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Rethinking Rural for Regional Development

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# ***Rethinking Rural for Regional Development***



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# What is rural?



***It all depends on who is asking!***

**We now have enormous capacity  
to understand all the ins and  
outs of “rural.”**



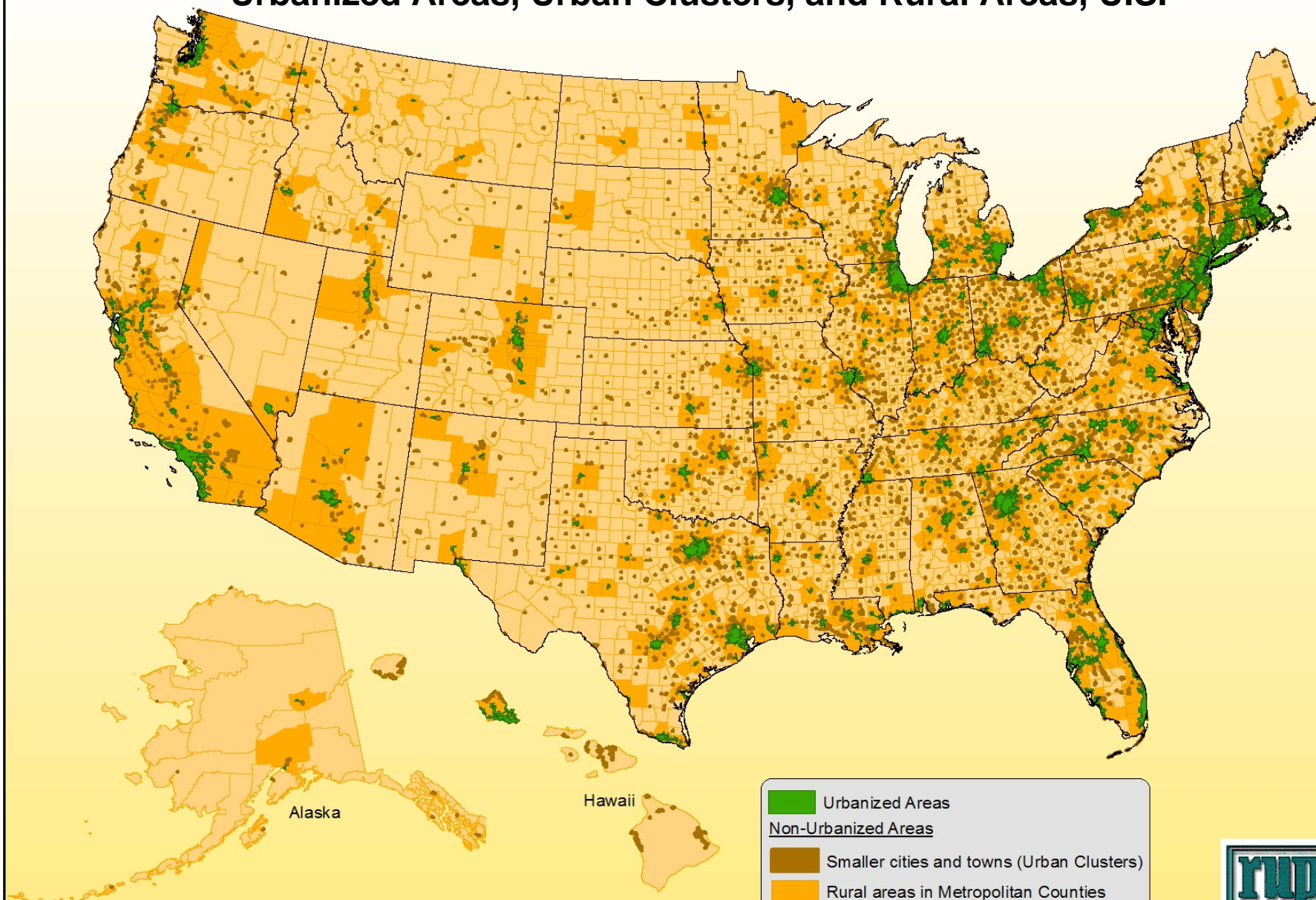
***But this capacity has value only when  
we apply it to critical policy questions.***

# Defining Rural America

- **The metro/nonmetro definitions are not the same as urban/rural definitions.**
- **Metropolitan counties contain rural places, and nonmetropolitan counties contain urban places.**
- **In fact, 51% of all rural residents (30 million people) live in metropolitan counties!**
- **Nearly 100 metropolitan counties have no urban population whatsoever.**



