

THE WHITE HOUSE

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TO: White House Rural Council Member Agencies<sup>1</sup>

SUBJECT: Rural strategies that work: Lifting up Federal policies that are responsive to the assets and challenges of rural America.

This memorandum presents strategies for policymakers to consider as they design and deliver programs in rural America. Rural communities are stewards of our natural resources and on the frontlines of meeting many of our nation's most daunting challenges, from combatting climate change to feeding an expanding global population. Rural citizens are critical to our nation's security: Veterans disproportionately come from and live in Rural America compared to other parts of the country.

Yet many rural communities also face unique challenges that require tailored solutions, including:

- *Limited institutional capacity*: Because of relatively limited public and philanthropic resources,<sup>2</sup> many rural municipalities and community organizations lack the staff and resources needed to apply for or manage Federal grants and programs.
- *Geographic isolation*: Remote rural towns often do not have access to vital resources, such as high speed broadband or educational institutions.

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<sup>1</sup> The White House Rural Council members include the heads of the following Federal Departments, Agencies and Offices: Department of Agriculture; Department of the Treasury; Department of Defense; Department of the Interior; Department of Commerce; Department of Labor; Department of Health and Human Services; Department of Housing and Urban Development; Department of Transportation; Department of Energy; Department of Education; Department of Veterans Affairs; Department of Homeland Security; Environmental Protection Agency; Federal Communications Commission; Office of Management and Budget; Office of Science and Technology Policy; Office of National Drug Control Policy; Council of Economic Advisors; Domestic Policy Council; National Economic Council; Small Business Administration; Council on Environmental Quality; White House Office of Public Engagement and Intergovernmental Affairs; and the White House Office of Cabinet Affairs.

<sup>2</sup> Grants to U.S. rural-based organizations accounted for 5.5 percent of the real value of domestic grants by large foundations during 2005 to 2010, with a slight downward trend over that period. (Source: <http://www.ers.usda.gov/amber-waves/2015-august/foundation-giving-to-rural-areas-in-the-united-states-is-disproportionately-low.aspx#.V-UvVflriUk>)

- *Low population density:* Rural communities have fewer numbers of people, making it more expensive to provide services on a per capita basis.
- *Persistent poverty:* Approximately 15% of rural counties have experienced poverty rates in excess of 20 percent in each decennial Census since 1980.<sup>3</sup>

What works for New York City and San Francisco may not work for Pikeville, Kentucky and Luna County, New Mexico. That is why the Obama Administration has steadily advanced a new approach to Federal engagement with local communities, moving away from an outdated, one-size-fits-all approach toward a more tailored model that leverages local assets and responds to specific barriers. This approach has driven our work with rural communities. Over the course of this Administration, we've collaborated with rural leaders [across the country](#) to provide targeted Federal resources that advance their communities' goals.

We're seeing progress. During the height of the Great Recession, rural unemployment reached nearly 10 percent and job losses averaged 200,000 per year. Today, rural unemployment has dropped to 6 percent, lower than at any point since 2007, and rural counties added over 125,000 jobs in both 2014 and 2015. Median household incomes are increasing, the rural child poverty rate has declined, and the population of rural America has stabilized following several years of rural net migration. Much work remains. Rural Americans and policy makers must keep innovating and learning from what's worked to ensure this progress continues.

### **Developing Policies that Address the Unique Characteristics of Rural America**

This memorandum outlines strategies and learnings gleaned over the course of the Obama Administration – including programs and administrative actions that have resulted in better outcomes for rural families, businesses, and communities - to help inform and improve future policies affecting rural communities. In particular, the memorandum presents policies and administrative actions that:

- Reduce barriers to accessing Federal resources;
- Strengthen rural communities' ability to leverage local assets and Federal resources; and
- Focusing Federal resources to areas of greatest need.

**Reducing Barriers to Federal Resources:** Federal funding and technical assistance can play a catalytic role in revitalizing rural communities. Too often, however, rural communities are unable to access these vital resources due to resource-intensive application processes and other administrative requirements that disadvantage rural communities. While affluent cities and communities may benefit from teams of professional grant writers adept at securing Federal resources, in a rural community, the grant writer may be the part-time mayor, filling out applications on her dining room table. This section highlights strategies employed by Federal agencies to make resources more accessible to rural communities.

