

# Sustainable Rural Development Funding: Lessons from the Field

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***Working together to promote a vibrant rural America.***

Experience Works · First Nations Development Institute · Housing Assistance Council · Indian Country Conservancy ·  
National Association of Community Health Centers · National Association of Development Organizations Research Foundation

National Consumer Law Center · National Trust for Historic Preservation · National Rural Health Association ·  
National Youth Leadership Network · NeighborWorks America · Save the Children · United Farm Workers Foundation

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## Presenter – David R. Dangler

- A member of the National Alliance for Rural Policy network. The National Alliance was founded in 2008 with funding from the W. K. Kellogg Foundation and acts as a resource network, not only for its members but for other rural policy networks and individuals interested in all aspects of rural policy.
- In addition to being a member of the National Alliance, David is the national director of the NeighborWorks Rural Initiative for NeighborWorks America. Today the Rural Initiative supports 91 community-based organizations active in rural communities in 45 states plus Puerto Rico. In 2011 the 91 rural NeighborWorks organizations made direct investments in excess of \$1.6 billion to support affordable housing, job creation and broad-based community economic development.

## Presenter – Don Macke

- Director with the Center for Rural Entrepreneurship. The Center works throughout the US and Canada supporting research, outreach, professional development and policy work related to rural entrepreneurship.
- The Center is part of the Rural Policy Research Institute (RUPRI). RUPRI is a leading national rural research and policy think tank focusing in multiple areas including telecommunications, health care, poverty, governance, informatics and economic development.
- Don has over 35 years of experience in the field of rural CED.
- A central part of Don's work focuses on community development philanthropy and America's transfer of wealth (TOW) opportunity. The Center's TOW team has completed over 40 studies, covering over 1,200 counties and communities across the nation.

**Sustainable Rural  
Development Funding:  
*Lessons from the Field***

**Don Macke**

***Center for Rural Entrepreneurship***

**NARP Rural Investment Webinar Series**

***August 14, 2012***



# Special Thanks

*David – Jessica – Emily*

*NARP*

*National Consumer Law Center*

*Ahmet & Kyle*

The Center for Rural Entrepreneurship works throughout North America and currently has projects in 32 states and Canadian providences. Over the past decade the Center has undertaken development work in nearly half of the geography within the continental United States.



# Today's Presentation

**Context for Sustainable Funding**

**Framework for Sustainable Funding**

**Three Illustrations from the Field**

**Key Building Blocks for Making this Happen**

*Questions & Discussion*



# Center Resources

[www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org)

## Four Electronic Email Pushes:

*Entrepreneurship News*

*Entrepreneurial Communities*

*Youth Engagement & People Attraction*

*Community Development Philanthropy*

## Other Customized Assistance

*The Center works with development interests throughout North America providing opportunity assessments, strategy development and execution support. Our mission is to help grow entrepreneurial communities that in turn generate prosperity for all their residents.*