## Urbanized Areas, Urban Clusters, and Rural Areas, U.S.

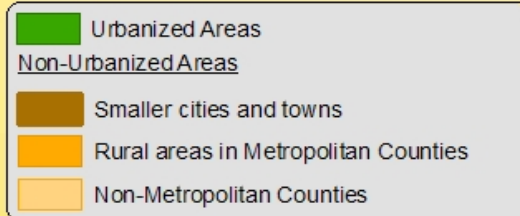
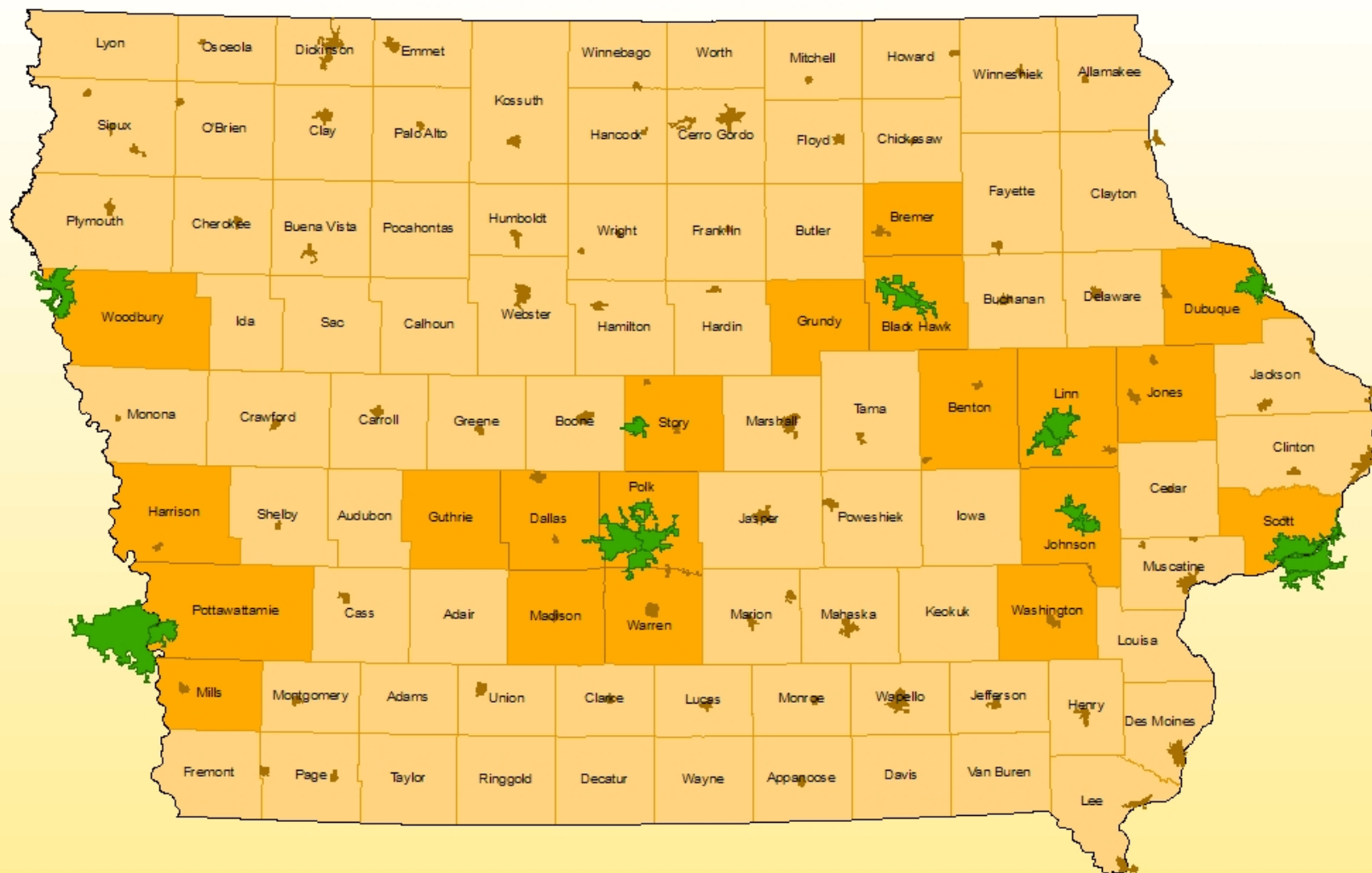


Source: Population Division U.S. Census Bureau. Core Based Statistical Areas (CBSAs), December 2005.  
Urbanized Areas and Urban Clusters, U.S. Census Bureau, 2000  
Internet release date 1/19/2006.  
Note: Alaska and Hawaii are not to scale



Map created by RUPRI's  
Community Information  
Resource Center  
November 2006

## Urbanized and Non-Urbanized Areas, Iowa



Source: Population Division U.S. Census Bureau. Core Based Statistical Areas (CBSAs), December 2005.  
 Urbanized Areas and Urban Clusters, U.S. Census Bureau, 2000  
 Internet release date 1/19/2006.



Map created by RUPRI's  
 Community Information  
 Resource Center  
 February 2007



**From an economic standpoint  
one policy question stands out:**



***How can rural regions best run in  
the global economic race?***

# *A 21<sup>st</sup> Century Strategy for Rural Development*



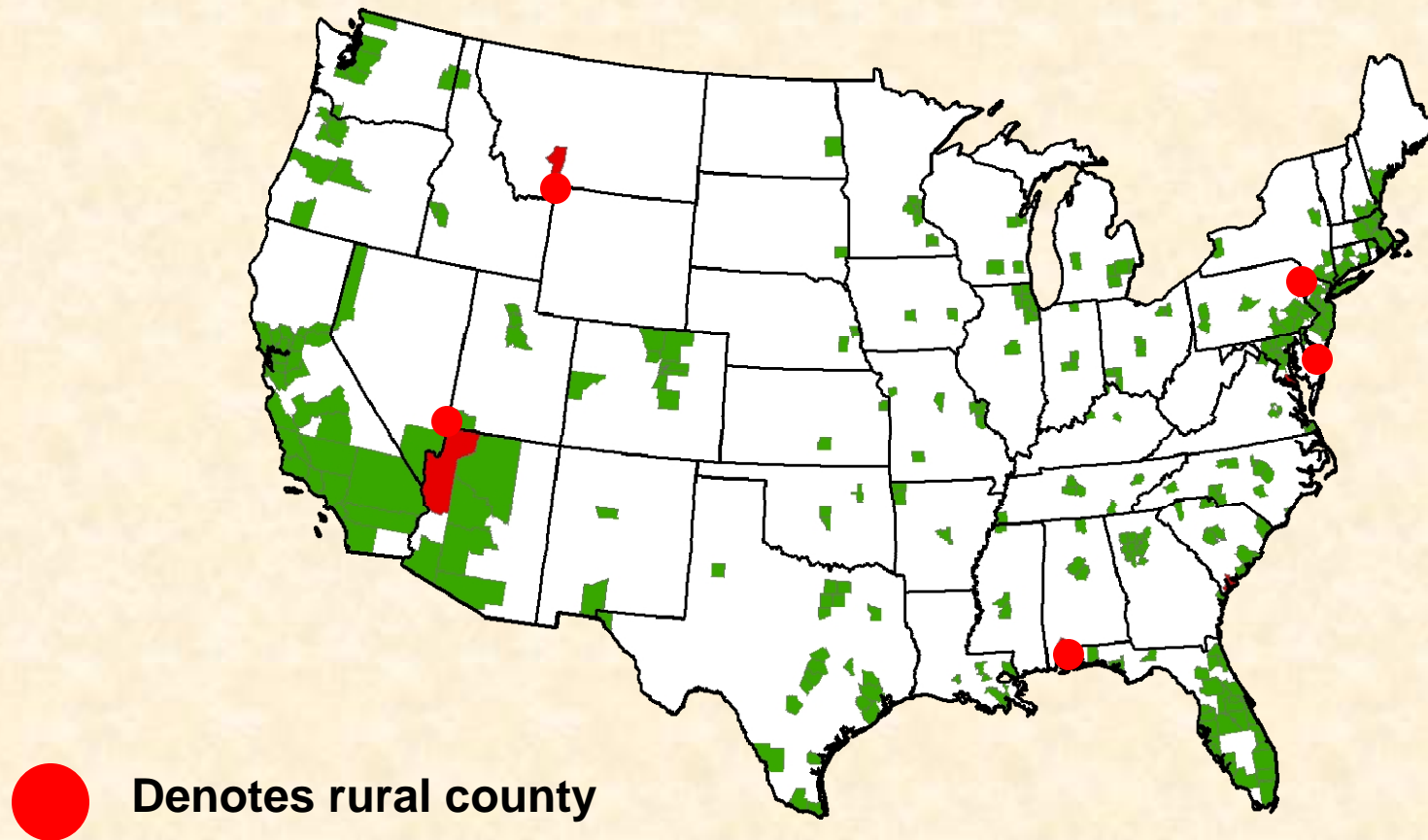
1. **Why is a regional approach critical?**
2. What does it take to win?
3. How to define rural regions?



