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## Rural Philanthropy

### Update on Foundation Giving to Rural Communities

**To:** Center for Rural Strategies and *Stand Up for Rural America*  
**From:** Anna Greenberg and David Walker

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In the spring and summer of 2004, Greenberg Quinlan Rosner interviewed 50 grantors in foundations across the country on the state of foundation giving to rural communities. That research made plain both the challenges and the opportunities in increasing rural philanthropy.

Some key findings from 2004 included:

- Grantors concede rural needs, but need alone will not drive giving to rural areas. There is a wide range of needs in this country and around the world; grant-makers are driven by the perception their giving can and will make a difference.
- Very few foundations craft their giving in terms of “rural” vs. “urban.” Rather, their missions are either issue or goal driven (e.g. “economic development,” “literacy,” “arts”) or regional (statewide, southeast, etc.). As a result of this, few grantors could definitively quantify the amount of rural giving in their foundation; in fact, many had a hard time defining “rural.”
- Many grantors complained about the lack of organizational capacity and sophistication in rural communities and, similarly, the limited number of intermediaries who can bridge the gap between elites in the foundation world and those working directly in the rural communities.
- There is a substantial cultural and geographic disconnect between foundations and rural communities. This gap stems from broad stereotypes about rural America to problems presented by physical distance and geography. Most foundations are based in urban settings and staffed and directed by urban dwellers. Out of sight does mean out of mind.

In anticipation of the Council on Foundations’ Rural Initiative Conference, the Center for Rural Strategies and *Stand Up for Rural America* updated this research in an effort to affirm key conclusions of the 2004 work and monitor any potential changes in the world of rural giving with a set of 10 interviews among grantors in foundations conducted in July, 2007. Some respondents were re-interviewed and others were interviewed for the first time.

It is important to note this sample of interviewees is somewhat different from three years ago. Seven of the 10 respondents worked in foundations with a rural focus, which needs to be considered when assessing the overall tone of the new research. It is possible some of the greater awareness about rural needs and giving comes from the particular bias of our interviewees.

Some key findings from 2007 include:

- The same challenges to foundation giving to rural communities remain ranging from a perceived lack of capacity to a failure to connect rural giving with the mission of the foundation to a cultural and spatial disconnect between the giving world and rural America.
- Many of these grantors suggest some change in the *context* of rural giving. Overall awareness of rural issues has increased among those interviewed and many are more optimistic about increased rural giving in the future.
- The work of rural advocacy groups, large foundations and the upcoming Conference drives some of this optimism about rural philanthropy, and we see evidence of some internal re-thinking of the ways they do business to place a stronger emphasis on rural giving.
- Nevertheless, the job is not done. Most note that the overall funding situation has not really changed in the past few years and, nationally, there is little evidence of a substantial increase in philanthropic resources directed at rural communities. .

## Rising Rural Awareness and Trends in Giving

Although the sentiment is not unanimous, many experts interviewed in this study note a raised level of rural awareness, and more attention to rural issues in general, over the past 2-3 years. The immediate antecedent of this awareness is the Conference in August, but others note the work of other large foundations and advocacy groups to bring attention to rural America.

*I still haven't decided whether to go to Montana for the conference, but I think the attention of Senator Baucus to the rural, to the philanthropic divide, promises to increase the attention of the philanthropic world to rural needs. I anticipate good things.*

*There seems to be a whole lot of interest in making it increase. I mean if you [read] what I read every day, you've got Ford and Kellogg holding major convenings. You got what is going to happen in Missoula in August, so I mean there is a lot of initial work I think to get funding on the same page.*

*Groups like the Center for Rural Strategies may be a force for making changes.*

It should be noted that few believe there is significantly more funding for rural projects available nationally over the last few years, and the statistics on the percentage of philanthropy towards rural belie any claim of increased resources directed towards rural America. Still some grantors are hopeful that rural giving will increase in the foundation world in general, in part, because of the near-term political pressure brought on by the Council on Foundation's Conference, but also

in their view, growing awareness of the diverse set of issues facing rural communities ranging from economic development to environmental sustainability.