Removing or lowering minimum funding amounts: Federal grant programs often include minimum funding amounts for each award due to workload concerns (minimum funding

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<sup>3</sup> USDA Economic Research Service (ERS) analysis available at <http://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/geography-of-poverty.aspx#ppov>

amounts may reduce the number of grants managed by a program office) or a general preference towards larger-scale projects. Yet high award minimums can unintentionally disadvantage rural communities, which often do not have the population base to demonstrate similar impact per dollars awarded as in urban areas or lack the capacity to effectively manage large grants. Agencies can improve the competitiveness of rural communities for existing grant funding by reducing or eliminating minimum funding thresholds. For example, the U.S. Department of Labor (DOL) removed altogether the minimum funding amount for its *Strengthening Working Families Initiative* in response to direct feedback from rural communities. The impact was immediate: DOL funded several small-scale projects under the previous minimum funding threshold of \$250,000 that reflected the resource needs of the rural applicants.

Reviewing urban and rural competitive grant applications separately: Application requirements for competitive grant funding often unintentionally disadvantage rural communities. For example, scoring criteria often require support from nonprofit and/or philanthropic partners—institutions that are in shorter supply in rural areas. To more effectively assess rural applications relative to their peers, agencies may consider, as appropriate, evaluating rural applications separately from urban applications. There are several examples of this in practice: the *Promise Zones Initiative*, a government-wide effort to expand opportunity in distressed areas led by the U.S. Department of Agriculture (USDA) and the U.S. Department of Housing and Urban Development (HUD), selected designees from separate pools - rural, tribal and urban - so that each could be assessed relative to peer applicants. And with its *Our Town* grant program, which supports creative placemaking projects, the National Endowment for the Arts (NEA) reviews competitive applications from rural communities separately from urban applications and recruits individuals with rural expertise and experience to assess the applications from rural communities.

Reducing burdens associated with geographic isolation: Residents of rural communities travel an average of 17.5 miles for health care and 15.6 miles for work, compared to 8.3 miles and 11.6 miles, respectively, in urban areas.<sup>4</sup> Regulations or resources that do not consider the physical distance of rural families and communities to key programs and services may unintentionally reduce access to Federal resources. For example, previous Medicare Provider regulations by the U.S. Department of Health and Human Services (HHS) required physicians to meet in-person with the nurse practitioners and physicians assistants they supervise on a bi-weekly basis. In rural communities, this resulted in physicians traveling long distances between rural hospitals and clinics, often at the expense of time with patients. HHS recognized this challenge and created new rural-specific provisions<sup>5</sup> that provided physicians with greater flexibility to use telehealth technology for their oversight requirements. Agencies might similarly consider opportunities to employ innovative strategies, such as distance learning technology, telemedicine, and mobile delivery of services, to avoid and mitigate unintended burdens placed on rural communities.

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<sup>4</sup> Source: South Carolina Rural Health Research Center, *Mode of Travel and Actual Distance Traveled for Medical or Dental Care by Rural and Urban Residents* available at [http://rhr.sph.sc.edu/report/\(6-1\)%20Mode%20of%20Travel%20and%20Actual%20Distance%20Traveled.pdf](http://rhr.sph.sc.edu/report/(6-1)%20Mode%20of%20Travel%20and%20Actual%20Distance%20Traveled.pdf)

<sup>5</sup> Specific provisions can be found in: Medicare and Medicaid Programs; Regulatory Provisions To Promote Program Efficiency, Transparency, and Burden Reduction; Part II [CMS-3267-F]

Adjusting program policies to reflect changing demographics: The changing demographics of rural communities present unique demands on Federal program design and delivery. Responding to these changes, including an aging population, can be particularly high stakes in rural America. A retiring rural business owner, for example, may risk closing the only grocery store in a small town, single-handedly affecting the community's access to healthy and affordable food. To expand the financing options rural communities have to keep local businesses open when owners retire, USDA Rural Development updated its Business & Industry Guaranteed Loan Program to allow owners to transfer control and ownership to its employees via a worker's cooperative structure. Federal agencies should consider whether current programs are staffed and marketed to best serve their ever-changing target populations.