# Globalization handicaps most rural regions.

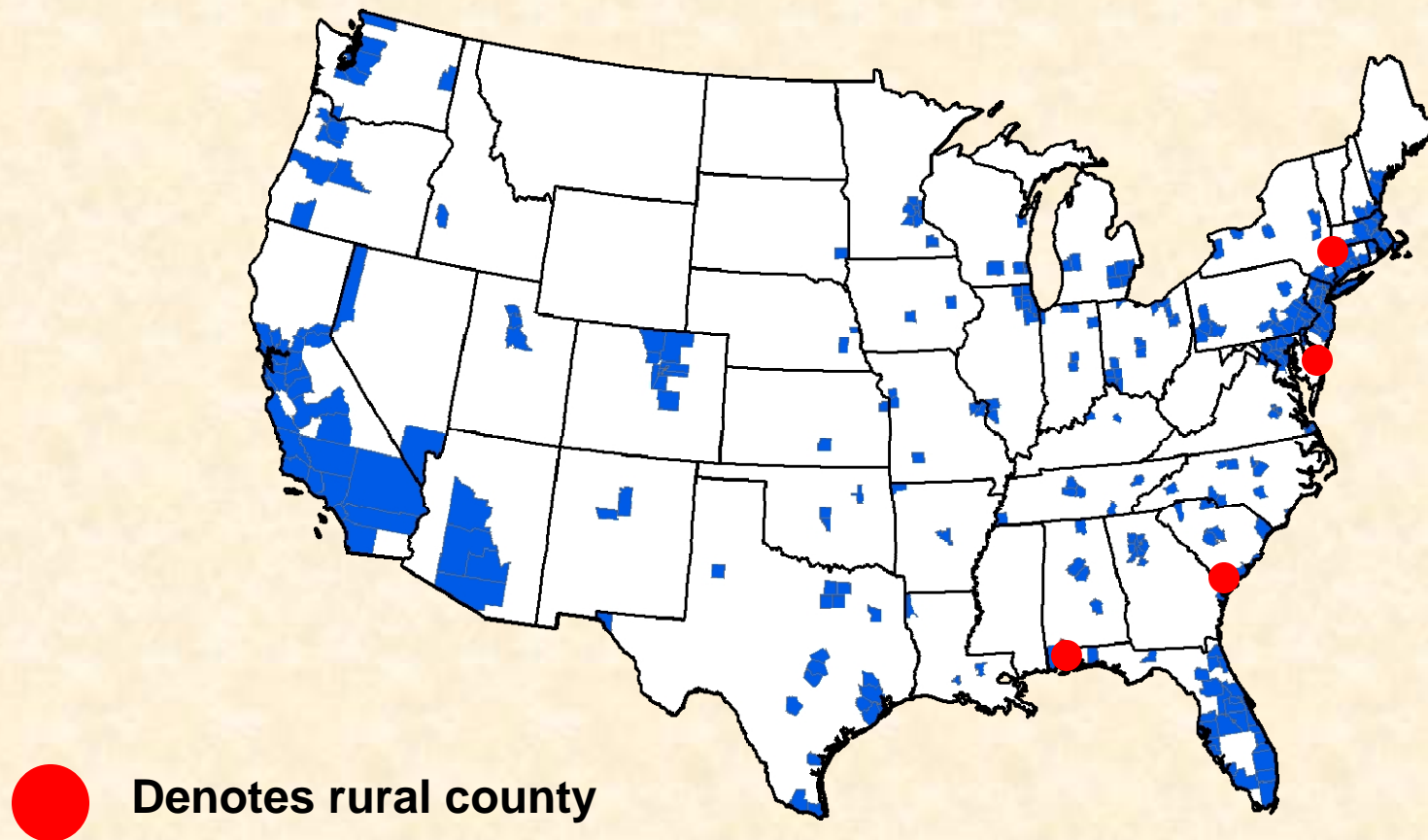
***Critical mass is more important than  
ever — most rural areas lack it.***

