



FEDERAL RESERVE BANK *of* ST. LOUIS
CENTRAL TO AMERICA'S ECONOMY®

Investing in Rural Prosperity: A Framework for Advancing Shared Economic Prosperity

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EIGHTH FEDERAL RESERVE DISTRICT

By zones and counties



About the Federal Reserve

- The Federal Reserve is the central bank of the United States. It is responsible for monetary policy, supervision and regulation of banks, and payment systems.
- Its community development function aims to promote economic resilience and mobility for low- and moderate-income and underserved individuals and communities.
 - Sharing Ideas
 - Research
 - Training & Convening



How can rural communities create lasting economic prosperity for all?



Overview

- What is *Investing in Rural Prosperity*?
- The “TRIC” Framework to foster shared economic prosperity
- 5 Key Takeaways to inform community and economic developers



About *Investing in Rural Prosperity*

- **What is *Investing in Rural Prosperity*?**
 - An edited book, available free of charge to the public electronically and in hard copy
- **Who published the book?**
 - The Federal Reserve Board and the Federal Reserve Bank of St. Louis
- **Why did we publish this book?**
 - To help inform rural development stakeholders how policies, practices, and funding streams at the local, state, and federal level can support the achievement of shared economic prosperity in rural communities, especially historically marginalized areas.
- **What does the book contain?**
 - A high-level overview of the past, present, and potential future of economic opportunity in historically marginalized rural places, including key factors driving those outcomes
 - A framework for fostering shared economic prosperity in rural communities
 - Case studies showing how rural communities across the country have made strides in creating opportunities for their residents
 - Key policy, practice, and funding considerations.



The “TRIC” to Fostering Shared Economic Prosperity in Rural America

- Rural communities are more likely to achieve broad-based economic prosperity if they take an asset-based, equitable approach to development
- The “TRIC” approach to rural development includes tailoring the approach to the community, designing it to be resilient and being inclusive and collaborative.



Tailored. Resilient. Inclusive. Collaborative

- **Tailored: Making Certain the Strategy Fits the Place**

Attempts to support shared economic prosperity in rural places will be most effective when they are tailored to the specific community in which they are being carried out.

- **Resilient: Designing for Durable Adaptability**

To have long-term, positive effects on the community, rural development efforts must be structured in a way that is resilient to both the sudden shocks and gradual changes that will undoubtedly occur over time.

- **Inclusive: Engaging and Benefiting the Full Community**

To advance shared economic prosperity in a rural place, development activities must be inclusive of the full range of people living in the community, especially those who traditionally may be on the sidelines.

- **Collaborative: Advancing Further Together**

Rural communities are more equipped to advance shared prosperity when people from throughout the community and across the region collaborate to formulate and implement development strategies



Tailored: Ensuring the Strategy Fits the Place

- Attempts to support shared economic prosperity in rural places will be most effective when they are tailored to the specific community in which they are being carried out.
- This means the strategy is fashioned around:
 - The goals of the community
 - The specific assets present in the community
 - The community’s organizational capacity
- Every community has a different history and so has evolved with a unique set of institutions.
 - As a result, the organizations that develop and implement a rural development strategy will likely be different in each community and region.
- Rural development plans that are simply replicated from somewhere else have little chance of being successful, as they are unlikely to closely match the skills, abilities, and interests of community members.



Resilient: Designing for Durable Adaptability

- To have long-term, positive effects on the community, rural development efforts must be structured in a way that is resilient to both the sudden shocks and gradual changes that will undoubtedly occur over time.
- The changes that may affect a community include but are not limited to:
 - Climate-induced natural disasters
 - Financial market disruptions
 - Widespread or localized economic restructuring
 - Pandemics
- Communities should build resiliency into how they plan and structure their development activities.
 - For example, rural development efforts should not be overly reliant on one person, organization or industry.
- Rural development strategies should be future-oriented, updated on an ongoing basis, and consistently evaluated to assess their performance.



Inclusive: Engaging and Benefitting the Full Community

- **To advance shared economic prosperity in a rural place, development activities must be inclusive of the full range of people living in the community, especially those who traditionally may be on the sidelines.**
 - **Being inclusive means more than just inviting a couple more diverse people into the existing process; it means rethinking your entire approach.**
 - **It often means by ensuring that traditionally marginalized groups have a seat at the table, not only to have their voices heard but to exercise decision-making power.**
 - **It also requires prioritizing at all stages the distributional effects of choices on different groups, and how those choices relate to their desires, needs and skills.**
- **Those on the sidelines of the community are often there because obstacles exist that limit their participation.**
 - **Intentionality is required, therefore, to address the barriers they face and to open the door for new opportunities**
- **Ensuring everyone benefits from the community's growth and prosperity will strengthen the community's fabric and lead to a stronger economy.**



