

# HEARING TO REVIEW INNOVATIVE APPROACHES TO RURAL DEVELOPMENT

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## HEARING BEFORE THE SUBCOMMITTEE ON RURAL DEVELOPMENT, BIOTECHNOLOGY, SPECIALTY CROPS, AND FOREIGN AGRICULTURE OF THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES ONE HUNDRED ELEVENTH CONGRESS

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# HEARING TO REVIEW INNOVATIVE APPROACHES TO RURAL DEVELOPMENT

TUESDAY, MARCH 31, 2009

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON RURAL DEVELOPMENT,  
BIOTECHNOLOGY, SPECIALTY CROPS,  
AND FOREIGN AGRICULTURE,  
COMMITTEE ON AGRICULTURE,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 1:00 p.m., in Room 1300, Longworth House Office Building, Hon. Mike McIntyre [Chairman of the Subcommittee] presiding.

Members Present: Representatives McIntyre, Bright, Minnick, Peterson (ex officio), Conaway, Roe, Thompson, Cassidy and Lucas (ex officio).

Staff Present: Aleta Botts, Claiborn Crain, Tyler Jameson, John Konya, Rebekah Solem, Kristin Sosanie, Jamie Mitchell, Patricia Barr, Mike Dunlap, and Nicole Scott

## **STATEMENT OF THE HON. MIKE MCINTYRE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA**

Mr. MCINTYRE. This hearing of the Subcommittee on Rural Development, Biotechnology, Specialty Crops, and Foreign Agriculture to review innovative approaches to rural development will now come to order. We want to start on time to honor your time and also the unpredictable voting schedule that we sometimes have.

Good afternoon. Welcome to today's hearing. I am Congressman Mike McIntyre, Chairman of the Subcommittee from North Carolina. Welcome, all of you who are with us today. I want to thank all of you for coming here to examine this important topic, and I especially thank our witnesses for the travel that they have incurred to be able to join us today.

At the beginning of this year, in this very room, the day after our new Congress was sworn in, I had the opportunity to convene folks from all over this country to talk about the impact of a potential stimulus package, as it was generically called and now as it is known as the American Recovery and Reinvestment Act. To our great alarm, rural areas were not readily included in that stimulus package and as time went on after that very important roundtable discussion, I was especially concerned about water and wastewater projects and other issues that affect rural America. We heard from the National Association of Counties that day, from public water groups and others. We sounded the alarm. Also my good friend Jim Clyburn, the Majority Whip, raised similar issues among the lead-

ership. He is from the neighboring State of South Carolina, just south of where I actually live, near the North Carolina/South Carolina border. Indeed, before that package came out and was submitted as potential legislation, it did include rural areas.

We realized that folks that live in rural areas are just as much taxpaying citizens as people that live in urban and suburban areas, and that rural areas should not be discriminated against when it comes to opportunities for economic advancement and economic development. So we had a historic discussion in this room going back to the very first full day of the new Congress. Subsequent to that, I have had several roundtable discussions in nine different counties back home in southeastern North Carolina about that issue. When we look at other concerns, such as rural broadband and community facilities, we realize how important they are to helping rural America not get the short end of the stick.

In fact, *KThe New York Times* contacted me before the passage of the stimulus package, as it was known at the time, and wondered out loud whether rural broadband would ever make it, whether it could ever survive in the Senate, whether it was worth it, whether there was the infrastructure to support it. We had quite an interesting discussion and it made the front page of *The New York Times* the next day. It was an amazing story to be on the front page of *The New York Times* about rural broadband.

Thankfully, the Senate did include it, as you know, and the rest became history because, in the final package, we had rural broadband. We are excited about the difference that that can make in rural America. I still remember when President Clinton came to the communities of Brunswick and Whiteville, North Carolina, in April of 2000. And here we are 9 years later still wanting to, as President Clinton once said, bridge the digital divide. It is high time that that be done, and I am very thankful that we had rural broadband in the American Recovery and Reinvestment Act. Even with this infusion of funds rural areas still face a tough struggle as they evaluate how to strengthen their local economies, secure and retain employers and provide sufficient services for their citizens to ensure that rural communities grow and thrive.

Just last week a report was released from one of the entities represented here today, the Rural Policy Research Institute entitled, "Rural America in Deep Downturn." As I am sure we may hear from one of our witnesses, this report indicates the rural economy and I quote, "is now losing jobs at a faster rate than the rest of the nation." Data from the Bureau of Labor Statistics show that nonmetropolitan counties lost 3.4 percent of their jobs in the 12 months ending in January of 2009 while metro counties saw a 2.8 percent drop for the same period. There are other stark numbers that show what many of us have heard as we visit with rural constituents. They tell us the heartbreaking stories of employers shutting down, jobs leaving their local area and the difficult situation that creates, most seriously, in areas without many alternatives for employment—just as I discussed with a group of businessmen back home in Lumberton, North Carolina, yesterday. We are hearing today how rural communities can use this time of challenges to work together to increase opportunities, find ways to develop home-grown economic drivers that will put jobs in these communities and

keep them there. While we know rural areas have challenges, let no one ever doubt the ingenuity and hard work present in our rural areas and the potential for what these qualities can bring to our nation.

I am pleased today to welcome several individuals from the Tar Heel state to our witness panel. Mr. Will Lambe is the Associate Director of the Community and Economic Development program at my alma mater, The University of North Carolina at Chapel Hill, and we wish them well in the Final Four this weekend and I am glad the President feels the same way about that. Mr. Lambe's most recent publication, called "Small Towns, Big Ideas: Case Studies in Small-Town Economic Development," was released in 2008. He has also authored several studies prior to his work at Chapel Hill relevant to our discussion today, including "Back on Track, Promising Practices to Help Dislocated Workers, Businesses, and Communities," which he wrote for the North Carolina Rural Economic Development Center; and also wrote the article, "Business Retention and Expansion, Synergizing Service Delivery in North Carolina."

Based out of Chapel Hill as well, Dr. Deborah Markley is Managing Director and Director of Research for the Rural Policy Research Institute's Center For Rural Entrepreneurship, a national research and policy center that is actually based in Missouri. So, I also want to welcome her from Tar Heel land and Chapel Hill and I also thank her institute for taking the time to focus with us today on the concerns of rural America. Dr. Markley's focus with the center is on the best models for entrepreneurship development and rural places. Her research has also included case studies of entrepreneurial support organizations.

I want to welcome our other witnesses as well, and you will be introduced as we get ready to have our panel introduction in just a moment.

Let me encourage all witnesses to use the 5 minutes provided for your statements to highlight the most important points in your testimony. Do not read your testimony, unless you can complete it within the allotted 5 minutes, or if you can read the highlights within those 5 minutes.

Pursuant to our Committee rules, testimony by witnesses along with questions and answers by Members of the witnesses, will be stopped at 5 minutes. But don't worry, your complete written statement will be submitted in its entirety in the record.

At this time, I would like to call upon the Ranking Member, Mr. Mike Conaway, for any comments that he might have here at the opening.

**STATEMENT OF THE HON. K. MICHAEL CONAWAY, A  
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. CONAWAY. Well, thank you, Mr. Chairman.

I appreciate you calling this hearing. I also want to thank our witnesses for taking the time to be with us today, for the work that you are doing throughout rural America, and for your willingness to share your insights with our Subcommittee today.

The 2008 Farm Bill reauthorized programs created to address the needs of rural communities. These programs are geared toward

the creation of new and improved facilities and infrastructure, broadband access and developing value-added products through grants, loans and technical assistance. It has also created new opportunities for small business owners, farmers and ranchers to grow and expand their operations in a changing economic landscape.

Rural development programs fall under the jurisdiction of several different agencies, which often complicates economic development assistance. I hope our panel will be able to provide some insight on how the activities and funding of these programs can best be coordinated among the relevant areas. Increased funding has been provided over the past few months that will assist USDA in working through applications for community facilities, utilities, business development and broadband programs. I am interested to hear how the participating communities plan to utilize these Federal funds.

I would also like comments, if you would, we have a myriad of individual programs of varying sizes, comments from the witnesses as to what the impact would be to consolidate or bring those under a more common umbrella of guidance. Would that be valuable? Would we save taxpayer dollars that would otherwise be spent? Is that money we could then put back into the programs?

I am looking forward to hearing the testimony of our witnesses and learning more about how they believe these programs can best be implemented to assist rural America. The ideas presented here will be useful as we monitor implementation of the farm bill and the stimulus bill. I appreciate your time and willingness to share your thoughts with us today.

And I yield back.

Mr. MCINTYRE. Thank you very much.

I would like to now recognize the Chairman of the full Committee on Agriculture, Chairman Peterson, for any remarks he would like to make.

**STATEMENT OF THE HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA**

Mr. PETERSON. Thank you, Mr. Chairman; and thank you, Ranking Member, for your leadership.

I want to welcome the witnesses today to the hearing. We have a distinguished panel of witnesses who are going to talk about their approaches to rural development that have led to successes in their areas.

In farm policy, I know we have recognized the emergence and importance of being homegrown, a new market that is being developed in that area, also producing domestic renewable energy for America. I think we can apply that term to rural development as well by assisting local leaders who take initiative in their own communities and work together to grow and keep jobs in rural America.

Therefore, I appreciate the Subcommittee's work on this issue and look forward to hearing the witnesses' testimony.

Mr. MCINTYRE. Thank you, Mr. Chairman.

We are also pleased to be joined by the Ranking Member of the full Committee on Agriculture, Mr. Lucas.

Any comments you would like to make, sir.  
[The prepared statement of Mr. Peterson follows:]

SUBMITTED STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN  
CONGRESS FROM MINNESOTA

Thank you, Chairman McIntyre and Ranking Member Conaway for your attention to this issue.

Today the Subcommittee will look at innovative approaches to rural development. Given the challenges that America's rural communities face—be it the need for infrastructure, the struggle to provide services for citizens, or the current state of the economy, this is an important topic and I thank the Chairman for calling this hearing.

Today we will hear from a distinguished panel of witnesses about what approaches to rural development have led to success in communities around the country. These authors and researchers have seen first-hand how entrepreneurship, cooperation, and education can shore up the foundation of rural economies and cause dramatic improvements.

One thing we often talk about in farm policy is the emergence and importance of being home-grown—whether it be in eating locally-grown foods or producing a domestic renewable energy supply to fuel America. We can apply that term to rural development as well, by assisting local leaders who take initiative in their own communities and work together to grow and keep jobs in rural America.

I appreciate the Subcommittee's work on this issue and look forward to hearing the witnesses' testimony.

**STATEMENT OF THE HON. FRANK D. LUCAS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA**

Mr. LUCAS. Thank you, Mr. Chairman, for holding this hearing today.

First, I would like to welcome Dr. Randy Smith from Altus, Oklahoma. I am glad he is here today representing not only the Third District of Oklahoma but also rural community colleges in his role as President of the Rural Community College Alliance, a national organization of rural colleges with over 150 members in the U.S. Those insights will provide a great benefit to many across the country.

I appreciate the timeliness of this hearing, as USDA works to implement the 2008 Farm Bill, including several new rural development programs. I look forward to hearing from individuals, businesses, associations and community colleges as to how they are working to bring new opportunities to small communities across the country. Every town and city has before them the task of developing economic opportunities in the face of a global downturn.

For rural communities, this task is especially challenging, even in prosperous times. But in the circumstances we are in right now, with lower commodity prices combined with higher input costs, rural areas have less with which to provide critical services and to reinvest in their communities.

In addition, the shift in populations to urban areas means fewer people to remain to operate the farms and services and to start small businesses. These are the challenges rural America faces, and it is why I take very seriously our charge to create programs that will give rural communities the tools and resources they need to expand economic opportunities.

Again, I want to thank Dr. Smith, as well as our other panel witnesses for their time and insights today. And I am pleased we have

an opportunity to learn more about how we can improve economic opportunities in small towns and rural communities.

Thank you, Mr. Chairman.

Thank you, Mr. Ranking Member.

[The prepared statement of Mr. Scott follows:]

SUBMITTED STATEMENT OF HON. FRANK LUCAS, A REPRESENTATIVE IN CONGRESS  
FROM OKLAHOMA

Good afternoon, and welcome to today's hearing to review innovative approaches to rural development. I want to thank all of you for being here as we examine this important topic, and I want to especially thank our witnesses who will be testifying before us today.

A couple of months ago in this very hearing room I held a roundtable to discuss the needs of rural areas. At this roundtable, several organizations working with rural communities pointed out the significant infrastructure needs faced by these communities and how rural areas were faring in the current difficult economic environment. Fortunately, we were able to secure funds within the stimulus package to address some of the needs for rural water systems, rural broadband, and essential community facilities. Later this year, once USDA has had an opportunity to implement these programs, we will be holding hearings to evaluate the effects of that funding.

Even with this infusion of funds, however, rural areas still face a tough struggle as they evaluate how to shore up their local economies, secure and retain employers, and provide sufficient services for their citizens to ensure that their rural communities grow and thrive. Just last week, a report was released from one of the entities represented here today, the Rural Policy Research Institute (RUPRI), entitled "Rural America in Deep Downturn." The report indicates that "The rural economy is now losing jobs at a faster rate than the rest of the nation." Data from the Bureau of Labor Statistics show that nonmetropolitan counties lost 3.4 percent of their jobs in the 12 months ending January 2009 while metro countries saw a 2.8 percent drop for the same period. This report shows in stark numbers what many of us have been hearing as we visit with rural constituents who tell us heart-breaking stories of employers shutting down, jobs leaving their local area, and the difficult situation that creates most seriously in areas without many alternatives for employment.

We are having this hearing today to hear how rural communities can use this time of challenges to work together to increase opportunities and find ways to develop homegrown economic drivers that will put jobs in these communities and keep them there. While rural areas have challenges, let no one ever doubt the ingenuity and hard work present in our rural areas and the potential for what those qualities can bring our nation.

I am pleased to welcome individuals from North Carolina to our witness list today.

Mr. Will Lambe is the Associate Director of the Community and Economic Development Program at the University of North Carolina at Chapel Hill. His most recent publication, *Small Towns, Big Ideas: Case Studies in Small Town Economic Development*, was released in 2008. He has also authored several studies prior to his work at Chapel Hill relevant to our discussion today, including "Back on Track: Promising Practices to Help Dislocated Workers, Businesses and Communities" for the North Carolina Rural Economic Development Center and "Business Retention and Expansion: Synergizing Service Delivery in North Carolina."

While based out of Chapel Hill as well, Dr. Deborah Markley is Managing Director and Director of Research for the Rural Policy Research Institute's Center for Rural Entrepreneurship, a national research and policy center based in Missouri. Her focus within the Center is evaluation of best models for entrepreneurship development in rural places. Her research has also included case studies of entrepreneurial support organizations.

Mr. MCINTYRE. Thank you so much, Mr. Lucas.

The Chair would request that other Members submit their opening statements for the record so that witnesses would be able to begin their testimony and we are sure there is ample time for questions.

We have also, obviously, been called to votes.

Let me mention this, we have already described and welcomed Mr. Lambe, Dr. Markley, and now Dr. Smith. Our other two panelists are Mr. Jeff Yost, president and CEO of Nebraska Community Foundation from Lincoln, Nebraska.

We welcome you today.

We also have with us Robert J. Thompson, Executive Director of Androscoggin Valley Council of Governments and Vice Chairman of the Rural Development Task Force of the National Association of Development Organizations, known as NADO.

Thank you for the great work that you all do and continue to do with councils of government and regional planning groups throughout the nation.

Mr. Thompson is from Auburn, Maine.

In addition, we want to make sure that our witnesses are prepared to proceed with testimony as soon as we return.

We have three votes, and when we come back, we will begin with you, Mr. Lambe.

So, right now, the Committee will be in recess for the duration of these votes, and then we will resume immediately following.

[Recess.]

Mr. MCINTYRE. We will now come back into session and start with our panel of witnesses.

Mr. Lambe.

**STATEMENT OF WILLIAM LAMBE, ASSOCIATE DIRECTOR,  
COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM,  
UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL  
SCHOOL OF GOVERNMENT, CHAPEL HILL, NORTH CAROLINA**

Mr. LAMBE. Thank you, Mr. Chairman and Members of the Subcommittee, for this opportunity to speak with you today about innovation in rural development.

My name is Will Lambe, and I am from the University of North Carolina at Chapel Hill, where I am the Associate Director for Community and Economic Development at our school of government. My job involves working with public officials in North Carolina on issues related to community and economic development. And I recently completed a book entitled, "Small Towns, Big Ideas." The book profiles 45 small towns from across the country that are surviving and thriving in today's economy. It includes detailed case studies of small communities that are planning and implementing community and economic development strategies with fewer than 10,000 people in their jurisdictions.

My testimony today draws from that experience, visiting, studying and writing about innovative small communities having some success in economic development. Innovation, in my view, in rural development is really a moving target because an innovative or a new practice in one place may not be innovative in another. There are, however, I think several general characteristics of rural innovation that I discovered in my experience studying small towns. These characteristics, which address more the process than the substance of innovation, might be considered what I call local ingredients for rural innovation.

Rural innovation is more likely to occur when a community has proactive and future-oriented leaders who will embrace change and

assume risk. Rural innovation is more likely to occur when a community has a widely-shared vision for development and a plan to achieve results. Rural innovation is more likely to occur, in my view, when a community has a broad understanding of its assets and opportunities.

Mr. Chairman, these are the general characteristics of innovation, and there are others in my written testimony that are under the control of local officials and civic leaders in rural communities. And my experience studying small towns leads me to conclude that a majority of the responsibility really for initiating innovative practices in rural development lies squarely in the hands of those local leaders. They know their circumstances, and they are really the ones who are best equipped to make those strategic decisions about development in their communities. But in my view, the Federal institutions have an equally important role in terms of encouraging, incenting, or seeding innovation at the local level.

My colleague, Al Delia, from North Carolina, who was before a Subcommittee of this Chamber 2 years ago said that, in those parts of the rural South, where resources and opportunities converge, we have seen economic success emerge. However, in too many places, we continue to lack the resources to take full advantage of the opportunities.

The stories in my book are about exactly those places. I had the opportunity to tell the story of places where resources and opportunities converge.

The flip side of that is this, Mr. Chairman, what about those rural communities, like far too many in eastern North Carolina, where persistent poverty handicaps rural innovation? The untold story of my experience is that far too few success stories of rural innovation come from the persistent poverty communities stretching from southeastern Virginia through eastern North Carolina, South Carolina, Georgia, and along into Mississippi. The southeastern crescent region is quite underrepresented in my sample of success stories.

I am not trying to imply that good things aren't happening in pockets. There are absolutely success stories in this part of the country. Scotland Neck, for example, in Halifax County, eastern North Carolina, has had some success in terms of attracting tourists through outdoor recreational activities and a spruced up Main Street with outdoor guide services, restaurants and retailers.

With Federal support for tourism planning and program development in the southeast, more persistent poverty communities might have the opportunity to innovate like Scotland Neck. I appreciate the opportunity to speak with you today. I have other examples of rural innovation in my written testimony. And I would be glad to answer any questions from the Subcommittee.

[The prepared statement of Mr. Lambe follows:]

PREPARED STATEMENT OF WILLIAM LAMBE, ASSOCIATE DIRECTOR, COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM, UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL SCHOOL OF GOVERNMENT, CHAPEL HILL, NORTH CAROLINA

Mr. Chairman, thank you for the opportunity to address the Subcommittee on Rural Development, Biotechnology, Specialty Crops, and Foreign Agriculture. My name is William Lambe and I am the Associate Director for the Community and

Economic Development Program at the School of Government, University of North Carolina at Chapel Hill.

My job involves working with public officials in North Carolina on issues related to community and economic development. I also direct several programs designed to focus our University's faculty, student and staff resources on the challenges facing economically distressed communities in North Carolina.

I recently completed a book, "Small Towns, Big Ideas: Case Studies in Small Town Community and Economic Development". The book profiles forty-five small towns from across the country that are surviving, and in many cases thriving, in today's economy. It includes detailed case studies about planning and implementing economic development strategies in small towns with fewer than 10,000 residents. The project took me to dozens of rural communities that are responding to the challenges associated with globalization, geographic isolation, urban sprawl, aging populations and natural disasters. The case studies cover a wide variety of economic development strategies, including industrial development, tourism, downtown development, entrepreneurship, and arts—and cluster-based development. They also describe a range of strategies for building local capacity for economic development: organizational structures, partnerships, leadership development, and more.

My testimony today, which will focus on innovation in rural development, will draw from my experience visiting and writing about a national sample of small towns implementing innovative or distinctive development practices. I will describe briefly six characteristics of innovation in rural development that I discovered in my work and I will provide several examples to illustrate each characteristic. I will conclude with some general comments about encouraging and incenting innovation in rural development.

#### **Local Ingredients for Rural Innovation**

Innovation in rural development is a moving target. An innovative (or new) practice in one place may not be innovative in another. For example, the widespread use of local philanthropy to finance economic development—a tool in the strategic portfolio of many communities across Nebraska and other Midwestern states—would be considered quite innovative in Eastern North Carolina. What makes a particular approach to development innovative depends on the context in which the practice is being implemented. There are, however, several general characteristics of rural innovation that I discovered in my experience studying small towns. These characteristics, which address more the process than the substance of innovation, might be considered "local ingredients for rural innovation."

#### **Proactive and future-oriented leaders who will embrace change and assume risk**

Leaders in rural communities are the facilitators of, or the barriers to, innovation. Without local leaders to push and implement new ways of doing things, innovative practices, in whatever form they take, will fall short. These characteristics of innovative leadership in rural communities—proactive, future oriented and risk-taking—perhaps relate to the fact that innovation often results when communities "hit the bottom," forcing local leaders to try new things and take new risks.

For example, consider Helena, Ark., where the community's collective sense of hitting bottom presented local leaders with an opportunity to step up, to initiate a new way of planning and implementing development efforts and to convince local residents to participate in the process. Similarly, in Scotland Neck, N.C., difficult economic and civic circumstances in the late 1990s presented an opportunity for a strong mayor and other civic leaders to look inward for new ideas and angles on old problems.

Being proactive (as opposed to reactive) can be measured by a community's willingness and ability to act on a particular challenge before it becomes a problem. In Tennessee, for example, Etowah's proactive approach to building and occupying its industrial park, as opposed to reacting to trolling industries, has paid major dividends in terms of maintaining a diverse array of living wage jobs in town. In Ord, Neb., proactive meant preparing the community's residents and institutions for unknown opportunities in the future. Ord's economic development leaders tackled a number of small-scale challenges in the community and, in the process, seeded the roots of teamwork around development activities. In 2003, when a major economic development project arrived from state developers, Ord was prepared to act.

Embracing change and assuming risk is another characteristic of innovative leadership in rural communities. For example, Fairfield, Iowa, has taken an approach to development in which the entire strategy of building an entrepreneurial culture is based on the natural business cycle of success and failure. According to a local leader, "there was a lot of trial and error and failures to get to where we are today,

but the failures of some companies have provided cheap space, office furniture and equipment for another round of start-ups. Failure has freed up talented people who again ask what new concepts and companies can we start here in Fairfield.”

#### **Widely shared local vision**

Innovative rural communities establish and maintain a broadly held vision, including goals for all manner of development activities with measurable objectives. In rural development people (as opposed to money or other resources) are the one absolutely necessary ingredient to implementing and sustaining innovative practices. A committed group of local residents who are willing to work hard to support the community’s vision can change the fate of an otherwise hopeless community. A widely shared vision provides local innovators with a common understanding of the road ahead.

This idea is perhaps illustrated most dramatically by Helena, Ark., where the inclusiveness of the community’s planning and visioning process was crucial. In this case, the process included representatives from government, community organizations, for-profit and nonprofit interests, resource providers and average citizens of the community. In fact, anybody could join the effort, and this perception of an inclusive and open-door process was widespread across Helena.

Similarly in Ord, Neb., a significant amount of the momentum for economic development comes from one-on-one conversations. In Ord, local leaders take the time to meet individually with members of the community, sometimes going door to door, to ensure that opposition to development efforts does not take root for lack of understanding the larger vision that drives local development. In terms of maintaining momentum behind a community’s vision, Douglas, Ga., demonstrates how a local Chamber of Commerce can take responsibility for calling stakeholders together on a regular basis to recommit themselves to the community’s shared vision.

#### **Broad definition of assets and opportunities**

In most communities shell buildings, low tax rates, limited regulation, and access to trained workers, highways, railroads, or professional services are considered economic development assets and justifiably so. Innovative rural communities, however, define economic development assets in a much broader framework.

For example, Allendale, S.C., capitalized on a regional university to create a local leadership development program that, in turn, trained new economic development leaders for the entire region. Brevard, N.C., demonstrates that retirees within a community can be economic development assets. The Retiree Resource Network is a group of retirees with private sector experience who mentor local entrepreneurs. In Columbia, N.C., local leaders recognized that their region’s natural beauty was an asset that could drive an ecotourism strategy. In an ironic twist on small town development, the arrival of Wal-Mart became an asset for the small community of Oakland, M.D., when local leaders took the opportunity to help Main Street retailers diversify their product lines. Assets for innovative rural development might include individual people, nonprofit organizations, businesses, open space, farms, parks, landfills (biomass), museums, schools, historic architecture, local attitudes, or any number of other things.

Another trend in innovative rural development is the recognition of rural assets in terms of environment-friendly development or clean energy. In Dillsboro, N.C., the town turned an environmental challenge, in this case methane gas migrating from the community landfill, into an opportunity to create jobs and provide space for entrepreneurs. The Jackson County Clean Energy Park (in Dillsboro) is using methane gas from a nearby landfill to power the studios of local artisans. In Cape Charles, Va., the town’s investment in an eco-friendly industrial park was an innovative strategy to bridge the dual challenges of environmental degradation and job creation. And, in the most extreme case, Reynolds, Ind., is capitalizing on latent energy contained agricultural waste from 150,000 hogs to become BioTown, USA, the nation’s first energy-independent community.

#### **Creative regional governance, partnerships, and organizations**

Historically, development in rural communities has been practiced as a zero—sum game. If one jurisdiction successfully attracted an investment or new employer, the implication has been that the other jurisdiction (perhaps a neighbor) lost. Innovative rural communities move beyond this notion to a regional or collaborative approach. Cross-jurisdictional partnerships can help rural communities to pool resources toward shared development objectives.

Strategies in Ord, Neb., and in Davidson, Oxford, and Hillsborough, N.C., each involve commitments to interlocal revenue—and responsibility-sharing among varying jurisdictions. Davidson and Oxford are partnering with neighboring communities in industrial development efforts, while Hillsborough is partnering with the county

to manage growth beyond the town's municipal boundaries. Ord joined with the county and the Chamber of Commerce to share costs and revenues from a wide range of development activities.

In addition to regional partnerships and opportunities, innovative rural communities tend to have local leaders who connect with higher-level policy makers and business leaders. The mayor in Scotland Neck, N.C., and several key leaders in Helena, Ark., made explicit efforts to link the interests of their individual communities to policy makers in their respective state capitals. Further, as demonstrated by Douglas, Ga., leaders in small towns must forge partnerships with state-level developers, bankers, and power companies, each a critical player in state economic development. Innovative rural development is pursued through dense networks of personal contacts.

Finally, public-private (including not-for-profit) partnerships are emerging as the prominent organizational model for innovative rural development. In Siler City, N.C., for example, the successful establishment of an incubator was the product of a partnership among the community college, local government, and a state-level nonprofit organization. In Spruce Pine, N.C., the town's approach to supporting local entrepreneurs requires that the Chamber of Commerce and the craft community work closely together for the first time, to ensure successful marketing and branding.

#### **Measuring progress and evaluating success**

Given the long-term nature of rural development, and the fact that measurable results from a particular project may be decades in the making, leaders in rural communities must repeatedly make the case for the importance of their efforts. Making the case is important to maintain momentum, invigorate volunteers and donors, to convince skeptics and, most importantly, to keep the focus of development on the vision or the goals established in a community's strategic plan. Innovative rural communities recognize that making the case is an ongoing and continuous effort.