## Top 10% Counties for *Job Creation* 1995 to 2005



Source: BEA, REIS

## Top 10% Counties for *Income Creation* 1995 to 2005



Source: BEA, REIS



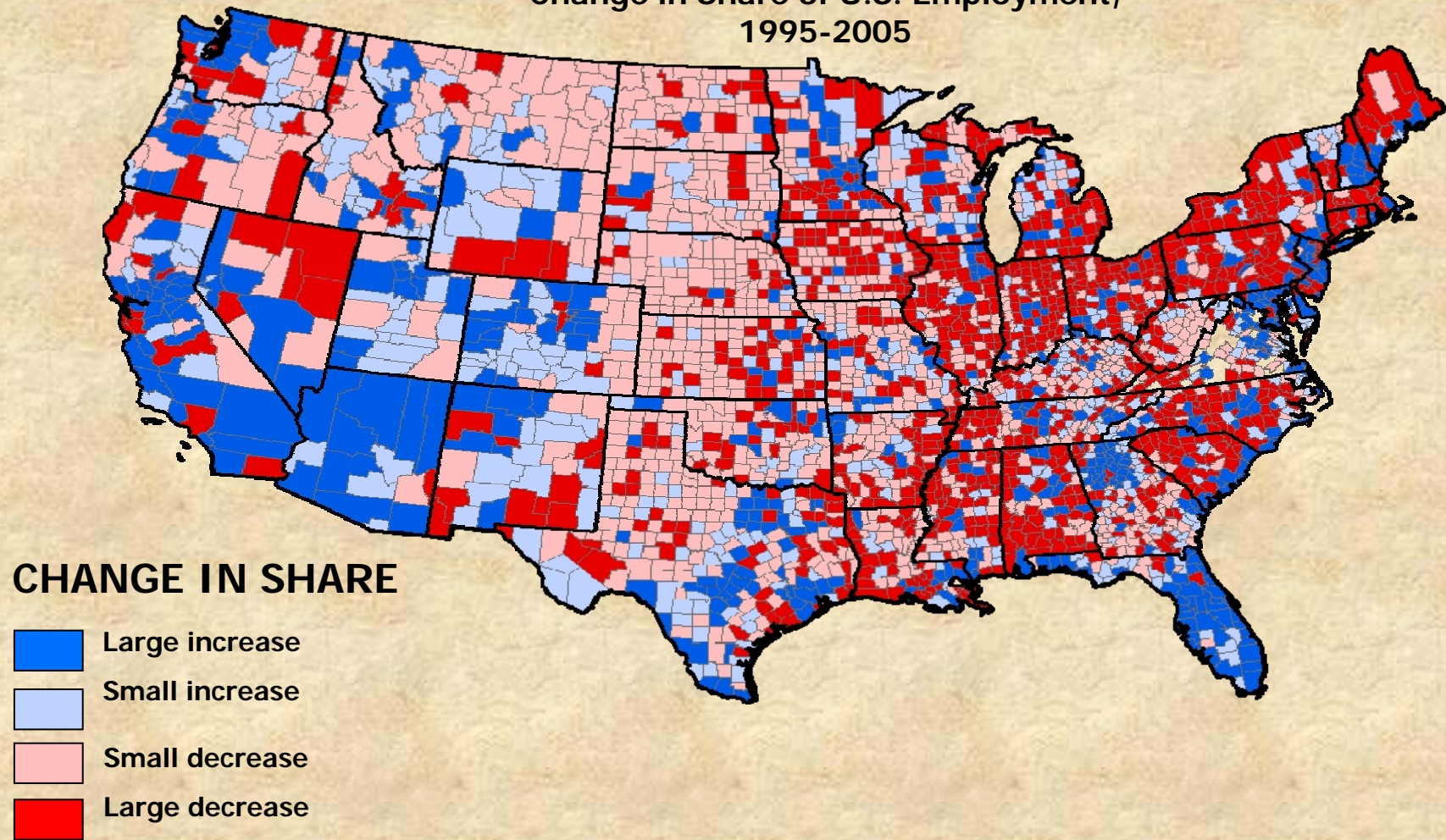
*On net, many rural regions losing ground.*



1. **Anemic job growth...**
2. **Weak income gains...**
3. **And a brain drain.**

# Much of rural America is getting a smaller slice of the nation's jobs.

Change in Share of U.S. Employment,  
1995-2005



Source: US Bureau of Economic Analysis, Regional Economic Information Sys

# *A 21<sup>st</sup> Century Strategy for Rural Development*



1. Why is a regional approach critical?
2. What does it take to win?
3. How to move forward?

# What does it take to win?

1. Craft a regional ***strategy***.
2. Build robust regional ***governance***.
3. Deliberately pursue ***innovation***.
4. Grow a lot of ***entrepreneurs***.



# **A New System for Regional Development**





# 1. Sound regional strategy

*your compass for the future*



## Regions must...

- Identify their unique competitive advantage —  
*founded on their distinct economic assets.*
- Chart a course to seize it.
- Prioritize public investments to leverage it.

*Without a strategy, you will not know the “ask”  
in Des Moines or DC.*

# *Two Key Strategy Principles*



- 1. Must be founded on the region's economic strengths (assets). The era of smokestack chasing is over.**
- 2. Must target industries where the region can build synergies around established or potential business clusters.**

## 2. Robust regional governance

*Thinking & acting as a region*



A regional roundtable is crucial to crafting sound regional strategies — *the region must own it!*

This roundtable must engage public, private, nonprofit leaders.

Who will supply the Round Table?

*Who plays King Arthur?*



### ***3. Deliberate investment in regional innovation.***



**Much of rural America rests on the laurels of assembly  
mfg & commodity agriculture.**

- ❖ ***We must look much further onto the horizon.***
- ❖ ***The key will be deliberately connecting public  
research with what each region does best.***

## 4. World-class entrepreneurial climate.



Creating this climate will require...