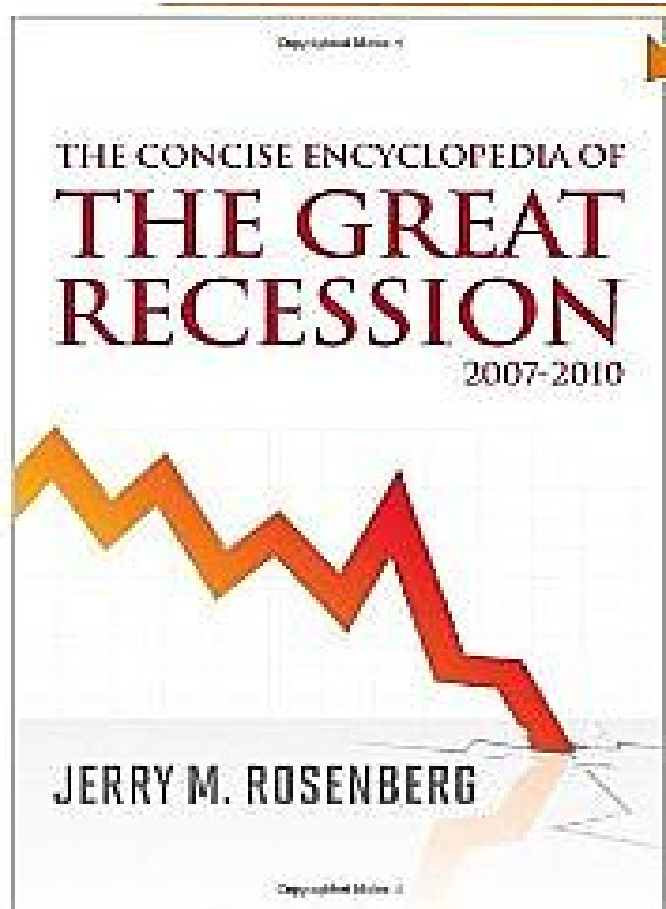
# Context for Sustainable Funding



***Facing Today's Realities!***



# Great Recession

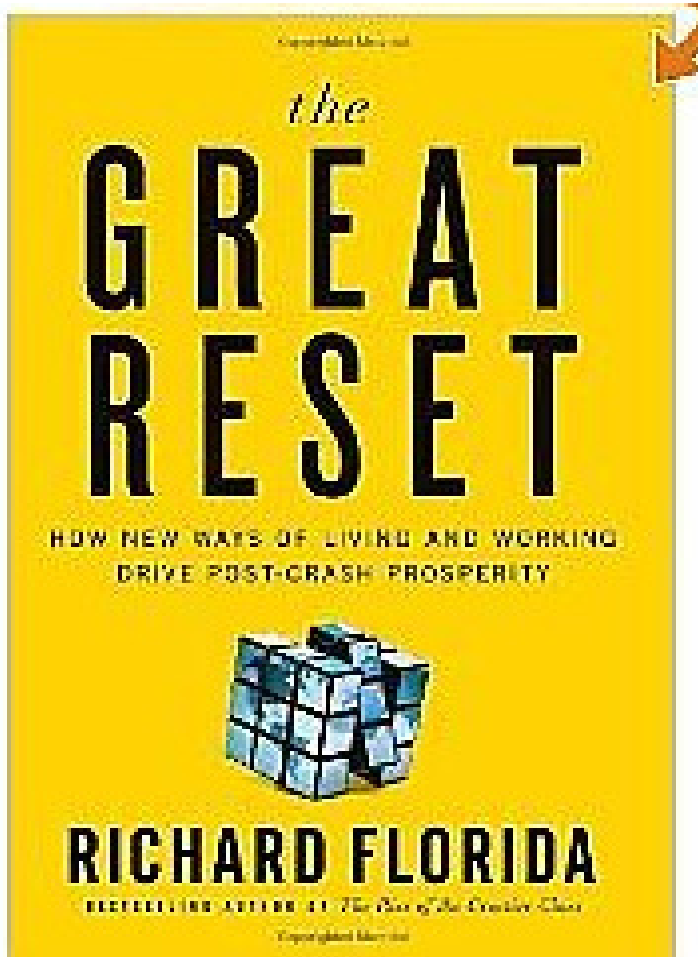


The most significant economic event in our lifetime!

A new economic and social world will emerge from this recession.



# Great Reset is Underway



# Today's Realities

- **Collective Action is Under Attack**
- **The Role of Government is in Question**
- **Government Funding is Eroding**
- **Government Funding is Unpredictable**
- **Corporate & Foundation Funding?**
- **Growing Need for Rural Development!**



# New Funding Solutions Needed

- **Regional Approaches**
- **New Roles for Community Foundations**
- **Bottom Up Strategy**
- **External Leveraging Strategy**
- **Keeping Government in the Game**
- **Finding New Sources of Funding**