For example, in Ord, Neb., impacts of the community's development programs are monitored and have become useful for both external and internal audiences. Data are used to attract additional investment from outside sources. Moreover, by demonstrating a reasonable return on investment, these data also may be used to convince a community's naysayers to join the efforts. In Hollandale, Miss., an analysis of local data helped the community to convince outside grant-makers that a rural transportation network was a smart investment. In addition, it helped to convince policy-makers that rural transportation was a viable (if incremental) strategy for alleviating a range of economic challenges.

#### **Comprehensive approach to development**

Successful rural development is always multi-faceted. There is no universally applicable formula for determining the right way or the most innovative way to do rural development. Innovation is context-specific, and rural communities should take nothing off the table in selecting strategies to pursue. Decisions about what to do and why to do it must be based on local conditions, context, and capacity. Successful communities tend to have evolved to the point where they have a comprehensive approach that is aligned with the core assets, challenges, and opportunities within their regional context.

#### **Encouraging Innovation in Rural Development**

My experience studying innovative rural communities leads me to conclude that a majority of the responsibility for initiating innovative practices in rural development lies squarely in the hands of local leadership. Leaders in municipal, county, and multi-jurisdictional institutions at the local level know their circumstances and are best equipped to make strategic decisions about development.

However, given the ingredients for rural innovation described above, state and federal institutions have an important role in terms of encouraging or inciting innovation at the local level. For example, state and federal grant programs could be designed to require multi-jurisdictional partnerships as a criterion for funding. Research on rural innovation and program evaluation, including best practice case studies, could be ramped up and consolidated in a federal data clearinghouse. Additional resources could be made available to colleges and universities for rural leadership development. These are a few examples of the types of policies or programs that could encourage rural innovation.

Determining the specific design and structure of policy incentives, as well as the responsibility for testing new ideas and evaluating their impact is an important role for research institutions in North Carolina and elsewhere; and it is one that we take very seriously at UNC. In December, I joined researchers from North Carolina,

South Carolina and from RTI International, as well as local, state and federal leaders in Chapel Hill to discuss the growing interest in the Southeast Crescent, the coastal plain of the South, and how the research community can support the proposed Southeastern Crescent Regional Commission. A research agenda to support the commission is being developed.

In addition, the UNC System President and the Chancellor at UNC-Chapel Hill have made firm commitments to testing new ways of focusing university resources on the challenges facing our state's most economically distressed communities. Next month, UNC-Chapel Hill will roll out our Community-Campus Partnership for Tomorrow (CCPT) initiative to form long-term partnerships with rural communities in our state in which faculty, staff, and students from Carolina will work closely with local community leaders to help with their most pressing challenges and opportunities.

We at the University of North Carolina are committed to discovering, testing and evaluating innovative development practices in rural communities—and doing so in close partnership with local leaders.

Thank you again for the opportunity to testify. I would be glad to answer questions.

Mr. McINTYRE. Thank you very much, Mr. Lambe. And we look forward to that.

Dr. Markley.

**STATEMENT OF DEBORAH M. MARKLEY, MANAGING DIRECTOR AND DIRECTOR OF RESEARCH, RUPRI, CENTER FOR RURAL ENTREPRENEURSHIP**

Mr. MARKLEY. Chairman McIntyre, Ranking Member Conaway and Members of the Subcommittee, it is an honor to appear before you today.

I am Deborah Markley. I am Managing Director of the RUPRI Center for Rural Entrepreneurship. Our work over the past 7 years has taken us to communities and regions across rural America where we have witnessed a wave of innovation in rural development that is by its very nature entrepreneurial. I provide more detailed information on the work of the center and what we have learned about entrepreneurship development in my written testimony.

I want to use my time here now to highlight a few of the lessons we have learned from our work and some of the policy recommendations that we really see as imperative. We believe that entrepreneurship development is the most promising strategy for rural places, and there is evidence that entrepreneurship is working, helping entrepreneurs start and grow their businesses and create jobs and wealth.

There are four key lessons that we see for successful entrepreneurship development. The first, which echoes some of Will's comments, is the necessity for entrepreneurial leadership. Successful entrepreneurship development is rooted in leaders who recognize opportunities and can identify the resources needed to create a supportive environment for entrepreneurs. Those leaders come from many different organizations, universities, community colleges, nonprofit organizations, private companies. But what they have in common is a strong commitment to place and to building an entrepreneurial environment that in turn creates a sustainable, economically viable region with high quality of life.

Lesson number two is the importance of regional and organizational collaboration. Innovative practices are intentionally regional in nature like the outstanding work that is happening in north-

eastern Minnesota. They also reach out to organizations that serve diverse populations, like the work of Oweesta in working with Native Americans. The power of their collaboration rests in bringing together a much broader and more diverse set of resources than any single community or organization could provide.

The third lesson is the value of a systems approach. The truly pioneering feature of the innovative entrepreneurship development work that is going on is people recognizing that this work is about more than just focusing services on entrepreneurs. It is also about engaging communities in building an entrepreneurial environment and creating a systems approach that brings the various service providers together in a coordinated and seamless way. We refer to that as connecting the dots.

The final lesson is the importance of recognizing and building on assets, again, a similar theme to one that Will mentioned. Whether we are talking about the regional entrepreneurship development efforts in eastern North Carolina or the heritage-based efforts in the Arkansas Delta, entrepreneurship development begins with an assessment of those assets both unique and commonplace and builds on those assets to create a systems approach.

The innovation we found working across rural America is worthy of support by the Federal Government. And I would like to offer a few policy recommendations. While not the purview of this Subcommittee, I would be remiss if I did not suggest three issues that impact entrepreneurs across rural America. Lack of access to affordable health care; inadequate infrastructure, particularly broadband; and the lack of capacity on the part of small communities to effectively engage in development efforts.

Attention to these issues really gets at the heart of policy change that can impact the ability of entrepreneurs to grow their businesses and in turn create the economic opportunities and wealth that can drive rural development.

But there are four recommendations that are closer to the heart of this Subcommittee's work. One, as Federal resources flow to the newly created regional authorities and commissions, entrepreneurship should be a part of their strategic plans. The lessons from the Appalachian Regional Commission's entrepreneurship and other innovative entrepreneurial development demonstrate the value of this approach and also can be a guide to the process.

Two, the lessons from entrepreneurship development should be emphasized in the design of entrepreneurship initiatives that seek funding from USDA's Rural Development Programs as well as other Federal agencies. Funding to support collaborative processes, one of the lessons that we have learned through the vehicle of the Rural Collaborative Investment Program would help to ensure that these lessons are built into future entrepreneurship development initiatives.

Three, USDA Rural Development Programs should put greater emphasis on the design and implementation of stronger measurement systems at the beginning of the funding process so that grantees gather appropriate measures to be able to assess and report on their performance.

And finally, continued support for programs that really build the support infrastructure for rural entrepreneurs, programs like the

Rural Microenterprise Assistance Program and the Rural Business Enterprise Grant Program among them, are critical. These programs provide the seed capital for entrepreneurs as well as their communities.

In closing, the center remains committed to learning from key rural innovators and sharing this learning with leaders across rural America. We are happy to serve as a resource to the Subcommittee and to connect you with this growing body of innovation and research.

I welcome your questions and comments.

I thank you again, Mr. Chairman and Members of the Subcommittee for the opportunity to testify before you today. Your continued leadership in bringing the lessons from those who are at the forefront of rural development innovation to the rural policymaking process is really critical. Thank you.

[The prepared statement of Ms. Markley follows:]

PREPARED STATEMENT OF DR. DEBORAH M. MARKLEY, MANAGING DIRECTOR AND DIRECTOR OF RESEARCH, RUPRI CENTER FOR RURAL ENTREPRENEURSHIP

Chairman McIntyre, Ranking Member Conaway, and members of the Subcommittee, it is an honor to appear before you today. I applaud your leadership in shining light on innovative approaches to rural development that are providing communities and regions across rural America with new economic opportunities and hope for a better future.

### **Background**

I am Deborah Markley, Managing Director and Director of Research for the RUPRI Center for Rural Entrepreneurship in Chapel Hill, NC. In 2001, the RUPRI Center for Rural Entrepreneurship was established with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI). The Center strives to be the source of information and learning about the practice of entrepreneurship in rural America. Our work includes practice-driven evaluation of innovations in entrepreneurship development, the development and sharing of tools and training to help leaders build more effective development strategies, and on-the-ground engagement in communities and regions that are ready and committed to moving forward with entrepreneurship development.

The Center's work over the past seven years has taken us to communities and regions in all parts of rural America. We have had the opportunity to witness first hand the economic challenges that rural leaders face every day—failure of past strategies and the loss of economic mainstays, like the textile mills and tobacco farms in my home state of North Carolina; resource and infrastructure constraints; an erosion of leadership; and isolation from markets and necessary services.

At the same time, we are witnessing a wave of innovation in rural development that is by its very nature entrepreneurial. Rural America is recognizing new opportunities associated with the development of alternative energy, new generation agriculture, and asset-based entrepreneurship. Rural community and regional leaders are embracing a new approach to economic development. Creating a supportive environment for entrepreneurs is viewed as the foundation that must be in place for more traditional economic development activities like industrial recruitment and retention and expansion of existing industry to occur.

Communities and regions across the country are figuring out ways to provide more support for existing entrepreneurs and to encourage the business creation dreams of community residents, young and old. These strategies are generating positive results, rebuilding economies and hope in communities that have lost factories, people and even community institutions like schools.

Our experience has informed three core beliefs that guide our vision for the future of rural America:

- Entrepreneurship development is a necessary component of rural economic development—it may be the most promising strategy for rural places.
- Creating an entrepreneurial environment requires culture change—replacing “waiting to be saved” with “growing our own” mentality in rural communities across the country.

- Entrepreneurship development requires a systems approach—a collaborative, regional approach of “connecting the dots” among resource providers, within the public, private and non-profit sectors, between communities and schools, and from practitioners to policy makers.

These core beliefs have been upheld by a growing body of both research and innovative entrepreneurship development practice. In 1997, the Appalachian Regional Commission (ARC) began an innovative multi-year initiative to invest in projects designed to build entrepreneurial economies across the region—the Entrepreneurship Initiative. Through 2005, ARC had invested almost \$43 million in various entrepreneurship development projects that created jobs and businesses, supported partnerships and collaborations, and helped leaders at the community and state levels recognize the value of entrepreneurship as an economic development strategy. The Center, along with several partners, completed an evaluation of this significant federal investment in entrepreneurship development in 2007—Creating an Entrepreneurial Region: Findings and Lessons from an Evaluation of the Appalachian Regional Commission’s Entrepreneurship Initiative 1997–2005.

In 2003, CFED (Corporation for Enterprise Development), with funding from the W.K. Kellogg Foundation, completed Mapping Rural Entrepreneurship, a study of the current practice and context for entrepreneurship in rural America. This groundbreaking study served as the foundation for a significant effort on the part of the Kellogg Foundation to support innovation in entrepreneurship development—the Rural Entrepreneurship Development Systems initiative launched in 2004. With investments in six demonstration collaboratives across rural America, the Foundation supported efforts to build systems of support for entrepreneurs—through a focus on entrepreneurship education, technical assistance, and financial capital—and to create a culture of entrepreneurship and supportive policy that would sustain these efforts into the future. The key learning from this effort has been recently published by The Aspen Institute’s FIELD program—Revitalizing Rural Economies through Entrepreneurship Development Systems.

At the same time, the Center completed a series of case studies of innovative entrepreneurship practice in the northwest region, with funding from the Northwest Area Foundation—Innovative Approaches to Entrepreneurial Development in the Northwest Region.

### **Lessons from Innovative Entrepreneurship Development Strategies**

I provide this background information to suggest to members of the Subcommittee that there is a wealth of innovative entrepreneurship development practice across rural America and a concerted effort on the part of the Center and many partner organizations to capture what is working well and what has been achieved in rural communities and regions as a result of this innovative work. At the same time, these formal investigations do not begin to capture the entrepreneurial energy being applied to rural development strategies in all corners of rural America.

The body of work referenced above shows that entrepreneurship development is working. Our work in the Appalachian region found that ARC’s Entrepreneurship Initiative had an impact by creating more entrepreneurs in the pipeline, better informed and better skilled entrepreneurs, and stronger, more job-creating businesses (ARC study, p. 1). The collaboratives involved in the Kellogg funded initiative have created systems that use entrepreneurial coaching and networking, for example, to build the skills of entrepreneurs who are, in turn, creating new businesses and jobs (FIELD study, p. 19). Both of these efforts also resulted in a wide range of qualitative impacts, such as elevating the importance of entrepreneurship and engaging more youth in the process. While we can point to these impacts, organizations committed to understanding entrepreneurship development, and the organizations and funders supporting the implementation of these innovative approaches, must do a better job of measuring the outcomes of these efforts and communicating the value of entrepreneurship development to a broader audience of economic development practitioners, local and state elected officials, and policy makers at all levels of government.

What we have taken from this collective work and experience is a set of themes or lessons that can inform future efforts of rural development practitioners to design and implement entrepreneurship strategies on the ground and of policymakers at the local, state and federal levels who are designing policies in support of entrepreneurship as a core rural economic development strategy.

#### **Lesson #1 — Necessity of Entrepreneurial Leadership**

Successful entrepreneurship development practice is rooted in entrepreneurial leadership—leaders who recognize opportunities to take a different economic development approach and identify the resources needed to create an environment that

is supportive of entrepreneurial development. These leaders come from different organizations—private companies, educational institutions, nonprofit service providers—but they all have entrepreneurial and leadership skills that are used in the service of economic development. They are as diverse as an entrepreneur in Fairfield Iowa, the president of a non-profit enterprise development organization in northeastern Minnesota, the mayor of Hertford North Carolina, and the leader of a collaborative in New Mexico. These civic entrepreneurs also have a strong commitment to place and to building an entrepreneurial environment that, in turn, creates a sustainable, economically viable region with a high quality of life.

#### **Lesson #2 — Importance of Regional and Organizational Collaboration**

Individual leadership is not sufficient to create successful practice. Examples of innovative practices demonstrate the importance of collaboration across diverse organizations and communities. The collaborative partners engaged in entrepreneurship development include service providers, higher education institutions, local units of government, traditional economic development organizations, social service organizations, individual entrepreneurs, foundations, K–12 educational institutions, state agencies and others. Successful entrepreneurship development activities are focused on more than an individual community. They are intentionally regional efforts and also reach out to diverse communities such as Native Americans, limited resource entrepreneurs, immigrant populations and more remote rural communities. The power of their collaboration rests in bringing together a broader and more diverse set of resources than any one organization or community could provide, and in creating a dynamic assistance network for service providers and entrepreneurs.

#### **Lesson #3 — Value of a Systems Approach**

Many organizations across rural America are engaged in some way in supporting entrepreneurs. The truly pioneering feature of the most innovative efforts is the recognition that entrepreneurship development requires more than focusing services on entrepreneurs. Engaging communities in building an entrepreneurial environment—one with a supportive cultural and policy milieu—and creating a systems approach that organizes services in a more effective and seamless way are both essential.

#### **Lesson #4 — Recognizing and Building on Assets**

A community's or region's assets come in many different forms. Innovative approaches to entrepreneurship development are built on identification and recognition of local assets, and the development of the system components that best complement those assets. In North Carolina, the strong capacity and convening power of the North Carolina Rural Center is serving as a catalyst for entrepreneurship development in regions across the state. In Northeast Minnesota, the well-networked and collaborative economic development organizations provide the foundation on which a system is being built. In northern Iowa, the existing infrastructure created by philanthropist Pappajohn is the springboard for additional efforts to transform the regional economy. In the Arkansas Delta, the preservation of iconic assets and the identification of entrepreneurial opportunities is being encouraged and supported by a regional collaborative with support from the National Trust for Historic Preservation. In all cases, entrepreneurship development is proceeding from an assessment of assets, both unique and more commonplace, and from calculated efforts to build on those assets to create an entrepreneurship development system.

#### **Two Sets of Recommendations**

The work of the Center and a wide range of partner organizations suggests several areas where Federal policy can be broadly supportive of entrepreneurship development. These recommendations get at the heart of policy change that can impact the ability of entrepreneurs to create and grow businesses and, in turn, create the economic opportunities and wealth that can drive the development of rural communities.

#### **Recommendations for Building a Foundation for Entrepreneurship**

- Entrepreneurs across rural America continue to be constrained by inadequate infrastructure, particularly access to Broadband. While in theory many entrepreneurs can locate or build their businesses anywhere, that location decision is often predicated on high speed Internet access that remains elusive in many parts of rural America. Federal investment in rural Broadband remains a priority for rural entrepreneurship development.
- Rural entrepreneurs—often small, perhaps self-employed—are constrained in starting or growing their businesses because of the lack of access to affordable

health care. Making progress on health care reform could serve as a stimulus to entrepreneurial development across rural America.

- Finding leaders and building capacity to engage in entrepreneurship development remains a constraint for many small rural communities and even regions. Providing the means to build this capacity and to encourage multi-community collaboration across rural regions is one way that Federal support could help more rural communities learn from and embrace the lessons learned from the innovative entrepreneurship development practices underway across the country.

In addition to these broad recommendations, there are a number of specific recommendations that directly relate to the programs of interest to this Subcommittee. These recommendations are designed to bring the lessons of innovative entrepreneurship development reflected in this testimony to bear on rural development policy going forward.

#### **Recommendations Specific to Rural Development Programs**

- Following the successful lead of the Appalachian Regional Commission, entrepreneurship development should be a priority for the newly established regional authorities and commissions. The ten year history of investment demonstrated by ARC provides important evidence of the impact on the region, in terms of job and business creation, attracting private sector investment, and beginning to create a more supportive culture of entrepreneurship in the region. As new Federal resources flow to these regional organizations, the lessons from ARC and other innovative entrepreneurship development initiatives should be used to guide the development of strategic plans around entrepreneurship development.
- The set of common lessons from entrepreneurship development should be incorporated into the guidelines for USDA Rural Development programs, and those of other agencies. These lessons from effective practice, such as the importance of cross-organizational and cross-regional collaborations, should be emphasized in the design of entrepreneurship initiatives that seek Federal Rural Development funding, and effective partnerships should be rewarded as part of the funding process. In addition, providing funding to support the development of these collaborative processes, through the vehicle of the Rural Collaborative Investment Program, would help to ensure that these lessons are built into the design of future entrepreneurship initiatives.
- Performance measurement should be viewed as an integral part of program development from the perspective of Federal funding agencies like USDA's Rural Development. One of the first steps in any entrepreneurship development initiative needs to be an articulation of program goals—what are you trying to achieve—followed by identification of how success or performance will be measured. Rural Development programs should put greater emphasis on the design and implementation of strong measurement systems from the start so that grantees gather appropriate measures to report on the performance of their initiatives. These efforts could then be linked, for example, with the pioneering work being done at the University of Missouri to assess the socio-economic benefits of Federal investments in rural development.
- Continued support for programs that are used to help build the support infrastructure for rural entrepreneurs, such as the Rural Microenterprise Assistance Program and the Rural Business Enterprise Grant program among others, is also critical. These programs provide the seed capital both for rural entrepreneurs who are starting or growing their businesses and for rural communities that have developed and are implementing innovative approaches to entrepreneurial development.

#### **Closing**

The Center remains passionately committed to learning from the key innovators in the field of entrepreneurship development and sharing this learning with rural leaders across the country who are searching for new, more effective approaches to economic development. We are also committed to building strong partnerships with other regional and national organizations with a focus on entrepreneurship and rural development so that we can bring stronger and broader capacity to our work. We are happy to serve as a resource to members of this Subcommittee and to connect you with this growing body of innovative practice and research. I welcome your questions and comments. I thank you, again, Mr. Chairman and members of the Subcommittee, for the opportunity to testify before you today. Your continuing lead-

ership in bringing the lessons from those who are at the forefront of rural development innovation to the rural policy making process is critical, and we look forward to working with you in the future.

Mr. MCINTYRE. Thank you, Dr. Markley.  
Mr. Yost.

**STATEMENT OF JEFF YOST, PRESIDENT AND CEO, NEBRASKA  
COMMUNITY FOUNDATION**

Mr. YOST. Mr. Chairman, Members of the Subcommittee, my name is Jeff Yost. I am President and CEO of the Nebraska Community Foundation. In addition to my testimony, I am supplying the Committee Members with two reports which should be in your packet of materials.

The Nebraska Community Foundation is a community development institution that uses philanthropy as a tool. We are not a charity. We are a decentralized system of 200 affiliated funds located in 71 of Nebraska's 93 counties. I get many requests from people across the nation who want to learn about the innovative nature of our work. Actually, what we are doing is overlaying a framework, one that has been used in countless urban neighborhoods and our rural environment. It is a bottoms-up approach that builds on community strengths by identifying local assets rather than focussing on deficiencies.

In struggling rural communities, local assets can be hard to find. For decades, consolidation has destroyed the diversity of our rural economy. Out-migration of middle-class youth has crippled communities and shrunk the local tax base. The result is fewer career opportunities and severe underemployment.

Despite these trends, NCF has identified an enormous asset in our rural communities that our rural communities can build on. In land-rich, cash-poor Nebraska, that asset is the transfer of wealth. In 2002, we completed a county-by-county analysis of how much wealth will transfer from one generation to the next during the first half of this century. We estimate that \$94 billion will transfer in rural Nebraska alone. That is about \$125,000 per person.

More important is the timing. Because of our aging population, most rural counties are experiencing their peak years of transfer now or in the next three decades. If out-migration continues, most of that wealth will pass to heirs who no longer live where the wealth was built.

Our goal is ambitious. We ask our affiliated fund leaders to build permanent unrestricted endowment funds equal to 5 percent of the projected 10 year transfer of wealth in their community. We coach these community leaders to send out a clear message to their family and friends, "When you plan for the future, consider your hometown as another child."

Now, in rural Nebraska, you don't talk about how many acres somebody owns or how many cattle they have. So the thought of speaking directly to a potential benefactor about leaving a legacy gift is beyond imagination for most of our new affiliated fund leaders. But they are learning.

Today 88 community-based affiliated funds have raised \$38 million in endowed assets and planned gifts, most of this in the past 5 years. Over 2,000 residents are leading these affiliated funds.

Last year, NCF and its affiliated funds received over 8,000 individual gifts; 49 of these funds already have \$100,000 in endowed assets and planned gifts.

Capitalizing community endowments, however, is just a tool for achieving our ultimate goal, which is building communities where young people will choose to live, work, and raise their families. Building endowments creates local funding streams to leverage the kind of community investments required to attract young families back to their rural roots. This is a leap of faith for people who are used to giving their kids luggage for graduation.

Today young people can choose to live and work wherever they want. What surprises many adults is that, in surveys we have conducted with over 5,000 rural youth, more than half of the young people say they would prefer to return home to raise their families if career opportunities were available. More than 40 percent say they would be interested in taking an entrepreneurship class or owning their own business some day. Only 12 percent say their community is too small.

We are combining this youth optimism and the transfer-of-wealth opportunity to catalyze a development framework called Hometown Competitiveness or HTC. HTC is an intensive community intervention based on four strategies we call pillars: Building local leadership; energizing entrepreneurship; engaging young people; and capitalizing community endowments to support these capacity-building efforts.

Every community no matter how small has some potential for these four core capacities. Because it is locally driven, HTC evolves differently in each of the 16 multi-community sites located in Nebraska and in the other 14 states where HTC is underway. But similar impacts are occurring: more business expansions and transitions; more jobs created or retained; increasing diversity in new leadership; and more young people returning home.

The Nebraska Community Foundation and HTC are steeped in the principle that communities can only be built from the inside out. No outside expert, no one industry, no government program, for that matter, can sustain a community. It takes local leadership and locally controlled assets to develop and move communities to prosperity. The role of all external forces, including the Federal Government, is to provide technical assistance and flexible funding streams to empower local leaders to take advantage of these unprecedented opportunities.

Thank you. I would be happy to take questions.

[The prepared statement of Mr. Yost follows:]

PREPARED STATEMENT OF JEFF YOST, PRESIDENT AND CEO, NEBRASKA COMMUNITY FOUNDATION

**Re: Innovative approaches to rural development**

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work—one that has been used in countless urban neighborhoods—in our rural environment. It's a bottoms-up approach that builds on community strengths by identifying local assets rather than focusing on deficiencies.

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We estimate that \$94 billion will transfer in rural Nebraska alone; about \$125,000 per person. More important is the timing: Because of our aging population, most rural counties are experiencing their peak years of transfer now or in the next three decades. If out-migration continues, most of that wealth will pass to heirs who no longer live where the wealth was built.

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But they are learning.

Today 88 community-based funds have raised \$38 million in endowed assets and planned gifts, most of it in the past five years. Over 2,000 local residents are leading these affiliated funds. Last year NCF and its affiliated funds received over 8,000 gifts. Forty-nine of these funds already have over \$100,000 in endowed assets and planned gifts.

Capitalizing community endowments, however, is just a tool for achieving our ultimate goal, which is building communities where young people will choose to live, work and raise their families. Building endowments creates local funding streams to leverage the kind of community investments required to attract young families back to their rural roots.

This is a leap of faith for people who are used to giving their kids luggage for graduation.

Today, young people can choose to live and work wherever they want. What surprises many adults is that in surveys we've conducted with over 5,000 rural youth, more than half of the young people say they would prefer to return home to raise their families if career opportunities were available. More than 40 percent say they're interested in taking an entrepreneurship class and owning their own business someday. Only 12 percent say that their community is "too small."

We're combining this youth optimism and the transfer of wealth opportunity to catalyze a development framework called Hometown Competitiveness, or HTC. HTC is an intensive community intervention based on four strategies we call "pillars." They are:

- Building Local Leadership,
- Energizing Entrepreneurship,
- Engaging Young People, and
- Capitalizing Community Endowments to support these capacity-building efforts.

Every community, no matter how small, has some level of potential in these four core capacities.

Because it is locally driven, HTC evolves differently in each of the 16 multi-community sites located in Nebraska, and in the 14 other states where HTC is underway. But similar impacts are occurring. More business expansions and transitions; more jobs created or retained; increasing diversity in new leadership; and more young people returning home.

The Nebraska Community Foundation and HTC are steeped in the principle that communities can only be built from the inside out. No outside expert, no one industry—no government program, for that matter, can sustain a community. It takes local leadership and locally-controlled assets to develop and move communities to prosperity.

The role of all external forces, including the federal government, is to provide technical assistance and flexible funding streams to empower local leaders to take advantage of these unprecedented opportunities.

Thank you. I would be happy to answer any questions you may have.

Mr. MCINTYRE. Thank you Mr. Yost.  
Mr. Thompson.

**STATEMENT OF ROBERT J. THOMPSON, EXECUTIVE DIRECTOR OF THE ANDROSCOGGIN VALLEY COUNCIL OF GOVERNMENTS, AND VICE CHAIR, RURAL DEVELOPMENT TASK FORCE OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS, NADO**

Mr. THOMPSON. Good afternoon, Chairman McIntyre, Ranking Member Conaway and Members of the Subcommittee.

My name is Bob Thompson. I serve as the Executive Director for the Androscoggin Valley Council of Governments, the regional planning and development district in the western parts of the State of Maine. I also serve as a Board Member on the National Association of Development Organizations. Thank you for the opportunity to testify today on U.S. rural development programs and the assistance that they provide to rural entrepreneurs and businesses.

But before I begin, let me first thank the Subcommittee for your leadership and your support of the Rural Development Programs as part of the 2008 Farm Bill.

And Chairman McIntyre, the members of NADO are also appreciative of your persistence and vision on the issue of the Federal-state-regional commissions, such as the Northern Border Commission, the Southeast Regional Commission and Southwest Border Regional Commission.