- ❖ A change in culture...from we work for “them” to we work for “us.”
- ❖ Regional e-ship support systems.  
*Systematic in approach and regional in scope.*
- ❖ Recycling the wealth in new equity instruments.  
*Don't bury your talent in the dirt.*

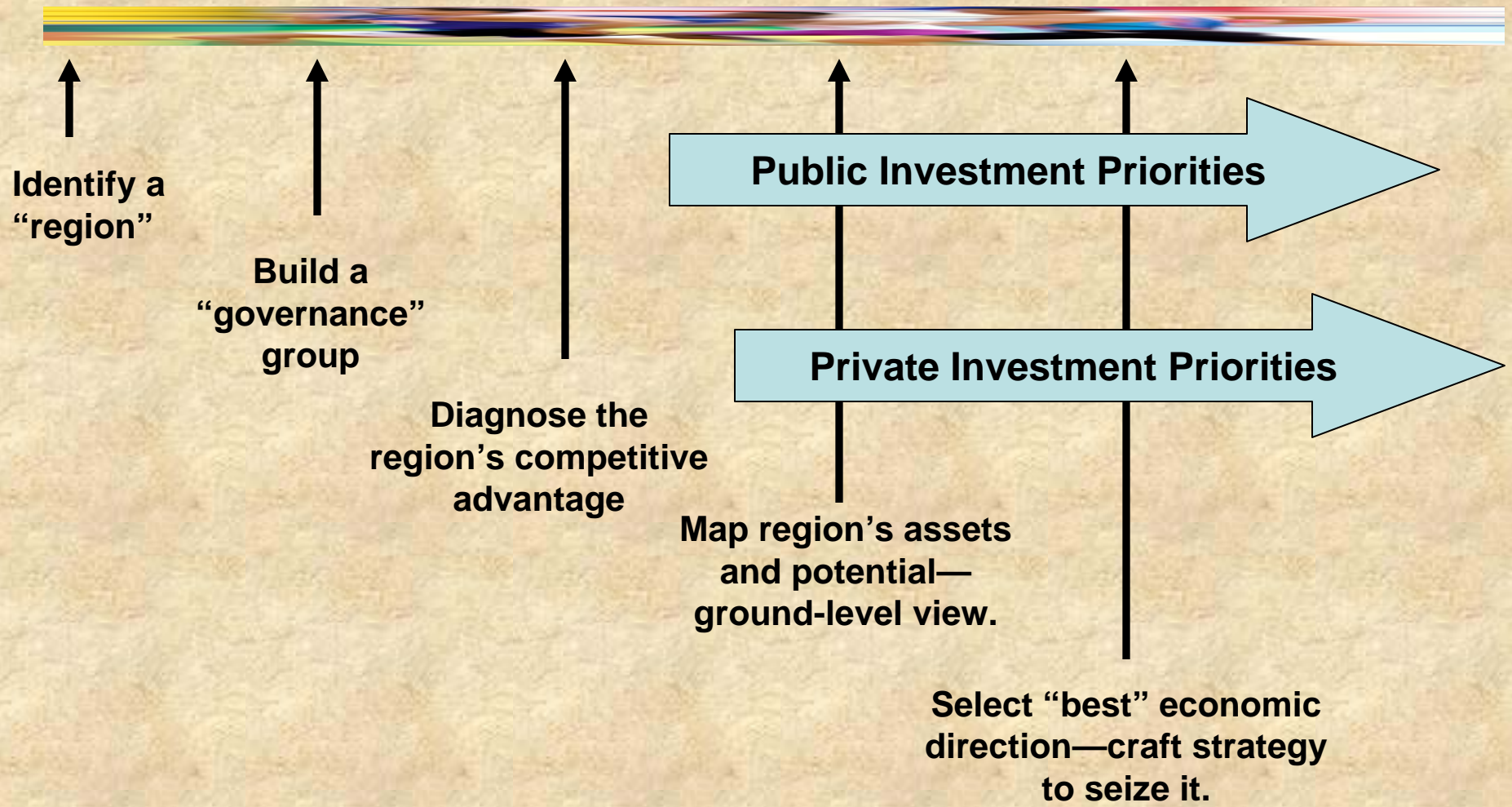


# *A 21<sup>st</sup> Century Strategy for Rural Development*



1. Why is regional development critical?
2. What's the new paradigm for development?
3. **How to define rural regions?**

# *A Regional Strategy Process*



# What is a rural region?



## Two Guiding Principles

1. Regions form best from *bottom-up*, not *top-down*.
2. They must achieve some semblance of critical mass, though very difficult to define *a priori*. For most of America, it probably means 10 to 25 counties. The region may spill across state lines.

# What is a rural region?



## Two Key Questions

1. What's the economic geography?
2. What's the leadership network geography?



# Step 1: Identify the Region



- What is the most logical economic region?
- What is the “commuter shed”? “Retail shed”?
- Is there compelling geography?
- Who plays well together in the same sand box?
- Are there historical/cultural factors to consider?
- Is there a business cluster to unite the region?



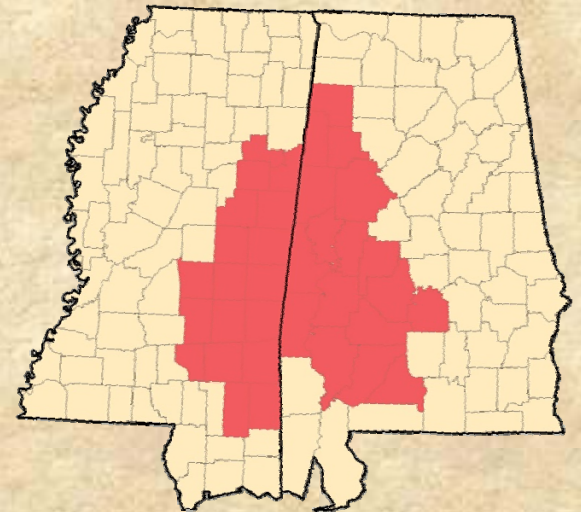
## Step 2: Build Regional Governance



- Who are the regional “champions”?
- Who can provide aegis for the roundtable?
- Which public officials will engage?
- Which private sector leaders will engage?
- Which foundations or non-profits can supply glue?
- Can a university/college bolster the effort?

