair from among its members, and chairs are typically re-elected to serve two or three consecutive years. Recent chairs have included a county commission vice-president, a mayor, and the president of a community action agency.

The operational units within the Council are its standing committees. Working committees on Agriculture and Natural Resources, Health Care, Housing and Community Development, and Infrastructure have each been operational since the mid- or late 1990s. Committees on Entrepreneurship and Workforce Development, and Leadership Development are being implemented in 2005.

The agency maintains a small staff of 2-3 persons, headed by an executive director who has been in place since 1998. Its annual budget for operations has averaged about $225,000 in recent years, provided in roughly equal amounts by the state and federal governments.[13] It also administers a state-funded grant program with funds of $140,000 - $400,000 (more later).

The RMC has a grassroots membership of several hundred. Any individual or organization that subscribes to the mission and goals of the Council may join, and there is no fee for membership.

Several features of the RMC are key to its mode of operation and its success: an inclusive board and membership structure (with consensual decision-making whenever possible), a small but innovative (and nonpartisan) central staff, long-standing and active committees in selected areas of importance, and a close working relationship with the legislative rural caucus.

It is the broad-based working committees, supported by staff and stakeholders, that assess conditions and develop issues and policy alternatives for the RMC. While the overall goal is to improve rural policy in the state, each committee sets its own direction and develops its own methods of gathering and processing information.

When policy matters are ripe for consideration, they are vetted with the rural caucus. The caucus performs its own due diligence, makes revisions it deems appropriate, and carries the issue forward in the legislature.

This mode of operation has produced a steady stream of significant policy innovations.

- » A pilot project to reduce the cost of renewable energy equipment to farmers (1998-99)
- » Micro-enterprise development activities leading to the establishment of the non-profit Microenterprise Council of Maryland (1999-2003)
- » Creation of the Maryland Agricultural Education and Rural Development Assistance Fund - MAERDAF - (2000)
- » Creation of a Task Force on Resource Based Industry (2000-2002)
- » Establishment of and assistance to three new rural regional planning councils on the eastern shore (2002-2003)
- » Development of the Maryland Rural Progress Index (2003)
- » Creation of the Maryland Agricultural and Resource Based Industry Development Corporation - MARBIDCO - (2004)
- » Grant program to strengthen rural families (Summer/Fall 2005)

The creation of MARBIDCO represents the realization of a key element in the RMC's strategic initiative to "raise the standard of living in rural Maryland over a 15-year period to a level that approximates various statewide averages … while endeavoring to preserve the best aspects of the pastoral heritage and rural way of life." In addition to the MARBIDCO, the $20-million strategic plan included organizational capacity, small community assistance, and economic infrastructure programs.[14]

In addition to its committee-driven policy work, the RMC participates in or leads a variety of ad hoc state committees and task forces. Recent examples include groups dealing with broadband communications, small community wastewater issues, and prescription drug affordability.

Along with the state rural health association and five regional development councils, the Council hosts the annual rural summit, and it conducts additional education and outreach through a variety of publications, meetings and conferences.

The Council administers the Maryland Agricultural Education and Rural Development Assistance Fund ("MAERDAF") that provides grants up $50,000 to strengthen rural non-profit organizations and community colleges engaged in agriculture education, leadership development and small business development.

Finally, the Rural Maryland Council and Director Steve McHenry have an impact beyond the borders of Maryland due to their work with the National Rural Development Partnership, including the recent restructuring of the national and state partnership models.

Concluding comments

The Maryland rural policy center model is an important one. It demonstrates that a small office can have a significant impact on state policy if it is inclusive of rural stakeholders and residents, it is consistent and *persistent* in its focus on policy, and it maintains good working relations with an active and informed caucus of rural legislators. This should give hope to those states that have recently constituted rural centers, but so far have been able to provide only limited resources, as well as those that may choose to maintain a "small model" approach. It also demonstrates the viability of the state rural development council or "rural partners" model, properly focused and executed.