First, USDA Rural Development is an essential partner and funding source for rural regions and communities as they work to develop the fundamental building blocks for community and economic competitiveness. With USDA's assistance, rural communities across the nation are now in a better position to pursue innovative development strategies that are resulting in new jobs and wealth-generating opportunities.

Fifty years ago, one out of every two jobs in Maine was concentrated in the manufacturing sector. By comparison, that figure is now 1 in 10. In the past year, the western Maine region has seen its unemployment rate double from 5 to 10 percent. This mass exodus of the state's manufacturing sector has left behind large and small industrial complexes and a very aging infrastructure. The flexible nature of the USDA Rural Development Programs has been vital to our ability to respond to the evolving nature of our region's economy.

Second, the USDA's Rural Development Business Enterprise Grant Program, RBEG, and the Intermediary Relending Program, IRP, are highly effective resources that allow intermediaries such as ours to assist rural entrepreneurs, business leaders and local officials as they pursue innovative development strategies and business opportunities. Early in the 1990s, my board recognized that our dependence on major employers in rural communities was a risk factor that we could no longer tolerate. As a result, an aggressive effort was initiated to establish lending and technical assist-

ance resources, particularly for small—and medium-sized businesses.

In 1995, we secured a USDA Rural Business Enterprise Grant of \$500,000. As one of the smaller USDA initiatives, the RBEG program is often overlooked. However, we found it to be broad, flexible in nature, and it makes the program an indispensable tool. To date we have lent over \$900,000 from that program, and we have leveraged an additional \$14.8 million in owner equity and private funds, and we have helped to create or retain 350 jobs in our rural area.

USDA's Rural Intermediary Relending Program is another valuable tool. We have been awarded three IRP loans totaling \$3.5 million. In total, we have lent now \$8.4 million from that pool and have leveraged \$43.7 million in additional capital investment from private and other equity sources.

As we gained success with these programs and our lending, it became evident that we could have additional community impact in our rural communities, and we decided to put a portion of our IRP pool into a Community Reinvestment Program. We decided to make the funds available at reduced interest rates and flexible terms to encourage private-sector investment.

We have made three such incentive deals to date, including the Bass Wilson Mill, which is an example. In 1998, G.H. Bass announced its intention to halt shoe production in Maine. The Wilson mill was vacated. Bass offered the building to the town. Local leaders turned to AVCOG and our business lending programs for assistance. We worked with the community, assisted in soliciting a proposal to rehabilitate the property, and ultimately the property was transferred to a private developer, and we lent \$250,000 from our IRP community program. This is just one example of the innovative nature of the USDA Rural Development Business Programs.

Before tapping into our technical assistance capacity along with the successful USDA loan portfolio, the Town of Wilton lacked the staff and the financial resources to accomplish this deal. Today the property is fully renovated, has five businesses, and 100 employees.

Finally, Mr. Chairman, I would like to discuss the innovative asset-based rural development strategy that the economic development districts in Maine are working on. This is a collaborative model that we feel will fit the goals of the Regional Collaborative Investment Program, and it calls for a new public-private partnership, a new statewide effort that will be called Mobilize Maine.

The initiative changes the model for rural economic development in Maine by addressing our disconnected and fragmented system. It focuses our work on producing results and improving the personal income of Maine workers.

In closing, I urge your continued support of USDA Rural Development Programs. Rural development is an essential partner and funding source for our rural regions, a vital tool for organizations such as AVCOG, and we strive to provide assistance and build capacity in communities. Thank you again for the time and the opportunity. And I will welcome any questions.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF ROBERT J. THOMPSON, EXECUTIVE DIRECTOR OF THE ANDROSCOGGIN VALLEY COUNCIL OF GOVERNMENTS AND VICE-CHAIR, RURAL DEVELOPMENT TASK FORCE OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS (NADO)

Thank you, Chairman McIntyre, Ranking Member Conaway and members of the Subcommittee, for the opportunity to testify today on USDA Rural Development programs and the important role they play in helping regional and local organizations provide financial and technical assistance to rural entrepreneurs and businesses.

My name is Bob Thompson. I serve as the Executive Director of the Androscoggin Valley Council of Governments (AVCOG), a multi-disciplinary regional planning and development organization serving 56 organized communities, and numerous townships and plantations in Western Maine. We are the Economic Development District (EDD) designated by the U.S. Economic Development Administration for our region. In addition, we provide the primary management and staffing support for the Maine Lakes and Mountains Tourism Council, the Androscoggin Transportation Resource Center, a federally-designated Metropolitan Planning Organization (MPO) serving the urbanized area in and around our central cities of Lewiston and Auburn, and a Rural Transportation Planning Organization.

I also serve as a Board Member of the National Association of Development Organizations (NADO) and Vice-Chair of the NADO Rural Development Task Force.

Before I begin, let me first thank the Subcommittee for your leadership and support of rural development programs as part of the 2008 Farm Bill. The broad portfolio of USDA Rural Development programs for business development, infrastructure, value-added agriculture production and marketing, regional strategic planning and broadband deployment are essential to the long-term economic competitiveness of our nation's small urban and rural communities.

Chairman McIntyre, the members of NADO are also very appreciative of your persistence and vision on the issue of federal-state regional commissions, such as the Northern Border Regional Commission, the Southeast Crescent Regional Commission and the Southwest Border Regional Commission authorized in the 2008 Farm Bill. These federal-state entities, which are targeted at multi-state, rural regions suffering from persistent poverty, are structured to be complementary partners with existing programs such as USDA Rural Development and the U.S. Economic Development Administration. We strongly believe that the successful implementation of the Northern Border Regional Commission will help address the community and economic development needs of the most severely distressed portions of the Northeastern United States.

**This afternoon, Mr. Chairman, I will focus my remarks on three key areas:**

- 1. USDA Rural Development is an essential partner and funding source for rural regions as they work to develop the fundamental building blocks for community and economic competitiveness.** These include resources for basic infrastructure, as well as business development finance tools for entrepreneurs and businesses to create new employment and wealth opportunities in rural areas.
- 2. USDA's Rural Business Enterprise Grant (RBE) program and Intermediary Relending Program (IRP) are highly effective resources** that allow intermediaries, such as AVCOG, to assist rural entrepreneurs, business leaders and local officials as they pursue innovative development strategies and business opportunities.
- 3. USDA Rural Development should provide new and more aggressive incentives, rewards and flexibility for rural communities to work together on a regional basis to pursue innovative regional development strategies, as envisioned in the 2008 Farm Bill's Regional Collaborative Investment Program (RCIP).** This is essential for rural communities to compete in today's global marketplace where we need the economies of scale, knowledge clusters, and physical and human infrastructure necessary to remain competitive. In Maine, the statewide network of Economic Development Districts have begun working with state and local officials, private sector leaders and nonprofit partners on an exciting and innovative asset-based rural development strategy that offers a great case study on the potential of USDA Rural Development's RCIP program.

**First, Mr. Chairman, USDA Rural Development is an essential partner and funding source for rural regions and communities as they work to develop the fundamental building blocks for community and economic competitiveness.** With USDA's assistance, rural communities across the nation are

now in a better position to pursue innovative development strategies that are resulting in new job and wealth—generating opportunities, whether in traditional sectors such as agriculture and natural-resource based industries or emerging science and technology fields.

Fifty years ago, one out of every two jobs in Maine was concentrated in the manufacturing sector. By comparison, approximately one in ten jobs is tied to manufacturing today. During the 1990's, Western Maine was still very highly concentrated in the traditional, manufacturing industries such as leather, textiles, apparel and wood products, with 25 –35 percent of our job base in these very industries being hardest hit by global competition. In the past year, our unemployment rate has doubled, increasing from approximately 5 to 10 percent.

Western Maine exhibits many of the same characteristics as other areas along the Canadian border from New York to Maine. We are faced with poverty rates above the national average, median household incomes nearly \$7,500 below the national average, and stagnant or declining populations. We also have many communities and areas of our region with persistent unemployment problems.

The mass exodus of the state's manufacturing sector has left behind large and small industrial complexes that often dominate our rural and small urban centers. It has also left behind aging and decaying infrastructure systems—primarily water and sewer systems that now need costly upgrades, yet we have a dwindling tax and employment base to finance these essential investments. The flexible nature of USDA Rural Development infrastructure and community facility programs, combined with the agency's continued support of small towns and rural areas, has been vital to our ability to respond to the evolving nature of our region's economy.

**Second, Mr. Chairman, USDA Rural Development's Rural Business Enterprise Grant (RBEG) program and Intermediary Relending Program (IRP) are highly effective resources** that allow intermediaries, such as AVCOG, to assist rural entrepreneurs, business leaders and local officials as they pursue innovative development strategies and business opportunities. We encourage the committee to look at ways to increase funding resources for these small yet invaluable programs.

Androscoggin Valley COG's region covers over 4,200 square miles of forested mountains and fields carved by pristine lakes and rivers. The majority of our region's population of 188,000 is scattered over 75 small towns, townships, plantations and unorganized territories. Our two largest cities, Lewiston and Auburn, are located in the southern portion of the region, sharing a combined population of only 58,893 residents. Early in the 1990s, AVCOG's policy board of local elected officials and community leaders recognized that our dependence upon major employers was a risk factor that could not be sustained.

As a result, an aggressive effort was initiated to establish lending and technical assistance resources to help in the retention and development of small— to medium-sized businesses. Our strategy was not simply to retain our existing entrepreneurs and firms, but to help them grow and prosper. This required us to develop the lending capacity and technical assistance resources needed to assist start-up companies and existing firms with seed capital, gap financing and business planning.

In 1995, we secured a USDA Rural Business Enterprise Grant of \$500,000. Of this total, \$425,000 was for microlending and \$75,000 was dedicated for technical assistance. As one of the smaller USDA initiatives, the RBEG program is often overlooked. However, we have found that the broad, flexible nature of RBEG assistance, combined with its focus on small business development, makes the program an indispensable tool in our region.

To date, we have lent over \$900,000 that has leveraged an additional \$14.8 million in owner equity and private funds. The average RBEG loan amount is approximately \$27,000, and the program has helped AVCOG and its partners create or retain 350 jobs in our rural region.

In addition, we used approximately \$75,000 in earnings from our RBEG investments to access an additional \$1.15 million in Small Business Administration (SBA) funds. Utilizing the SBA assistance, we have generated over \$1.3 million in loans that have leveraged nearly \$700,000 in additional capital investment and created or retained 275 jobs.

Ultimately, the initial \$500,000 RBEG investment has enabled us to create a lending pool of approximately \$1.58 million that has generated over \$2.2 million in loans and leveraged an additional \$15.5 million in business capital. More importantly, these investments have helped create or retain 631 jobs with a highly efficient cost ratio between \$2,500 –\$4,500 per job.

USDA Rural Development's Intermediary Relending Program (IRP) is another invaluable and often overlooked resource for rural regions. This program was created

with the primary intent of providing gap financing to enable our regional and local banks to write debt in conformance with national standards.

Our organization has been awarded three IRP loans for a total of \$3.5 million. To date, the AVCOG IRP program has lent nearly \$8.4 million that has leveraged over \$43.7 million in other capital investment. Of the \$43.7 million total, \$3.6 million is in owner equity, \$33.3 million is in bank debt and \$6.8 million is in other public funds. Our loan loss rate is currently 3.2 percent.

As we gained success and impact with our lending it became evident that additional community impact could be created if we utilized a portion of the IRP funding to invest in private, qualified, community-sponsored redevelopment projects. We decided to make funds available with reduced interests rates and flexible terms to encourage reinvestment by the private sector into our downtowns and village centers. To date, we have made three such incentive deals, including the Bass Wilson Mill project.

The Bass Wilson Mill, located in the heart of Wilton, a town of 4,100 people in Southwest Maine, is the original G. H. Bass Shoe production facility. It is an imposing four-story, wood-frame structure that dominates a small picturesque community of one—and two—story shops and homes.

In 1998, as G. H. Bass announced its intention to halt shoe production in Maine in favor of off-shore operations, the Wilson Mill was vacated. Bass offered the building to the Town of Wilton for a minimal amount, along with a commitment to mitigate any environmental issues.

When faced with the prospect of a vacant, deteriorating wood frame structure in the center of the community, the Town of Wilton was initially at a loss on how to proceed. Local leaders turned to AVCOG and our business lending programs for assistance. AVCOG staff worked with the community, and it was determined the best course of action was to re-establish the local development corporation to take on the project. AVCOG staff assisted in soliciting a proposal for a master development agreement to rehabilitate the property. Ultimately, the property was transferred to a private developer for one dollar, and we lent \$250,000 from our IRP community reinvestment pool to the developer.

Initial private investment was also \$250,000 and the pool funds were lent at 5 percent, interest-only accrued, for the rehabilitation period. The term was 60 months with the conversion of any remaining balance to 8 percent for a new five year term. The intent was to ease costs during the rent-up period and to create incentives for repayment at the end of the initial term to replenish our lending pool. In fact, this was the result.

This is just one example of the innovative nature of USDA Rural Development business programs and their potential impact in rural and small urban communities. Before tapping into the technical capacity of AVCOG, along with our successful USDA loan portfolio, the town of Wilton lacked the staff and financial resources to accomplish this deal. Today, the Bass Wilson Mill property is fully renovated, houses five businesses with 100 employees and pays \$14,200 in taxes each year. In addition, community leaders have secured financing for facade rehabilitation and off-street parking to complement the mill renovation.

The success of the project also gave community leaders the confidence to repeat this deal structure when G. H. Bass proposed turning over its primary production facility, a 300,000 square-foot property composed of several connected buildings on the edge of the village. This project, another AVCOG/IRP investment, is progressing quickly with the hopes of becoming a commercially viable deal in the near future.

**Finally, Mr. Chairman, I would like to briefly discuss an exciting and innovative asset-based rural development strategy that the Economic Development Districts (EDDs) in Maine are working on with state and local officials, private sector leaders and nonprofit partners that could be a model for USDA Rural Development's Regional Collaborative Investment Program (RCIP).**

In 2006, following a thorough assessment of Maine's economy, the Brookings Institution published An Action Plan for Promoting Sustainable Prosperity and Quality Places. Our Governor embraced many of the report findings and, with additional recommendations from Governor-appointed task forces, has called for a new public-private partnership that will help refocus our economic development activities through regionally led, asset-based development.

The new statewide effort, Mobilize Maine, will be launched next month and is funded jointly by the private, public and nonprofit sectors throughout Maine. It is organized at the grassroots level through the leadership of Maine's six EDDs, providing the first systematic and consistent approach to planning statewide economic development.

Most prominently, the initiative changes the model for rural economic development in Maine by addressing our disconnected, fragmented and, often times, ineffective system. It focuses our work on producing results that improve the personal income of Maine workers.

It acknowledges that the quality, size and availability of our workforce must be improved even in the context of our state's challenging demographics. It acknowledges that Maine's quality of place is our most significant competitive asset in the global competition for skill-based employment and workers. It also attempts to change the way we think about producing positive changes to our economy by leveraging the elements that make our regions unique-our assets.

In the first year, this initiative aims to accomplish two broad goals. First, our partners will engage collaborative private, public and nonprofit sector investors and leaders who are committed to continuous development and implementation of community and economic development strategies and action plans that rise above political administrations. Second, we will create a sense of urgency at the regional and state level for the need to transform Maine's economic performance as a foundation for sustainable economic growth.

**In closing, I urge your continued support of USDA Rural Development programs, especially vital business lending and regional innovation programs such as IRP, RBEG and RCIP. USDA Rural Development is an essential partner and funding source for rural regions.** It is also a vital tool for regional development organizations, such as AVCOG, as we strive to provide assistance and build capacity for the rural communities that rely on us for expertise and assistance.

Thank you again, Mr. Chairman and members of the Subcommittee, for the opportunity to testify today. I would welcome any questions.

Mr. MCINTYRE. Thank you, Mr. Thompson.  
Dr. Smith.

**STATEMENT OF RANDY SMITH, PRESIDENT, RURAL  
COMMUNITY COLLEGE ALLIANCE, ALTUS, OKLAHOMA**

Mr. SMITH. Good afternoon, Chairman McIntyre, Ranking Member Conaway and Members of the Subcommittee.

I am Randy Smith from Altus, Oklahoma. I am president of the Rural Community College Alliance, an affiliated council of the American Association of Community Colleges.

The American Association of Community Colleges serves as a national voice for the country's nearly 1,200 community colleges. These colleges enroll more than 11.6 million students annually. More than half of the nation's 2-year colleges are rural-serving with a combined enrollment of over 3.2 million students annually.

The Rural Community College Alliance represents 150 rural-serving colleges in four States, including all the nation's tribal colleges. Rural 2-year colleges have the ability to respond quickly to the needs of the communities they serve. When a new or existing business needs a trained workforce, they turn to their local 2-year college for assistance.

Rural colleges are on the frontline of workforce development. They make a daily impact on the development of the services in their service area and regions. Due to time constraints, I am going to summarize my written testimony and touch on four key areas of economic development: energy, biotechnology, rural health, and emergency services.

Rural community and technical colleges are stepping up to provide workforce training to the energy industry. Many of the industry jobs are high-skilled high-wage positions. Bismarck State College in North Dakota, Somerset Community College in Kentucky and many others work closely with industry to train individuals in the field of electrical transmission system technology, training a

much needed workforce contributing to the overall economic health of their regions.

The Kentucky Coal Academy is comprised of four community and technical colleges located throughout Kentucky. Since the creation of the academy in 2005, these colleges have trained 25,000 students and incumbent workers in the mining profession. These jobs accounted for \$1.34 billion in wages in the State of Kentucky in 2006.

Numerous other community colleges have developed programs in renewable and alternative energy sources.

Mr. Chairman, as you know, biotechnology has become a growing field in your home state, and rural 2 year colleges are leading the way in this important industry. Southeastern Community College in North Carolina has the distinction of being the first agricultural biotechnology associate degree program in the U.S. Their program concentrates on the propagation of plants using tissue culture techniques. This allows trained technicians to produce a large quantity of plants from a very small amount of mother stock, resulting in plants that are pest—and disease-free.

Access to quality health care is essential for attracting and retaining businesses and prospective workers to a community. Rural community colleges educate more than half of the nurses and the majority of other allied health care professionals nationally. The cost of educating and training students in these disciplines is high.

Indian Hills Community College in Iowa recently looked at ways to increase the number of health occupation graduates and to address the shortage of health care workers in the region. They organized a rural health care education partnership to address the issue. The education and industry partnership recommended things such as technology and more distance education to increase the number of graduates. They have since implemented these ideas and have seen their enrollment in many of their health occupation programs double in size. They have successfully addressed the shortage of health care workers in their rural area through partnerships and the use of technology.

Nationally, 80 percent of law enforcement officers, fire fighters and EMS professionals are educated at community colleges. In February of 2008, a refinery in Big Spring, Texas, suffered a major explosion. The resulting massive damage to both the refinery itself and the business operation required first responders from within the area to arrive on the scene. There was a huge fire to fight, hazardous conditions to monitor and a major interstate diversion to address. Emergency workers trained by Howard Community College were on hand to protect life and property and assist during the cleanup and rebuilding process.

Alabama Southern, East Central Mississippi, and Meridian Mississippi Community Colleges have joined forces to form the Mississippi Entrepreneurial Alliance and promote entrepreneurship in rural communities. This partnership of rural colleges has successfully assisted many businesses to start and grow in the two state rural areas of this region.

In summary, the examples I have spoken of are just a few of the hundreds of innovative economic development projects currently underway at America's rural 2 year colleges. Our rural colleges are

a critical component to the economic development and strength of their regions. Rural 2 year colleges are all about training people for jobs and growing the local economy in collaboration with a wide variety of partners. Truly, rural community colleges create an opportunity in place.

Chairman McIntyre, Ranking Member Conaway and Members of the Committee, I thank you for the opportunity to testify before the Subcommittee and share with you the vital and outstanding work that our rural community colleges are doing.

Thank you.

[The prepared statement of Mr. Smith follows:]

PREPARED STATEMENT OF DR. RANDY SMITH, PRESIDENT, RURAL COMMUNITY COLLEGE ALLIANCE ALTUS, OKLAHOMA

Good afternoon, Chairman McIntyre, Ranking Member Conaway, and members of the Subcommittee on Rural Development, Biotechnology, Specialty Crops, and Foreign Agriculture. It is an honor and privilege to testify before your Subcommittee today. My name is Randy Smith, and I am President of the Rural Community College Alliance, an affiliated council of the American Association of Community Colleges. The American Association of Community Colleges serves as the national voice for the country's nearly 1,200 community colleges. Community colleges enroll more than 11.6 million students annually. Forty-four percent of all U.S. undergraduates attend community colleges. The colleges enroll a higher percentage of minority students than any other sector of higher education. 52% of Hispanic, 43% of Black, 45% of Asian/Pacific Islander, and 52% of the country's Native American undergraduates are attending community colleges, where the average student age is 29.

More than half of the nation's 2 year colleges are rural-serving, with an estimated combined enrollment of 3.2 million students annually. The Rural Community College Alliance (RCCA) represents more than 150 rural-serving colleges in 34 states.

Rural community colleges, like their suburban and urban counterparts, rely on state and local funding to maintain low tuition and open-door access for individuals seeking postsecondary education and workforce training. The average annual tuition and fees for a full-time student at public community colleges is about \$2,400, which is considerably less than that of 4 year public colleges or private universities. The majority (60%) of students who enroll at community colleges, however, are part-time students. Most of these students are employed at least part-time and many juggle work and family responsibilities while attending college.

America's rural community and tribal colleges offer an affordable, quality education that assists students in meeting their immediate and long-term educational and career goals. Their comprehensive missions, coupled with open admissions, provide a wide variety of opportunities for both students and businesses to access services and educational programs designed to help secure their future success. In addition to direct academic programs, community colleges play an important role in economic development, especially in rural areas.

Community colleges share two primary missions. First, they are dedicated to serving their students through excellent teaching and learning. Community colleges excel in delivering instruction and technical training. Second, community colleges exist to help their communities with economic development. They serve as the local catalyst for job training and development. Community colleges have the ability to respond quickly to the needs of the communities they serve. When a new or existing business needs a trained workforce, they often turn to their local two-year college for assistance. Rural community colleges truly create opportunities in place for their students, for their communities, and for local and regional business and industry.

Rural community colleges help their communities with economic development by:

- Providing expert faculty to educate, train or re-train workers.
- Providing technology assistance and training to new and established businesses to help them reduce costs and improve productivity.
- Partnering with city and county authorities to help recruit new industries.
- Teaching students on the latest high-tech equipment used by industry and offering flexible schedules and curricula beneficial to employers.
- Offering both short-term and long-term training for multiple shifts and on the job site, if needed.

- Providing temporary space for new companies interested in moving to the community, while facilities are under construction.
- Providing space for start-up businesses, i.e., business incubators.
- Providing online training opportunities for employees seeking to upgrade their skills.
- Providing entrepreneurship certificates and degrees.
- Providing specialized courses in a modular format designed to meet the specific needs of a particular industry.
- Creating training programs to upgrade technical skills for potential employees required by a specific industry.
- Administering State and regional incentive programs to maximize economic development opportunities for new and existing business and industry.

Community colleges are on the frontline of workforce development. Some specific examples of rural-serving community colleges making an impact on the economic development of their communities are listed below.

#### **Alternative, Renewable, and Traditional Energy**

Community colleges have an important role in helping people qualify for “green jobs.” Rural America continues to provide much of the energy for the rest of the nation, whether it is petroleum, coal, or one of the newer energy sources. As the demand for alternative and renewable energy increases, the need for more skilled workers grows. Community colleges produce highly qualified energy technicians that help with the fabrication, installation, and maintenance of turbines, solar panels, and other key elements needed for wind, solar, geothermal, and biomass energy sources.

A few examples of the many community colleges providing training for alternative and renewable energy technicians include Columbia Gorge Community College (OR), Iowa Lakes Community College (IA), Mesalands Community College (NM), and Lane Community College (OR).

Community colleges such as Bismarck State College (ND) work closely with industry to train individuals in the field of electrical transmission systems technology. With funding from the National Science Foundation’s Advanced Technological Education (ATE) program, Bismarck State College and its industry partners created an associate degree program for electrical transmission system operators.

The Kentucky Coal Academy (KCA), comprised of four community and technical colleges located in the eastern and western Kentucky coalfields, provides career and technical education and training for students interested in mining careers. The colleges — Big Sandy Community and Technical College, Hazard Community and Technical College, Madisonville Community College, and Southeast Kentucky Community and Technical College — through the Kentucky Coal Academy have trained more than 25,000 students and incumbent workers in the mining profession since KCA’s creation in 2005. These jobs accounted for \$1,034,834,951 in wages in the state of Kentucky in 2006. The \$4.97 billion in receipts from coal produced and processed in Kentucky in 2006 generated additional economic activity totaling \$588 billion and accounted for 55,301 jobs in 2006.

Somerset Community College in rural Kentucky has been successful in establishing a lineman training program to prepare new employees for the energy industry. The college partnered with the local rural electric cooperative, the area economic development district, and city and county officials to create this needed program. To date, 42 linemen have graduated from the program, supplying a much needed technical worker to the local industry. Through extensive partnerships the college has been the catalyst for establishing an important workforce training program to provide technical workers who will earn a high wage and contribute to the local economic base.

#### **Agriculture**

Community colleges in rural America have a longstanding role in agriculture, educating future farmers and providing technical training for those interested in learning the latest farming technologies. Several colleges have launched new viticulture programs, including Northeast Iowa Community College (IA), Shawnee Community College (IL), and Redlands Community College (OK). Faculty members from these community colleges have a program, the Viticulture and Enology Science and Technology Alliance (VESTA), which utilizes Missouri State University’s expertise in grape research and education. Using distance education as well as classroom instruction and hands-on experience in the vineyards, VESTA’s program provides stu-

dents and employees in the wine industry with the latest industry-validated programs.

### **Biotechnology**

In addition to partnering with industry, community colleges often work with consortia of colleges and universities to deliver high-tech programs to meet the needs of their students and communities. For example, the Robeson Regional Biotech Education Consortium (RRBEC) promotes agricultural biotechnology in southeastern North Carolina. Robeson Community College in Lumberton, NC, has an articulation agreement with the University of North Carolina to provide biotechnology courses and works with local public schools and industry partners to provide educational programs to spur economic growth for the region.

Southeastern Community College in North Carolina has the distinction of being the first agricultural biotechnology associate degree program in the United States. SCC's program concentrates on the propagation of plants using tissue culture techniques (micro-propagation). This allows a technician to produce large quantities of plants from a very small amount of mother stock resulting in plants that are pest and disease free.

### **Rural Health**

Access to good health care is essential for attracting and retaining businesses and prospective workers to a community. Community colleges educate more than half (59%) of the new nurses and the majority of other new health-care workers nationally. For rural communities, educating and retaining skilled nurses, dental hygienists, lab technicians, respiratory therapists, radiology technicians, paramedics, and other health care providers is particularly challenging. The cost of educating and training individuals in these disciplines is high. The cost of specialized equipment, laboratories and clinical facilities, and expert faculty members is daunting. Retention of skilled health care personnel is also challenging, especially given the higher salaries offered in large urban medical centers.

Western Oklahoma State College has been successful in educating a higher number of nurses in a very rural area through the use of technology. Through the use of interactive television and on-line courses, Western has been able to open three additional sites where nurses are trained. These rural communities would have continued to have a shortage of nurses had it not been for the innovative use of technology in order to deliver curriculum to several satellite sites at one time. The use of technology has allowed Western to double its number of nursing program graduates in just five years.

Approximately six years ago, the faculty in the Health Occupations Department along with college administration at Indian Hills Community College in Iowa identified a need for a stronger relationship between the health care facilities and the education programs that were preparing future workers. An initial survey of future workforce needs resulted in the creation of the Rural Health Education Partnership (RHEP). This organization is focused on delivering easily accessible high-quality programming to meet the ongoing educational needs of the health care professionals and first responders in the ten county area served by the college. Currently the RHEP has 79 members. The membership includes critical access hospitals, long term care facilities, emergency medical services and fire departments.