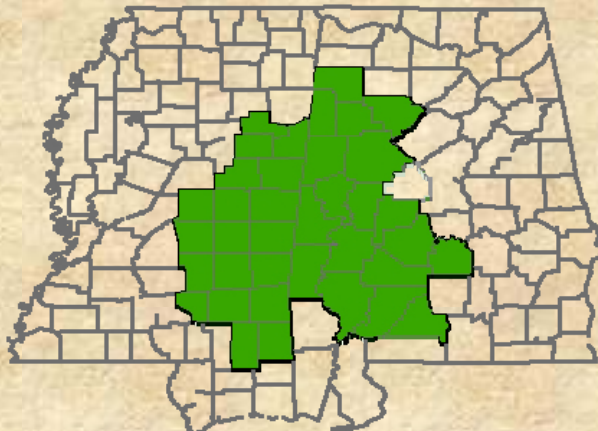
# Western Alabama-Eastern Mississippi WIRED Region

- 1<sup>st</sup> generation WIRED grant
- Mostly rural
- Driven by 8 community colleges
- No prior regional initiatives
- The state line was huge

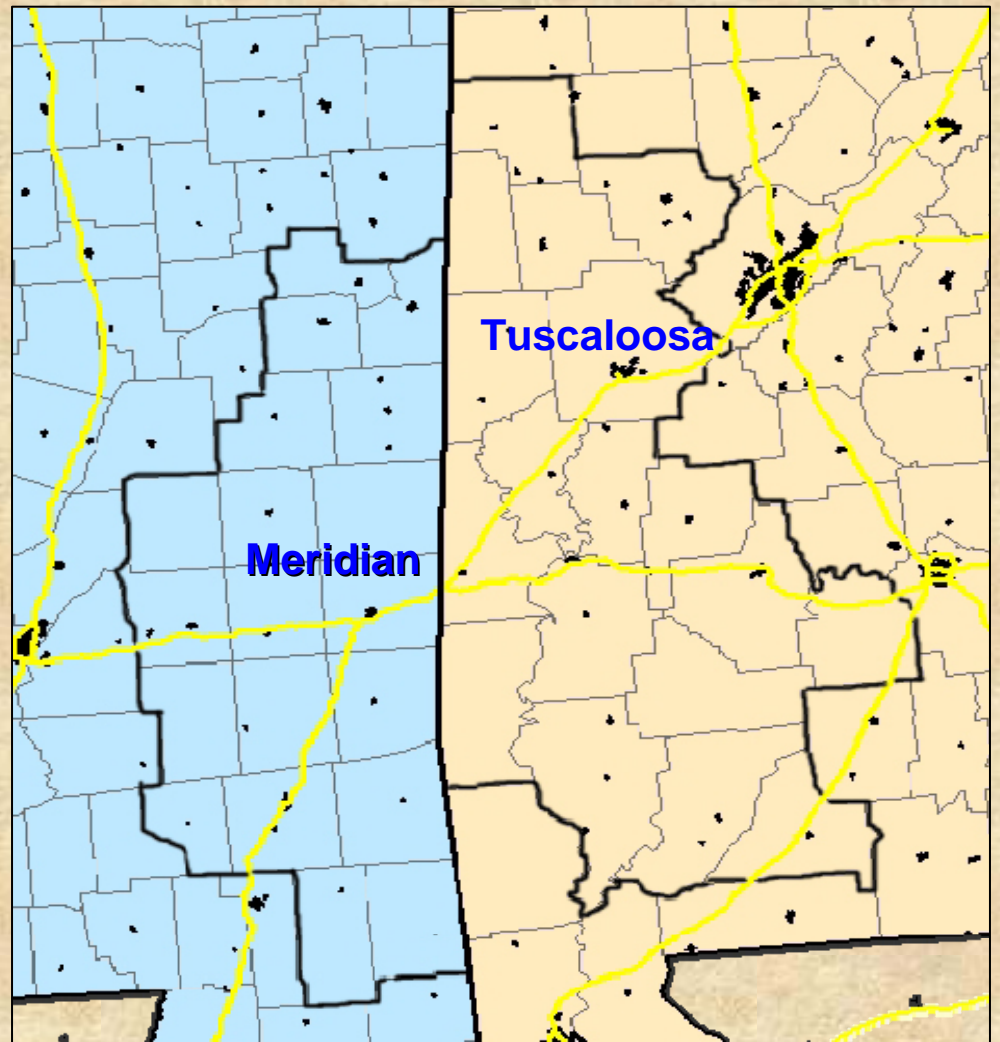
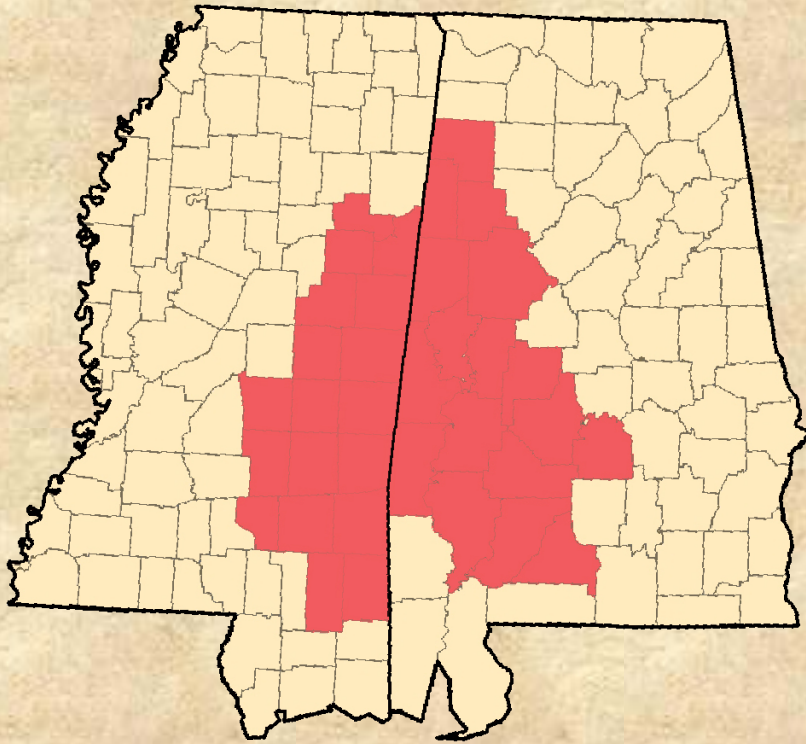