*I'm thinking it will increase. I think the advocacy that is being done by the National Rural Funders Collaborative and Senator Baucus getting onboard and the Council on Foundations getting onboard... and I think also, I am hopeful that there is a growing public awareness that life in rural community is not this romantic relic from the past but it really is a part of our country's democracy and our economy and I think that rural (inaudible), rural matters, it really does and I think politically and possibly economically more people are beginning to realize that.*

*The Council on Foundations is convening a meeting to discuss the importance of working in rural areas, a retreat, which unfortunately I can't go to because of the date, but I consider this to be a sign. I know in the grant makings in the arts organizations that there is considerable discussion of the need to do more in rural areas. And the environmental grant making association similarly so, let me put it this way. I think there is a political whirl among the professionals within foundations to address this.*

*Well, for a number of reasons. One is I think rural is very important politically, and people are sort of finally realizing that the rural voters make a big difference. Another is that foundations that are really concerned with human development and poverty, etc., look carefully at ongoing census data, etc., which shows where persistent poverty is.*

Moreover, some of the grantors in foundations with an explicit commitment to rural funding report increased rural giving, resulting from revisiting their missions and internal giving strategies.

*I'd say increased, but I can't give you a number. But it's my perception that it's increased. You just hear about more people working on grants in rural areas, and it's become an explicit, in our unit and other units, there's a lot more explicit attention to rural issues and to talking about those than in discussions at our officers' meeting and with senior staff, there's specific questions and interest among our senior leadership about rural asset granting.*

*But at the foundation overall, I think we've been able to raise the awareness of our rural funding. And we have undertaken some internal reviews of our rural funding and become more, I think, conscious of our rural funding over the last couple of years.*

*When we took this new mission five years ago, we took the decision to primarily invest in rural contexts, so... the proportion of our grant making has remained stable since then. The total amount of grant making has doubled in the last few years, but the proportion continues to be very substantially rural.*

The focus of rural giving, among these interviewees, is primarily the problems in the rural economy and economic development, though some are involved in supporting cultural preservation (e.g., tribal arts) and environmental issues. But even some of this environmental work has an explicitly economic focus as foundations support bringing together industries like the timber industry with local community groups.<sup>1</sup>

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<sup>1</sup> Interestingly, we did not see much focus on agriculture and farming, despite our finding in the 2004 research, many grantors who do not give to rural projects believe agriculture is a defining feature of rural America.

*Issues around economic development, in particular. Also workforce development, related to economic development, but not exactly the same, and the sustainability of rural communities in the face of global economic change.*

*Issues around jobs and economic opportunity around developing different strategies for rural economic development such as (inaudible) based economy, the importance of moving (inaudible) based economy to the regional and global economy, issues of community leadership, quality schools, civic participation in rural communities and the list goes on and on.*

*I think there's more of an interest in kind of economic development, I certainly see that. Not that that wasn't an interest beforehand, but a much more explicit focus on trying to bring together issues around environmental sustainability with economic growth.*

*We are supporting more economic development projects and more larger scale projects and that again is, the reason for that is partly because of a bit of a tweak in the [name of foundation] mission and I think also because there are opportunities, there is work going on in rural communities around economic development that has [promised] to larger scale.*

At the same time, this awareness, interest and energy around rural America was not shared universally among interviewees and we heard many of the same concerns that emerged in 2004. Two grantors, whose foundations actually give to rural projects, argued that rural giving would decline as the population continues to shift to urban areas. Another grantor characterized trends in giving as “faddish” so it was hard to know if the new interest in rural issues would last; another noted that the country’s attention in general, has shifted away from domestic priorities to America in the world. As we will see below, moreover, even supporters and contributors to rural philanthropy raise many concerns about sustainability and capacity when giving to rural projects and communities.

## On-Going Challenges and Opportunities

All our grantors recognize the same obstacles in rural giving that were catalogued in the 2004 research. Major themes include a perceived lack of capacity and infrastructure in rural communities, low levels of sophistication among grantees, difficulty in managing a rural project due to issues of time and travel, a scarcity of intermediaries that could bridge the foundation community and the rural community and, more fundamentally, a disconnect between the mission of the foundation and rural needs. Many also note that rural communities are disadvantaged by being outside of the urban worldview of many foundations.

While many of even the strongest advocates for rural philanthropy concede some special challenges to rural giving, some insist that citing these problems often represents a rationalization. Not only is the capacity of rural communities improving, some tell us, but the structural issues will likely solve themselves if the money were there. Obviously, it is a bit of a tautology, but in 2004, we heard comments suggesting that there is not enough funding because there is not enough capacity; a fair number of grantors this time out tell us there is not enough capacity because there is not enough funding.