NORTH CAROLINA

The North Carolina Rural Economic Development Center

www.ncruralcenter.org

Among the rural centers of the South, the North Carolina Rural Economic Development Center is the oldest, and its programming is the broadest and deepest. Better than any other, the NC Rural Center connects all the dots from research to policy to program development and implementation. Since 1987 this private non-profit corporation - conceived and created by the state's political leadership - has created, tested and implemented numerous programs, many of which have become national models.[15]

It is the hub of the state's rich and multi-faceted rural development efforts.

The landscape

In recent decades, North Carolina has become one of dynamic economies of the "New South." The Research Triangle area is one of the nation's notable "idea" centers, and North Carolina possesses an unusually robust community of major philanthropic organizations, and outstanding non-profit and university-based policy and program centers, many of which have long-term commitments to rural North Carolina.

By North Carolina definitions, 85 of the state's 100 counties are rural, with 51 percent of its 8.4 million residents living in those counties. By national standards, the metro population would be much larger, encompassing 40 counties and 68% of the populace.[16]

In spite of the state's growth and prosperity, there are pockets of poverty. Ten (10) counties are considered "persistent poverty" counties by the Economic Research Service of USDA, and 13 counties (including 11 rural counties) had poverty rates above 20 percent in 1999.

North Carolina's counties are specialized in manufacturing to a much greater extent than most other states, and this includes rural counties. The effects of globalization on rural manufacturing combined with the decline of tobacco farming has put severe stress on many of these counties.

Beginnings

In 1986 Lt. Governor Bob Jordan convened the North Carolina Commission on Jobs and Economic Growth. As a part of the Sunbelt renaissance, North Carolina was experiencing growth and favorable economic conditions. The Commission noted, however, that traditional industries - agriculture and manufacturing - were being affected by globalization and automation and were shedding jobs at an alarming rate. Rural areas were especially hard hit, with unemployment 50 percent higher than urban areas and a rate of job creation 50 percent lower.

Based on the recommendations of the commission, a broad-based group of state leaders set about creating the NC Rural Economic Development Center as a small "think tank" with a modest program for "research and demonstration" grants. With start-up funds from North Carolina philanthropic endowments, the Center was incorporated in January, 1987, and received its first state appropriation of funds in July, 1987.

In order to survive the state's emerging two-party politics the Center moved quickly to engage the "power players" both inside and outside of government and to ring up early successes.[17]

In what was to become a pattern for the Center, it initiated a series of talks with "serious-thinking" rural leaders and identified two important deficiencies: leadership and financing for rural businesses. It then collaborated with the Council for Community Development and the state's banking community to prepare a comprehensive capital needs analysis for the state, which led to the creation of the North Carolina Enterprise Corporation to provide equity capital in rural areas. Within six months, the corporation was fully subscribed with $10 million from the state treasurer and another $10 million from the state's banks.

Within the first three years the Center conducted pilot projects on microenterprise loans and leadership training; it established a grants program to build capacity in minority CDC's; it released the first edition of the North Carolina Rural Profile; it held the first Rural Partners Banquet, it became an early supporter of "Tech Prep"[18] as a pilot program; and it continued its policy-related research with a report on "The Waste Crunch in Rural North Carolina: Who'll Foot the Bill?" The Center was off to a fast start.

Just as important as the programs, certain processes had been established. In-depth research formed the basis for new programming, and new initiatives were often piloted before being handedoff to others or given a permanent home at the Rural Center.

Collaboration has also became a cornerstone of the Rural Center's mode of operation. It has sought funding and technical support from outsiders, but also ideas and collaboration, and those in both the seminal stages of program development and after testing, as when a tested program is passed on to another entity to operate. Collaborators also enjoy ownership in the form of participation on the Center's board of directors.