# North Dakota's Bakken

ND is now #1 in the U.S. in Oil Production

\$1 Trillion of Oil will be Extracted

Largest Energy Boom in Recent American History

Communities are Overwhelmed

*Roads – Sanitation – Environment – Housing*

***If just one-tenth of 1% of this value were set aside to help this region support this development and ensure post-boom prosperity a \$10 billion endowment could be created capable of generating \$500 million each year eternally.***



# Framework for Sustainable Funding



***Real Funding Makes a Difference!***



# Impact & Sustainability

*Sustainability is a primary key to success and supportive stakeholder are the key to ensuring sustainability.*

**Great Strategy**

**Strong Execution**

**Sustainability**

**Realize Impact!**





# Strategy Keys

**Genuine Opportunities**

**Smart Strategy**

**Right Team**

**Strong Execution**

**Sustained Effort**



# Attracting Capital into Rural America

## *Capital – Certainty & Uncertainty*

- **Community Capital?**
- **Community Strategic Vision & Agenda?**
- **Viable & Dependable Institutions?**
- **Skill at Attracting Outside Capital?**

*The art of leveraging!*



# Appalachian Ohio

## Foundation for Appalachian Ohio

*Motivator – Convener – Facilitator – Incubator*

## AO Business Council & APEG

*New Institutional Capacity for Development*

## Local & Regional Legacy Funds

*Robust – Predictable – Locally Controlled*

## Regional Prosperity Fund

*\$10 million - \$100 million - \$1 billion*



# Project 17 & SE Kansas

**Chronic Need for Development**

**Emerging Regional Effort**

**Considerable Uncertainty**

**Seed Funding - Institutional Support**

**Under Capitalized**

***Make it to sustainability?***



# Building Blocks for Making this Happen



***Generational Vision  
10 Year Capital Plan***



# Three Development Phases

**Phase 1 – Getting Up and Going**

**Phase 2 – Implementation**

**Phase 3 – Scale Up & Impact**

*Move stakeholders and your community from seeing funding needs to **INVESTMENT** into your strategy with real potential for returns.*



# Phase 1 – Start Up

- 1 – Raising the Initial Grub-Stake**
- 2 – Leveraging Grant Funding**
- 3 – Redirecting Existing Resources**
- 4 – New Stakeholders & Funders**

*Phase 1 should ensure that you can get through years 1 through 3.*



## Phase 2 - Implementation

- 1 – Stakeholders & Underwriters
- 2 – Funding from Local Governments
- 3 – Energizing the Chamber, etc.
- 4 – Maximizing Outside Funding
- 5 – Local Option Taxes

*Phase 2 fundraising overlaps with Phase 1 and should provide 3 to 7 years of support.*





# Phase 3 – Scale Up & Impact

**Budget Lines**

**Dedicated Local Option Tax Support**

**Capitalization Campaigns**

**More External Grants**

**Underwriters to Legacy Donors**

*Donors can also be Angel Investors.*



# 10-Year Funding Visual

1			Initial Startup Funding		
2		Multi-Year Development Grant	Multi-Year Development Grant		
3		Multi-Year Development Grant	Multi-Year Development Grant	Institutional Funding Support	
4		Multi-Year Development Grant	New Service Grant	Institutional Funding Support	
5	Area Under-Writers	New Service Grant	Service Fees	Institutional Funding Support	
6	Area Under-Writers	Endowment Donors	Service Fees	Institutional Funding Support	
7	Area Under-Writers	Endowment Donors	Service Fees	Institutional Funding Support	Institutional Funding Support
8	Area Under-Writers	Endowment Donors	Service Fees	Institutional Funding Support	Institutional Funding Support
9	Area Under-Writers	Endowment Donors	Service Fees	Institutional Funding Support	Institutional Funding Support
10	Endowment Donors	Endowment Donors	Service Fees	Institutional Funding Support	Institutional Funding Support