# What is the WAEM Region?

- **37 counties.**
- **1.028 million people.**
- **Most people (88%) work in the Region ... 368,000 jobs.**



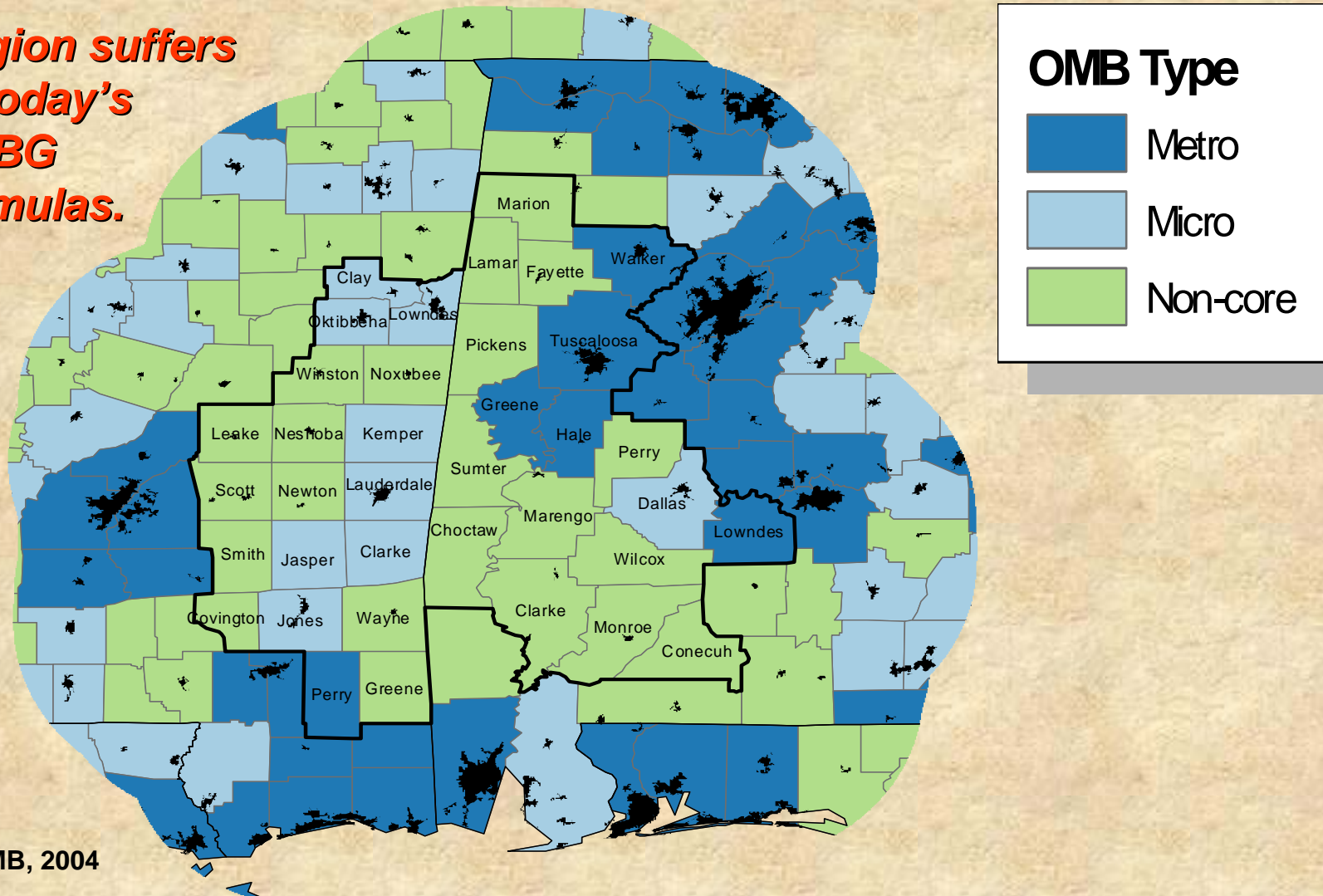
# WAEM Region





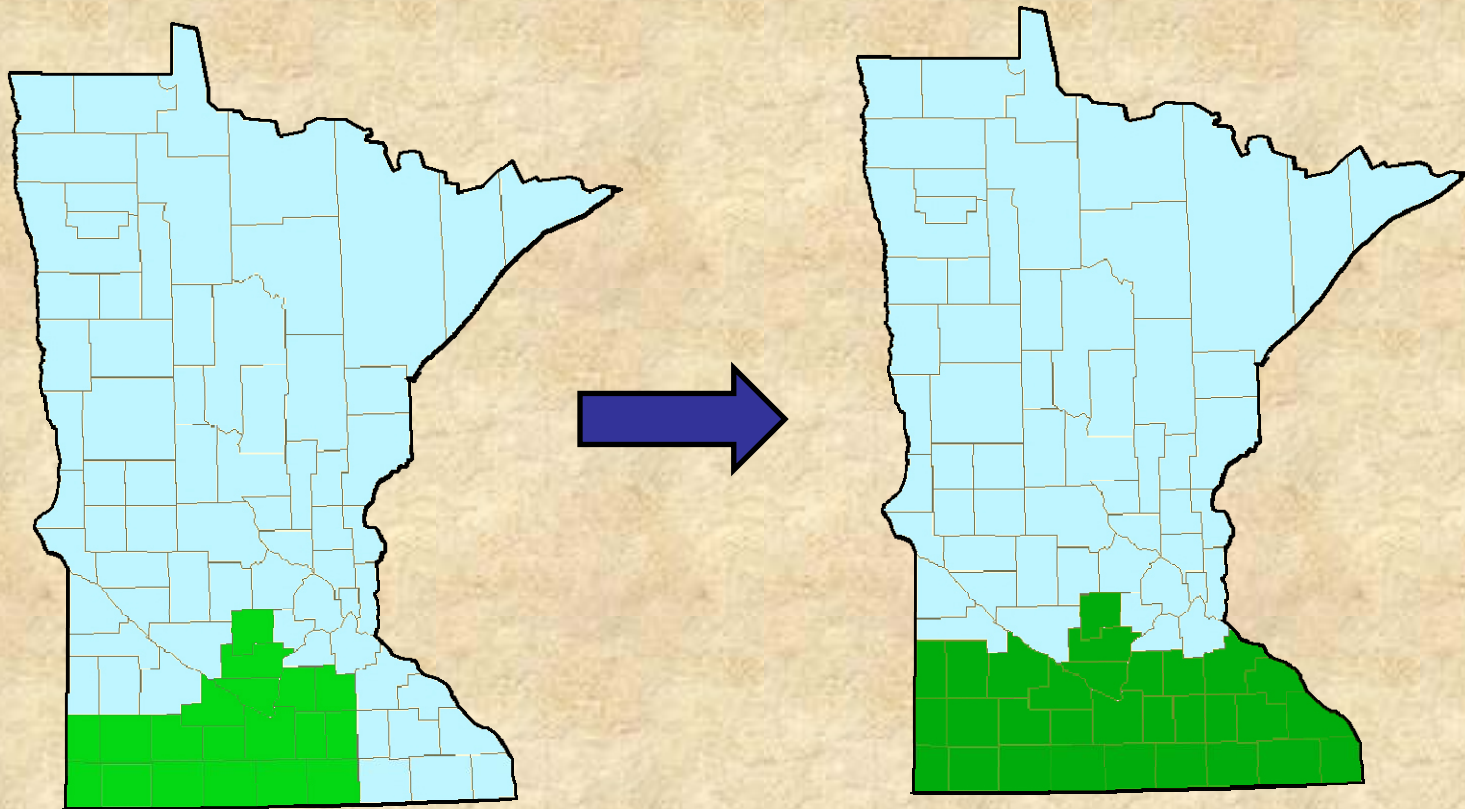