The Rural Center today

The North Carolina Center for Rural Economic Development is a private non-profit corporation. Since the beginning it has received financial support from the North Carolina General Assembly, the state's philanthropic foundations and numerous other governmental and private sector organizations. A majority of core funding has always come from the state.

The Center has a board of directors consisting of 50 members. Nine members are legislators, including Lt. Governor Beverly Perdue. The remaining members include business people, local officials, educators and philanthropic leaders. The board has committees with specialized assignments. The chairs of those committees sit on an executive committee that works most closely with President Billy Ray Hall.

The Rural Center operates with a permanent staff of approximately 30 employees and an operations budget of approximately $3 million per year.[19] In addition to Center employees, the Center houses and performs administrative functions for the e-NC Authority (formerly the Rural Internet Access Authority). It also houses the Agricultural Advancement Consortium.

In addition to funding for operations, the Center acts as a pass-through agency for an additional $4 million in grants and contracts, mostly for research and demonstration projects and for minority CDC grants, and for $55 million in clean water grants.

Rural Center programs

The programs operated by the Rural Center are so many and so varied that a partial listing with highlights is all we can accommodate here. But all programming is based on the "four building blocks" the Center refers to as "comprehensive economic development." The building blocks are (1) business development, (2) workforce development, (3) physical infrastructure, and (4) civic or social infrastructure. All programming is built around this core.

Capital Access. This is a loan guarantee program for businesses that do not meet conventional lending guidelines. It's lending capacity is over $100 million and the average loan is approximately $50,000.

Microenterprise Lending. This program makes loans of $1,500 to $8,000 to groups of four to ten small businesses, coupled with extensive business assistance. More than half of its participants are women and/or minorities. It is the sixth largest program of its kind in the nation.

Water and Sewer Infrastructure. Owing to its research and policy leadership on the issue, the Center was designated to administer water and sewer grants resulting from the $800 million in Clean Water Bonds approved in 1998. Over $173 million in grants have gone to more than 500 distressed communities and counties, leveraging more than $2 billion in other public and private funds.

Leadership Development. The Center operates an institute that trains a diverse group of 30-33 citizens each year in three, three-day sessions emphasizing, "comprehensive economic development and relationship-building techniques so participants learn to work together toward common goals and community strategic planning." Other initiatives promote strategic planning and capacity building.

Faith-Based Initiatives. The Center has sponsored numerous initiatives, the first of which was to strengthen churches' abilities to provide quality childcare services, producing both jobs and assistance to working mothers. Others have included mentoring and job placement, computer-assisted instructional programs, youth apprenticeships in local businesses, job-readiness, and transportation services.

Minority CDC Enhancement. Since 1988 this program of competitive grants has helped create affordable housing, provide after-school and mentoring programs, job training, child care, business support services, and such things as medical screening, nutrition services and immunizations.

Internet Access. The Rural Center houses and acts as fiscal agent for the e-NC Authority The goals of the authority include high-speed (384 kbs) access for every citizen, establishment of telecenters in certain economically distressed areas, promotion of computer ownership and literacy, and improved delivery of government services by Internet. It is widely regarded as a model for the nation.

*Rural Entrepreneurship***.** The Institute for Rural Entrepreneurship supports self-employment and entrepreneurial companies as important sources of jobs and income in rural communities, and it helps communities develop systems that support entrepreneurs and the local climate for small business.

Research and Policy Development. The Rural Center continues its research, program development, and testing activities as a way of providing a firm foundation for its initiatives and programs. Research on capital markets, water and sewer deficiencies, groundwater issues, tobacco-dependent communities, rural school funding, manufacturing layoffs, and rural business development has been a key factor in getting ideas off the drawing board and into action.

Observations

In less than 20 years, the NC Rural Center has developed from a small "think tank" into a major policy and programming center for rural North Carolina. It is widely viewed as the "gold standard" for rural programming, and it has much to teach in the realms of both process and programs.