Establishing dedicated points of contact for rural affairs: Without designated staff or program offices with the expertise to address rural-specific issues, rural stakeholders can find it difficult to navigate an agency's programs. To address this issue, agencies should consider establishing offices or committees to coordinate resources for and engage with rural entities. In 2011, President Obama established the [White House Rural Council](#) to serve as the front door of the White House for rural stakeholders and provide rural expertise for White House-led and inter-agency initiatives. Federal agencies — including HHS, the U.S. Department of Veterans Affairs (VA) and the U.S. Department of Education (ED) — have also recognized the value of a designated office for rural issues. These offices manage rural-focused programs and offer expertise on major Departmental regulations that impact rural communities.

Providing in-person support to navigate Federal resources: For many individuals and organizations in rural communities, the Federal government represents a maze of programs and services. Strategic deployment of Federal staff and human resources can be game changing. Through *Local Foods, Local Places*, an interagency effort to help rural communities develop economic development strategies based on local food systems, technical assistance is followed by active Federal staff engagement; after completing in-person technical assistance workshops to learn about each community's vision, Federal staff from USDA, the Environmental Protection Agency (EPA), HHS, the U.S. Department of Transportation (DOT), ARC and DRA help identify the Federal programs most relevant for implementation. Another example is DOC's International Trade Administration partnering with several agencies to host "Made in Rural America" forums in over 60 rural communities, which informed local business leaders of Federal programs to expand export markets for small manufacturers in rural places. Additionally, through the Corporation for National and Community Service's (CNCS) *AmeriCorps VISTA program*, thousands of VISTA members have been embedded in high-poverty communities providing high-value extra capacity to help community organizations navigate and implement local and Federal resources.

Providing staff with tools to effectively partner with rural communities: Federal approaches to partnerships with local communities may differ across rural and urban geographies. For example, while Federal employees in urban areas may initiate early discussions around Federal engagement within the Mayor's office, in some rural areas, county leaders, economic development organizations, community foundations, or community colleges may be better equipped to partner with the Federal government.

Developing specific policies and training opportunities for conducting outreach in rural communities can empower staff with critical information about the unique characteristics of rural communities, key local organizations, and strategies to sustain partnerships. For example, the Veterans Benefits Administration within the VA established a “Rural Veterans Outreach” policy for their benefit assistance employees. The policy details effective strategies for outreach, including distributing information at targeted rural community centers (e.g. post office, town hall) and coordinating with local Veterans organizations prevalent in rural communities. Additionally, in an effort to expand access to USDA programs for people in rural communities, USDA launched the StrikeForce Initiative for Growth and Opportunity. StrikeForce focused on broadening and deepening USDA partnerships with community-based organizations that have deep roots in higher-need communities, and in this way connected with these constituencies in more familiar and effective ways. Through Strikeforce, USDA has made nearly 190,000 investments, amounting to approximately \$23.5 billion, in 970 high poverty rural communities.

Several agencies have also held intensive trainings for Federal staff on how to drive successful outcomes in rural communities. For example, the Delta Regional Authority’s (DRA) *Delta Leadership Institute* provides training to rural community leaders and Federal employees on navigating economic development resources, establishing intergovernmental partnerships, and leveraging community assets. In another example, in 2016 over 300 staff from 20 agencies participated in the first government-wide [\*Delivering Outcomes with Communities\*](#) training hosted by the Partnership for Public Service. The training included case studies and panels on rural communities and testimonials from rural leaders and elected officials explaining how Federal programs and regulations work in their communities.

Aligning interagency resources: A community’s development strategy often intersects the missions of multiple agencies and programs. While this is the case for all types of places, rural communities often lack the staffing and capacity to apply for and maximize benefits from disparate programs. Federal programs can be more impactful by coordinating the resources of multiple agencies through a single effort. For example, HHS’s *Rural IMPACT* Demonstration aligns disparate programs at HHS, USDA, DOL, and other agencies that share the goal of providing opportunity for rural children and families. Through the initiative, a Federal interagency team has pooled flexible funds to support communities’ efforts to improve the economic security and well-being of low-income rural families.

