

## Rural Development Programs - They are available to the Insular Areas

February 22, 2010 - Vasquez, Bojes

**Rural Development (RD) Mission** – "To increase economic opportunity and improve the quality of life for all rural Americans." RD's Strategy is delivered from 3 Agencies, Rural Business & Cooperative Programs, Rural Housing and Community Facilities Programs and the Rural Utilities Service (Electric, Telecommunications & Broadband and Water & Environmental Programs).

Experts agree: an effective development strategy builds on local strengths, adjusts for local weaknesses, recognizes market realities, and attempts to achieve development that can be sustained for the foreseeable future. In addition, such a development strategy attempts to meet local residents' objectives, since local support is necessary for implementing most development strategies. Local strengths and weaknesses vary from place to place. A community's strengths may include an education system that produces a highly skilled labor force or natural amenities that attract tourists and future residents. Local weaknesses may include inadequate infrastructure, lack of a highly skilled workforce, or a housing shortage.

Market realities also vary from place to place. For example, some communities may find it economically feasible to focus on developing value-added food processors, particularly if raw food inputs are plentiful, demand for the industry's output is significant and rising, and transportation links and other business location factors match the industry's needs. Communities lacking one or more of these economic requirements may not find this approach economically feasible.

Rural development strategies have both costs and benefits. For example, communities have historically tried to attract or retain industry through the use of tax incentives and other economic concessions. While in some cases such an approach may be cost effective, in others the costs may outweigh the benefits. Strategic planning can help communities find the most cost-effective rural development strategies.

**Strategies Are Evolving** - Before the 1900s, most rural communities in the United States were highly dependent on agriculture, leading to local development strategies that focused on providing goods and services needed by the farm-based population. Today, rural America is no longer dominated by agriculture. Consequently, rural development strategies, outside of those in places that remain heavily farm dependent, tend to focus on the nonfarm economy and are tailored to individual communities' socioeconomic conditions and trends (see Policy Options for a Changing Rural America).

In recent years, rural population growth has slowed, with a significant number of places experiencing population decline (particularly in the Great Plains). Rural population decline often stems from a lack of amenities (see [Farm Programs, Natural Amenities, and Rural Development](#)). Thus, some affected communities are devising strategies that rely on technology, such as cable TV and broadband Internet service, to improve amenities and the local quality of life. Communities are taking similar approaches to improve public services, offering such conveniences as distance learning and telemedicine. In contrast, many rural (nonmetropolitan) areas, particularly those with abundant natural amenities, are experiencing rapid population growth related to recreation and tourism. Development strategies in these places often try to mitigate growth-related problems and promote or manage this growth to meet community needs (see the chapter [Amenity-Based Development](#)).

Changes in demographics are also leading rural communities to change development strategies. For example, Hispanics and older persons are increasing as a share of the population in many rural areas. This population influx has helped many rural areas reverse population decline and make progress on other development goals. However, these population groups often require adjustments in community services, such as housing, education, and health (see [Rural Hispanics At A Glance](#)).

Policies are also changing in places particularly affected by the employment effects of globalization. In response to competition from overseas, farming areas are increasingly looking to supplement commodity sales with nontraditional value-added activities, such as agritourism and ethanol and wind energy production. Local development policies in agricultural areas can be designed to aid such businesses. For Example - Rural development strategies in the Southeastern region are focusing on finding ways to either help existing textile and apparel firms modernize or to find alternative employment for displaced workers (see background discussion on the [U.S. Textile and Apparel Industries and Rural America](#)).

These strategies often emphasize improvements in education, training, and technical assistance. Job creation strategies, particularly those that assist local entrepreneurs and small business development, can also play a role. These approaches may include improvements in telecommunications infrastructure, such as broadband, since businesses today often must use the Internet to help them to modernize and gain access to global markets.

**Forward-Looking, Comprehensive Approaches Offer More Promise** - In the past, many rural communities tended to wait for firms to announce a shutdown before initiating a development strategy. Communities that maintained ongoing development efforts often adopted narrowly focused approaches, such as industrial recruiting. More forward-looking and comprehensive strategies recognize that rural economic growth is affected by many factors, including education, access to highways and airports, attractiveness of the community to retirees, industrial mix, and demographic characteristics (see Rural Economic Development: What Makes Rural Communities Grow?). While some rural communities may succeed with a strategy that focuses on only one or two objectives, communities that employ comprehensive approaches comprising multiple complementary strategies reduce the risks associated with more narrowly focused strategies.