Collaborative: Advancing Further Together

- **Rural communities are more equipped to advance shared prosperity when people from throughout the community and across the region collaborate to formulate and implement development strategies.**
 - **Communities that achieve success over time pursue cross-sector approaches, whereby leaders from the nonprofit, for-profit, financial, government and philanthropic sectors work together.**
 - **Even if a rural community works well across sectors within its own borders, it may still struggle to marshal the resources needed to make the most of the opportunities available to it. This is when regional collaboration is necessary.**
- **The best collaborations seek to build consensus and employ a distributed leadership approach**
 - **Collaborations are more durable when all involved feel their voices are heard, respected and given appropriate weight.**
- **Identifying what everyone brings to the table, agreeing on common goals and pursuing a common vision will help make collaboration a reality.**



INVESTING IN Rural Prosperity

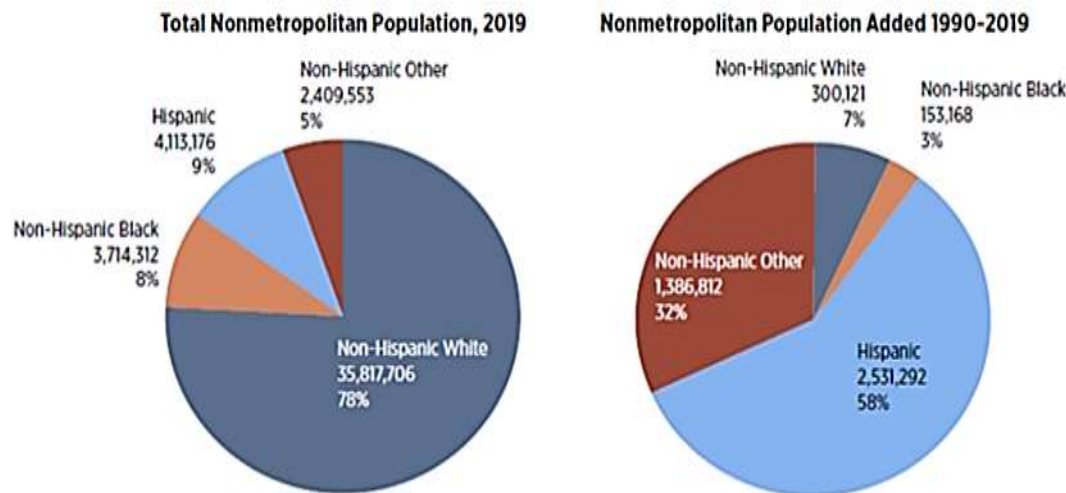


5 Key Takeaways



1. Nearly all recent rural population growth has come from people of color

Nonmetropolitan Population and Population change by Race/Hispanic Origin



Source: Lichter, D., & Johnson, K. (2021). A Demographic Lifeline to Rural America: Latino Population Growth in New Destinations, 1990-2019. In A. Dumont, & D.P. Davis (Eds.), Investing in Rural Prosperity (pp. 67 – 80). Federal Reserve Bank of St. Louis & Board of Governors of the Federal Reserve System.

2. Local rural capacity requires community-based organizations

Six Ways to Build Inclusive Local Capacity

- Build local organizational capacity
- Foster robust local engagement and leadership
- Advance community planning
- Leverage partnerships and collaboration
- Promote wealth-building, financial capability and homeownership
- Strengthen community and individual resiliency

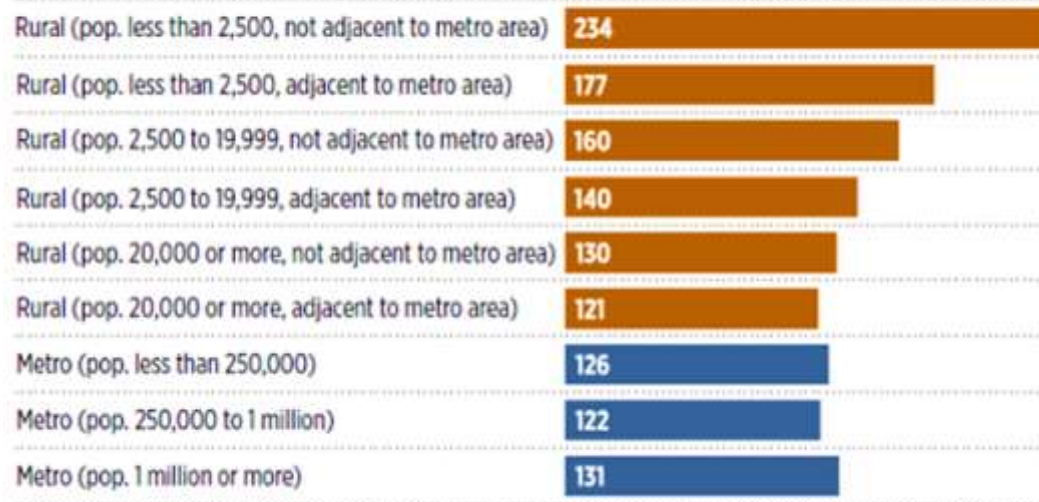
Source: Kackar, S., & Fitter Harris, S. (2021). Building Local Capacity in Rural People, Places and Systems. In A. Dumont, & D.P. Davis (Eds.), Investing in Rural Prosperity (pp. 461 – 474). Federal Reserve Bank of St. Louis & Board of Governors of the Federal Reserve System.