Additionally, through the *Partnership for Opportunity and Workforce and Economic Revitalization* (POWER) initiative, led by the U.S. Department of Commerce’s (DOC) Economic Development Administration (EDA), the Appalachian Regional Commission (ARC), and DOL, partner agencies developed joint Federal Funding Opportunities (FFOs), which allowed applicants to apply for one or more sources of funding at the same time using a common narrative. The joint FFOs are a cornerstone of the POWER Initiative’s effort to assist communities impacted by changes in the coal industry and power sector by streamlining and coordinating the disparate economic and workforce development programs of 10 Federal agencies. By increasing these communities’ access to Federal planning and implementation assistance and grant funding, the POWER Initiative aims to help communities revitalize and diversify their economies and provide employment and training services to dislocated workers. The FFOs, which include discretionary funding from EDA, ARC, DOL, and the Small Business

Administration (SBA), to date have awarded approximately \$57 million in competitive grants to a range of economic and workforce projects across predominately rural areas.

Furthermore, through a different model, the Rural Jobs and Innovation Accelerator (RJIA) Challenge coordinated the application process of several agency programs by allowing applicants to use a common narrative in their applications, aligning the deadlines so that applicants could apply for all resources at once, and synchronizing award dates so that grantees could more easily and effectively implement their projects. The 13 designees leveraged awards totaling \$9 million in Federal funds to raise over \$114 million in private investment and create or retain nearly 5,000 jobs.

Finally, the Administration has taken concrete steps to facilitate interagency program alignment. Earlier this year, the Office of Management and Budget (OMB) and 16 agencies collaborated to establish a new model [Memorandum of Agreement \(MOA\)](#) to improve collaboration across the Federal government in support of local communities' efforts to build better outcomes. The MOA establishes a framework to provide interagency resources to communities and streamlines processes for agencies to enter into inter-agency agreements. Additional agencies are working to join the MOA as well.

### **Strengthening the Ability of Rural Communities to Develop Local Assets and Access**

**Federal Resources:** While the Administration has worked to break down the barriers to accessing Federal resources, it has also sought to support rural communities' ability to make use of local assets and access Federal programs. These investments in human capital are critical to directly empowering rural communities and can greatly improve the communities' ability to access and manage existing local and Federal resources.

Providing training and technical assistance to strengthen funding applications: As noted, rural communities may lack grant-writing expertise, disadvantaging them for reasons unrelated to their ability to successfully implement grant resources. Agencies should explore efforts to form partnerships and provide technical assistance and other resources to improve the ability of rural communities to compete for and access Federal resources. Over the last several years, DRA and ARC have hosted technical assistance workshops to help communities in the region submit competitive funding applications, leading to a significant increase in awards to the Delta and Appalachian regions.

Through the POWER Initiative, agencies have partnered with a range of regional and national philanthropies invested in the transition of coal-reliant communities to create a new pooled fund called the Just Transition Fund (JTF), led by the Appalachia Funders Network and the Rockefeller Family Fund, to help communities access Federal funding opportunities provided through POWER. The JTF has awarded targeted technical assistance grants to organizations in coalfield and power plant communities for the express purpose of helping them develop high quality, competitive applications for POWER funding.

USDA Rural Development has partnered with organizations such as cooperative development centers, land-grant universities and philanthropies to leverage non-Federal resources to meet in-kind or cash matching fund requirements, a frequent barrier for high-need rural individuals and

organizations. By identifying additional resources, these partner organizations enable applicants to submit more competitive applications.

Providing planning assistance: Local leadership in rural communities may lack the time and experience to do the hard - but essential - work of developing a coordinated vision for their future. Federal agencies should support and incentivize efforts to convene stakeholders and provide planning assistance to rural communities, allowing them the time and space to create a vision for their community's future. For example, through the Citizens' Institute on Rural Design (CIRD), NEA and USDA provide technical assistance and funding to support proactive community planning workshops in rural communities. The technical assistance leading up to the workshop facilitates peer learning among rural host communities and builds the capacity of local leaders to structure an extensive community engagement process, and ultimately a strategic planning workshop. Ideas and plans that result from the CIRD workshop create a pipeline of projects eligible for community foundation and USDA funding that are community-driven. In another model, USDA's Stronger Economies Together brings land-grant universities together with USDA Rural Development staff to help small towns develop regional economic development plans responsive to their unique needs.