## Capacity and Infrastructure

One main finding from the 2004 study was that the perception of lack of capacity represented a major impediment to increased rural giving. Interviewees told us that there were fewer organizations and groups in rural areas than in urban areas with the leadership, infrastructure and capacity to use resources effectively. It is difficult for nationally focused foundations to take a chance on rural projects that seem remote and small, with less capacity to create measurable results. We hear some of the same sentiments reported in this research:

*It's my impression that there's a difference. Not that urban non-profits all have strong capacity, there will still be non-profit capacities no matter where you are geographically. But my impression is the rural areas are even more challenged in that regard.*

*Well another obstacle for us is convincing other funders that funding is, especially national funders, that funding in rural communities produces results.*

*Because of scale issues – more infrastructure within higher population density areas. In rural areas, it's hard to scope out a situation which will eventually have less impact. And there is an expense issue: getting out and spending time in rural communities is costly. And scale – it's a smaller return*

*I think, this is more a category of funding and it is not particular to rural but it impacted a lot of rural organizations. We had a program for 5-6 years where we funded small grassroots organizations with both general operating support and organizational development support and we are now doing an evaluation of that funding because what we saw was that some of those organizations did very well with that combination of support and it helped us stabilize them and help them, some of them to grow but there were a sizable number of those small organizations that were vulnerable enough that the [infusion] of funding for 3-4 years pumped them up for a little while, but when the funding went away they had not built the capacity to sustain the work that they were doing during the time they had the funding and so there was not, in the long-run I think we didn't strengthen a lot of those organizations and I'm not sure that the organizations and the people into working there were too much better off in 3 or 4 years.*

As in 2004, grantors noted the more limited number of available intermediaries and partners who enhance the capacity of rural organizations. Yet, we also get a more mixed, less negative view. Some note the importance of intermediaries precisely because it helps them overcome the capacity problems and talk about the work they have done to identify intermediaries and partners. They note that there are intermediaries out there if grantors know how to find them. But others are simply more skeptical about intermediaries, believing that they might drain already limited resources and that they require vigorous oversight.

*We make most of our grants to direct actors, but we also make grants to intermediaries. We monitor that by the way.*

*First of all, [intermediaries] are the minorities of our grants. This again comes back down to our business model, which is that we make a lot of grants ourselves.*

*That is a tough one. Yes, but there is a huge qualifier with that because if the intermediaries suck up way too much money that could be going to people doing work on the ground to make communities better.*

But we also saw some grantors, in the current research, challenge the notion that rural areas inherently lack capacity and, in fact, some assert that there is a “chicken and egg” problem: which comes first, capacity or the funding? Moreover, some argue, attachment to traditional criteria for giving (e.g., established bureaucratic infrastructure) obscure the ways that grants either build capacity or tap into unrealized capacity.

*Well, you know, if you believe that the right way to give money is through an existing infrastructure that covers your goddamn bureaucratic ass, then rural America is a hard place to work. If you believe that giving money in places that change can happen and you're willing to put the time into understanding how to do that, I think that's the biggest impact you can have anywhere.*

*Well, I certainly think that... the infrastructure is not that substantial. But my feeling is that if the money was available, I mean I'm an ecologist by training, if the niche is available, it won't be long before it's full. In other words, if there was money available for this, I mean, particularly in the U.S., the foundation wants to fund blue ospreys, so the 8 NGO's submitting proposals in a few weeks, so I think that if the money was available we would quickly see a growth in the infrastructure, the intermediary infrastructure.*

### Out of Sight, Out of Mind

When we noted to grantors that less than 1 percent of all foundation giving is directed at rural communities, our grantors did not express surprise. Many argue that foundations cannot “see” rural problems because they are not located in rural areas. They are surrounded by urban America and its problems, and they concentrate their giving on what they know best. As a practical matter, it is hard for rural grantees to get the attention of large, urban based foundations because they are located far away. Given the demands on foundation staff, it is harder for them to make site visits. With the bulk of the US population concentrated in the cities and the suburbs, there is a perceived bigger “bang for the buck” for grants made in densely populated areas.