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**Local-Based Policies Benefit From Regional Planning and Collaboration** - In rural areas, regional approaches enable small communities with limited staff or expertise to capitalize on the region's more ample pool of resources available for strategic planning and implementation. Larger communities also benefit from regional approaches; collaboration across an entire region can capitalize fully on a region's many assets, such as universities, community colleges, airports, amenity attractions, telecommunications, and water resources. Regional approaches also often emphasize the creation and nurturing of regional networks of firms, organizations, and communities, and the links among them.

Local strategies that do not take into account surrounding communities may be subjected to negative externalities (problems originating from surrounding areas), such as pollution spillovers, crime, and traffic congestion. Working with surrounding communities can help to limit such problems, which if left unmitigated could threaten the success of development strategies (see [Development at the Urban Fringe and Beyond: Impacts on Agriculture and Rural Land](#)).

Regional planning and collaboration may be informal, through mutual agreements among locally elected officials, or formal, through regional (multicounty) organizations, which generally have economic development staff and ready access to Federal funding sources. Many existing regional organizations are associated with Federal development programs, such as the Economic Development Administration's programs, the Appalachian Regional Commission (and other multi-State regional development programs), and USDA's Resource Conservation and Development program. The 2008 Farm Act authorized several additional Federal programs that, if funded by Congress, would use regional approaches to development (see the [chapter on Regional Development Programs](#)). In addition, local and regional planning efforts can benefit from the guidance, technical assistance, and leadership development efforts of various Federal entities, such as USDA's Extension Service and its Regional Rural Development Centers.

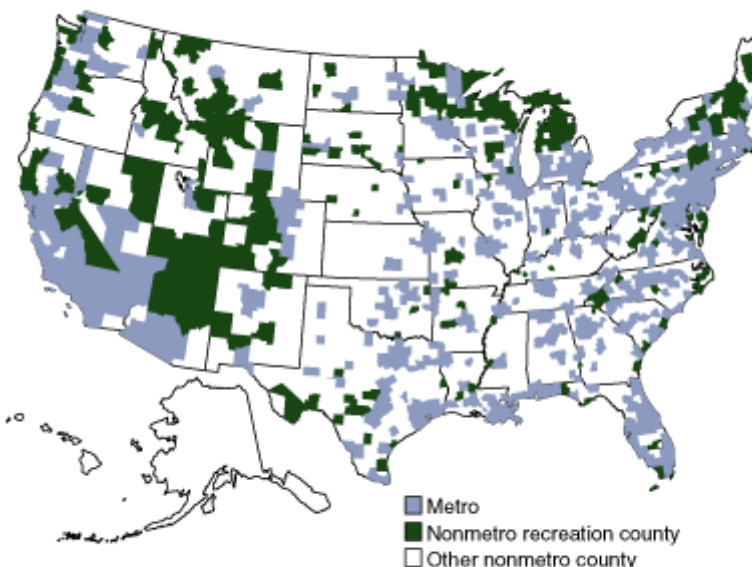
The Food, Conservation, and Energy Act of 2008 authorized several new regional development programs that could contribute to rural development (see the [Regional Development Programs](#) chapter).

Federal financial assistance can contribute to the success of a local rural development strategy. However, the total amount of Federal funding received by an area may be less important than the mix of Federal assistance and its fit with the local rural development strategy.

Contact Information – Hawaii State Office State Director & Staff can be reached at <http://www.rurdev.usda.gov/hi/Contact%20Us.htm> and our Florida State Office State Director & Staff can be reached at [http://www.rurdev.usda.gov/fl/so\\_list.htm](http://www.rurdev.usda.gov/fl/so_list.htm).

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Nonmetropolitan recreation counties are concentrated in the West, Upper Midwest, and Northeast, 2002



Nonmetro retirement destination counties, 2000



Note: Excludes counties in Alaska and Hawaii.

Source: Adapted from Calvin L. Beale and Kenneth M. Johnson, 2002, "Nonmetro Recreation Counties: Their Identification and Rapid Growth," *Rural America*, Vol. 17, No. 4.