Indian Hills Community College is located in rural southeast Iowa. Discussions with members of the RHEP revealed a critical need for health care workers coupled with the difficulty of attracting and keeping health care professionals in this rural area. It became clear that the best solution was to "grow our own". The college had a variety of education programs available. One of the challenges was getting place-bound individuals to education programs. This has become more critical as transportation costs have increased. In 2004 a decision was made to take the programs to the students via the Internet. By 2005 the Health Information Technology Program had been reinvented in an online format. In the next two years the remaining programs in the Health Informatics Cluster—Medical Transcription, Medical Insurance Coding and Health Unit Coordinator were redesigned for online learning. Enrollment in these programs more than doubled. As a result of the success of the Health Informatics programs, the Associate Degree Nursing Completion and Pharmacy Technology Programs are being revised for delivery using web based technology.

### **Emergency Services**

Nationally, close to 80% of law enforcement, fire fighters, and EMS professionals are educated at community colleges.

On February 18, 2008, a refinery in Big Spring, Texas, located along I-20 suffered a major explosion that received national news coverage. The explosion resulted in massive damage to both the refinery itself and the business operation. First re-

sponders from the community and the region were on-site within minutes. Miraculously, there were no deaths and a low number of injuries suffered. There was a huge fire to fight, hazardous conditions to monitor and a major interstate diversion to address. Emergency workers trained at rural community colleges were on hand to protect life and property.

The possible death of a major business was at stake and the resultant economic loss to a community weighed heavily on the area. The battle with the explosion was won. Next the battle to recover would begin. From the first responders to the recovery process, partnerships and the relationship between the refinery and Howard College in Big Spring, Texas, would factor into the success of the company to resume its business operations by summer and to celebrate its 80th anniversary on February 18, 2009.

#### **Partnerships / Entrepreneurial Pursuits**

Alabama Southern Community College, East Central Mississippi Community College, and Meridian Mississippi Community College secured a WIRED grant which is now in its final stages. The Mississippi Entrepreneurial Alliance (MEA) was formed to promote entrepreneurship in rural communities. This group of rural community colleges has been striving to identify and empower local champions to promote small businesses to start and grow in the rural areas of the two-state region.

Miles Community College in Montana is facilitating a community vision-building project with the area economic development council and the chamber of commerce. This program will determine what the citizens and business community want their area to look like in the year 2015. Through the use of focus groups which include high school students, senior citizens, church groups, area ranchers and business owners, specific goals will be identified and implemented. The college will host a series of meetings where community members can vote on the activities they want to see implemented.

North Iowa Area Community College (NIACC) located in rural North Iowa has been instrumental in developing an economic development strategic plan for the region. NIACC has been nationally recognized for its John Pappajohn Entrepreneurial Center (JPEC) and additional regional economic development efforts. NIACC underwrites the cost of supporting economic development through its Lean Training (companies reported over \$273 million in savings or increased profits as a result).

The NIACC JPEC has been recognized nationally for its exceptional efforts in business start up, growth and retention efforts. Through its programs, over 290 new businesses have been started and over 70% of those are still in business at the end of 2008, attesting to the value of the initial and ongoing services provided. The NIACC JPEC supports business from birth to rebirth, and was instrumental in an 80+ person company making a transition that enabled it to remain in the rural community and retain the jobs there. The NIACC JPEC has the mission of entrepreneurial education (traditional and nontraditional), business support, and partnerships to stimulate entrepreneurship. More than \$100 million in capital and loans have been generated through this project to help fund 12 businesses. This helps drive rural economic development in North Iowa through investing in new and expanding businesses.

#### **Summary**

The examples listed in this document are just a few of the hundreds of economic development projects currently underway at America's rural community and tribal colleges. Rural community colleges are a major contributor to the economic development of the communities they serve.

Rural community colleges are providing innovative strategies all across the nation to spur and enhance economic development. Community colleges often serve as the catalyst for this important development, and they are a vital component to the economic prosperity of the regions they serve, as evidenced by the many examples listed above.

Please consider the importance of rural community colleges as a major contributor to the overall economic health of rural communities. Community colleges are all about training people for jobs and growing the local economy in collaboration with a wide variety of partners. Truly, rural community colleges create opportunities in place.

Chairman McIntyre, Ranking Member Conaway, members of the Subcommittee, I thank you for the opportunity to testify before the Subcommittee on Rural Development, Biotechnology, Specialty Crops, and Foreign Agriculture today.

Mr. MCINTYRE. Thank you.

Thanks to each of you for excellent testimony. The Committee will suspend for just a moment. We have a set of votes we are trying to deal with.

Given the fact that we have once again been interrupted by votes, as afternoon hearings are prone to have happen, and in an effort not to unduly tie up the witnesses and others who are involved in today's hearing and to allow for other commitments that I know many of you have, we are going to ask the Members of the panel to submit their questions in writing and to ask the members of our panel to submit them to the testifying panel.

Members of the Subcommittee, in other words, please submit your questions in writing to the panel. Panel, once you have received those questions, if you would respond, please, immediately, no later than 10 calendar days after you receive them, so that we can complete our record.

Also, I would like to remind the witnesses today that the record will remain open 10 days from today for any additional testimony you might like to submit or any other supplementary material that you would like to forward to us.

We thank each of you for attending today. In closing, I would like to ask Mr. Lambe, if he considers the Southeast Crescent Regional Economic Commission, which you spoke about persistent poverty, how such regional commissions can help local communities innovate. If you would please go ahead think about preparing a response to that question.

In addition, Dr. Markley, also the rural microentrepreneurial assistance program that you referenced and that this Subcommittee included in the farm bill, as that program is getting ready to be implemented for the first time by USDA, we would ask for your advice as to what would ensure that we are able to assist the most microentrepreneurs in rural areas.

Those two questions, if you all would take under consideration. All remaining questions will be submitted in writing to you, and we do ask for your response within 10 days.

With that, we want to thank each of you for your testimony today.

I want to thank the Subcommittee Members for their patience in light of the unusual circumstances.

And this hearing now of the Subcommittee on Rural Development, Biotechnology, Specialty Crops, and Foreign Agriculture is adjourned.

God bless you all. Godspeed in your travels.

[Whereupon, at 2:30 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUPPLEMENTAL MATERIAL SUBMITTED BY JEFF YOST, PRESIDENT AND CEO,  
NEBRASKA COMMUNITY FOUNDATION, LINCOLN, NEBRASKA



*On the Leading Edge*

The Nebraska Community Foundation is on the leading edge as a national model for innovative work in rural development philanthropy and for its groundbreaking work in using the intergenerational transfer of wealth as a call to action.

NCF energizes community leaders and builds nonprofit capacity to achieve ambitious endowment-building goals linked to the creation of greater economic prosperity.

The Nebraska Community Foundation, headquartered in Lincoln, serves communities, organizations and donors throughout Nebraska. We provide a range of services, including financial management, strategic development, education, training and peer learning to more than 1,800 leaders of 199 affiliated funds statewide.

NCF builds relationships among community leaders, donors and their financial advisors to help them achieve the impacts that charitable giving can have on community development outcomes. To this end, NCF is not a grant maker itself.



*NCF affiliated fund leaders gather on the stairs of the Lied Lodge in Nebraska City during NCF's 2008 Rural Philanthropy Conference in September, which drew more than 200 rural philanthropy leaders nationwide to learn about the NCF model.*

Grantmaking decisions are made by local leaders of NCF's affiliated funds.

NCF reaches out to help everyone deepen or rekindle their belief in the future of their hometown. Nebraskans have a strong ethic of giving back. NCF encourages community leaders to build

on this ethic and to use charitable giving to address the current and future opportunities that make rural communities better places to live and work.

Together with its partners across the state, NCF is creating new avenues to revitalize and sustain rural Nebraska.

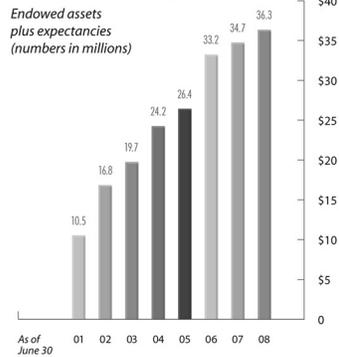
**MISSION:**

*The Nebraska Community Foundation partners with community leaders to inspire charitable giving, prudently manage financial resources and make strategic investments for the prosperity of our people and our communities.*

**NCF in Numbers (as of June 30, 2008)**

- \$76 million reinvested in Nebraska and its hometowns since 1993
- \$46 million in total assets
- \$25 million in endowed assets
- 1,800 Affiliated Fund Advisory Committee Members
- 199 affiliated funds serving 179 communities in 71 counties
- 85 community-based affiliated funds building endowments
- 40,000 contributions received
- 31 community challenge grants totaling over \$1.3 million; \$3.9 million raised as a result
- 133 planned gifts estimated at \$29 million
- \$94 billion estimated transfer of wealth in rural Nebraska by 2050

**Community-Based Affiliated Fund Endowment Building**



**DEAR FRIENDS:**

In 2008 the Nebraska Community Foundation celebrated its 15th anniversary. NCF is truly coming of age. This past year has been one of accelerated growth in both financial resources and community impacts. NCF's partnership model is helping hometown leaders move their communities forward—further, faster and better than most could do on their own.

Last year, NCF experienced a 41 percent year-over-year growth in total assets, with more than 8,000 individual gifts totaling \$23 million. Community endowments have doubled in the past two years. Over 100 planned gifts are now in place to benefit 48 Nebraska hometowns. And more than \$40 million has been reinvested in the past five years.

While these numbers are impressive, what they represent is more important. NCF and its 1,800 affiliated fund leaders are now reaching out to a critical mass of people who embrace our vision of hope and prosperity.

Our NCF communities are on the leading edge of a new rural reality. What we once planned together is now coming together. Civic and business leaders are crossing boundaries to make their hometowns both more competitive and more collaborative. Technology is shrinking our geography and expanding our career options. Young people are telling us they want to come home to raise their families. Friends and neighbors are staking their claim in the future through legacies that will build permanent endowments. These endowments will insure significant reinvestment in Nebraska's hometowns for generations to come.

Our 2008 Annual Report provides a sketch of how NCF serves as a value-added partner to accelerate this positive change. Across Nebraska, leadership is now in place to build unrestricted permanent endowments in nearly 180 communities. Charitable gifts are providing new capital to meet today's needs and tomorrow's opportunities. And high-impact grants are transforming community attitudes, infrastructure and economies.

We are pleased that a number of NCF community leaders have been kind enough to share their thoughts within this report. Trusting relationships like these have been nurtured over the past 15 years among our NCF Board and staff, affiliated fund leaders, financial advisors, and of course the generous people who give back to their hometowns. In 2008 these connections moved us further toward mission fulfillment than ever before. We offered more education, outreach, training and technical assistance. It was a year of more individual gifts, more revenue and greater public awareness and appreciation of NCF's mission than ever before.

NCF is on the leading edge of rural development philanthropy because of our commitment to add value to the work of our affiliated funds. We are proud to share these success stories!



*Jeff Yost, President and CEO and Mark Graff, Chairman of the Board*

*Mark Graff  
Board Chair*

*Jeff Yost  
President and CEO*

## Inside NCF

### BOARD OF DIRECTORS

#### EXECUTIVE COMMITTEE MEMBERS

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*Chairman*

**Brian Thompson** of Waverly  
*Vice Chair*

**Shannon Harner** of Lincoln  
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**F.E. Pete Peterson** of Brule  
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Janet Krotter Chvala of Atkinson  
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Bob Mundy of Omaha  
Carol Russell of Omaha  
Jon Schmaderer of Stuart  
Bob Stowell of Ord  
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Nancy Hoch of Nebraska City  
Richard Hunt of Blair  
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Rodrigo Lopez of Omaha  
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Beverly Pollock of Ogallala  
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Jim Scholz of Omaha  
Frank Sibert of Valentine  
Mimi Waldbaum\* of Omaha  
Jeanene Wehrbein of Plattsmouth  
Jim Wolf\* of Albion

\*Deceased

#### PRESIDENT AND CEO

**Jeffrey G Yost**

#### PRESIDENT EMERITUS

**Maxine B. Moul** (retired)



Members of the NCF Board of Directors include from front: Shannon Harner, Brian Thompson, Kathy Thuman, Mark Graff, Fred Lockwood; back: Bob Kathol, Brandon Day, Bob Stozzell, Janet Krotter Chvala, Ray Welsh, Jon Schmaderer.



Members of the NCF Staff are front: Juli Rosso, Doug Friedli, Reggi Carlson, Jim Gustafson, Karla Egger, Jeff Yost; back: Les Long, Diane Wilson, Jana Jensen, Sheri Hink, Tonia Goelden-Kathol, Teri Alley-Davis, Amy Fey.

#### NCF: Committed to Quality and Accountability



The Nebraska Community Foundation is confirmed in compliance with National Standards for U.S. Community Foundations as established by the Council on Foundations. This means that NCF meets the nation's highest philanthropic standards for operational quality, integrity and accountability.

The National Standards for U.S. Community Foundations Program is designed to provide quality assurance to donors, as well as to their legal and financial advisors. It requires community foundations to document their policies for donor services, investments, grantmaking and administration. Donors to NCF and its 199 affiliated funds are assured that their contributions are managed and invested wisely, that their charitable wishes are honored, and their lifetime income arrangements are secure. The National Standards confirmation says "our house is in order."

## STATEWIDE FOUNDATIONS INVEST IN NCF LEADERSHIP

In 2008 NCF received grants of \$20,000 from the Cooper Foundation of Lincoln and \$50,000 from the Peter Kiewit Foundation of Omaha to develop peer-learning opportunities for NCF affiliated funds. Over the past several years NCF has seen remarkable progress among affiliated funds whose leaders have reached out to one another sharing advice, guidance, success stories and strategies.

The funding will be used to support participation at regional meetings, NCF's Rural Philanthropy Conference, training sessions, distance learning events and peer visitations and mentoring. Action planning will be a primary focus of the peer-learning efforts. NCF is grateful for this support, which will increase peer-to-peer exchanges and draw on the expertise of our most experienced affiliated fund leaders.

Peer mentoring is typical of NCF's strategic thinking for expanding a proven model. There are many reasons the Cooper Foundation approved a grant to expand NCF's peer mentoring program. Here are four:

- NCF knows what it is doing
- It has proved itself on the ground in one Nebraska community after another
- Its mission is one of empowerment of others
- It is a national leader in rural community development

~ Art Thompson, President, The Cooper Foundation, Lincoln, NE

## CONTRIBUTIONS TO THE NEBRASKA COMMUNITY FOUNDATION

(For fiscal year ended 06.30.08)

Many individuals, families and businesses have given direct support to the Nebraska Community Foundation to help fund its community-based development work and endowment. Significant donations received during the past 12 months include:

## \$100,000 OR MORE

The Ford Foundation  
New York, NY

## \$25,000 TO \$99,999

First National Bank of Omaha\*\*  
Omaha

W.K. Kellogg Foundation  
Battle Creek, MI

Elaine S. Wolf  
Albion

## \$10,000 TO \$24,999

Ameritas Charitable Foundation/  
Ameritas Life Insurance Corp.  
Lincoln

Consolidated Companies\*\*  
Lincoln

Great Plains Communications Inc.  
Blair

## \$5,000 TO \$9,999

The Day Companies\*\*  
Norfolk

McCarthy Group Advisors  
Omaha

MNB Financial Group  
McCook

Kathleen Thuman/Farmers State Bank\*\*  
Maywood

## \$2,000 TO \$4,999

Mutual of Omaha Insurance Company  
Omaha

Nebraska Investment  
Finance Authority  
Lincoln

Ron and Judy Parks/  
Millard Manufacturing Corp.  
Omaha

## \$1,000 TO \$1,999

Lemoine "Andy" and Geri Anderson  
McCook

Bruning State Bank\*\*  
Bruning

Cornerstone Bank  
York

Edward Jones  
St. Louis, MO

Graff Charitable Foundation  
McCook

HomeServices of Nebraska  
Lincoln

Beth and John Klosterman\*\*  
David City

Fred and Carol Lockwood  
Scottsbluff

Robert and Maggie Mundy\*\*  
Omaha

Pete and Jonnie Peterson\*\*  
Brule

Robert and Jean Stowell/  
Springdale Realty, Inc.  
Ord

Brian and Kelli Thompson\*\*  
Waverly

Dale and Jean Tinstman  
Lincoln

US Bank  
Omaha

## \$500 TO \$999

Betty Anderson  
Palos Park, IL

Sam and Joyce Baird  
Lincoln

Bettenhausen Family Foundation  
Lincoln

Mark and Linda Graff\*\*  
McCook

Shannon Harner and Philip Goddard  
Lincoln

Harris Properties  
Lincoln

HBE Becker Meyer Love  
Lincoln

Nebraska Rural Electric Association  
Lincoln

Carol and Riek Russell\*\*  
Omaha

The Sears Family Trust  
Decatur

Tri-County Bank  
Lincoln

Union Bank and Trust Company  
Lincoln

Diane Wilson and Kay Richter\*\*  
Lincoln

## \$250 TO \$499

BKD LLP  
Lincoln

Irv and Wanda Omtvedt\*\*  
Lincoln

J. Michael and Susan J. Price  
Omaha

Jeff Yost and Cindy Ryman Yost\*\*  
Lincoln

\*\*All or a portion of this gift was made in support of the NCF Development Endowment.

## Leadership in Place

### BUILDING LOCAL LEADERS

Over the past few decades rural communities have become increasingly dependent on outside financial resources in the form of transfer payments, government programs and subsidies. The result is an erosion of discretionary decision-making at the local level. Leaders have fewer options for deciding how local funds should be allocated, and fewer opportunities to build a skilled leadership base.

Through the NCF system, more than 1,800 community leaders recognize and use philanthropy as a community development resource. They are better positioned to set their own goals, raise their own money and make decisions about what is most important to invest in for the future.

Visionary leaders are needed to immediately harness the extraordinary opportunity provided by the transfer of wealth—leaders who can communicate, plan, build coalitions and bridge regional divides. The NCF system of building local leadership includes formal training,

one-on-one coaching, group facilitation and, importantly, peer-learning opportunities. All of these are grounded in the trust that together, Nebraskans can transform their future.



*Jon Schmoderer, Jim Brennan, Nicole Sedlacek, and Janet Kratter Cheala of Holt County develop strategies with Mike Morton of Winfield, Kansas, during the action planning work session at NCF's 2008 Rural Philanthropy Conference.*

#### BROADENING THE LEADERSHIP BASE

One of the most important responsibilities for every community leader is to recruit and mentor others. Static organizational leadership tends to stall out, or the primary leaders eventually become burned out. NCF supports an affiliated fund structure that encourages leadership development and transition, with the intention that members are nurtured to increase their knowledge, skills and commitment as they move to the next level of responsibility.

*"The key is leadership. We moved from two to three people who did everything, and we now have a list of 400. Leadership is the key to building the relationships that make that happen."*

*~ Bob Stowell, Ord, NE*

NCF helps affiliated funds develop bylaws with volunteer expectations. NCF training emphasizes succession planning, and its action planning process puts board capacity building as its number one strategy. NCF teaches people how to identify and recruit members based not just on their name and status, but on their passion to serve and the skills they can contribute.

#### LEADERSHIP TRANSITION

As Richard Walter approached his last term as chair of the Shickley Community Foundation, he began his search for a replacement. He recruited a young farmer, Dan Miller, to serve as the new chair. He mentored Dan over a two-year period and accompanied him to NCF trainings so that Dan understood the goals and structure of an NCF affiliated fund. Richard explained how he had handled his leadership role, but he encouraged Dan to develop his own

methods. And Richard made a commitment to "always be there for support" as Dan took on his leadership role.

Ray Welsh was a strong leader of the Pender-Thurston Education & Community Foundation. He was skilled at singlehandedly developing an agenda and carrying out a plan. But he knew that was not the way a successful organization grows. So he recruited Ron Kelly to step in. Ron was quick to inform members that his style was different. He tends to delegate responsibilities and rely on others to play an active role. Ray continues to support the new chair and committee members, and says, "With NCF's help, we've been able to look at the big picture. The enthusiasm is starting to swell. People 'get it.'"

#### REGIONAL LEADERSHIP PROGRAMS

In addition to working with affiliated funds, NCF supports community-wide

*"NCF and the Butler County Area Foundation have been instrumental in helping to build community capacity in Butler County. Both financial and leadership capacity have been inspired by NCF for the future of this rural community."*

*~ Willow Holoubek, Executive Director, Butler County Development*

rural leadership development through HomeTown Competitiveness (HTC). HTC is a framework for rural community and economic development built on four pillars: leadership, entrepreneurship, youth engagement and charitable assets. There are 16 formal HTC sites in Nebraska encompassing more than 30 communities; many more are actively pursuing HTC-type activities. In several, leadership development has emerged as a driving community influence.

Butler County is going into its fifth year and has graduated 74 people from its successful leadership program. The program is funded by the Butler County Area Foundation and is a collaborative effort with the Chamber of Commerce. The program has already had an economic impact on the area. Three members of its first leadership class approached the county board and the David City Council to propose an inter-local agreement to form a city-county economic development group. The idea gave birth to the Butler County

Development Board, now in its second year of operation. The group has helped to recruit business, assisted with securing a local CDBG grant for a new health clinic and is assisting with expansion plans for several existing businesses.

In Holt County, the HTC leadership program has been critical to breaking down barriers between hometowns. The program focuses on bringing people of all ages together, including young professionals, students and senior citizens. According to Jim Brennan, member of the Atkinson Community Foundation, many people had never met or spoken to residents of towns only a few miles away. The program began in Atkinson and Stuart, then grew to include the regional trade center of O'Neill, and now involves all nine communities in Holt County. In the past four years, 79 individuals have participated. Graduates of the leadership program recruit new members, develop and present curriculum, and importantly, serve as messengers to unite the region.



*Doug Friedli, NCF Director of Community Fund Development – Eastern Nebraska, leads a planning session in Atkinson—one of several regional meetings designed to bring affiliated fund leaders from different communities together for peer learning.*

*"Hopefully with the mentors opportunity we'll be able to pay back something for all that Jeff, Jim and Doug have done for us. Because of NCF we were successful."*

*~ Richard Walter, Shickley, NE*



*Richard Walter of Shickley shares ideas for successful grassroots fundraising.*

#### PEER-LEARNING OPPORTUNITIES

Over the past 15 years, many seasoned affiliated fund leaders have become fully committed to the NCF mission. They have gained valuable experience and knowledge, which they are eager to share. NCF provides an avenue for peer mentoring and learning through several settings. It offers training in fund advisory committee development, donor visitation and strategic grantmaking at regional meetings in locations across the state. Similar sessions are held in conjunction with the NCF annual meeting each November. And a three-day Rural Philanthropy Conference draws both national and statewide participation in an intensive interactive learning environment.

As a result of peer leaders sharing stories and strategies, many affiliated funds have moved to higher levels of effectiveness and success. Through their involvement with one another, leaders increase their own capacity while teaching others. Affiliated funds are capitalizing on the energy these relationships are producing. By developing a network of supportive mentors, NCF is helping more local leaders become effective advocates for their community foundations.

*New Opportunity Capital*

**THE HABIT OF GIVING**

Capital flows to certainty. People invest in what they believe in.

NCF reaches out to help everyone deepen or rekindle their belief in the future of their hometown. As community leaders develop more confidence in the future, donors—both current residents and expatriates—and their financial advisors are increasingly enthusiastic about reinvesting in their communities.

NCF is a democratized system where every gift is celebrated. NCF coaches communities to get more and more people in the habit of giving back, because

small gifts, given regularly, add up, and eventually many frequent donors are moved to include their community in their estate planning. This is how the opportunity of the intergenerational transfer of wealth is realized.

As an example, the PenderThurston Education & Community Foundation, serving a population of 1,273, is growing with more than 250 founders. This includes nearly all of the teachers in the area, who have pledged annual contributions of \$100 each for life. This small community has assets of nearly \$200,000 with half of that permanently endowed. A challenge grant has been issued, and the plan is to build a \$400,000 unrestricted endowment.

*"Because of NCF's help, we now have a million-dollar fund and it keeps on growing. Our board was scared to death to ask. Because of the \$25,000 challenge last December, we have more involvement than ever."*

— Don Harpst, McCook, NE

**NCF Grassroots Philanthropy**

- 8,018 contributions in FY 2008
- 33,000 contributions in the past 5 years
- 133 planned gifts to NCF and its 199 affiliated funds
- \$29 million: conservative estimate of value of planned gifts

**ENDOWMENT BUILDING**

The number of NCF's community-based affiliated funds that are building unrestricted endowments has increased dramatically in the past six years. These communities now have \$36.3 million in combined endowed assets and planned gifts. These significant capital resources are controlled by local decision makers who understand their community's needs and opportunities for growth better than any outsider.

This high level of local reinvestment is not a matter of luck. It is the result of people reaching out to their friends and neighbors through techniques that NCF teaches: There are now 30 community challenge grants, 18 founders clubs and countless personal donor visits being made by NCF affiliated fund leaders.

As the number and sophistication of NCF's affiliated funds continues to grow, there

are more and more places where donors can entrust their legacies to benefit the communities where they have lived and worked and raised their families.

**CHALLENGE GRANTS**

Challenge grants are now energizing rural development philanthropy in 30 communities across the state. Here are a few examples of how individuals, families and businesses are reaching out to cultivate broad reinvestment in rural Nebraska:

- Great Plains Communications has awarded \$195,000 in matching funds

to support HTC endowments in six communities served by the company, including Imperial, Perkins County, Creighton, Wausa, Elgin and Stratton. To date a total of \$585,000 has been raised to meet the challenge grants.

- Don and Alice Harpst challenged the McCook Community Foundation to raise \$75,000 for a \$25,000 match. The campaign gained momentum through December when Don, playfully posing as Ebenezer Scrooge, made personal visits to local businesses. All together the campaign produced \$137,817.

	June 30, 2002	June 30, 2008
Number of community-based endowments	51	85
Total amount endowed	\$4.6 million	\$16.6 million
Number of planned gifts	18	104
Estimated value of planned gifts	\$6.2 million	\$19.7 million
Communities benefiting from planned gifts	14	48

*"The Imperial Community Foundation wouldn't be where we are today without the professional help and guidance from the Nebraska Community Foundation staff. When we were given the opportunity for a matching challenge grant to help build a community endowment, we received training for the steps to take."*

*~ Lori Pankonin, Imperial, NE*



The Imperial Community Foundation celebrates its successful completion of the Hunt challenge grant campaign. It plans to raise \$1 million for its endowment fund by 2015.

- The J.R. Meyer Insurance Agency will contribute up to \$15,000 over the next five years with a two-to-one challenge to kick off the Callaway Community Fund's endowment-building efforts.
- In Laurel, the challenger is remaining anonymous as the community works to match its \$50,000 challenge and motivate donors to give back a portion of the community's transfer of wealth.

**PARTNERS IN OPPORTUNITY**

"NCF has created a great option for any financial or estate planner. You can access so many vehicles and tools to save donors and organizations a lot of red tape and administrative hassle.



*Andy Hoffman  
Kroster Hoffman PC, LLO  
O'Neill, NE*

"I had the honor of working very closely with the late Mary Linhart, a truly generous person. Her sister Margaret was the Verdel postmistress, and Mary was the post office janitor. Mary's

intentions and desire to give back to her community were clear. Half of her estate will benefit the O'Neill library, the schools, her church and the Verdel cemetery.



*Mary Linhart*

and work. In this way the scholarships benefit the community as well as the individuals. NCF helped to organize a scholarship committee from all walks of life. They'll be looking beyond just test scores...they'll be looking for people of character and quality who can help fulfill our workforce needs. I think Mary would be very proud of the way this is being done.

"The most important thing about NCF is its employees. They love rural Nebraska, and they are genuine about their pursuits. NCF is leading the way to rural revitalization.