3. Rural counties have higher rates of self-employed business proprietors than metro areas

Entrepreneurship per 1,000 Residents

Most people mistakenly believe that startups occur overwhelmingly in metropolitan areas. Yet it is in fact rural counties that have higher rates of self-employed business proprietors.



SOURCE: PBS NewsHour analysis of Bureau of Economic Analysis data

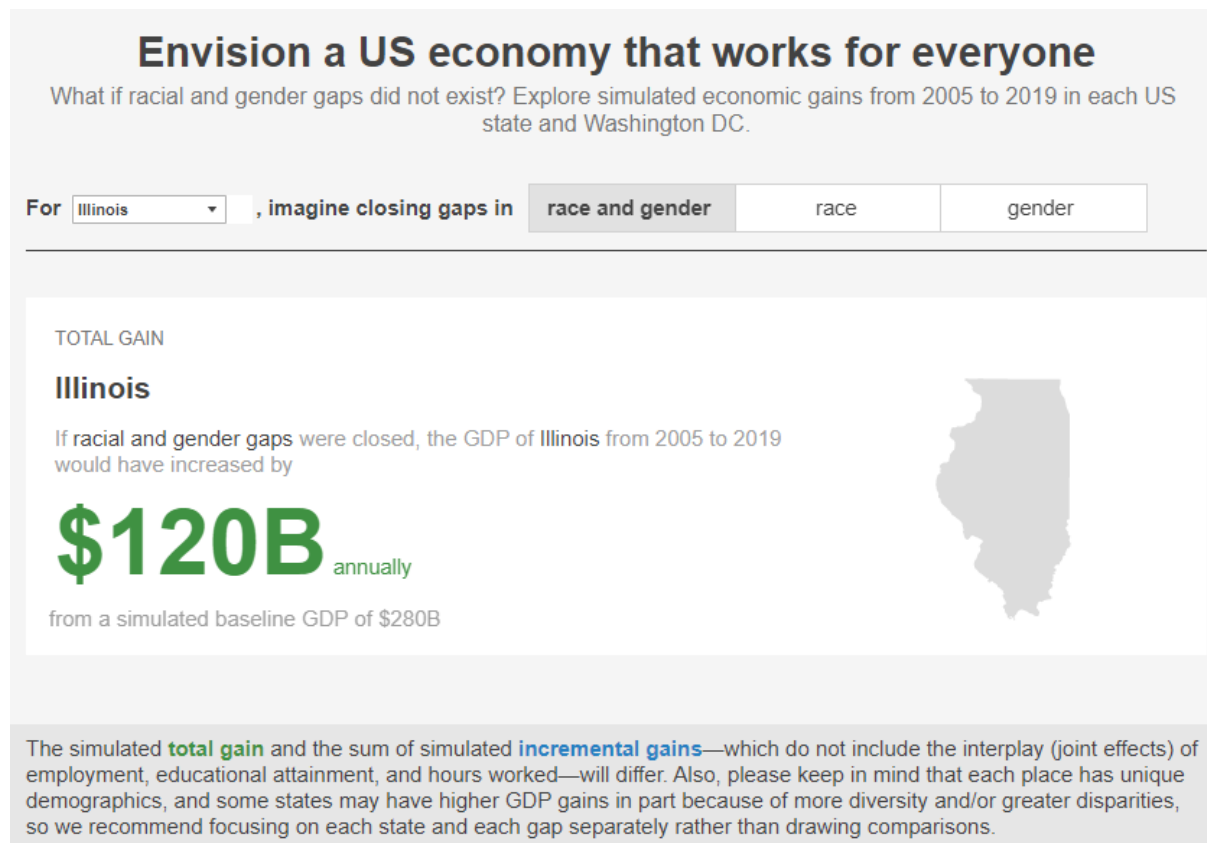


4. A significant factor in the difference between recovery and resilience is the leadership in place to support a community's transformation from its past to its future

- Having professional staff is a critical need. Only 26% of remote rural counties and 35% of adjacent rural counties have an economic development professional on staff, compared with more than half of metro counties.
- Key to success in fostering mutually beneficial collaborations is initially established and maintained through convening. By way of convening leaders consistently, information is shared, relationships are developed, and trust can be established in a low-stakes environment.
- Other impactful partners include community foundations, community action agencies, and local health units.



5. Inclusive development provides a competitive advantage



Source: FedCommunities.org



Download the Book

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