# Development Endowments

**Universities Do It**

**Hospitals Do It**

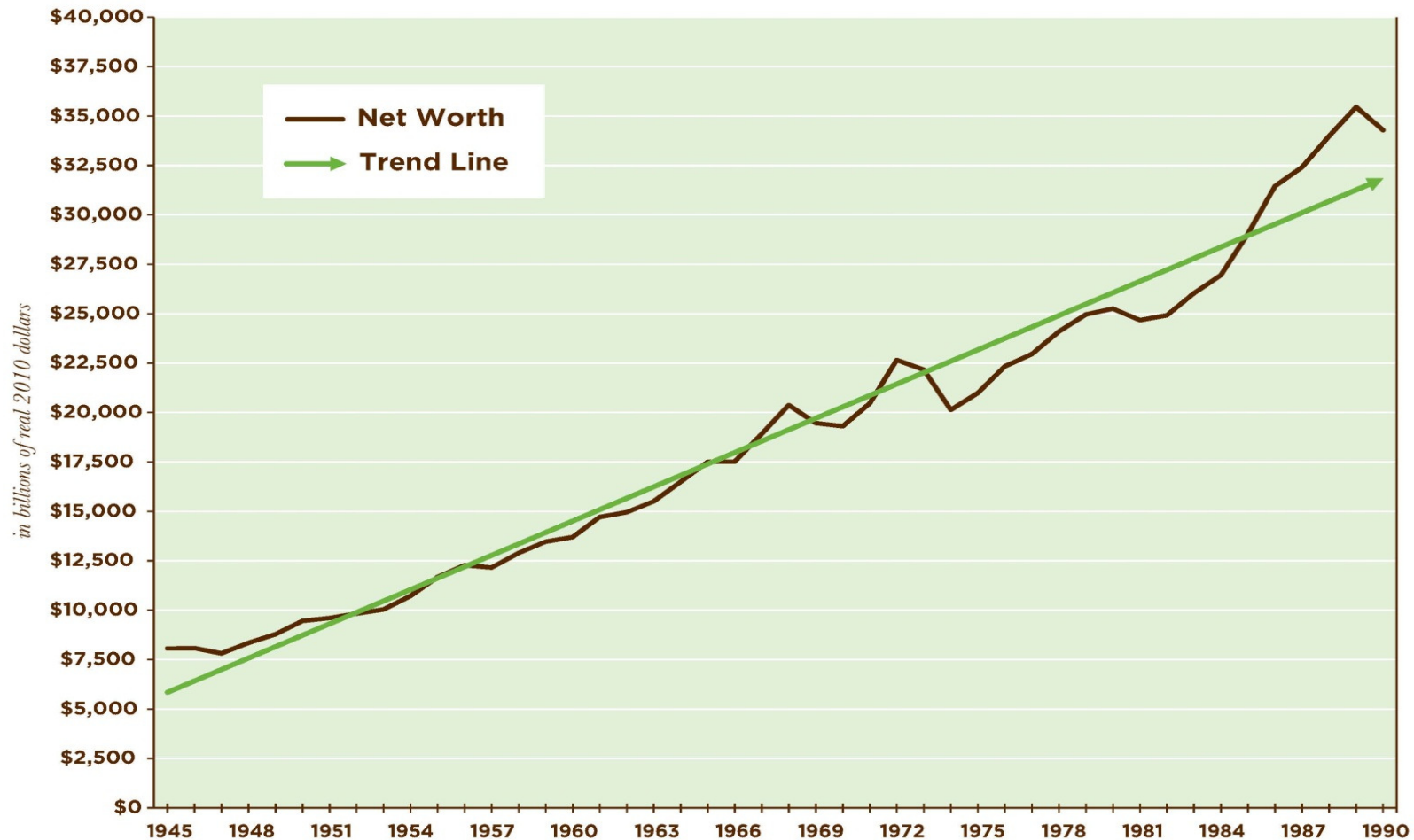
**Even Libraries Do It**

*Economic development is foundational to a community's future. Growing donors and building endowments are doable and can provide long-term funding.*