"Young people are moving back and small businesses are starting up and growing.

"If you have a philanthropic cause in mind, NCF is your starting point, because to do this on your own can be very complicated and cost-prohibitive. Whether it's your church, school, hospital or whatever, NCF has the flexibility to set up a fund for that purpose."

**INVESTMENTS OF TIME, TALENT AND TREASURE**

Consolidated Telephone Company has helped to form and catalyze NCF affiliated funds in 80 percent of the communities it serves. By 2009, Consolidated Companies will have invested a total of \$90,000 in challenge grants to affiliated funds in Hyannis, Mullen, Thedford, Eustis, Arthur and Wallace. The company also has provided \$104,600 in scholarships, and it offers non-traditional scholarships to people living and working in their hometowns. Consolidated Companies helps sponsor the EDGE program in many of its communities and numerous programs benefitting its patrons.



Consolidated Telephone Company encourages its employees to serve on local affiliated fund advisory committees. Pictured above (l to r) are Merlin Ring, Hyannis; Tagg From and Brad Soszyer, Thedford; Kirk Jacobs, Mullen; and Brian Thompson, Waverly, who is Vice Chair of the Nebraska Community Foundation Board of Directors.

# Impact Grantmaking

## FUTURE-FOCUSED INVESTMENTS

If declining population is the greatest threat to the future of rural Nebraska, then stabilizing and growing the population should be its highest priority. While swimming pools and playgrounds are great, no one stays in or moves back to their hometown because of these amenities. Grants from endowments are better spent on high-impact investments that provide real options for people to remain, return and reinvest.

NCF helps forward-thinking community leaders learn how to leverage their charitable assets with other private and public resources. Communities that can come to the table with local funding are in a stronger position to secure matching funding from state, federal and corporate sources.

*The continuing out-migration of our young people is the single greatest threat to the economic viability of many of our rural communities. Today, however, information technology is making it increasingly possible to live and work wherever we want to live and work. This new-found freedom has the potential to make rural America more economically relevant than it has been in some time. And it makes "place," and the quality-of-life in that place, paramount.*

~ Jeff Yost, NCF President & CEO  
Philanthropy & Rural America,  
Council on Foundations 2008

### YOUTH ATTRACTION

Gauging the attitudes of young people is part of NCF's work to help communities stem the tide of out-migration in rural Nebraska. Many adults have come to accept the loss of youth and young families as inevitable. However, opinions offered by more than 2,000 students indicate that these trends could be reversed if certain opportunities were in place.

84%	plan to attend a 4-year, community or tech college
79%	rate their hometown as average or above for a young person to live
52%	picture themselves living in their hometown area in the future if career opportunities are available
41%	are interested in owning their own business someday
47%	are interested in taking an entrepreneurship class

Surveys completed by 2,153 teens in 15 rural Nebraska communities produced data that should motivate parents, community leaders and educators: The fact that more than half of rural youths picture themselves living close to home in the future is an eye-opener for adults who assumed the opposite. And with more than 40 percent

interested in entrepreneurial pursuits, the message is clear. Rural communities need to create entrepreneurial environments that can attract young people to stay or return. They must be less averse to risk-taking and more open to new ideas. They must embrace young people with reminders that their hometown is the best place to raise their families.

### HIGH-IMPACT GRANTS

- Leadership development for a broad base of community members to build skills in strategic planning, conflict resolution, delegation and leadership transition
- Entrepreneurship and business training for new business start-ups, expansion and transition
- Youth engagement activities that connect young people to their communities, such as leadership training, TeamMates and Big Brothers/Big Sisters, FBLA, FFA, FCCLA and 4-H
- Education enhancements such as vocational, fine arts and entrepreneurship courses to prepare youth for careers in their hometown

- Licensed child care facilities operated by 501(c)(3) organizations (including churches)
- Grants to retain good teachers through additional education and enrichment resources
- Health care and elder care so that families are safe and seniors can age in place
- Non-traditional scholarships for adults whose increased skills and education will benefit the community



An O'Neill Community Foundation grant provides a personalized mailbox to each high school graduate in Holt County as a reminder that they are always welcome home.

*"In the past five years Valley County has moved from a strategy of doing more to employ our people, to doing more to attract people to the jobs we created."*

~ Bob Stowell Ord, NE

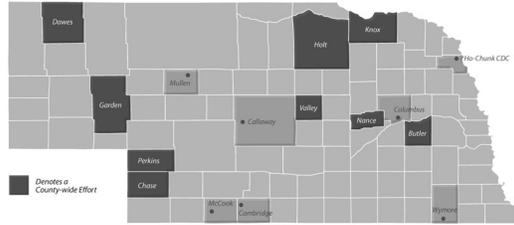
**HOMETOWN COMPETITIVENESS**  
 HomeTown Competitiveness (HTC) is a framework for rural community and economic development. HTC was launched in 2002 to address the flight of rural youth and capital assets by focusing on four pillars of sustainable communities: Leadership, Charitable Assets, Entrepreneurship and Youth.

Small business remains the backbone of the rural economy. Today, there is a unique opportunity set for revitalization: information technology; youth optimism about their hometowns; and the transfer of wealth, a source of capital to energize entrepreneurial activity and attract young people back home.

HTC looks different in each of the 16 sites across Nebraska. However, the goals are the same. Change community attitudes. Mobilize community-wide leadership. Build opportunity capital. Create economic opportunities. Give



*The Nebraska City affiliated fund provides non-traditional scholarships each year to people like Dottie Easter, who pursued further education in nursing, which benefits her community.*



**HOMETOWN COMPETITIVENESS**  
 A Come-Back-Give-Back Approach to Rural Community Building  
[www.htccommunity.org](http://www.htccommunity.org)

*This map illustrates where HTC initiatives are taking place in Nebraska*

young people a reason to come home, and residents a reason to give back.

In McCook, Andy and Geri Anderson are giving back generously to their community through the HTC endowment. Their gifts support McCook's youth pillar activities, which include entrepreneurship courses. In Nance County, the Margaret Russell Foundation supports leadership training for youth and adults, population retention and economic development. In Garden County, Tom and Cynthia Olson's donor-advised fund helped launch the HTC effort and leverage external resources in the form of an additional USDA grant for \$124,000.

HTC provides a better case statement to donors, which rekindles their belief in the future of their hometowns. The change in attitude is grounded in results: In Valley County (population 4,600), the pilot site for HTC, 104 new, expanded and transferred businesses have created 332 fulltime jobs and an investment of \$89 million. Endowments and expectancies now total over \$7 million. Over 70 donors have become founders (gifts of at least \$1,000) of a Valley County HTC endowment fund. And most importantly, population



*The Tilden-Meadows Grove affiliated fund supports youth-focused programs, such as TeamMates. It also has donated \$1,000 toward "Wind For Schools." The project installs small-scale wind turbines at rural schools. Curriculum will incorporate engineering and science themes related to the wind turbines for the benefit of the students.*

has increased by 3% since 2000, the first increase since the 1930s.

The HTC partnership, led by the Nebraska Community Foundation in collaboration with the Heartland Center for Leadership Development and the RUPRI Center for Rural Entrepreneurship, includes more than 30 communities. HTC also has been adapted in more than a dozen states and regions throughout the nation.

## The Legacy Society

### THE JIM AND ELAINE WOLF CLUB

Recognizes the individuals, families and their private foundations and businesses who have made cumulative lifetime gifts of \$100,000 or more to NCF and its affiliated funds. The Club is named in honor of the late Jim Wolf

and his wife Elaine, of Albion, who initiated NCF's endowment with a gift of \$100,000, and provided the first \$100,000 challenge grant to Boone County to build a permanent endowment.

Lemoine "Andy" and Geri Anderson  
*McCook*

John and Catherine Angle  
*Donor-Advised Fund*

Brandt Family Donor-Advised Fund  
*Unadilla*

Wayne and Beverly Buller  
*Donor-Advised Fund*

BW Telecom  
*Rahe Family Fund*

Larry and Mary Lynn Callen  
*Keith County*

Thomas and Charlene Chilvers  
*Donor-Advised Fund*

William\* and Erma\* Damme  
*Donor-Advised Fund*

Charles\* and Marge\* Durham  
*Governor's Mansion*

George F. Garlick  
*Curtis Memorial Community Center*

John and Carmen Gottschalk  
*Nelson Institute, TeamMates, NCF*

Bonnie McMannigal Gupta  
*McManigal Family Scholarships*

Robert Harm\*  
*Knox County*

Don and Alice Harpst  
*McCook*

In Memory of Lyndall Harris\*  
*The Salvation Army, Red Cloud*

Robert Hunt\*

*Robert and Jeannette Hunt/  
Great Plains Communication Fund*

Kermit and Lottie Wolf\* Karns  
*Imperial*

Kenner Family Donor-Advised Fund  
*Hebron*

Richard P. and Laurine  
Kimmel Charitable Foundation  
*Nebraska City*

In honor of Vincent J. and Marie V. Kreifels  
*Donor-Advised Fund*

Kim\* and Bruce Lauritzen/  
First National Bank of Omaha  
*Donor-Advised Fund, NCF*

Arlen Lohmeyer\*  
*Wilber*

Raymond Lohmeyer\*  
*Wilber*

Ken Morrison/Morrison Roberts Foundation  
*Governor's Mansion, KAMBO,  
GROW Nebraska, NCF Endowment*

Tom and Cynthia Olson  
*Donor-Advised Fund*

Ron and Judy Parks  
*Donor-Advised Fund, NCF*

Rolland R. Ramsthal\*  
*Burcedl*

Harold and Marilyn Rink  
*Pender*

Ed and Donna Robinson  
*Robinson Waterloo Library*

Suzanne and Walter Scott Foundation  
*Governor's Mansion, TeamMates*

Harold W. Sears\*  
*Donor-Advised Fund*

Paul and Karen Seger  
*Donor-Advised Fund*

Frank and Shirley Sibert  
*Donor-Advised Fund, NCF*

Consolidated Companies/Thompson Family  
*Various Community Funds, NCF*

Kathleen Thuman/Farmers State Bank  
*Donor-Advised Fund, Maywood*

Dale and Jean Tinstman  
*Donor-Advised Fund*

Gaylord Wallace  
*Garfield County Museum*

Dennis and Toni Werner  
*Chambers*

Hugh, Bill and Cam Wilkins  
*Shickley*

Wilkinson Family Fund  
*Donor-Advised Fund*

Jim\* and Elaine Wolf  
*Boone County, NCF Endowment*

Michael Yancey Family/America First Companies  
*TeamMates, NCF*

Anonymous  
*Wymore Library*

\*Deceased

### THE CONNIE DAY CLUB

Honors special friends who have made a future gift intention of \$500,000 or more in their will, through a beneficiary designation or with a life income arrangement to support NCF or an affiliated fund. By designating

a \$500,000 life insurance policy to establish the Connie Fund, Connie Day created an endowment to benefit the children of Northeast Nebraska.

Lemoine "Andy" and Geri Anderson  
*McCook*

Estate of Erna Badstieber  
*Columbus Humane Society and Scholarships*

Shirley Kreutz Bennett  
*Libraries in Nebraska*

John and Maurine Biegert  
*Shickley*

Estate of Bruno and Laverne Boettcher  
*Spencer*

Estate of Leonard and Audrey Cumming  
*St. Edward Medical Clinic*

Estate of Connie Day  
*Connie Fund*

John Day  
*Connie Fund*

Rudolph Elis\*  
*Donor-Advised Fund*

Estate of James Fisher  
*Rehannah*

Bernard and Susan Hay  
*Donor-Advised Fund*

Estates of Margaret and Mary Linhart  
*Youth Scholar College Scholarship Fund*

Estate of Grace Moller  
*Nebraska City Public Library*

Estate of Margaret Russell  
*Pullerton and Nance County*

Frank and Shirley Sibert  
*Donor-Advised Fund*

Allen D. Strunk  
*Donor-Advised Fund*

Estate of Mildred and Verner Vinzant  
*Donor-Advised Fund*

Lester\* and Helen\* Wolfe  
*McCook*

Estate of John and Alyce Wozab  
*Valley County*

Anonymous  
*Boone County*

Anonymous  
*Rock County*

\*Deceased

"Rural Nebraska is a special place to live and raise a family. NCF has provided us a secure way to give back and contribute to its future success."

~ Donald Schmaderer, Stuart, NE

**THE HOMETOWN HERITAGE CLUB**

Recognizes friends who have made provisions in their estate plans with a future gift intention of any amount for NCF or an affiliated fund.

- Estate of Wyonna Alfis  
*Shickley*
- Estate of Laura "Merle" Atkinson  
*Plattsmouth*
- Kerry and Colleen Beltz  
*Columbus*
- John and Valerie Binger  
*Crediton, Christ Lutheran Church*
- Marcia A. Boden  
*Dorchester*
- William B.\* and Rose Marie Brandt  
*Unadilla*
- Estate of Joe C. Brewster  
*Stuart*
- Judith K. Brockmeier  
*Beatrice*
- Steve and Sharon Brown  
*Theftord*
- Frank L. and Mary B. Bruning  
*Donor-Advised Fund*
- Fred and Penni Bruning  
*Donor-Advised Fund*
- Janet L. Krotter Chvala  
*Johnson, O'Neill, Stuart and Spencer*
- Matt Connealy and Judith Scherer Connealy  
*Future of Decatur*
- Estate of John E. Daro  
*Decatur City*
- Estate of Dale and Irene Fadschild  
*Decatur City*
- Douglas A. and Patricia L. Friedli  
*Nebraska City, Lyons*
- Mitzi Fox  
*Donor-Advised Fund*
- Estate of Paul M. Fox  
*Donor-Advised Fund*
- Mark and Linda Graff  
*McCook*
- In Memory of Leo Hink  
*Champion*
- Neal\* and Elizabeth Hunt  
*Boone County*
- Helen F. Jasa  
*Pender-Thurston*
- Jana M. Jensen  
*Byronia*
- Loral\* and Elna Johnson  
*Imperial*
- Calvin and Audrey Jones and Family  
*Theftord*
- Joseph R. and Gina D. Kamler  
*Shickley*
- John C. Klosterman  
*Decatur City*
- Dawn Kochmoos  
*Pilger*
- Wendell and Joyce Kronberg  
*Hal E. Kronberg Scholarship/Radston*
- Larry R. Larson  
*Pender-Thurston*
- Estate of Arlen Lohmeyer  
*Wilber Library*
- Estate of Raymond Lohmeyer  
*Wilber Library*
- Chad Lottman  
*Diller*

- Douglas and Cindy Lottman  
*Diller*
- Bonnie and Gerry Luckey  
*Decatur City*
- Donald Landsen  
*Neesman Greece*
- Ronald Maas  
*Potter-Dix*
- Helen E. Martens  
*Helen E. Martens Scholarship Fund*
- Marilyn D. McNabb  
*Wichita Auditor Endowment*
- Kedje and Phyllis Meierhenry  
*Office on Aging in Dodge County*
- Doris B. Miller  
*Stuart*
- Francis and Maxine Moul  
*Jenny Fund*
- Dr. D. J. and Josephine Nagengast  
*Bloomfield Scholarship*
- Michael and Lynn Namuth  
*Cheyenne County Community Center*
- Elsie A. Newman  
*Imperial*
- James and Virginia Nissen  
*Wayne County*
- Estate of Edward and Eldiva Pavlik  
*The Salvation Army*
- Larry and Angie Peirce  
*Decatur City, Red Cloud*
- Estate of John B. Petveys  
*Burwell*
- Tom and Verla Plummer  
*Keith County*
- Lois and Richard\* Quimby  
*Nebraska City Lewis and Clark Center*
- Rolland R. Ramsthal\*  
*Holland and Irene Ramsthal Scholarship*
- Estate of Edith M. Robbins  
*Straton*
- Don and Sally Schmaderer  
*Stuart*
- Jennifer L. Schmaderer  
*Stuart, Beatrice*
- Jan D. Schmaderer  
*Stuart*
- Mike Schultz  
*Plattsmouth*
- Susan Seacrest  
*Groundwater Charitable Fund*
- Nicole Sedlacek  
*O'Neill*
- Estate of John H. Seide  
*Carris Library*
- Dennis\* and Rita Shimmin  
*Keith County*
- Estate of Randall J. Smith  
*Hebron Public Library*
- Jim and Peggy Thalken  
*Keith County*
- Estate of Russell Troxell  
*Burwell*
- Darlene K. and Richard L. Walter  
*Shickley*
- Kathryn A. Wall  
*McCook*
- Ona O. Warden  
*Mullen*
- Merritt C. Warren  
*Cresighton*
- Ray and Deb Welsh  
*Pender*
- Estate of Karen J. Winship  
*Darney, Wichita, Audubon Society*
- Anonymous  
*Arthur County*
- Anonymous  
*Plattsmouth*
- Anonymous  
*Grant, Madrid*

\*Deceased

THE NEBRASKA COMMUNITY FOUNDATION ENDOWMENT CLUB acknowledges gifts to support education, training and technical assistance for NCF's affiliated funds. This Club honors those who have designated a gift in their will, through a beneficiary designation, or with a life income arrangement of any amount, or who have made cumulative lifetime gifts of \$10,000 or more to the NCF Endowment.

- Fred and Penni Bruning, Bruning Steve Buttress and Jan Weber, Kearney Matt Connealy and Judith Scherer Connealy, Decatur Jay Dunlap, Milford Douglas A. and Patricia L. Friedli, Nebraska City Mark and Linda Graff, McCook Jim and Terri Gustafson, Lincoln In Memory of Leo Hink, Champion Jana M. Jensen, Bingham Ken Morrison, Hastings Fred and Carol Lockwood, Scottsbluff Maxine and Francis Moul, Lincoln Irv and Wanda Omtvedt, Lincoln Ron and Judy Parks, Papillion Beverly and Jack Pollock, Ogalala Jon D. and Jennifer L. Schmaderer, Stuart James P. Scholz, Omaha Nicole Sedlacek, O'Neill Frank and Shirley Silbert, Kearney Jean and Bob Stowell, Ord Kelli and Brian Thompson, Waverly Kathleen Thuman and Family, Maywood Ray and Deb Welsh, Pender Diane M. Wilson, Lincoln Jim\* and Elaine Wolf, Albion Jeffrey Yost and Cindy Byman Yost, Lincoln

\*Deceased

**BECOMING A MEMBER OF THE LEGACY SOCIETY**

The Nebraska Community Foundation's Legacy Society is a way to celebrate and say thank you to generous donors both of current gifts and future gift provisions through estate plans that benefit Nebraska's hometowns.

NCF invites you to consider the difference your hometown and favorite organizations make to Nebraska, then arrange a meeting with one of NCF's trained staff to learn about the gift options that are available to you. NCF encourages you to consult with your advisors to develop a gift plan that fits best with your overall plans.

The Legacy Society encompasses four giving clubs, which are described on these two pages. You will be enrolled in the Legacy Society when you let NCF know of your charitable intentions. With permission, you will be honored in NCF's annual report and you will receive an invitation to attend the NCF annual banquet.

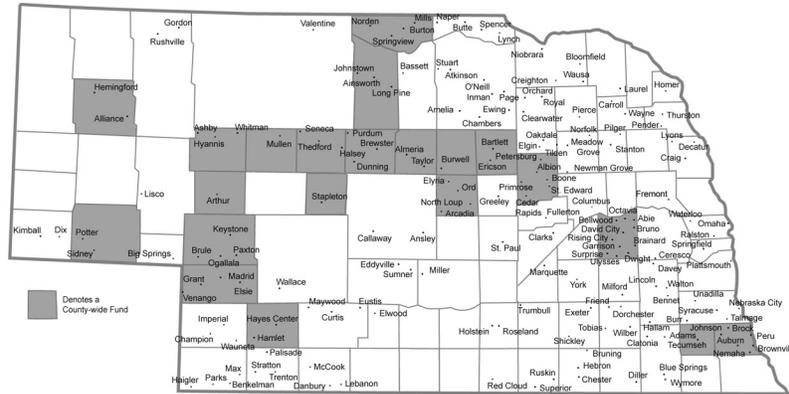
If you would like to give back to your hometown or if you have already made a future gift intention in your will, through a beneficiary designation or with a life income arrangement, contact **Jim Gustafson**, Gift Planning Director, at (402) 323-7341 or [jgustafson@necommfound.org](mailto:jgustafson@necommfound.org).

Recognition in the Legacy Society is based on contributions made through and information known on or before June 30, 2008.

199 Funds Affiliated with NCF

**NEBRASKA COMMUNITY FOUNDATION AFFILIATED FUNDS**

179 Communities in 71 Counties  
June 30, 2008



*This map depicts communities that benefit from planned gifts, donor-advised funds and/or community affiliated funds of the Nebraska Community Foundation.*

**94 COMMUNITY-BASED AFFILIATED FUNDS**

- Ansley Area Community Foundation
- Arthur Area Community Foundation
- Atkinson Community Foundation
- Big Springs Community Foundation
- Bloomfield Community Foundation
- Boone County Area Foundation
- Box Butte County Community Foundation
- Brown County Community Foundation
- Burwell Community Fund
- Butler County Area Foundation
- Butte Community Foundation
- Callaway Community Fund
- Carroll Community Foundation
- Ceresco Community Foundation
- Chambers Community Improvement Foundation
- Cheyenne County Community Center Foundation
- Clarks Community Fund

- Columbus Community Foundation
- Columbus Schools Foundation Fund
- CORE Development Community Foundation  
*(Courscoater, Orchard, Royal, Exeter, Inman, Page)*
- Craig Community Foundation
- Creighton Community Foundation
- Curtis Community Foundation
- Davey Area Community Foundation
- Diller Community Foundation
- Dorchester Area Community Foundation
- Elgin Community Foundation
- Eustis Area Community Foundation
- Exeter Area Community Foundation
- Friend Community Foundation
- Future of Decatur Foundation
- Greeley Community Foundation
- Hayes County Community Fund
- Hebron Community Foundation
- Holstein Improvement Committee Fund
- Hyannis Area Community Foundation

- Imperial Community Foundation
- Johnson County Hospital Foundation Fund
- Keith County Community Foundation
- Keya Paha County Foundation
- Kimball Community Foundation
- Laurel Area Community Foundation
- Logan County Community Foundation
- Marquette Community Foundation
- Maywood Public School Foundation Fund
- McCook Community Foundation
- Milford Public Schools Foundation Fund
- Mullen Area Foundation
- Mustang Country Community Development Fund  
*(Eddyville, Sumner, Miller)*
- Naper Community Foundation
- Nebraska City Community Foundation
- Nemaha County Development Foundation
- Newman Grove Community Foundation
- Niobrara Community Foundation
- Norfolk Community Foundation

*"In rural development philanthropy, philanthropy is the tool by which people achieve just, equitable and high-functioning communities."*

*-- Linetta Gilbert, Senior Program Officer, The Ford Foundation*

Oakdale Community Fund	Friends of the Governor's Residence	Wichita Audubon Society Natural Area Acquisition Fund
O'Neill Community Foundation	FutureForce Nebraska	The WealthSpring Fund
Palisade Community Foundation	Grace Lutheran Church Foundation Fund	Witherbee Neighborhood Assn. Foundation Fund
Pender-Thurston Education & Community Foundation	Granary Foundation Fund	
Perkins County Community Foundation	Groundwater Charitable Fund	<b>29 DONOR-ADVISED FUNDS</b>
Peru Community Foundation	Heartland Big Brothers Big Sisters Charitable Fund	Erna R. Badstieber Trust Donor-Advised Fund
Plattsmouth Community Foundation	HomeTown Competitiveness Fund	William and Rose Marie Brandt Fund
Ralston Community Foundation	Irvingdale Neighborhood Association Fund	Bruning State Bank Donor-Advised Fund
Red Cloud Community Foundation	Lucille Burch Foundation for Animal Companions Fund	Richard and Paula Casey Family Donor-Advised Fund
Roseland Community Foundation	Midwest US - Japan Association Fund	Thomas and Charlene Chilvers Fund
Rushville Community Foundation	Nebr. Area Health Education Centers Fund	The Connie Endowment Fund
Ruskin Community Foundation	Nebr. Business Hall of Fame Scholarship Fund	William H. and Erna C. Damme Fund
St. Edward Medical Clinic Fund	Nebr. CASA Association Dodge County	Farmers National Foundation Donor-Advised Fund
St. Paul Community Fund	Nebr. CASA Association Sarpy County	First National Bank of Omaha Fund
Shickley Community Foundation	Nebr. CASA Association Summer Camp	Jim and Mitzi Fox Family Donor-Advised Fund
Spencer Community Foundation	Nebr. CASA Connection	Robert and Jeanette Hunt Great Plains Communications Donor-Advised Fund
Springfield Community Foundation	Nebr. Cattlemen Research and Education Foundation Fund	Kenner Family Fund
Stanton Community Foundation	Nebr. Children and Families Foundation Fund	Nelson Family Donor-Advised Fund
Stratton Community Fund	Nebr. DECA Fund	Thomas H. and Cynthia Olson Family Donor-Advised Fund
Stuart Community Foundation	Nebr. Development Network Fund	Ron and Judy Parks Donor-Advised Fund
Superior Auditorium Improvement Fund	Nebr. Foundation for Agricultural Awareness Fund	Raile Family Fund
Syracuse Development Foundation	Nebr. Grazing Lands Coalition Fund	Anthony and Marion Raimondo Fund
Tecumseh Community Foundation	Nebr. Independent Bankers Foundation Fund	Harold and Marilyn Rink Family Fund
Theedford Area Community Foundation	Nebr. Jaycees Scholarship Fund	Robinson Waterloo Public Library Foundation Fund
Tilden-Meadow Grove Community Foundation	Nebr. LEAD Alumni Association Fund	Margaret Russell Trust Donor-Advised Fund
Trenton Community Foundation	Nebr. LEAD Program Foundation Fund	Paul and Karen Seger Family Fund
Trumbull Community Foundation	Nebr. Library Association Foundation Fund	Frank and Shirley Silbert Donor-Advised Fund
Ukena Charitable Trust Fund (Gordon)	Nebr. Main Street Program	Sprague Scholarship Endowment
Unadilla Area Fund	Nebr. Microenterprise Partnership Fund	Thuman Family Donor-Advised Fund
Valley County Community Foundation	Nebr. Nurses Association Foundation Fund	Dale and Jean Timstman Family Fund
Wallace Community Foundation	Nebr. Statewide Arboretum Foundation Fund	Verner and Mildred Vinzant Donor-Advised Fund
Waneta Community Foundation	Nebr. Volunteer Foundation Fund	Wilkinson Family Fund
Wausa Community Foundation	Nebr. Women's Foundation Fund	Wilson/Taylor Family Fund
Wayne Community Foundation	John G. Neihardt Foundation Fund	Anonymous Donor-Advised Fund
Wheeler County Community Foundation	Diane Nelson Endowment for the Governor's Residence Fund	
Wilber Area Community Foundation	Nelson Institute Fund	<b>4 DESIGNATED / FIELD OF INTEREST FUNDS</b>
John and Alyce Wozab Memorial Fund (Valley County)	North Platte Deere Committee Fund	Dennis Berens Rural Health Fund
Wymore Community Improvement Group Fund	Northeast Nebraska RC&D Foundation Fund	Lyndall A. Harris Memorial Fund
Wymore Public Library Fund	Platte River Implementation Program Fund	McManigal Family Fund
	Rainwater Basin Joint Venture Fund	Youth Scholar College Scholarship Fund
<b>55 ORGANIZATIONAL AFFILIATED FUNDS</b>	RTPRI Fund	
Community Assistance Initiative	State Chamber's Leadership Nebraska Foundation Fund	<b>17 LIFE INCOME FUNDS</b>
Country Club Neighborhood Charitable Foundation	TeamMates of Columbus Foundation Fund	Additional gifts are invested through NCF to benefit Nebraska communities and organizations and provide income for the donors.
EndowNebraska Fund	Tech Foundation Fund	
Environmental Quality Incentive Program	Foundation for Thayer County Health Services Fund	
Every Woman Matters Fund	Turner Community Youth Development Initiative Fund	
Financial Planning Association of Nebraska Foundation Fund		

