Wealth Creation in Rural Communities

Wealth Creation and Rural-Urban Linkages

Final Composite Report

Brian Dabson, Rural Policy Research Institute

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supported by the Ford Foundation

Wealth Creation in Rural America

This report is part of the Wealth Creation in Rural America initiative, funded by the Ford Foundation. The aim of the initiative is to help low-wealth rural areas overcome their isolation and integrate into regional economies in ways that increase their ownership and influence over various kinds of wealth. The initiative has produced nine previous papers, which can be found at http://www.yellowwood.org/wealthcreation. aspx. The goal of this report is to advance the initiative's broad aim of creating a comprehensive framework of community ownership and wealth control models that enhance the social, ecological, and economic well-being of rural areas.

Author Organizations

The **Rural Policy Research Institute (RUPRI)** was founded in 1990 and receives on-going support from Congress to provide objective, non-governmental analysis regarding the impacts of public policy decisions on rural people and places. Continuous service is provided to policymakers and practitioners at the local, regional, state, national, and international levels. RUPRI is widely respected for its analysis and programs across a broad portfolio of rural policy issues from health care to entrepreneurship to regional innovation. RUPRI's program of work is delivered by a small core staff in Missouri and Washington, D.C., partnering with a broad array of scholars, analysts, and practitioners through RUPRI centers and panels.

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4. Paper: Kathleen Miller, *Wealth and Prosperity In Central Appalachia*

5. Paper in Progress: Jennifer Keller Jensen (March 2010) *Case Studies: Prosperous Counties in Appalachia.*

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7. Briefing Paper: Brian Dabson, *Wealth Creation and Rural Urban Linkages in Central Appalachia.* Prepared for a meeting of the Wealth Creation Working Group Learning Session, Peachtree City, GA on February 23, 2010.

8. Discussion Paper: Brian Dabson, Thomas Johnson, Kathleen Miller, and Dennis Robinson, *Rural-urban Interdependence in Central Appalachia.* Prepared for "Wealth Creation and Rural-Urban Linkages in Working Regions" Meeting, New York City, November 6, 2009.

Final Report to the Ford Foundation
Rural Policy Research Institute, University of Missouri
Grant Number 1095-0784
Triple Bottom Line and Wealth Creation

Process Report

On July 13, 2009, the Ford Foundation approved a grant of $175,000 to the Rural Policy Research Institute (RUPRI) at the University of Missouri for support for the "Triple Bottom Line and Wealth Creation" project. The grant was for one year beginning June 1, 2009.

As provided for in the proposal, approximately half of the grant was subcontracted to the Aspen Institute Community Strategies Group (CSG). The project was led by Brian Dabson, RUPRI President & CEO and Research Professor, Harry S. Truman School of Public Affairs, University of Missouri, and by Janet Topolsky and John Molinaro, CSG Co-Directors.

The approved workplan identified four main tasks that RUPRI and CSG would perform and complete by February 28, 2010;

1. Review and engage with the first two phases of an ongoing program of work supported by the Ford Foundation as well as other efforts focused on triple bottom line approaches to development. This would include reading materials, conducting a literature search, and interviewing key informants.
2. Conduct a desk study of the nature of linkages between rural and urban economies, using central Appalachia as the model, based on available secondary data and established regional economic analysis techniques. At the same time conduct a desk study on linkages between triple bottom line approaches and the process of wealth creation and retention.
3. Conduct outreach to engage additional constituencies through a program of interviews with people and organizations with expertise and on-the-ground experience in natural resource stewardship, social inclusion strategies, and main stream economic development.
4. Begin the design process for a Spring 2010 convening of regional and rural leaders to test the learning to date and the triple bottom line and wealth creation frameworks developed as part of the workplan and in the larger Ford Foundation supported program.

The period through October 2009 was spent on two main tasks. The first entailed reviewing program materials prepared by other grantees (there were a number of reports on value chains, entrepreneurship, clusters, and triple bottom line financing) and conducting a review of academic and practice literature of triple bottom line approaches. The literature review was prepared by Jennifer Keller Jensen and Michael Powell, graduate research assistants at RUPRI.

The second task involved an articulation of the rationale for regional approaches to rural development that recognized the interdependence of rural and urban economies. This required both a review of the

experience of and current policies in support of regionalism, and the creation of a regional accounting (input-output) model for central Appalachia. Using IMPLAN data, trade flows were calculated between core (urban) and periphery (rural) counties in eight economic regions of which central Appalachia is part. A series of hypotheses were tested and some preliminary conclusions were drawn about the nature of rural-urban linkages in the region. This work was compiled into a discussion paper – Dabson, Brian, Thomas G. Johnson, Kathleen K. Miller, and Dennis P. Robinson (November 2009), *Rural-Urban Interdependence in Central Appalachia.*

The discussion paper was used as the basis for a convening of 22 people – academics and practitioners with interests in both rural and urban development – at the Ford Foundation in New York on November 6, 2009. Brian Dabson presented the main findings of the work to date and the lively discussion that ensued was captured in *Meeting Notes* compiled by Janet Topolsky.

While this work was underway, there was a shift in the Ford Foundation's program from a narrow focus on triple bottom line approaches to a broader consideration of wealth creation and retention in rural communities. At the same time, a decision was made not to proceed with the proposed Spring 2010 convening.

Thus, in December 2009, RUPRI and CSG put together a revised work plan for the remainder of the project that reflected both these contextual changes and the discussion at the New York convening. For CSG, this meant the organization of three small task groups to develop "frameworks for thinking and action" around sectors that demonstrated strong rural-urban linkage – food systems, energy, and ecosystem services. The process and outcomes are described in a separate report prepared by CSG.

For RUPRI, the revised work plan required a refinement and expansion of the regional accounting model, the exploration of the applicability of indicators of prosperity and the index of relative rurality to the central Appalachian analysis. These revisions were approved by the Ford Foundation in December 2009, and required RUPRI to enter into a subcontract with Oregon State University (OSU) for the services of Bruce Weber, Professor of Agricultural Economics and Director of the OSU Rural Studies Program, and Mallory Rahe, Community Economist, OSU Rural Studies Program and OSU Extension Service.

The subcontract required Weber and Rahe to provide assistance in:

1. Developing a new regionalization scheme for Appalachia and the Pacific Northwest that would improve upon the core-periphery framework used in the first stage analysis.
2. Refining and reframing the hypotheses that are most important to connecting rural-urban linkages to wealth creation.
3. Discovering and articulating patterns in the trade matrices for central Appalachia and the Pacific Northwest.
4. Drawing out comparisons between central Appalachia and the Pacific Northwest.
5. Exploring possible information sources that provide nationwide county-level data on wealth creation components not covered by IMPLAN.

Work on the prosperity indicators and rurality was carried out by Kathleen Miller and Jennifer Keller Jensen of RUPRI.

A summary of this work was incorporated into *Briefing Paper on Wealth Creation and Rural-Urban Linkages in Central Appalachia* prepared by Brian Dabson, which was distributed to members of the Wealth Creation Working Group and the Wealth Creation Initiative members for their meeting in Peachtree City, Georgia on February 23, 2010. Dabson presented the preliminary results of the Weber and Rahe analysis at that meeting.

A final report bringing together all of the outputs was submitted to the Ford Foundation on March 17, 2010.

The Project Team

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