# American Wealth

Figure 1 - U.S. Household Current Net Worth, 1945-1990



Source: Board of Governors of the Federal Reserve System, Statistical Releases, Flow of Funds - Z.1 and Center for Rural Entrepreneurship December 2010

# New TOW Scenarios

## **Boston College:** 1998-2052

High = \$136 trillion

Medium = \$73 trillion

Low = \$41 trillion

## **RUPRI Center:** 2010-2060

High = \$91 trillion

Low = \$75 trillion

Constant = \$63 trillion

Zero = \$43 trillion

Our revised and most likely scenario of future TOW for the U.S. is estimated at **\$75 trillion** between 2010 and 2060. (Inflation adjusted 2010 dollars)



# The Center's 5-Point Process



# **Illustrations that Motivate!**

**Minnesota's Initiative Foundations**

**Humboldt Area Foundation**

**Iron Range Trust Fund**

**Tupelo's IMPACT Foundation**

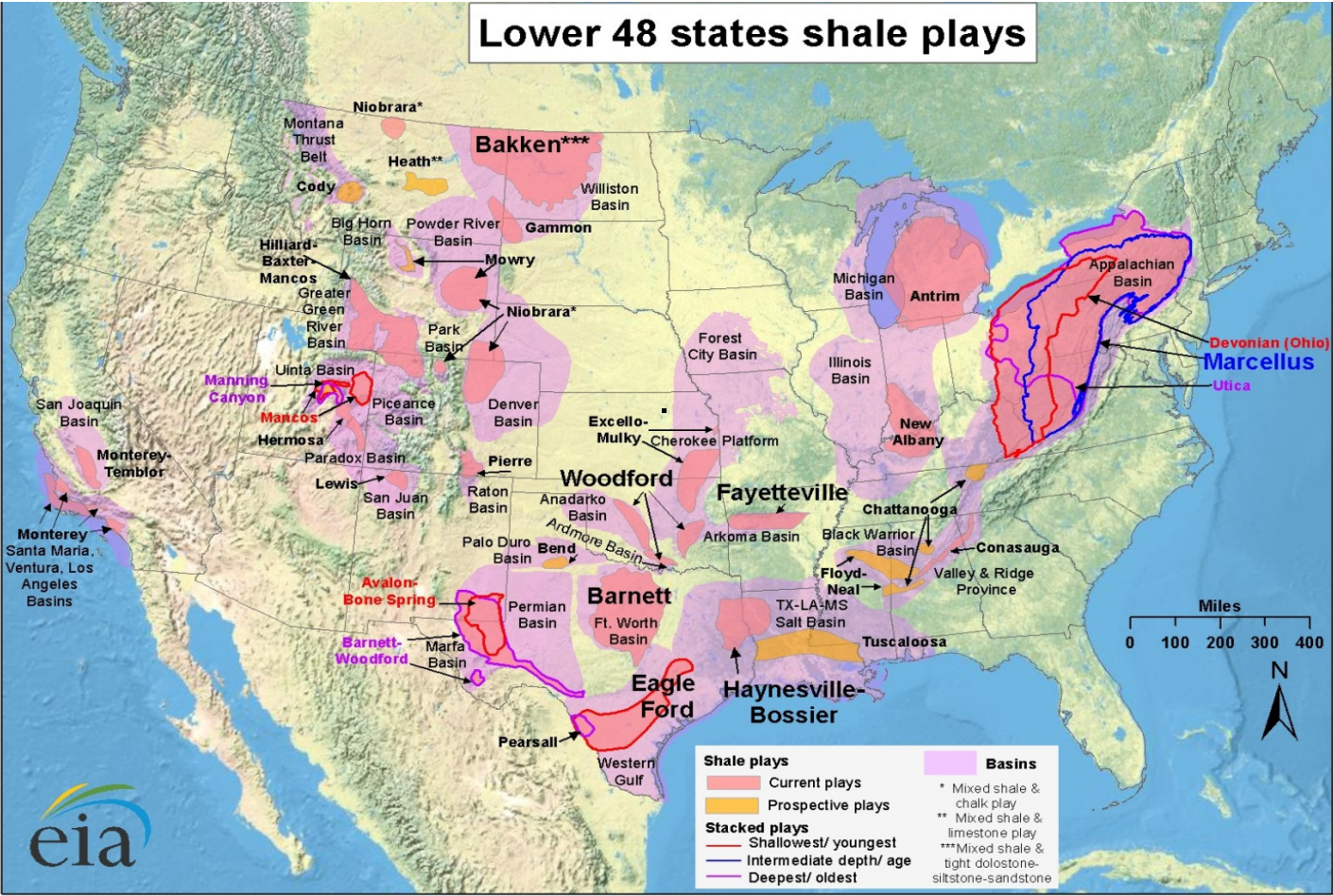
**Nebraska Community Foundation**

**North Sea Oil & Norway's Way**





# Conclusion





# We Need to Dream Again

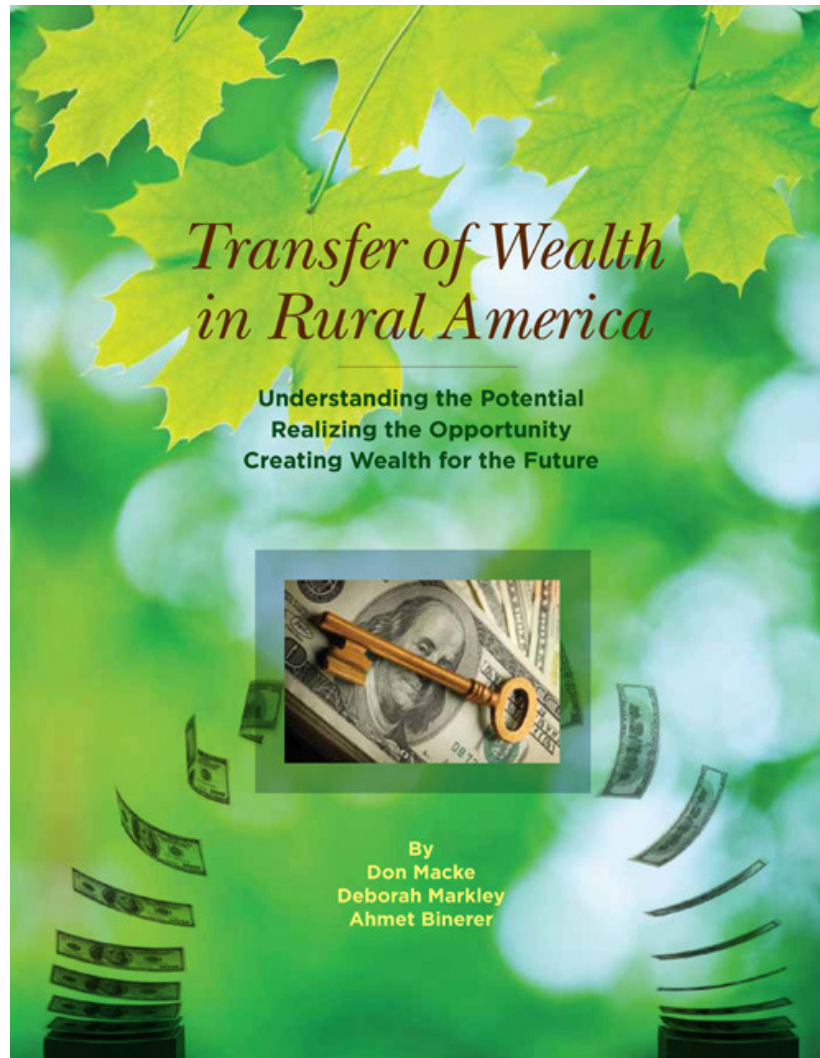
**Reality**

**Inability to Dream/Vision**

**The Dreaming Exercise**



# A Possible Resource



# Center for Rural Entrepreneurship

energizing entrepreneurial communities

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