## Contributions to Affiliated Funds

### DONOR

*For fiscal year ended 06.30.08*

**\$500,000 AND ABOVE**  
 First National Bank of Omaha  
 Estate of Mary Linhart  
 W.K. Kellogg Foundation  
 Estate of Verner Vinzant

**\$250,000 TO \$499,999**  
 Sears Family Trust  
 Estate of Audrey Cumming  
 Dennis and Toni Werner  
 BW Telecom

**\$100,000 TO \$249,999**  
 School District of Columbus Foundation  
 Estate of Raymond Lohmeyer  
 Estate of John H. Seide  
 Ed and Donna Robinson Jr.  
 Paul and Karen Seger  
 The Groundwater Foundation  
 Nebr. Cattlemen Research  
 and Education Foundation

**\$50,000 TO \$99,999**  
 Judy Hemberger  
 Estate of La Verne L. Boettcher  
 Estate of Margaret Keefer  
 Thayer County Memorial  
 Hospital Foundation  
 Anonymous  
 Nebraska LEAD Alumni Association

Bonnie McManigal Gupta  
 James and Virginia Nissen  
 Kermit B. Karns  
 Don and Alice Harpst  
 Anonymous  
 Raymond and Mary Boeckerman  
 Great Plains Communications  
 Heins Revocable Trust

**\$25,000 TO \$49,999**  
 Consolidated Companies

Butler County Clinic PC  
 Estate of Randall J. Smith  
 Karl H. and Waltha H. Nelson  
 Family Foundation  
 Estate of Rolland R. Ramsthal  
 Estate of Margaret Russell  
 George Garlick  
 John S. Wilkinson  
 Long Pine Volunteer Fire Dept.  
 Tri-County Bank  
 Suzanne D. Harland

### BENEFICIARY

*First National Bank of Omaha Fund  
 Youth Scholar College Scholarship  
 HomeTown Competitiveness  
 Verner and Mildred Vinsant  
 Donor-Advised Fund*

*Decatur  
 St. Edward Medical Clinic  
 Chambers  
 Rahe Family Fund*

*Columbus Schools Foundation Fund  
 Wilber  
 Curtis  
 Robinson Waterloo Public Library  
 Paul and Karen Seger Family  
 Donor-Advised Fund  
 Groundwater Charitable Fund  
 Nebr. Cattlemen Research  
 and Education Foundation Fund*

*Erna R. Baalsteher Trust  
 Donor-Advised Fund  
 Spencer  
 O'Neill  
 Foundation for Thayer County  
 Health Services Fund  
 Burzell  
 Nebraska LEAD Program,  
 Nebraska LEAD Alumni Association Fund  
 McManigal Family Fund  
 Wayne  
 Imperial  
 McCook, Curtis  
 Laurel  
 Curtis  
 Creighton, Elgin, Imperial,  
 Perkins County, Wausa  
 Ruskin*

*Arthur, Curtis, Endorse/Nebraska,  
 Eustis, Hyannis, Maywood, Mullen,  
 Theoford, Wallace  
 Butler County  
 Hebron  
 Nebraska City  
 Burzell  
 Margaret Russell Trust Donor-Advised Fund  
 Curtis  
 Wilkinson Family Fund  
 Broken County  
 O'Neill, Stuart  
 Wilkinson Family Fund*

### DONOR

Paula K. Keller  
 Dr. and Mrs. Walter Chance  
 Nebraska Boiler  
 Estate of Eugene Martinson  
 Pinnacle Bank  
 TierOne Charitable Foundation

Delbert and Jerome Baum  
 Esther E. Wyant  
 Bruning State Bank  
 Cooper Foundation

**\$15,000 TO \$24,999**  
 Gerald E. and Verlene Gunderson  
 Thayer Agency  
 Aurelia Lammers  
 Anna Marie White  
 Pepsi Cola of Siouxland  
 MNB Financial Group  
 Danter Dental Lab  
 The John, Paul, Anton and  
 Doris Wirth Foundation  
 Ron and Jeanie Carson  
 Northeast Nebraska RC&D  
 The Steinhart Foundation  
 Kawasaki Motors Manufacturing Corp.

Elna J. Johnson

**\$10,000 TO \$14,999**  
 Columbus Area United Way  
 Rupert Dunklau Foundation  
 Kropp Charitable Foundation  
 Russell Lang  
 Kathryn Wall  
 Adams Bank & Trust  
 E.C. and Bette Rice  
 John and Beth Klosterman  
 Nebraska City Baseball Boosters  
 Askey Farms  
 Jim and Sharri Baldonado  
 Bank of Marquette  
 Frank and Betty Potthoff  
 John Green  
 The Home Agency

Joseph and Doris Vlasin  
 Ralph and Beverly Holzziaster  
 Gene and Beverly Johnson  
 Esther Jim Krampfer  
 Joanne Laumann  
 Dorothy Weiss  
 Anonymous  
 Anonymous  
 Anonymous

### BENEFICIARY

*Wilkinson Family Fund  
 Laurel  
 Heartland Big Brothers Big Sisters  
 Spencer  
 Chambers, Columbus, Diller, Imperial,  
 O'Neill, Perkins County  
 Burzell, Friends of the Governor's  
 Residence, McCook, O'Neill,  
 Valley County  
 Stuart  
 Nebraska City  
 Bruning State Bank Donor-Advised Fund  
 Endorse/Nebraska*

*Wausa  
 Kenner Family Fund  
 Laurel, Magnet  
 Nebraska City  
 Wayne  
 McCook, Stratton  
 Burzell  
 Nebraska City*

*Decatur  
 Northeast Nebraska RC&D  
 Foundation Fund  
 Nebraska City  
 Friends of the Governor's  
 Residence, Nebraska Business  
 Hall of Fame Scholarship  
 Imperial*

*CASA Connection  
 Friends of the Governor's Residence  
 Nebraska City*

*Craig  
 McCook  
 Keith County, Perkins County  
 Palisade  
 Butler County  
 Nebraska City  
 Trumbull  
 Wauweta  
 Marquette, Nebraska LEAD Program  
 Palisade  
 Wauweta  
 Eustis, Nebraska LEAD  
 Program, Wauweta  
 Hayes County  
 Keith County  
 Wausa  
 Decatur  
 Stratton  
 Imperial  
 Creighton  
 McCook  
 Nebraska*

## DONOR

Burlington Northern  
Santa Fe Foundation  
Farm Credit System Foundation  
Glenwood Telephone  
Midlands Community Foundation  
Morrison Roberts Foundation  
Myers Family Foundation  
Pie N' Save  
Anonymous  
Richard Kalvehlge Gift Trust  
Susan G. Komen Breast  
Cancer Foundation  
Woods Charitable Fund

## \$5,000 TO \$9,999

Julie E. Jorgensen  
City of Atkinson  
Nebraska Purchasing Group  
Jay and Susie Wolf  
Wauwata Country Club  
Farm Credit Services of America  
Erierson State Bank  
Jeffrey J. Baker  
Pacific Life Foundation  
Pelster Family Limited Liability Co.  
Dale and Jean Tinstman  
Steve Turner Farms  
Tony and Jeanne Raimondo  
Kathleen Thuman  
Bryan and Janet Barnard  
Robert and Arlene McElhinney  
Clara Olin  
Don Pegler III  
James O'Neal Charitable  
Lead Annuity Trust  
Wagonhammer Cattle Co.  
Diller Telephone Company  
Monroe Schuler Foundation  
Sid and Ruth Salzman  
First National Bank of Alinsworth  
Central Valley Ag  
Northern Nebraska AHBC  
Holy Family Church of Decatur  
Harold and Virginia Lottman  
Wade Leak and Jay Yost  
Kenneth and Stephanie Korff  
Glenn H. Korff Foundation  
KBXX Radio Station  
Prophet Systems Innovations  
Valley Bank & Trust Co.  
David and Susan Spann  
Lucille Kooper  
Great Western Bank

## BENEFICIARY

*Friends of the Governor's Residence*  
*Nebraska LEAD Program*  
*Roseland*  
*Sarpy County CASA*  
*EndowzNebraska, Friends of the Governor's Residence*  
*McCook*  
*Wayne*  
*Theftford*  
*Oakdale*  
*Every Woman Matters Fund*  
*EndowzNebraska*  
*Wilkinson Family Fund*  
*Holt County*  
*Creighton*  
*Boone County, Nebr. Cattleman Research & Education Fund*  
*Wauwata*  
*Nebraska LEAD Program, O'Neill*  
*Wheeler County*  
*Decatur*  
*Leadership Nebraska*  
*Wheeler County*  
*Tinsman Family Donor-Advised Fund*  
*Trumbull, Wilber*  
*Anthony and Marion Raimondo Donor-Advised Fund*  
*Thuman Family Donor-Advised Fund, WealthSpring*  
*Diller*  
*Arthur*  
*Spencer*  
*Burscell*  
*Kimball*  
*Wheeler County*  
*Diller*  
*Imperial*  
*Brozen County*  
*Brozen County*  
*Craig, O'Neill, Tilden-Meudoxe Grove*  
*Nebraska Area Health Education Centers Fund*  
*Decatur*  
*Diller*  
*Red Cloud*  
*Hebron*  
*Hebron*  
*Chambers, O'Neill*  
*Keith County*  
*McCook, Perkins County, Wauwata*  
*Brozen County, Keya Paha County, Stuart*  
*Box Bate County*  
*O'Neill*

## DONOR

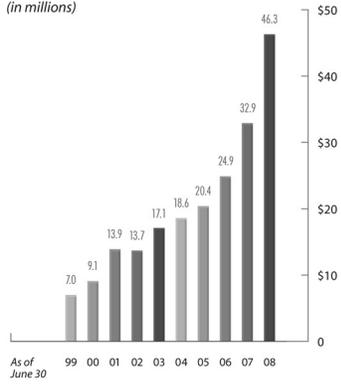
Richard and Darlene Walter  
Melvin and Sharon Campbell  
Janet Largen  
G. M. and Geraldine Sutton  
Ronald and Merrill Alfis  
Clayton and Carol Chace  
James Cramer  
Albert Cuellar  
Everett and Judy Densberger  
Burdette and Zelpha Golding  
Steven Hutchinson and Susan Thomas  
Morris and Cleone Kelly  
David Kluthe  
Dan and Pauline Kozisek  
Bernard J. Kreifels  
Craig and Julie Larmon  
Kevin and Elise Lockhart  
Robert and Leanne Maxwell  
Dallas and Joyce Petersen  
Larry and Linda Rice  
Mr. and Mrs. W.K. Ryncarson  
Bill and Betty Satow  
Rhett and Carol Sears  
Marcile Thomas  
Denton and Ann Weichman  
Agricultural Services  
Amgen Foundation  
Bank of Stapleton  
Charter West National Bank  
Columbus Animal Hospital  
First National Bank & Trust  
Shirley Bowser  
Garfield County Foundation  
Heartland Builders Co.  
Holt County  
Insurance Mart  
Kenneth O'Hare Farms  
Land O'Lakes  
Lincoln Financial  
Lions Club  
M. Eighthy Foundation  
Morrison Enterprises  
Mundhenke Family LLC  
Pandorf Land & Cattle  
Phyllis M. Rodelfer Family Trust  
Rad-HH Farms  
O'Neill Rotary Club  
Stanton Telecom  
The Charles and Betti Saunders Foundation  
Francis and Melba Bejot  
Triple R Tire of O'Neill  
Waldo Realty

## BENEFICIARY

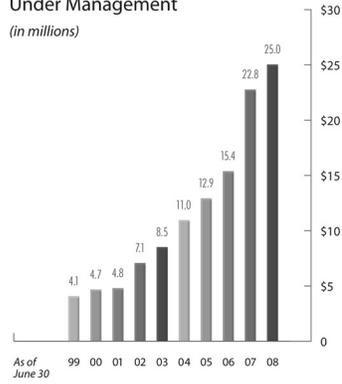
*Shickley*  
*Brozen County*  
*Creighton*  
*Stratton*  
*Shickley*  
*Brozen County*  
*Wauwata*  
*McCook*  
*Brozen County*  
*Stratton*  
*Decatur*  
*Pender-Thurston*  
*Elgin*  
*Brozen County*  
*Nebraska City*  
*McCook*  
*Keith County*  
*Brozen County*  
*Curtis*  
*Brozen County*  
*Brozen County*  
*Friend*  
*Brozen County*  
*Wayne*  
*Brozen County*  
*O'Neill*  
*Decatur*  
*Logan County*  
*Pender-Thurston*  
*Lucille Burch Foundation Fund*  
*Columbus*  
*WealthSpring*  
*Burzell*  
*Columbus*  
*Holt County*  
*Elgin*  
*Brozen County*  
*O'Neill*  
*Wayne*  
*Wayne*  
*Mustang County, Nebraska LEAD Program*  
*Roseland*  
*Brozen County*  
*Callaway*  
*Pender-Thurston*  
*Trumbull*  
*O'Neill*  
*Stanton*  
*Rushville*  
*Brozen County*  
*O'Neill*  
*O'Neill*

# Financial Summary

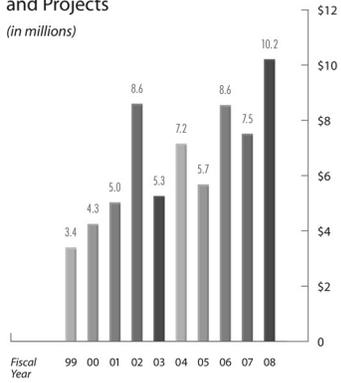
**Total Assets**  
(in millions)



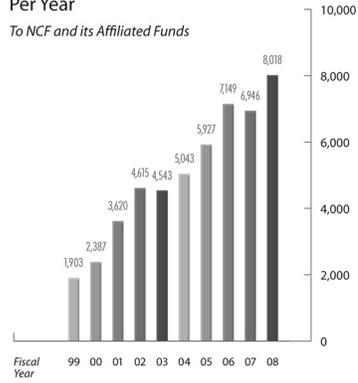
**Permanent Endowments Under Management**  
(in millions)



**Payments to Communities and Projects**  
(in millions)



**Number of Contributions Per Year**  
To NCF and its Affiliated Funds

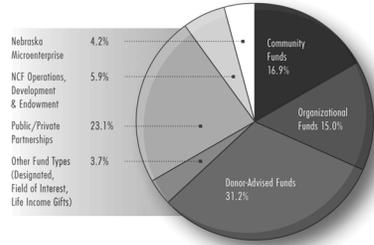


**SOURCE OF FUNDS**

*For fiscal year ended 06.30.08*

**All Funds**

Total = \$24,726,871

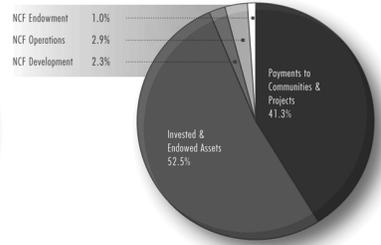


**USE OF FUNDS**

*For fiscal year ended 06.30.08*

**All Funds**

Total = \$24,726,871

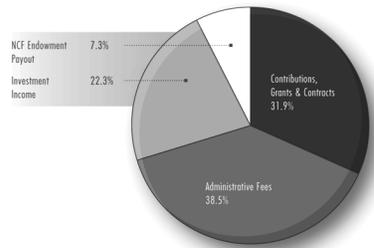


**SOURCE OF FUNDS**

*For fiscal year ended 06.30.08*

**NCF Operations and Development**

Total = \$1,389,748

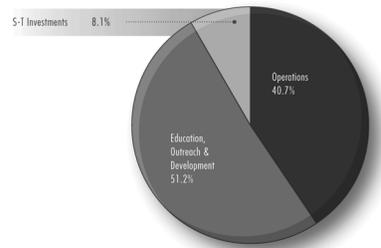


**USE OF FUNDS**

*For fiscal year ended 06.30.08*

**NCF Operations and Development**

Total = \$1,389,748



The financial statements of the Nebraska Community Foundation are audited annually by an independent public accounting firm. A copy of the audited financial statements may be obtained by contacting the Foundation's office. A copy of the Foundation's tax filing (Form 990) may be obtained on the Foundation's Web site or by contacting the Foundation's office.

# Transfer of Wealth

NCF was on the leading edge in 2002 when it developed its county-by-county analysis of Nebraska's intergenerational transfer of wealth. The numbers were shocking—\$94 billion will transfer in rural Nebraska alone over the first half of this century. With our aging rural population, the peak years of wealth transfer are quickly approaching—20, 10, 5 years from now, and in some counties, the peak has already occurred.

NCF launched a statewide effort to alert rural communities to the critical impact associated with this phenomenon and to teach affiliated fund leaders how to use the data as a case statement for building endowments to retain a portion of their community's wealth.

NCF's Web site provides projections for each county. For example, Holt County, with 11,500 people, will experience a \$1.6 billion transfer over the first half of the century. The data is further broken down annually—a \$32 million average annual transfer. If five percent of the total transfer were gifted to community endowments, at the end of five years there would be an \$8 million endowment generating \$400,000 each and every year for community

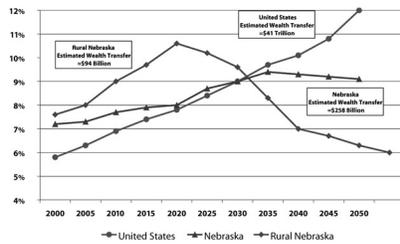
investment. Estimates show that the peak year of transfer in Holt County is just 12 years away, in 2020.

The loss of transferred wealth, however, is only one symptom of the larger demographic challenge facing rural Nebraska. NCF is helping Holt County develop a holistic strategy to meet this challenge through HomeTown Competitiveness. Communities are now building endowment funds to reinvest in people—through leadership development, entrepreneurship support and youth engagement.

NCF provides training in donor visitation and expertise to assist donors and their advisors in arranging planned gifts that have long-term impact on the ability to grow economies and populations.

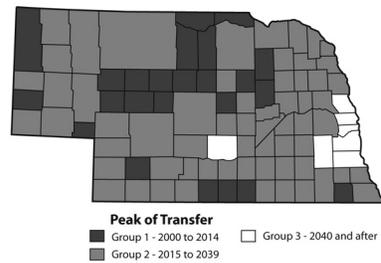
The result of this work can be measured in the number of planned gifts and bequests to NCF community and donor-driven affiliated funds benefitting Holt County. Today, 13 planned gifts are in place and endowments and expectancies total \$2.65 million. That wealth will remain in Holt County for generations to come. The same impact can be made in counties throughout Nebraska.

## America's Wealth Transfer: A Likely Scenario



## Nebraska Community Foundation

County-Based Transfer of Wealth Analysis



**NEBRASKA COMMUNITY FOUNDATION**  
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 info@nbcmmfound.org

*"NCF sets the tempo for leadership around the issues of rural philanthropy and community development. NCF was not only the first to develop and test the feasibility of gifting some of the transfer of wealth for the economic benefit of the communities in which that wealth was created - they are also the clear leaders in helping others establish similar programs."*

~ Dr. Rick Foster  
 Vice President for Programs  
 W.K. Kellogg Foundation

*Affiliated Fund Updates*

**NCF SERVES 199 AFFILIATED FUNDS**



The Stratton Community Foundation celebrated meeting its June 30 deadline for raising \$75,000 toward its Robert and Jeanette Hunt Challenge Grant. Stratton earned an additional match of \$25,000 for its HTC endowment. "The new endowment fund will help

give Stratton the ability to take control of its future and provide funding for community development," said Larry Foreh Jr., the fund's president.



*NCF provides financial management, education and strategic development in partnership with 1,800 affiliated fund leaders statewide.*

**CURTIS COMMUNITY FOUNDATION**

The Curtis Community Foundation celebrated the grand opening of the Curtis Memorial Community Center in September. The center was made possible through a \$1.05 million donation from alumnus George Garlick and subsequent fundraising. The building is now paid for; additional fundraising is underway for furnishings, parking and landscaping.



*Carol Garlick cuts the ribbon at a grand opening ceremony with her husband, George Garlick, at her side.*

women in emergency shelters to participate in financial education, and Lincoln Housing Charities to provide tuition for low-income women to attain certification in healthcare occupations.

**MCCOOK COMMUNITY FOUNDATION**

McCook Community Foundation has supported an entrepreneurship course in which students learn about banking, civics, free enterprise, advertising, laws, philanthropy, job interviews and more. During a day-long field trip to Wray, Colorado, the students move into the town of 10 businesses and transform from students of economics to citizens of Rural AmeriTowne.



of Nebraska Community Foundation's tools to help with the campaign. Alumni, friends and businesses matched and exceeded the initial \$40,000 committed by four local families, including gifts of grain, to keep this handicapped accessible facility available for voting, events, emergency shelter and other needs.



**BURWELL COMMUNITY FUND**

The Burwell Community Fund has received \$1.2 million in contributions and has re-invested \$867,500 into community improvement projects with more than 20 civic groups since its founding in 1996. Affiliated fund leaders are keeping their sights set on the future, however, by actively building an endowment through outright gifts and planned gifts. This community of just over a thousand people now has an endowment of more than \$358,000 and additional future gifts valued at more than \$1 million.

**THE WEALTHSPRING FUND**

The WealthSpring Fund supports programs to increase women's economic self-sufficiency. It recently awarded grants to Community Action of Nebraska to support "Money Smart" train-the-trainer certification for staff working with low-income women statewide, Friendship Home to enable

**TRUMBULL COMMUNITY FOUNDATION**

Trumbull Community Foundation raised \$91,000 to finance operation of the Trumbull Community Center in the former Trumbull school building. TCF used many

SHICKLEY COMMUNITY FOUNDATION

The Shickley Community Foundation has granted more than \$14,000 to community programs this year including \$1,300 to Fillmore County Court Appointed Special Advocate (CASA) to recruit additional volunteer support for an increasing number of children in need. CASA is now better positioned to make a positive difference in the lives of more families in Shickley.



improvement. The foundation also supports Kinder Haus, a nonprofit child care center in this community of 464 people.

KEITH COUNTY COMMUNITY FOUNDATION

Keith County Community Foundation has supported a number of civic projects



including Habitat for Humanity since 2005 and the summer reading program at the Goodall City Library in Ogallala, with 1,000 participants this year.

EUSTIS COMMUNITY FOUNDATION

The Eustis Community Foundation youth board, the "E Unit," has full voting rights and actively participates in the work of the fund. The E Unit met its first \$500 challenge by doing yard work and home repair to raise funds for community

PLATTSMOUTH COMMUNITY FOUNDATION

The Plattsouth Community Foundation supports an innovative way to encourage adolescents to use their local library. These are just a few of the kids who enjoy playing with the library's Wii, Xbox360, Guitar Hero and Dance Dance Revolution during a recent tournament. According to library director Stephen Hunt, more kids are coming to the library to do their homework, as well.



ROSELAND COMMUNITY FOUNDATION

The Roseland Community Foundation raised more than \$30,000 in less than a year and brought the town together to build a park over one weekend in June. President

Tara Hemberger said the group hopes this first large project will help launch its next efforts, which include building an endowment fund and eventually renovating or building a new town hall.



THEDFORD AREA COMMUNITY FOUNDATION

The Thedford Area Community Foundation annual banquet and fundraising event was a big success this past year, drawing more than 160 participants to this town of 200 people. The event raised about \$20,000. The foundation, located in Thomas County, population 729, now has endowed assets of almost \$115,000 and has granted over \$20,000 in community grants.

MARGARET RUSSELL FUND

The Margaret Russell Fund benefits Nance County, an HTC site, by targeting its grantmaking for investments in people: youth and adult leadership training, population retention, skill-building for volunteers, economic development and the promotion of healthy lifestyles. Up to \$25,000 is being awarded this year, and challenge grants are encouraged.

O'NEILL COMMUNITY FOUNDATION

The O'Neill Community Foundation awarded a grant to BRAVO, a youth organization that talks to peers about bullying and dating violence. The group held a school assembly in 2008 to illustrate the percentage of students affected by violence.

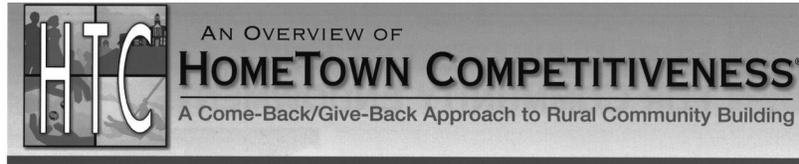
NEBRASKA COMMUNITY FOUNDATION

P.O. Box 83107 • Lincoln, NE 68501-3107  
www.nebcommfound.org  
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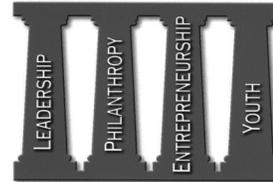
*"Maintaining and enhancing our rural communities as desirable places to live is key to Nebraska's overall strength. We now have many examples, including Decatur, of how a partnership with NCF can lead to people making a re-energized commitment to their hometowns."*

~ Judith Scherer Connealy  
Future of Decatur Foundation  
Decatur, NE

SUPPLEMENTAL MATERIAL SUBMITTED BY JEFF YOST, PRESIDENT AND CEO,  
NEBRASKA COMMUNITY FOUNDATION, LINCOLN, NEBRASKA



## HOMETOWN COMPETITIVENESS BUILDS ON LOCAL ASSETS



HomeTown Competitiveness (HTC) is a comprehensive, community development strategy that builds on local assets. HTC is a “come-back, give-back” approach that is designed to rekindle residents’ belief in the future of their hometown, leading them to locally driven strategies that bear promise for long-term sustainability.

Sixteen Nebraska communities or counties have joined the HTC partnership since 2002, when this framework was pilot-tested in Valley County, Nebraska. Now, HTC also is in some stage of implementation or exploration in 14 other states.

HTC is a partnership of three non-profit organizations: The Nebraska Community Foundation, the RUPRI Center for Rural Entrepreneurship and the Heartland Center for Leadership Development, all of which have offices in Nebraska. Numerous other partners are also working with HTC in Nebraska and elsewhere to adapt the HTC framework in the most appropriate way for the locality.

In Valley County, results have been impressive. After more than seven decades of decline, the county can count:

- 73 new businesses
- 10 business expansions and 21 ownership transitions
- 332 new full-time jobs
- \$90 million in new investment

On top of that, retail sales are up 20% vs. 18% statewide, per capita income is growing at more than twice the state average, and population is increasing for the first time since 1930.

Success in Valley County and other HTC communities has captured the imagination of rural communities across the state and around the nation. No two HTC sites are exactly alike, but in each location, local leaders work through the HTC framework using four “Pillars” to build on local assets and regional resources already available.

### The Four HTC Pillars:

- Building Local Leadership—to mobilize and organize diverse community capacity that can sustain community and economic development into the future.
- Expanding Community Philanthropy—to use charitable giving and endowment building, made possible through the intergenerational transfer of wealth, as a tool for sustaining homegrown community and economic development.
- Energizing Entrepreneurship—to nurture and network residents who want to start or expand a business.
- Engaging Youth and Young People—to cultivate a sense of belonging, investment and community involvement so that remaining or returning home is seen as an attractive option.

On the ground and at work in the community, each Pillar supports the others. Implementation of the HTC framework is an incremental process designed to help build, enhance and sustain community capacity. The process is carried out in three phases:

- Phase 1: Assessment
- Phase 2: Strategy Development
- Phase 3: Implementation and Refinement

Phase 1 focuses on assessment of community capacity in each of the four Pillars, a process that typically takes four to six months. Phase 2 focuses on developing and beginning implementation of customized strategies to strengthen community capacity in each of the four Pillar areas and to integrate them into a holistic long-term community and economic development plan. This phase may take nine to 18 months. In Phase 3, which is ongoing into the foreseeable future, communities refine and update their plan as implementation continues.