The comprehensive economic development model, based on the four building blocks, is a platform that provides focus to the Center's programs, but also allows sufficient flexibility to accommodate varying conditions. **Research** to identify and define issues is the basis of the Center's policy work. It is critical to designing programs that work, and it helps develop an initial base of support for new initiatives. Support is reinforced by the Center's practice of **collaboration on virtually everything** -- with government, the non-profit community and research organizations, higher education and philanthropic endowments. And collaboration is one element garnering support from a very **broad group of leaders**, as evidenced by, but not limited to, the individuals and organizations represented on the Center's board of directors.

Finally**, local communities are at the center of almost everything** the Rural Center does. Whatever their particulars, Rural Center projects typically start and end with the local community, and they often require the active engagement of local leaders in the process. In this way, all programs have the effect of building the capacity of local communities for local action and self-improvement.

TEXAS

Office of Rural Community Affairs ("ORCA")

www.orca.state.tx.us

The Texas Office of Rural Community Affairs is one of the newest, but also one of the largest rural centers in the South. ORCA is an independent agency in the executive branch of government with programming in two principal areas: community infrastructure development and rural health. It owes its size and large budget to the fact that it administers the state's 'non-entitlement' Community Development Block Grant (CDBG) program, which is the nation's largest.

The landscape[20]

Texas is both a metropolitan and a rural state. Seventy-seven (77) of the state's 254 counties are metropolitan, containing almost 86 percent of the population. The remaining 'rural' counties are extremely diverse, with heavy concentrations of agriculture in the Panhandle, oil and natural gas production in the western and west-central counties, and manufacturing in east Texas. The population of Texas' rural counties is almost three million, larger than the entire populations of more than 20 states.

Texas has 46 counties that are classified as 'persistent poverty' counties, concentrated along the state's border with Mexico. Residents of Hispanic descent are more than one-quarter of the rural population.

Over 50 of Texas' rural counties suffered population losses from 1990-2000, mostly in the Panhandle and west-central region of the state. Rural incomes are approximately 70 percent of metropolitan incomes, and the percentage has been declining since the early 1980's.

Beginnings

The idea for a rural center arose from a study conducted by a select committee of the House of Representatives. The committee was convened in January, 2000, by then-Speaker James E. (Pete) Laney to examine all issues affecting the current and future well-being of rural Texans. The committee consisted of 11 House members, all of whom were rural and seven of whom were committee chairs. The Speaker's action was prompted by recognition of the on-going erosion of economic and social conditions in many rural areas, coupled with the approach of the 2001 redistricting session that would further dilute rural representation in the legislature.

The committee held six hearings around the state and consulted with numerous experts from academia, government agencies, local officials, and citizens from all walks of life. Its final report, issued in December, 2000, made four major recommendations, the first of which was that, "Texas needs an office of rural affairs to assure a continuing focus on rural issues, to monitor governmental actions affecting rural Texas, to research problems and recommend solutions and to coordinate rural programs among agencies."[21]

The legislation

The 2001 Legislature passed H. B. 7 creating the Office of Rural Community Affairs as an executive agency of the state. The agency was asked to perform duties consistent with the committee's recommendations, as follows:[22]

(1) develop a rural policy for the state in consultation with local leaders representing all facets of rural community life, academic and industry experts, and state elected and appointed officials with interests in rural communities;
(2) work with other state agencies and officials to improve the results and the cost-effectiveness of state programs affecting rural communities through coordination of efforts;
(3) develop programs to improve the leadership capacity of rural community leaders;
(4) monitor developments that have a substantial effect on rural Texas communities, especially actions of state government, and compile an annual report describing and evaluating the condition of rural communities; and
(5) perform research to determine the most beneficial and cost-effective ways to improve the welfare of rural communities;

Additionally, the state's CDBG non-entitlement program and a number of rural health programs were moved to the new agency.