*Well obviously there are the practical ones, which is that foundations by and large including our own are headquartered in major cities, so you have to add the geographic and social distance and the consequence of that.*

*Because, I guess, the tendency has been to focus that sort of thing on larger populations that have mostly been urban, and I think the community that's been involved in youth organizing work has come out of a more urban setting, I guess. Much the same reason why there is relatively less foundation funding for rural in general, is it's kind of out of sight, out of mind.*

*I think for the most part people who work in foundations have urban orientations and those academic backgrounds that they come out of stress and urban analysis. Politically the urban centers are where the action has been with the increasing. There is a bias that you get more bang for your buck and the problems are worse in urban areas.*

*Just because the majority of the foundations are urban, they're based in urban areas, and urban issues have traditionally dominated their giving. And they have, the constituencies that are best able to access the foundations have been urban groups. For the same reasons that I mentioned earlier, that rural communities are often just ignored, unfortunately.*

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*I think my impression is that just the range of nonprofit organizations to work with is more dispersed. It's thinner. Partly that's just a geographic issue. And I would say as things get spread out, it's harder for people to concentrate and share resources. I think, and the community assets aren't always as strong either in governmental programs or in philanthropy. Those often tend to be more urban or metropolitan based.*

## Opportunities, Success Stories

Despite the challenges that capacity and remoteness pose to rural philanthropy, these interviewees point to success stories that make them hopeful about the future of giving to rural organizations. Many of the grantors we interviewed for this project are rural funders and award grants directly with smaller, grassroots groups; some even are part of an effort to bring groups together into networks and partnership. They note that the key to success in rural America is bringing together groups to work together to increase capacity and also visibility as their work happens regionally and not just locally.

*We're spending a lot of time now on regional organizing, so creating diversity in the sort of the truest sense of diversity, regional leadership groups... We're out in the community, convening meetings, working with networks, trying to get a sort of under belly at issues and doing some very sort of protective meetings for people who have trouble being in the same room together where they hash things out.*

*Those organizations [MACED], which have developed over the last 20 years or so, pretty high capacity, working together and being smart about what is most important to do to affect rural communities and having a very thoughtful analysis of what needs to be done to change things.*

*...they use developing the strategy in their area to build kind of larger geographic alliances around the state within progressive economic development strategies.*

*Where community groups have mobilized to really turn around a community that was in distress and create new capacity, new job opportunities, new businesses, and really sort of move from a kind of despair to hope in those communities... So collaboration is key. Partnering... Partnering between small and larger kind of companies, networking, sharing experiences between one community and the other. And then effectively being able to link to the policy making apparatus and do policy education and advocacy at both region and national levels.*

A number of these grantors view rural organizations as innovative and potentially a source of learning for others outside of rural America. For example, one grantor noted that rural communities have to be creative to harmonize disparate interests and craft consensus solutions.

*Think about what it would take in any urban center to pull together the people that most deeply disagree, whatever the equivalent of the redwood timber harvesters and Earth First would be, or American Indian tribes, land based tribes and the people whose forebears took the land from, and actually come up with regional agendas that change statewide policy.*

Our research suggests a number of ways to move rural philanthropy forward:

- **Communicate success and the richness of rural America.** As our previous research showed, grantors are under few illusions about the need in rural communities. Similarly, few grantors are surprised by the paucity of rural giving (one percent or less of total giving). Foundations need to hear the success stories and the ways that rural communities work together. More broadly speaking, rural America needs to communicate about its assets and richness (cultural, economic potential, etc.), as much as its need. Grantors need to know they can make a difference and they need to know they are investing in something worth saving.
- **Continue on raising rural awareness.** These grantors discuss a variety of obstacles in rural giving, but the main reason they believe rural giving falls behind is that the rural community is simply out of sight. Rural communities simply do not show up on the radar screens of foundations and funders located in cities. We see increased visibility now, but it must be maintained to produce long term change.
- **Strengthen intermediaries, recruit more partners.** On balance, these grantors did not stress the need for intermediaries to the same degree we saw in 2004, perhaps because they are more experienced in making rural grants. Nonetheless, grantors acknowledge the value of intermediaries and the need to strengthen them and bring them into the process.
- **Build grant seekers' capacity to secure foundation support.** This seems like an obvious point, but according to grantors, rural grant seekers need to clearly understand the mission of the foundation to which they are applying, as well as their operations, proposal guidelines and decision making process.