## PUBLIC AWARENESS BUILDS SUPPORT FOR COMMUNITY ENDOWMENTS

"THE IMPERIAL COMMUNITY FOUNDATION WOULDN'T BE WHERE WE ARE TODAY WITHOUT THE PROFESSIONAL HELP AND GUIDANCE FROM THE NEBRASKA COMMUNITY FOUNDATION STAFF. WHEN WE WERE GIVEN THE OPPORTUNITY FOR A MATCHING CHALLENGE GRANT TO HELP BUILD A COMMUNITY ENDOWMENT, WE RECEIVED TRAINING FOR THE STEPS TO TAKE. THE IDEA OF GETTING SOME MAJOR DONATIONS BEFORE MAKING THE ANNOUNCEMENT TO THE COMMUNITY AND THEN USING THE SUGGESTED COMPONENTS WHEN MAKING 'ASKING' VISITS WORKED."

— LORI PANKONIN, BOARD MEMBER  
IMPERIAL COMMUNITY FOUNDATION



Pinnacle branch bank president Kelly Hammerlun cuts a ribbon of one hundred \$100 bills at the bank's grand opening ceremony before turning it over to the Imperial Community Foundation in support of its Hunt Challenge Grant Campaign.

One of several successes in building community endowment funds to support HTC began when the Robert and Jeanette Hunt Donor-Advised Fund, the family foundation of the founders of Great Plains Communications in Nebraska, offered challenge grants to communities served by the company. The challenge promised to award up to \$50,000 if the community could match the amount, three-to-one, over a three-year period. Six communities have accepted the challenge.

Imperial (population 1,982), an HTC community located in southwest Nebraska, was the first to reach its goal, 16 months before the deadline. Imperial is now focusing on the long-term goal of raising a \$1 million endowment by 2015.

The Imperial Community Foundation launched its campaign by establishing a "Star Builder" program, allowing donors to become a Star Builder by pledging to contribute at least \$1,000 or more to the foundation over a three-year period. Upon completion of the Hunt Challenge, the program had 83 Star Builder members, plus an additional 47 gifts in the form of memorials and other contributions.

Raising and maintaining broad public awareness was a key ingredient to the success of the challenge campaign. The weekly newspaper, the Imperial Republican, published frequent editorial opinions and stories encouraging the establishment of an unrestricted community endowment. The paper ran monthly updates on the campaign's progress including a list of contributors' names. The Imperial Republican's co-publisher, Russ Pankonin, contributed \$9,000 from his stipend as a recipient of the *Omaha World-Herald* Frank Partsch Editorial Leadership Award.

Another major gift that caught the eye of the public was a \$10,000 contribution from Pinnacle Bank, presented at its grand opening festivities. A ribbon of one hundred \$100 bills was cut in front of Pinnacle Bank and then given to the foundation by Pinnacle branch president, Kelly Hammerlun.

Board members became adept at making personal donor visits. Elsie Newman and Elna Johnson admitted that they were hesitant to make "the ask" at first, but gained confidence after visiting with their friends and neighbors in living rooms and across kitchen tables.

Board members reached beyond the city's limits to include farmers, ranchers and former residents.

The Imperial Community Foundation celebrated its success at a public event attended by 50 people, including members of the Hunt Family, Casey Garrigan and Mick Jensen. Foundation President Dan Reeves congratulated the community for contributing to the tremendous growth of the foundation in just one year. And board member Lori Pankonin reminded the crowd that raising funds for an endowment is a marathon, not a sprint.

"IT'S THE PEOPLE IN OUR SMALL TOWNS THAT MAKE THE DIFFERENCE. IT'S NOT THE LIBRARY OR THE HOSPITAL...THOSE ARE IMPORTANT. BUT IT'S THE PEOPLE. WHEN WE ISSUE A CHALLENGE GRANT TO COMMUNITIES FOR HTC, WHICH IS WONDERFUL, AND WHEN WE DELIVER THE CHECKS TO COMMUNITIES THAT MEET THE CHALLENGE, I AM AMAZED AND FULFILLED BY WHAT I HAVE SEEN. IT ENERGIZES AND EMPOWERS THE PEOPLE WHO LIVE IN THOSE COMMUNITIES."

— GAIL JENSEN  
ROBERT AND JEANETTE HUNT FUND



The Imperial Community Foundation celebrates achieving its Hunt Challenge.



Imperial board members Elna Johnson and Elsie Newman explain the Hunt Challenge to potential donors.

## HTC IS HELPING COMMUNITIES TO ‘SPIRAL UP’

A third-party evaluation of results in HTC communities indicates that HTC is making a positive difference in community attitudes, particularly in how communities and community organizations work together to move community development agendas forward.



PHILANTHROPY FOR ONGOING FINANCING FOR LEADERSHIP, YOUTH, AND ENTREPRENEURSHIP

CULTURAL CAPITAL INCREASES WITH PRIDE AND HOPE AS YOUNG PEOPLE RETURN

YOUTH ENGAGEMENT, LEADERSHIP AND ENTREPRENEURSHIP DEVELOPMENT AND CAPTURING WEALTH TRANSFER CREATES NEW SOCIAL, CULTURAL AND FINANCIAL CAPITAL

SOCIAL, POLITICAL AND FINANCIAL CAPITAL SUPPORT EARLY ASSESSMENT

CULTURAL CAPITAL BEGINS TO CHANGE—WE CAN DO IT!

SOCIAL CAPITAL BRINGS OUTSIDE EXPERTISE TOGETHER WITH INTERNAL WISDOM

“HTC GIVES YOU THE CASE STATEMENT—NOT JUST FOR PHILANTHROPY—BUT FOR WHY YOU SHOULD RISK STARTING A BUSINESS, WHY YOUTH SHOULD BE INVOLVED AS CO-PARTNERS, AND WHY YOU SHOULD REALIZE THAT YOU HAVE GREAT LEADERS IN YOUR COMMUNITY ALREADY.”

The evaluation was conducted by the North Central Regional Center for Rural Development, which is housed at Iowa State University in Ames. The field work for the evaluation was conducted by Mary Emery, North Central’s associate director.

“One of the reasons that HTC is successful is that it throws out the ‘expert’ model and says that ‘we are learners together within the context of local wisdom,’” says Dr. Emery. “It counters the rural myths of poverty, youth out-migration and the notion of outside industrial attraction as the only way to do economic development. It provides community leaders with real data to help them reframe these issues in ways that lead to do-able solutions.”

The evaluation compared results in McCook, population 7,500, and in Holt County, where the largest community, O’Neill, is just fewer than 4,000. At the time of the evaluation visits, Holt County was completing Phase 2 of HTC, while McCook was beginning Phase 1.

In Holt County, interviewees and focus group participants said HTC had brought together communities in ways that hadn’t seemed possible before. A multi-community leadership program led to the creation of a county-wide economic development structure, which is supported by every community in the county. Youth are reporting that the community is more willing to involve young people. Across the board, risk-taking has become the norm, not the exception.

“Our community has gotten really brave about the things we’ve done!” said a Holt County leader.

The county is more focused today on strategies, not projects. And leadership succession has become an accepted priority.

In McCook, community leaders are learning that collaboration is critical: “Community leaders must collaborate if we are to succeed at turning things around.”

Economic development today is more focused on entrepreneurship than industrial attraction, and a lot of excitement has emerged around youth attraction. A longtime community leadership program has been revitalized, and high school youth are now accepted participants in the program.

Dr. Emery concluded that the HTC approach represents a “spiraling up” of community assets, in contrast to the conventional view of “spiraling down” that is often associated with trends in rural communities. Her view is that HTC helps communities build on local assets to move the community along a path that leads to sustainability.

—MARY EMERY  
ASSOCIATE DIRECTOR, NORTH CENTRAL  
REGIONAL CENTER FOR RURAL DEVELOPMENT

## LEADERSHIP DRIVES HTC COMMUNITY IMPLEMENTATION

**"THE KEY IS LEADERSHIP. WE MOVED FROM TWO TO THREE PEOPLE WHO DID EVERYTHING, AND WE NOW HAVE A LIST OF 400. LEADERSHIP IS THE KEY TO BUILDING THE RELATIONSHIPS THAT MAKE THAT HAPPEN."**

— BOB STOWELL, ORD, NEBRASKA

In HTC communities across Nebraska, leadership development has emerged as a driving community influence for implementing the HTC framework. Cultivating a diverse leadership base occurs on both an informal basis of peer mentoring and through structured leadership programs that are either designed locally or delivered through agencies such as University of Nebraska-Lincoln Extension.

Butler County's leadership program is funded in part by the Butler County Area Foundation and is a collaborative effort with the Chamber of Commerce. The course has evolved a new curriculum and is now called "Leading Locally," with an emphasis on entrepreneurial leadership as well as regional and global issues. It includes seven one-day sessions that teach participants about the community and what they can do to build on the strengths of the county.

**"TAKING THE LEADERSHIP CLASS GAVE ME CONFIDENCE TO BE INVOLVED AND MORE PROACTIVE IN MY COMMUNITY."**

—SAMANTHA KOSCH



*Samantha Kosch*

Samantha Kosch was introduced to the leadership class after opening her own photography studio in David City, Nebraska. Samantha was asked to speak to the leadership class as a young entrepreneur starting her own business. She became interested in the class and decided to participate.

"Taking the leadership class gave me confidence to be involved and more proactive in my community," Samantha said. "It made me more motivated to take initiative, because I knew I had the ability to get things done."

Before taking the class, Samantha had been involved on the board of the Chamber of Commerce. She said she put new skills she learned to work as she moved up the leadership ladder. "When I became the Chamber president there was no director in the

office. So I had to take on a lot of those responsibilities, too. Many things I learned in the leadership class really helped with those additional duties," Samantha said.

Samantha also served on the board of the local food bank, and has joined the board of directors for the new museum for agrarian arts.

"Since taking the class, I am much more positive about my community in general, and much more aware of the different organizations and activities in town," Samantha said. "And it's a great networking source. It has helped my



*HTC champions gather on David City's main street to celebrate a W.K. Kellogg Foundation grant (see page 8).*

own business by having more contact with others and more word-of-mouth advertising."

Linda Vandenberg is the manager of Butler County Senior Services Program and the David City Senior Center. She found the class informative and positive. "It helped me to see other peoples' perspectives — what it's like to be in other peoples' shoes," Linda said.

Prior to joining the class, Linda had worked outside of David City for 13 years and had volunteered with civic projects in Lincoln and Seward. "During that time I wasn't as active in the community as I am now," said Linda. "Although I have been on the Volunteer Fire Department here for 15 years, when I returned to work in the city, I wanted to get to know the community better so that I could become involved. The leadership class was a great way to become reacquainted and find out how to contribute."

After taking the leadership class, Linda was persuaded to run for a seat on the Chamber of Commerce board, and she was elected. In this position Linda is finding new ways to make a personal contribution to both her professional work and her work in the community.



*Jana Jensen, right, works with community leaders at an HTC academy. Jana is the Nebraska Community Foundation director of community fund development for western Nebraska.*

## BUSINESS COACHING STRATEGY FOCUSES ON ENTREPRENEURS



*Sue Shaner*

The McCook Economic Development Corporation (MEDC) through the McCook HTC initiative has launched business coaching as a strategy to build a more diversified and entrepreneurial economy in southwestern Nebraska.

Sue Shaner has been retained by MEDC to serve as McCook's business coach. Sue has extensive business experience and great instincts for this job. Already, Sue and Rex Nelson (MEDC's CEO) have built a strong portfolio of entrepreneurs. MEDC has created an Area Resource Team to support and advise Sue. The team also assists with client recruitment and assistance networking.

The business coach is a key element of a successful Entrepreneurial Development System (EDS) in rural communities. The business coach (whether a volunteer in smaller communities or a paid staffer in larger communities) engages in direct contact with a community's entrepreneurs. The coach helps assess an entrepreneur's needs and connects the entrepreneur to agencies, resources and

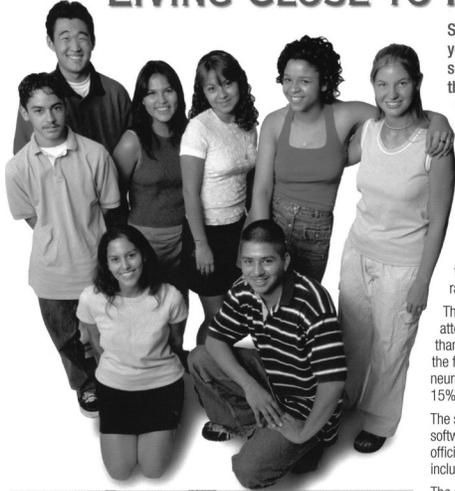
other entrepreneurs to find solutions. A business coach can also help a community build stronger support infrastructure for entrepreneurs related to market research, satisfying city and county regulations and procuring financing.

Business coaching is becoming a primary community strategy for stimulating and supporting entrepreneurship-based economic development today. Business coaching is a key to success in Valley County, Nebraska, Brookfield, Missouri, and numerous other communities across America.

"WITHOUT LEADERSHIP THERE IS NOT MUCH CHANGE. THE HTC PROGRAM IN GARDEN COUNTY IS DEVELOPING THE LEADERSHIP NECESSARY TO CREATE THE FUTURE OF OUR COMMUNITIES. IT IS BEING DRIVEN BY PEOPLE, INCLUDING YOUTH, WHO ARE PASSIONATE ABOUT THEIR COMMUNITIES AND WHO SEE THAT TINY CHANGES CAN SOLVE HUGE PROBLEMS."

—TOM OLSON  
BANKER, LISCO, NEBRASKA

## 52% OF YOUTH SEE THEMSELVES LIVING CLOSE TO HOME IN FUTURE



Surveys of more than 2,100 middle school and high school youth in Nebraska communities indicate that more than half see themselves living close to their hometown sometime in the future. The surveys were conducted recently in 15 small towns and rural communities throughout the state.

The young people were asked, "At this time, do you picture yourself living in this area in the future, perhaps after you graduate from high school or college, get some career experience, or decide to start a family?" In response, 52% of the students said yes.

The survey data is telling because other research reinforces the notion that young people may consider staying close to home after high school or, more commonly, consider returning after they leave to attend college or start a career. The decision to start a family seems to be a significant trigger for young adults to return to their hometowns rather than raise their children in a metropolitan area.

The vast majority of the young people surveyed said that they plan to attend a college or tech school after graduation from high school. More than 40% said that they were interested in owning their own business in the future, and more than 50% said they would like to take an entrepreneurship course to help them learn what owning a business is like. Nearly 15% said they already own a business.

The surveys were conducted during the school day using electronic survey software that enabled rapid aggregation of data. The cooperation of school officials was key to getting significant responses, which, in some cases, included 100% of the students attending class on survey day.

The surveys were conducted to determine the interest of students in staying in or considering returning to their hometowns, and to give adults in those communities some idea of what young people are thinking about their future.



Young people enjoy small town life in Columbus, Nebraska.



Students attend 4-H EntrepreneurShip (ES) camp in David City, Nebraska.

## PEOPLE ATTRACTION EFFORTS PAYING OFF

Attracting people to small towns and rural communities is fast becoming one of the hot buttons in local and regional economic development as communities become proactive in their efforts to stem the tide of out-migration from rural to urban areas. One of the most ambitious programs in the Heartland is known as Norfolk Area Recruiters (NAR) in Norfolk, Nebraska. Although Norfolk, at 25,000, is not a small town by Nebraska standards, it is headquarters for this new project aimed at drawing professionals and their families to all of northeast Nebraska.

Originally a completely volunteer organization, NAR recently hired its first full-time director, Patti Knobbe, who lives in nearby West Point, population 3,600. NAR's popular website, [www.norfolkarea.org](http://www.norfolkarea.org), posts job listings from throughout the region and offers other useful information for people who may be considering returning to the area or seeking high quality employment in a smaller community.

"Norfolk Area Recruiters is a group that was set up to attract graduates from the Norfolk area to return to the communities that raised them," said Ms. Knobbe. "The Norfolk area is experiencing a surge in new business and job opportunities, and who better to take advantage of those opportunities than those with ties to the area. Employment opportunities abound and average salaries rival those of larger cities in the region, such as Omaha, Lincoln and Sioux Falls, while cost of living remains significantly less."

NAR has recruited about 35 professionals to the area since it began its efforts. The HTC collaborative recently facilitated an NAR Board of Directors retreat to help the organization set priorities for the coming year.



Caleb Pollard, his wife, Christina and their two children recently moved to rural Nebraska.

Another HTC community celebrating success in people—and in this case—family attraction is Ord, population 2,400, in Valley County, Nebraska. The county's pioneering economic development director and HTC coordinator, Bethanne Kunz, left the position to take another job in the community. After an extensive search, Valley County Economic Development recruited a new executive director, Caleb Pollard, from Nebraska's largest city, Omaha.

Pollard was a workforce development consultant for the Nebraska Department of Economic Development when he was hired by the Greater Omaha Chamber of Commerce to design workforce delivery models to combat worker shortages. Now, Pollard is returning to his small town roots, as he grew up in a rural community where he was active in 4-H. As a student at the University of Nebraska-Lincoln, he designed his own major in "international sustainable development."

Caleb and his wife, Christina, who has accepted a job at the hospital, have two small sons. "My family is most important to me, and a significant contributor to (our) desire to move to a rural community. I believe in the inherent goodness of rural communities."

"HTC IN COLUMBUS HAS PROVIDED US A FRAMEWORK TO ORGANIZE COMMUNITY DEVELOPMENT EFFORTS. THIS HAS RESULTED IN ACTION BEING TAKEN IN AREAS LIKE ENTREPRENEURSHIP AND CAPTURING WEALTH TRANSFER... AREAS IN WHICH WE HAVE NOT SEEN ACTION PRIOR TO HTC."

—K.C. BELITZ  
PRESIDENT,  
COLUMBUS  
(NEBRASKA)  
AREA CHAMBER  
OF COMMERCE



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## GRANTS, COMMUNITIES SUPPORT HTC ACTIVITIES

“HTC IS SIMPLY A VERY FINE ORGANIZATIONAL PLAN THAT TAKES INTO CONSIDERATION LEADERSHIP, ENTREPRENEURSHIP, YOUTH ENGAGEMENT AND PHILANTHROPIC GIVING ALL TOGETHER TO PAINT A NEW FUTURE FOR COMMUNITIES. SO ALL OF A SUDDEN YOU HAVE PHILANTHROPIC WEALTH APPLIED TO ESTABLISHING HOPE AND A PROMISE FOR A BETTER LIFE FOR RURAL NEBRASKANS. MUCH OF OUR NATIONAL WORK IS OUR RESPONSE TO THE WORK BEING DONE IN NEBRASKA.”

—RICK FOSTER  
VICE PRESIDENT FOR PROGRAMS,  
W.K. KELLOGG FOUNDATION

In Nebraska, where HTC started, financial and volunteer commitments from the community match resources provided through the HTC core partners from foundation grants. The community receives on-site coaching, training and ongoing communications to enhance the work of task forces organized for action on each Pillar. A voluntary HTC Steering Committee oversees strategies undertaken by

each task force, and a local HTC coordinator provides staff support. In other states, where the HTC framework is being adapted, financing is provided in ways that make the most sense in the local, regional or statewide environment.

In the past several years, many communities have developed and implemented HTC strategies. Here are two examples of how Nebraska communities have funded their HTC work:

- In Butler County, population 8,400, the Butler County Area Foundation made an initial grant to complete the assessment activities in Phase 1. The foundation also made a series of grants over several years to support community capacity related to each of the four HTC Pillars.

- In Garden County, population 1,800, the Tom and Cynthia Olson Donor-Advised Fund provided financial support for Phase 1 activities. As a result, the USDA has awarded a grant of \$124,000 to help implement HTC strategies over a three-year period.

One of the long-term goals of HTC is to help communities access a portion of the ongoing intergenerational transfer of wealth to grow community endowments. These endowments, or “community savings accounts,” can provide a margin of excellence above and beyond government funding to support and sustain a community’s HTC strategies.

For example, in Nance County, population 3,600, the Margaret Russell Trust Fund is putting a major emphasis on HTC implementation in the fund’s grant making. In Holt County, population 10,300, community foundations are also focusing their grant making on supporting and sustaining HTC strategies. Two new donor-advised funds soon will begin awarding grants to sustain HTC: One for youth scholarships and workforce development and the other to support entrepreneurship and people attraction.

To date, the largest external grant support for work in Nebraska has come from the W.K. Kellogg Foundation of Battle Creek, Michigan, which has hailed HTC as a national model for rural community development. HTC also has been honored by the International Community Development Society with its Innovative Program of the Year award.



Youth entrepreneurship students from Valley County proudly show their products to W.K. Kellogg Foundation representatives during a photo shoot for the Foundation’s annual report. Front row, left to right, are: Molly Weiniak, pillow cases; Joe Michalski, golf abacus. Back Row, left to right: Seth Smedra, squirrel feeder; Jace McKay and Grady Gydessen, western horseshoe designs.

## Questions

**Response from William Lambe, Associate Director, Community and Economic Development Program, University of North Carolina at Chapel Hill School of Government, Chapel Hill, North Carolina**

*Questions Submitted by Hon. Mike McIntyre a Representative in Congress from North Carolina*

*Question 1.* You mention “creative regional governance, partnerships, and organizations” as an essential characteristic for success for rural communities. We were successful in including the creation of several new regional commissions, including the Southeast Crescent Authority, in the 2008 Farm Bill. How do such regional commissions help local communities innovate?

*Answer.* I think the key is to provide flexible and strategic resources aimed at building the capacity of rural communities. As I mentioned in my testimony, in order for these rural communities to innovate, there has to be a certain level of capacity within the local community. Helping to build that local capacity through leadership development, workforce training and assistance, accurate data for community leaders on their particular opportunities and most importantly, through flexible investments in promising ideas will go a long way toward helping local communities innovate.

*Question 2.* You mention in your testimony the importance of evaluating success while also acknowledging that measurable results from a project may be decades in the making. What advice would you give to rural leaders attempting to collect the data that will show whether or not a particular project is succeeding? Who in the community usually takes on that role?

*Answer.* The notion of success in rural development is a slippery one. Success in the mind of a local elected official might not be the same as success in mind of the local preacher. The first and most important thing about evaluating success is to decide, up front, what success looks like and to ensure that the key stakeholders in the community agree. Once there is broad agreement on what success looks like, then I would advise rural leaders to seek assistance from community colleges, universities, colleges, regional Councils of Government, state or federal agencies, or other institutions to help come up with realistic metrics for evaluating progress. The first step is to reach local consensus on a vision of success. The second step is to seek expert assistance on the development of metrics. Good evaluation experts will help community leaders come up with ways to measure and assess short—, medium—, and long-term outcomes. As for the organization or institution within the community that usually assumes this role, I would say it varies. In some cases it's the chamber of commerce, in others it's the local government, in others it's the local community college. The most important thing is that somebody does assume the responsibility and that they have the resources and expertise to continually monitor success and communicate progress to the community's decision-makers.

*Questions Submitted by Hon. K. Michael Conaway a Representative in Congress from Texas*

*Question 1.* More than 88 programs administered by 16 different federal agencies target rural economic development. USDA Rural Development administers most of these programs and is designated as the lead federal agency. In your experience, does this divided approach among so many agencies present additional challenges and would it be more effective to consolidate the leadership and funding into just a few major programs under USDA?

*Answer.* In my experience, the confusing nature of federal programs for rural development does cause confusion at the local level. It is a daunting task to negotiate opportunities among so many agencies and programs and rural communities rarely have the staff capacity and expertise to take on the task.

*Questions Submitted by Hon. William “Bill” Cassidy a Representative in Congress from Louisiana*

*Question 1.* By your testimony we hear each community is unique in its challenges and available resources. What are the core, critical resources necessary for small, rural communities to succeed in economic development? Or, if resources tend to vary widely among communities, then how can a community effectively determine its strongest resources? Do you have a metric to predict results with a given set of resources?

*Answer.* As I mentioned in my testimony, I believe that the critical ingredients for “success” in rural development are leadership, local vision, a broad understanding of local assets, creative governance, measures to evaluate progress and a comprehensive notion of development. I understand that none of those ingredients speak

to a specific resource, but in my experience there is not a core critical resource that's absolutely necessary across rural communities. Some communities have figured out ways to thrive on pig waste, others on oil, others on community theater, and others on a combination of resources. The second part of the question, in terms of how a community can determine its strongest resources, is I think the key here. There are lots of ways to assess assets and opportunities, but what's most important is that the assessment is done with an open mind. I've seen this done best when somebody or an organization from outside the community facilitates the process with a fresh perspective on the community's opportunities. I do not have a metric to predict results with a given set of resources. In my experience, there are far too many context specific circumstances to predict results generically.

**Response from Dr. Deborah M. Markley, Managing Director and Director of Research, RUPRI Center for Rural Entrepreneurship**

*Questions Submitted by Hon. Mike McIntyre a Representative in Congress from North Carolina*

*Question 1.* The Rural Microentrepreneur Assistance Program is also a new rural development program established in the 2008 Farm Bill. As USDA prepares to implement this program for the first time, what advice would you give them to ensure that we are able to assist the most microentrepreneurs in rural areas?

*Answer.* Reaching as many microentrepreneurs as possible in rural America regarding the new USDA Rural Microentrepreneur Assistance Program can happen through a number of channels. For 20+ years, the U.S. field of microenterprise practitioners has brought technical assistance and access to capital to entrepreneurs throughout the land. Over half of these are dedicated in whole or in part to serving rural regions. Such practitioner organizations predominantly offer technical assistance—assisting startup and emerging (potential for growth) entrepreneurs with feasibility studies, business plan development, strategic market analysis and access, human resource management, and more. Some couple this help with access to hard-to-find capital through a wide range of revolving loan funds, often funded by US Department of Agriculture, Small Business Administration, or Community Development Block Grant monies.

Newer model technical assistance techniques that are gaining good results include entrepreneurial coaching, access-to-market strategies, entrepreneurial networks, regional flavor, economic gardening, and HomeTown Competitiveness, to name a few. Each focuses on building an entrepreneurship development system of supports and connections for entrepreneurs based on their skill set levels, the life stage of their businesses, the best market intelligence that can be provided, and the assets of the surrounding community. Deploying these new USDA microenterprise funds primarily for technical assistance services could result in assisting thousands of very small business owners and their families each year. The microenterprise field has had a long-term need for technical assistance funding, especially in rural areas, and this type of allocation will be a significant benefit to many.

**Recommendations**

*Rural Practitioner Task Force.* In short order, convene a task force of “consumers” —rural microenterprise practitioners—in order to advise on the design of a program that is the most responsive to rural microentrepreneurs’ needs, with a strong focus on encompassing technical assistance approaches. Practitioners can be identified through the organizations identified below in the Communications recommendation. The task force could also be utilized in creating and monitoring an evaluation system to identify the most effective ways in which this funding is being deployed.

*Broad Dissemination of Information about the Program.* The targeted dissemination of information about the USDA Rural Microentrepreneur Assistance Program and its related Request for Proposals will be essential to widespread participation in this effort. This could be shared through the RUPRI Center for Rural Entrepreneurship’s newsletter, as well as on its website ([www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org)). Its newsletter circulation is greater than 4,000 and is read by a variety of rural practitioners who are working with entrepreneurs throughout the countryside. As well, the news from the e-newsletter is picked up by several other newsletters and listservs to further extend its rural reach. In addition, the Center would collaborate with other rural organizations (both national and regional) to make sure that the announcement of the program was widely broadcast through their websites and newsletters.

Secondly, there is a directory of microenterprise practitioners that has been created by FIELD at the Economic Opportunities Program of the Aspen Institute. The directory could be used to supply every microenterprise practitioner with the knowledge to utilize the program with its rural clients. Over 550 practitioner programs

are listed in the *2002 Directory of Microenterprise Programs*, and at least half of them have served rural areas in some part. The directory can be found at <http://fieldus.org/Publications/index.html#2002Dir>.