ORCA was given a governing board - termed the "executive committee" - of nine members, with three each being appointed by the governor, the lieutenant governor, and the speaker of the House. The legislation does not require specific qualifications for executive committee members, except that the appointing officers, "shall each appoint at least two members who possess a strong understanding of and commitment to rural interests based on the individual's personal history, including residency, occupation, and business or civic activities."[23]

Owing to the size of Texas's CDBG program, the agency came into existence with over 60 employees and an annual budget of approximately $90 million, of which approximately 85 million was the federal CDBG grant. To carry out the "new" rural duties, ORCA was given just $500,000 per year and authorization for 10 additional employees. The agency has three field offices.

ORCA today

As would be expected, the majority of ORCA's current programming is carried out through the CDBG and rural health programs it inherited from predecessor agencies.

The CDBG funding for 2005 is $82 million. Approximately 75 percent of these funds support a variety of infrastructure programs, the majority of which are for water and wastewater.[24]

Fifteen (15) percent of the CDBG grant is economic development activities through the Texas Capital Fund. This fund is administered by the Texas Department of Agriculture under contract with ORCA. It supports infrastructure and real estate improvements for projects that create employment opportunities, primarily for low to moderate income individuals.

Four (4) percent of CDBG funds go to disaster relief and urgent needs; two (2) percent to planning and technical assistance; and two (2) percent to administration.

ORCA's rural health programs will total $7.1 million from state and federal sources in 2005. These funds support 17 separate programs in 9 different categories, the largest of which are critical access hospitals, health facilities assistance, and recruiting and retention of rural healthcare providers.

ORCA's attention to its "new" policy, research, monitoring and coordination functions has been affected by the very limited resources available for these purposes. The agency produced a policy "outline" in 2003 and is currently developing another policy statement. It has produced significant reports on the status of rural Texas, as required by H. B. 7. It has regularly convened meetings of state agencies with significant rural impact and it partners in statewide rural summits and policy meetings. It publishes "the Rural Texan," a quarterly newsletter.

In 2005 ORCA will implement microenterprise and small business loan programs, with one million dollars in each fund. It will also conduct a pilot economic development loan program under Section 108 involving $500,000.

Under legislation passed in 2001 and amended in 2003, ORCA is establishing a non-profit corporation to seek funds from private and federal sources to support additional programming.

Comments and observations

ORCA was a bold experiment for Texas, and bringing the CDBG non-entitlement program under the direction of a rural policy agency was an unusual and important step.[25]

ORCA had the misfortune of being established at the same time as the Texas crisis in public finance. As a result, the agency experienced significant budget reductions in 2003 as the state closed a $10 billion deficit. Discretionary programs supported by state appropriations were hardest hit, and that has greatly impaired the agency's new programming efforts.

The limited scope of ORCA's new programming greatly understates the agency's importance in the rural landscape. ORCA has been a very visible and welcome presence in rural Texas. The executive committee has held its meetings in small cities and towns to get "up close" to rural areas and leaders, and agency staff are active in the field. The agency is very much recognized as the first call for citizens seeking information or help and for policy makers seeking information and ideas.[26] ORCA is a significant standard-bearer for rural Texas, and the executive committee and staff have invested much time and energy in understanding and thinking strategically about rural issues in this large and diverse state. Those investments hold the promise of improved policy and improved results for rural Texas.

Endnotes

1 Offices were created by legislation in Virginia, Utah and Louisiana, and an office was created by executive order in Oregon.

2 The profiles were prepared for the Task Force by the Rural Policy Research Institute (RUPRI) to which the Task Force expresses its sincere appreciation

3 Unless otherwise noted, information for this report comes from the Office's website, internal documents and reports, as well as interviews with current and former directors and staff of the Office.