For communities and regions struggling with serious economic hardship or other acute challenges, focused Federal engagement can draw attention to critical issues and mobilize local stakeholders to design a path forward. For instance, EDA's Economic Development Assessment Team (EDAT) tailors each of its engagements with communities to the needs and desires of local stakeholders by ensuring the most relevant Federal agencies are involved. At the conclusion of a three-day EDAT visit, regional and local stakeholders have a bottom-up strategy, developed with input from the Federal partners, designed to foster robust economic growth and recovery.

Strengthening rural and urban connections: Low population density and geographic isolation can limit the growth of rural business and industry. Rural communities can better leverage local assets by partnering with nearby urban counterparts that share strategic priorities. For example, agricultural producers can expand their markets by developing a pipeline with urban restaurants, hospitals, and other institutions. Recognizing the value of supporting urban-rural linkages, USDA developed a Value Chain Coordination Initiative known as "Food LINC," in which dedicated coordinators embed in a local community organization to help connect rural-based producers to urban markets where there is unmet demand for local food.

**Focusing Federal Resources to Areas of Greatest Need:** Due to the challenges mentioned above, the highest need communities often struggle to access Federal resources. Federal agencies have used several strategies to tackle poverty, in part, by targeting resources to high poverty communities. For example, USDA Rural Development (the Agency) used new data and mapping tools, administrative discretion to prioritize high-poverty communities, and staff performance metrics to increase investments in high-poverty communities by \$1.25 billion in loans and grants, over the course of two years, exceeding its goals in half the anticipated time. Given that each agency has different human resources capacity and discretionary authority, the below steps should not be seen as a prescriptive roadmap for agency action; rather it could serve as a "menu" of potential tactics agencies may consider to maximize impact for the highest-need families and communities.

Data and mapping tools: To encourage more strategic use of staff time and outreach efforts, USDA created a customizable mapping tool that displayed census-tract level poverty data and the geographic location of previous investments. The Agency trained nearly all field-based staff on how to operate the mapping tool to identify locations for targeted program outreach and to determine if a proposed project's service area includes the highest-need communities. After a number of iterations, the Agency found that using the more granular census-tract data was important so that the presence of high-need communities was not obscured by countervailing data from more affluent communities in the county.

Administrative discretion to prioritize high-poverty communities: The Agency used administrative discretion to assign preference points to high-poverty communities, such as those in Strike Force and Promise Zone areas, which increased the odds these communities would receive competitive awards. The USDA General Counsel's office reviewed all of the Agency's programs to identify new opportunities to assign preference points for high-need communities. The exercise removed commonly-held assumptions regarding which programs were eligible for preference points. Furthermore, the Agency issued high-level guidance to program directors and State Directors to exercise priority preference for high-poverty communities to the maximum extent practicable.

Staff performance metrics: The Agency developed several strategies for program and agency leaders to set staff performance metrics related to increasing investments in high-poverty communities. For example, at the beginning of the fiscal year, the heads of each state office were responsible for submitting ambitious, state-specific goals for the percentage of dollars to be directed to high-poverty areas. To hold staff accountable to these goals, each quarter State Directors received a personalized scorecard highlighting their progress toward their annual goals. Additionally, progress toward these goals was a metric in State Directors' annual performance reviews.

**Conclusion:** Rural America holds great potential. The Obama Administration has endeavored to engage, partner with and support the families, businesses and communities in rural America to capture as much of this potential as possible. This effort has focused on lowering barriers to Federal resources, increasing the capacity of rural entities to make the most of their local assets and the ability to access Federal programs, and targeting resources in areas of greatest need. The specific strategies outlined above provide examples of how Federal agencies can build on this progress to design and deliver more effective programs to rural communities.