Third, there are networks for microenterprise development in about 25 states. These are statewide coalitions that concern themselves with helping startup and existing microenterprises to thrive, and all of them address the rural areas of their states. Most are memberships composed of microenterprise practitioner organizations that work directly with the entrepreneurs, and thus provide the most direct route for getting services from the new rural program to the end user. There is a Statewide Microenterprise Association (SMA) that is managed by CFED, and connections to the various statewide coalitions can be made by going to <http://www.cfed.org/focus.m?parentid=32&siteid=40&id=40> or contacting Kimberly Pate, Vice President for Strategic and Public Partnerships, [REDACTED].

Finally, the national trade association for microenterprise, while not specializing in rural microenterprise, has the ability to broadcast information about new programs to its 300+ members through its website, [www.microenterpriseworks.org](http://www.microenterpriseworks.org), or via teleconferences and webinars. A former Rural Committee composed of member practitioner organizations followed the development of this program closely and is poised to assist in its implementation as called upon.

*Questions Submitted by Hon. K. Michael Conaway a Representative in Congress from Texas*

*Question 1.* More than 88 programs administered by 16 different federal agencies target rural economic development. USDA Rural Development administers most of these programs and is designated as the lead federal agency. In your experience, does this divided approach among so many agencies present additional challenges and would it be more effective to consolidate the leadership and funding into just a few major programs under USDA?

*Answer.* Rural America faces a variety of challenges, including lack of trained health care professionals, lack of access to Broadband, lower rates of college enrollment, more limited access to business support services. All of these challenges make rural economic development more difficult for rural communities and regions. And, the challenges offered here can be most effectively addressed by different agencies of the Federal government—Health and Human Services, Agriculture, Commerce, Education. However, to be most effective, these various agencies should be guided by a common vision for rural development. This vision should address several questions. Why do we allocate funds to rural development? What goals are we trying to achieve? How can we move, at the Federal level, from a rural development strategy that focuses on spending in rural regions to one that emphasizes investing in rural regions?

What is most critical for rural economic development is not consolidation but coordination of Federal programs. In a recent speech before the Rural Community Economic Development Conference sponsored by the Illinois Institute for Rural Affairs at Western Illinois University, Dr. Sam Cordes, Associate Vice Provost for Engagement, Co-Director of the Center for Regional Development, and Assistant Director of the Cooperative Extension Service, suggested the need for a White House Office of Rural Policy that would work in a similar fashion to the White House Office of Urban Affairs established by Executive Order on February 20, 2009. Such an office could provide leadership for rural policy and help to coordinate the economic development efforts of agencies throughout the Federal government. The suggestion of a White House Office is not a new concept and is not the only approach to achieving the desired level of coordination. Another option would be to create an inter-departmental working group, at the secretary level, that works to align departmental investments in support of the unified rural development strategy or vision described above.

The Regional Collaborative Investment Program (RCIP) also plays an important role in support of a more coordinated Federal response to rural development challenges. RCIP provides a mechanism for regions to build a more collaborative approach to rural development—an approach that moves from a focus on program spending to a focus on investing in innovation. If RCIP guidelines are tied to a more collaborative and coordinated approach to making Federal investments in rural development, rural regions would have an opportunity to develop their competitive advantages in a way that is comparable to the regional approach taken in most urban and suburban areas. RCIP can be a tool for identifying appropriate investments in rural regions that can be most effective in creating this competitive advantage.

*Questions Submitted by Hon. Glenn Thompson a Representative in Congress from Pennsylvania*

*Question 1.* You talked about how energy-related jobs could significantly contribute to rural economic development. I couldn't agree more. Oil and gas has been the dominant economic force in the northwestern part of my district for over 150 years. However, large areas of my rural district have gone further into recession as oil and gas production has declined — and I would not hesitate to blame overregulation as one of the reasons for this decline. How do you view the role of traditional energy sources as a way to rejuvenate rural America?

*Answer* Rural America is well positioned to participate in the country's drive toward energy independence. Traditional energy sources will continue to play a role in some parts of rural America—the Center is working in western North Dakota where a boom in traditional energy production is protecting that region and many of its residents from the harshest effects of the current economic downturn. However, to the extent that traditional energy resources are non-renewable, a rural economic development strategy built solely around these supplies is not likely to produce sustained rural growth. Rural communities and regions are likely to benefit from development strategies that capture a broader range of energy opportunities including renewable fuels such as wind, solar, and biofuels. These alternatives also represent fertile ground for rural entrepreneurs who can create business opportunities by building on regional energy assets.

Entrepreneurial support organizations are rising to this challenge and creating new products and services to support entrepreneurs in “green” and renewable energy fields. For example, Appalachian Community Enterprises, a microenterprise program in northern Georgia, has launched a Green Loan program to support the capital and technical assistance needs of entrepreneurs (<http://www.georgiagreenloanfund.org/>).

*Question 2.* For a several reasons, there are areas within my district that have inadequate access to high speed internet and cell phone coverage. Dr. Markley, do you have any advice on how communities without broadband and inadequate cell phone service can adapt?

*Answer.* Inadequate access to high speed Internet and cell phone coverage presents a number of significant challenges to rural communities. Internet and cell service are basic elements of the infrastructure necessary for rural communities to be competitive in a global economy and to provide a high quality of life. Without these services, rural school children are at a disadvantage in accessing web-based learning, rural entrepreneurs cannot reach distant markets, rural doctors cannot use telemedicine to benefit their patients and rural youth migrate to more tech-savvy communities.

This infrastructure challenge, however, is not insurmountable. There are examples of communities and states that have made investments in this vital infrastructure, recognizing that overcoming the rural differential in Internet access was necessary to successful rural economic development. North Carolina's e-NC Authority was established by the legislature in 2000 (originally named the Rural Internet Access Authority) as an effort to link all rural communities in the state to the Internet. The initiative has focused on advocacy for private sector expansion of service into rural communities and has helped to build dedicated telecenters to bring services into rural communities, if not into every rural home. e-NC represents one model for state level action to advance rural Internet access ([www.e-nc.org](http://www.e-nc.org)).

Northern Minnesota provides an example of a community or regional response to the lack of Internet access. Boreal Access is a cooperatively-owned, non-profit Internet Service Provider established in northeast Minnesota to provide community residents and businesses with access to the Internet as well as a “community commons” for sharing information about events and issues in the region. Boreal also offers services to businesses that allow them to become e-commerce capable. Over its 13 year history, the provider has built its capacity to serve residents, first in the more populous parts of the region ([www.boreal.org](http://www.boreal.org)).

The Rural Policy Research Institute (RUPRI) has provided input into the rural Broadband discussion consistently in the past, including early work on the Universal Service Fund and the work of its Telecommunications panel. Two recent reports focus specifically on the Broadband challenge in rural America—Rural Broadband—A RUPRI Policy Brief (Dabson and Keller, 2008, [www.rupri.org](http://www.rupri.org)) and comments to the US Department of Commerce and US Department of Agriculture on the American Recovery and Reinvestment Act of 2009 Broadband initiatives prepared by RUPRI President and CEO, Brian Dabson, in April 2009 ([www.ntia.doc.gov](http://www.ntia.doc.gov)).

*Questions Submitted by Hon. William “Bill” Cassidy a Representative in Congress from Louisiana*

*Question 1.* By your testimony we hear each community is unique in its challenges and available resources. What are the core, critical resources necessary for small, rural communities to succeed in economic development? Or, if resources tend to vary widely among communities, then how can a community effectively determine its strongest resources? Do you have a metric to predict results with a given set of resources?

*Answer.* There is tremendous diversity in rural America and no two rural communities or regions bring the same set of assets to economic development. There is no single economic development approach that will work best in all rural places. In recent work done in partnership with the American Farm Bureau Federation and the Kansas Farm Bureau, the Center produced a white paper entitled 21st Century Rural Development. In that paper, we identify five keys to success for rural communities engaged in designing and implementing an economic development strategy, based on our work with rural communities across the country:

- Starting with the “right” game plan—Rural communities need to recognize that the opportunities for doing things the way they have done in the past, i.e., focusing on industrial recruitment and emphasizing cheap, low cost resources, have diminished or disappeared. Rural communities need to take an asset-based approach to development—focusing on the resources and entrepreneurs that are located in rural regions already. The Center (among others) have developed tools that community and regional leaders can use to identify the assets that can serve as the foundation for economic development ([www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org)).
- Investing in development Too many rural communities try to conduct the business of economic development with limited resources and volunteers. To be most successful, rural communities need to invest in their economic development capacity—staff and resources devoted to designing and implementing a strategy for development. For example, rural communities using the HomeTown Competitiveness framework developed by the RUPRI Center for Rural Entrepreneurship, the Nebraska Community Foundation and the Heartland Center for Leadership Development, voted for local option sales taxes to raise funds dedicated to economic development ([www.htccommunity.org](http://www.htccommunity.org)). These same communities are also building community foundations to endow economic development efforts into the future (a topic addressed in great detail by Jeff Yost, President, Nebraska Community Foundation, at the Subcommittee hearing on March 31, 2009.)
- Taking a systems approach— To be successful, rural communities must recognize that economic development is a shared responsibility. It takes the efforts of organizations and leaders in the public, private and non-profit sectors. It requires bringing together key players in economic development so that they can align the work of their separate organizations with a broader vision for rural development. The northern Minnesota region has been taking this systems approach for some time—bringing together individual public and private economic development organizations into a Regional Economic Development group. This history of working together has translated into a new initiative to create a systems approach to entrepreneurship development in the region ([www.greenstonegroup.org](http://www.greenstonegroup.org)).
- Reaching scale through regionalism and collaboration— Scale does matter in our globally competitive economy. But, the solution is not for rural communities to get big, but rather to partner with neighboring communities and to reach out to regional development organizations that can tap a broader set of resources than any one community can tap on its own. A recent report on the outcomes of the Kellogg Foundation’s multi-year effort to support collaborative rural entrepreneurship development systems provides some important lessons learned about the challenges, costs, and benefits of regional collaboration (<http://fieldus.org/Publications/EDS2008.html>).
- Valuing heritage— A key to successful rural development is to embrace a new path for economic development while maintaining a strong sense of the heritage and culture that makes rural places unique. One of the most innovative approaches to rural development that exemplifies this key is Regional Flavor Strategies. These regional development efforts focus on identifying the unique “flavor” of a region and creating a brand based on the unique assets in the region. The primary resource for learning more about Regional Flavor is Natalie Woodroffe [REDACTED].

While these keys focus on building capacity for economic development, it is also important to recognize that rural development is place based and, as a result, the assets and health of rural communities and regions is important for economic success. Investing in strong rural schools (K–12), rural community colleges, and regional universities is an important prerequisite for economic development. Economic development is also advanced by ensuring that rural communities are “healthy communities” through appropriate investments in health and human services. Better coordination and collaboration across Federal agencies, such as between US Department of Agriculture and US Department of Health and Human Services, would reflect the multi-dimensional nature of economic development in rural America and create greater alignment of investments that help rural communities and regions more effectively engage in economic development.

**Response from Jeff Yost, President and CEO, Nebraska Community Foundation**

CHAIRMAN MCINTYRE AND MEMBERS OF THE SUBCOMMITTEE:

Thank you again for the opportunity to provide testimony on March 31 re: the Nebraska Community Foundation, our HomeTown Competitiveness (HTC) framework and the extraordinary opportunities available to enhance and sustain rural America.

*Questions Submitted by Hon. Mike McIntyre a Representative in Congress from North Carolina*

*Question 1.* In your testimony you mention that the Federal government can play a role by providing technical assistance and funding streams to empower local leaders, can you specify what types of technical assistance and funding streams are most helpful?

*Answer.* We must appreciate that almost all other developed nations (especially in Europe), whose regions are now our primary competitors in the global marketplace, provide at least 3% of all federal funds to support technical assistance and community asset building. This funding ensures that local leaders are empowered with important decision support mechanisms to increase the potential for successful outcomes from federal investments.

The purpose of the Rural Collaborative Investment Program (RCIP) is to help provide this type of customized technical assistance to build local capacity. RCIP combines flexible, locally-controlled funding for communities to work together to enhance their capacity for common action and to achieve their desired futures.

In addition to flexible funding, it is also critical to focus on what assistance is provided. A primary outcome should be to strengthen community controlled, federally funded regional development organizations (such as Rural Conservation and Development Districts, Small Business Development Centers, Councils of Government, Economic Development Districts, etc.). Many rural communities are too small and have too little individual capacity to effectively access and use external assistance. Regional development organizations can provide coordination and facilitation to help small communities build both economies of scale and economies of function to build greater place-based opportunity.

Strengthening regional development organizations should occur in two ways. First, federal funding should leverage state funding to create super-regional organizations whereby different entities serving the same region move towards integration and shared management and governance. Second, efforts to build and sustain community capacity should be robustly supported at the federal level.

Finally, if local funding streams can be built (such as community endowments) these can be used to leverage state and federal investment to build and sustain the locally-created, locally-driven community economic development agenda.

*Questions Submitted by Hon. K. Michael Conaway a Representative in Congress from Texas*

*Question 1.* More than 88 programs administered by 16 different federal agencies target rural economic development. USDA Rural Development administers most of these programs and is designated as the lead federal agency. In your experience, does this divided approach among so many agencies present additional challenges and would it be more effective to consolidate the leadership and funding into just a few major programs under USDA?

*Answer.* The federal government has many rural development programs, but no all-encompassing vision for rural development. Why are we allocating federal funds: Are they simply transfer payments or are they long-term strategic investments? In most developed nations, there is a deeply articulated rural development strategy for federal investments in rural regions. Building such an approach provides an oppor-

tunity for various departments to actively align investments, programs, and evaluations.

At a minimum, better coordination of effort and investment is critical. Most rural policy analysts, for at least two decades, have recognized the importance of and requested establishment of a White House Office of Rural Affairs. Or, if establishment of such an office is not achievable, some type of interdepartmental rural coordinating council could be established and given real authority to rationalize the system. Such an entity, actually implemented, coupled with an intentional effort to strengthen community owned and controlled regional development organizations, would be a huge step forward.

*Questions Submitted by Hon. Glenn Thompson a Representative in Congress from Pennsylvania*

*Question 1.* Mr. Yost mentioned that only a small number of young adults do not consider returning to their hometown after college. This very issue has been a reality in my district for many years. In your view, what can rural areas do to provide greater economic development in order to nurture local jobs?

*Answer.* With information technology and broadband available nearly everywhere (or soon will be) in the U.S., many professionals can live and work wherever they want. Therefore, place, and the quality of life, amenities and culture of that place, are of paramount importance.

In most instances, new economic opportunity in rural America is not going to occur through attraction or relocation of existing businesses or industries. We believe that new economic opportunity in rural America will primarily be driven by place-based entrepreneurs seeking to balance their desire to build a business with their desire to live in a particular community.

Therefore, rural communities and regions need to build a robust programmatic support infrastructure to assist entrepreneurs in building and evolving their businesses.

We believe our HomeTown Competitiveness (HTC) framework, referenced in my testimony, clearly addresses all of the key issues in building local capacity to allow entrepreneurs to thrive in place and allow communities the opportunity to build out new leadership capacity, opportunity capital and a positive self-fulfilling prophecy that will encourage entrepreneurs to build their businesses at home.

*Questions Submitted by Hon. William "Bill" Cassidy a Representative in Congress from Louisiana*

*Question 1.* By your testimony we hear each community is unique in its challenges and available resources. What are the core, critical resources necessary for small, rural communities to succeed in economic development? Or, if resources tend to vary widely among communities, then how can a community effectively determine its strongest resources? Do you have a metric to predict results with a given set of resources?

*Answer.* The most important resource any community can have is a cadre of leadership committed to the long-term health and prosperity of everyone in their community. This cadre of leadership must be inclusive and be continually evolving itself to remain motivated and connected to community needs and opportunities.

NCF and HTC have several assessment tools we use to determine readiness to engage in a range of community economic development activities, ranging from business development services to youth engagement to building a community foundation.

The most important actions this cadre of community leaders can take are to identify their regional competitive advantage and build a plan for mobilizing community assets to realize this opportunity. Historically, regional competitive advantage was expressed solely in terms of access to natural resources (timber, minerals, waterways, farmland, etc.). But today, community leadership must assess all of their assets (leadership, natural amenities, arts and culture, entrepreneurial spirit) to determine how they can build an interconnected community that people will want to live in.

Thank you again for the opportunity to provide testimony and to respond to your questions.

**Dr. Response from Randy Smith, President, Rural Community College Alliance Altus, Oklahoma**

*Questions Submitted by Hon. Mike McIntyre a Representative in Congress from North Carolina*

*Question 1.* The need for greater collaboration among rural communities is a constant theme. How do community colleges collaborate with other educational institutions for the purposes of enhancing rural development?

*Answer.* Representative McIntyre, I am pleased to report that rural community colleges typically do an excellent job of collaboration and partnership with other educational institutions. This includes two-year colleges partnering with four-year universities, two-year colleges partnering with small business development centers, and partnerships with local chambers of commerce, technology centers, and local business and industry. Rural community colleges realize the importance of these partnerships to their students and to the communities they serve. It is through these partnerships that the strengths of several organizations are maximized for the benefit of an area's economic development.

In order to encourage these important partnerships, federal agencies may want to consider awarding grants to partnerships and consortiums instead of to single agencies. Community colleges should be a part of any rural consortium that is involved in economic development due to their important role in workforce development, expertise in instruction, community resources and their existing connections with a community. Federal agencies may want to consider providing incentives for organizations that seek to collaborate.

Rural community colleges have long recognized the importance of partnering with local hospitals and healthcare facilities in order to effectively educate nurses and allied health care professionals. These partnerships are a key component to successfully educating a quality healthcare workforce. These collaborations often provide the necessary clinical resources, equipment resources, and other means to educate and grow the number of graduates from these important programs.

Many technical programs not only collaborate with other educational institutions, but they organize advisory committees of local and regional professionals who work directly in the industry. These advisory committees provide valuable input on curriculum, trends in the industry, and up-to-date training equipment.

The partnerships and collaboration discussed above provide a means for rural communities to "grow their own" trained professionals. Shortages of allied healthcare workers and skilled technical workers in rural areas abound. Successful rural education programs and partnerships as discussed above can be used to address the shortage of a specialized workforce.

*Questions Submitted by Hon. K. Michael Conaway a Representative in Congress from Texas*

*Question 1.* More than 88 programs administered by 16 different federal agencies target rural economic development. USDA Rural Development administers most of these programs and is designated as the lead federal agency. In your experience, does this divided approach among so many agencies present additional challenges and would it be more effective to consolidate the leadership and funding into just a few major programs under USDA?

*Answer.* Representative Conaway, thank you for your question and in a word, the answer would be "yes!" Rural community colleges have limited resources to search for, and write grants. It is difficult to find, and be aware of, grant opportunities and it presents a challenge when differing agencies have different requirements and may or may not support the same goals. Administrative rules are particularly difficult and burdensome. The bureaucracy can, at times, be daunting for colleges with limited resources; and dedicating an employee to search for and complete a grant application is often not feasible. Simply knowing about the grant possibilities is often a challenge, as there are multiple agencies that administer rural economic development grants. A coordinated approach to "rural" would be a welcome change. A single place to search for rural grants, and a streamlined application process would allow more rural colleges to participate in the process, untimely allowing them to more effectively serve their stakeholders. Community colleges have business offices that can serve as fiscal agents, their service areas are regional, and they have the necessary infrastructure to track the use of funds and the results of the programs the funds created.

*Questions Submitted by Hon. William "Bill" Cassidy a Representative in Congress from Louisiana*

*Question 1.* By your testimony we hear each community is unique in its challenges and available resources. What are the core, critical resources necessary for small,

rural communities to succeed in economic development? Or, if resources tend to vary widely among communities, then how can a community effectively determine its strongest resources? Do you have a metric to predict results with a given set of resources?

*Answer.* Representative Cassidy, thank you for this important question. You are correct that rural communities do vary widely. Often, the core component rural communities need in order to become involved in economic development is an office or person empowered with the responsibility of leading and coordinating these efforts. Frequently, this type of office is hosted and operated by the local community college. Colleges have the infrastructure and facilities as well as a staff that is usually already involved in the region's economic development. Communities that do not have a rural community college can partner with one in a neighboring community. Rural community colleges can and will lead the effort to spur economic development in the communities they serve. Local government agencies and businesses should communicate and partner with the college that serves their community.

The core critical resources would be: the community college, local government, business and industry, and the local chamber of commerce. All of these groups should work together for the economic development of a community. All of the partners discussed above are critical to the success of any project. The best metric to predict results is the consortium or partnership that was formed to address the economic development project. Partnerships are far more effective than are single entities. Although rural communities are very different, nearly all will be served by a community college (even if not in the community) and will have a chamber of commerce, as well as having local elected representatives who are committed to economic development. Rural community colleges can lead this effort as one of their main missions is the support of local economic development. There is no need to create another type of system. Collaborative groups could be organized and empowered with some direct funding. A goal would be to have a "one-stop shop" for an entire region when it comes to economic development services. Working with each community is a necessity and it is something that community colleges already do. New business starts, their resultant jobs, and staying power are the things that community colleges can track along with other metrics that predict local economic development.

*Questions Submitted by Hon. Glenn Thompson a Representative in Congress from Pennsylvania*

*Question 1.* Mr. Smith, you talked about how energy related jobs could significantly contribute to rural economic development. I couldn't agree more. Oil and gas has been the dominant economic force in the northwestern part of my district for over 150 years. However, large areas of my rural district have gone further into recession as oil and gas production has declined—and I would not hesitate to blame overregulation as one of the reasons for this decline. How do you view the role of traditional energy sources as a way to rejuvenate rural America?

*Answer.* Representative Thompson, thank you for your question on energy. You are absolutely correct; the "boom and bust" phenomenon has been, and will continue to be, an issue for rural communities. Rural communities and their colleges have faced this issue in several states. One thing colleges have done to deal with the "boom and bust" scenario is planning during the times of boom for the times of a slowdown which will eventually occur. When the economy is strong and employment is strong, rural communities and their colleges must prepare for the predictable downturn, often not knowing when such a turn might hit. This includes investing in additional or different types of workforce and academic training programs, including renewable energy programs. Workforce development in traditional energy production is still a large training program at many rural community colleges and the need for trained traditional energy workers is still great.

New energy jobs that rural community colleges should consider preparing workers for are in renewable energy and energy efficiency. The technology is here now and many two-year colleges across the nation are offering programs in renewable energy. Wind energy technician programs are being created in many areas. Rural America is where wind farms are established. Rural America is where wind turbine manufacturers are locating. Decentralized solar water heating and solar technicians are growing industries that require a trained workforce. Also, the demand for a commercial and residential energy auditing workforce is enormous in both urban and rural areas. Several two-year colleges are now offering programs in this specialized area as well.

As you know the need for trained workers in the traditional energy field still exists, and rural community colleges are meeting this need in many areas. However, rural communities and their colleges need to consider new education programs in

renewable energy as the demand for these trained workers is high and industry experts predict that this demand will continue well into the future.

**Dr. Response from Robert J.Thompson, Executive Director Of The Androscoggin Valley Council Of Governments**

*Questions Submitted by Hon. Mike McIntyre a Representative in Congress from North Carolina*

*Question 1.* In your testimony, you focus on the USDA Rural Development programs, but mention other programs such as the Economic Development Administration (EDA), Community Development Block Grants (CDBG), and federal-state regional commissions. There is always a push in Washington, DC not to have programs that appear to overlap in mission and function. How does your experience reflect on the overlap of these programs? Do they complement each other, overlap or interfere, or meet different needs?

*Answer.* My experience with these programs is that they tend to be targeted to a specific recipient base, problem or need. The programs seldom overlap and are often very complimentary when one is knowledgeable enough about the programs to maximize opportunity.

However, when there is the opportunity to mix and match programs from various agencies, specific grant guidelines may rule out many practical approaches.

For example, Community Development Block Grant (CDBG) funds may be used as local match for federal funds. In contrast, the CDBG Small Cities Programs are typically state administered on a competitive basis and funds may or may not be available to serve as required match, or as a complimentary program to defray or eliminate costs for new or upgraded service entrances, for eligible households, in combination with a water system expansion or upgrade funded in part through USDA.

The real issue many rural regions face is the availability of knowledgeable staff able to provide technical assistance to the community or region to ensure the most suitable grant and loan options are being pursued.

*Questions Submitted by Hon. K. Michael Conaway a Representative in Congress from Texas*

*Question 1.* More than 88 programs administered by 16 different federal agencies target rural economic development. USDA Rural Development administers most of these programs and is designated as the lead federal agency. In your experience, does this divided approach among so many agencies present additional challenges and would it be more effective to consolidate the leadership and funding into just a few major programs under USDA?

*Answer.* My immediate reaction would be simpler is better; less programs to keep track of, fewer variations in application and compliance regulations. Upon further reflection, I would be concerned that in an effort to simplify or consolidate programs we could lose more than we have gained.

To ensure resources address a variety of challenges, needs and opportunities, I believe we need to have some degree of targeting. Legitimate planning at the local or regional level cannot be appropriately carried out without some expectation of funding availability.

A specific example is the USDA Rural Water and Wastewater Loan and Grant program. Because the annual demand for these funds typically exceeds available resources, project priority lists and multi-year investment strategies are developed with the expectation that additional funds will be available in subsequent years. Consolidated programs may or may not preserve these individual funding streams.

It is also important to note that a consolidation or streamlining effort at the federal level will not change the fact many rural communities lack the staff capacity to navigate the bureaucracy of the federal grant system. Without assistance from local and regional technical assistance entities, such as regional development organizations, many communities are simply unable to access rural development funding—not matter what the program structure.

**Dr. Response from Robert J.Thompson, Executive Director Of The Androscoggin Valley Council Of Governments and Vice-Chair, Rural Development Task Force of the national Association of Development Organizations (NADO), Auburn, Main**

*Question 1.* On the same subject, my district has a long history with timber harvesting, where it remains a major job source in rural Pennsylvania. It seems to me that we talk a lot about advancing renewable energy, but don't do enough to push the most abundant form—biomass. In your view, what kinds of steps can we take to increase and encourage our use of timber for biomass?

*Answer.* I am a firm believer in the Forest Service and the role it plays in providing stewardship and assistance in the management of our forest resource base. I am also aware the parceling of this resource deletes acreage from commercially manageable units.

The initial findings of work done in Maine indicates that meeting the possible demand for potential forms of biomass for an alternative energy supply would require expanded management to increase yield. We would need to more aggressively manage current lands and bring other lands back into active management. In addition, the Forest Service would need to play a significant role in non-commercial land-owner assistance.

If the utilization of biomass for energy is not properly matched to the sustainable yield and cost efficient harvesting, there could be an unfavorable shift in the cost of supply to traditional consumers of the forest resource. Biomass is currently part of the Maine energy plan and it can be a more significant portion in future, but it will not replace our need to have other energy supplies and to aggressively pursue conservation.

*Questions Submitted by Hon. William "Bill" Cassidy a Representative in Congress from Louisiana*

*Question 1.* By your testimony we hear each community is unique in its challenges and available resources. What are the core, critical resources necessary for small, rural communities to succeed in economic development? Or, if resources tend to vary widely among communities, then how can a community effectively determine its strongest resources? Do you have a metric to predict results with a given set of resources?

*Answer.* The core need for most small rural communities is access to local and regional planning and development technical assistance. Consultants can be hired to develop plans and strategies and lead in implementation activities, but do not replace the long term value of having access to local and regional expertise with an established working relationship with local decision makers.

Indigenous resources and assets do vary widely among rural communities, but our task is to recognize those assets and effectively utilize them to produce positive change for our communities and regions. In my testimony I reference a new innovative asset-based rural development strategy that the Economic Development Districts (EDDs) in Maine are working with state and local officials, private sector leaders and nonprofit partners. This model will identify the assets and strengths of a region and help implement plans to leverage those assets. Additional details can be provided upon request.