4 Unless otherwise noted, information for this section is from the Bureau of the Census and the Economic Research Service of USDA. For a more complete statistical profile of the Louisiana's rural parishes, see *www.rupri.org/ resources /links/profiles.asp* on the website of the Rural Policy Research Institute, *www.rupri.org.*

5 Rep. Thompson is still in the House of Representatives and has championed rural legislation throughout his career. Quotes are from an interview for this profile in July, 2005.

6 Funding has fluctuated over time, but has averaged approximately $7.5 million per year since 1992.

7 Louisiana's renewal communities are not all rural. The Orleans-Jefferson community includes New Orleans, for example, but the designated communities include vast rural areas in northern and central Louisiana.

8 Information is from GORD's Report to the Joint Agriculture, Forestry, Aquaculture and Rural Development Committee, March 2004, and its Annual Report, RS3:314 Compliance, March 1, 2005.

9 Louisiana Small Towns, which was continued with state funds for a while, and the Hardship Sewer program have been eliminated.

10 Quotes, numbers and other facts about Maryland, unless otherwise noted, are from the RMC website and various internal and external documents of the Council. Not all such documents are in published form or formatted in a way that can be cited conveniently.

11 Unless otherwise noted, sources in this section are the Bureau of the Census and the Economic Research Service of USDA. For a more complete statistical profile of the state's rural counties, see *www.rupri.org/resources/links/ profiles.asp* on the website of the Rural Policy Research Institute, *www.rupri.org*.

12 Rural Maryland Progress Index, published by RMC, 2004

13 In 2005 the General Assembly authorized a doubling of the Council's state funding in anticipation of possible reductions in federal funding.

14 The other features of the plan, referred to as "The 2020 Rural Maryland Prosperity Investment Initiative", have not yet been approved by the legislature.

15 Information for this report was taken from publications or the website of the North Carolina Rural Economic Development Center. That information was supplemented with interviews of the Rural Center director and staff and other persons in the education, governmental and non-profit sectors who are familiar with the Rural Center and its work.

16 The sources for numbers in the remainder of this section are the U. S. Census Bureau and Economic Research Service of USDA. For a more complete statistical profile of the state's rural counties, see *http://www.rupri.org/ resources /links/profiles.asp* on the website of the Rural Policy Research Institute, *www.rupri.org*, and the Rural Data Bank at *www.ncruralcenter.org.*

17 In the words of director Billy Ray Hall, ". . . we had to hit a home run to create standing for the Center right out of the chute. Then we had to hit another home run the next year."

18 Tech Prep was developed in 1985 by Richmond County Schools and Richmond Community College as an alternative to traditional vocational education programs focused solely on skills training. There are now over 1000 local Tech Prep consortia in America, involving virtually every community college and over half of all school districts. The Rural Center provided early funding to expand the program beyond Richmond and later provided a $50,000 grant to establish the N.C. Tech Prep Leadership Development Center.

[19] The numbers in this section were obtained from center staff and are intended to convey the overall scope of operations. They are not exact, as operations fluctuate from year to year due to special projects and grants that come and go. The numbers are intended as approximate averages that reflect operations of the most recent years.

[20] For statistics in this section, the sources are the Bureau of the Census and the Economic Research Service of USDA. For a more complete statistical profile of the state's rural counties, see *http://www.rupri.org/ resources /links/profiles.asp* on the website of the Rural Policy Research Institute, *www.rupri.org*.

[21] Interim Report to the 77th Texas Legislature, by the Select Committee on Rural Development, December, 2000, p. 44.

[22] H. B. 7, 77th Texas Legislature, 2001.

[23] H. B. 7, 77th Texas Legislature, 2001.

[24] Budget numbers are obtained from the agency website. They are reported as approximations here for ease of presentation and understanding.

[25] In most states - including those with rural centers - there is little coordination between the centers' programming and the state's CDBG program. This seems unfortunate, since CDBG is an on-going and significant funding source explicitly designed to assist development in small cities and rural counties.

[26] The agency continues a close relationship with the legislative rural caucus as well as the governor's staff and the leadership in related executive agencies.