In OMB terms, 23 *rural*, 9 *micropolitan*,  
and 5 *metro* counties.

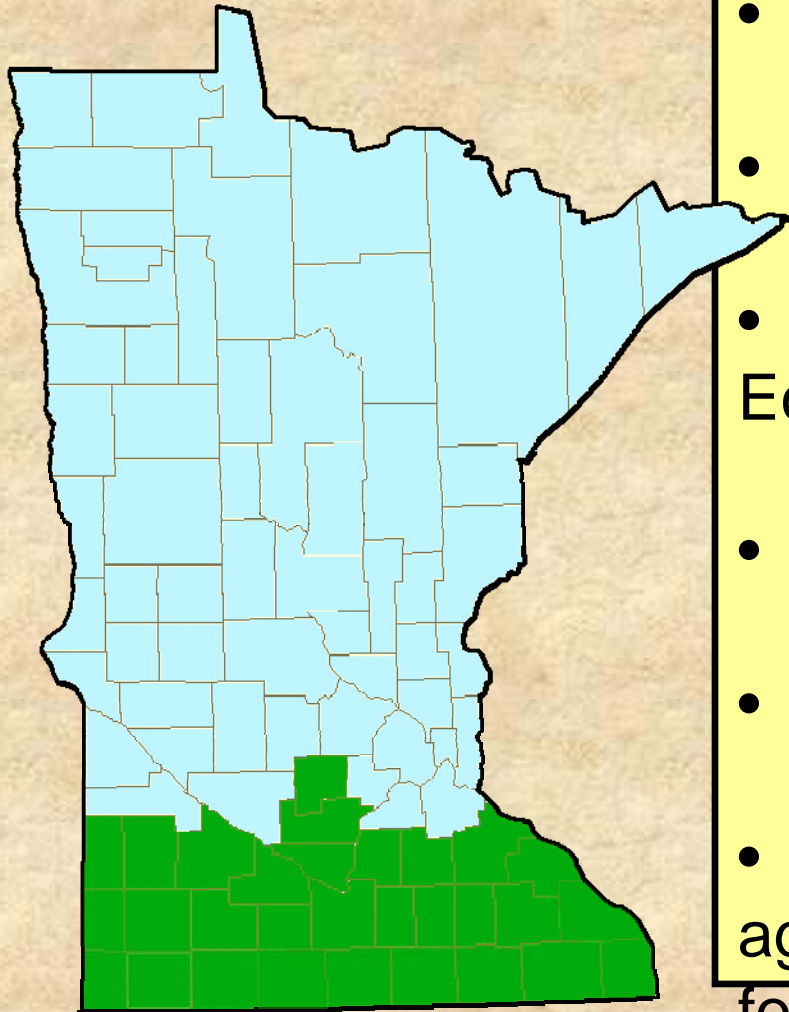
**Region suffers  
in today's  
CDBG  
formulas.**



Source: OMB, 2004

# Defining the Lake Wobegon Region

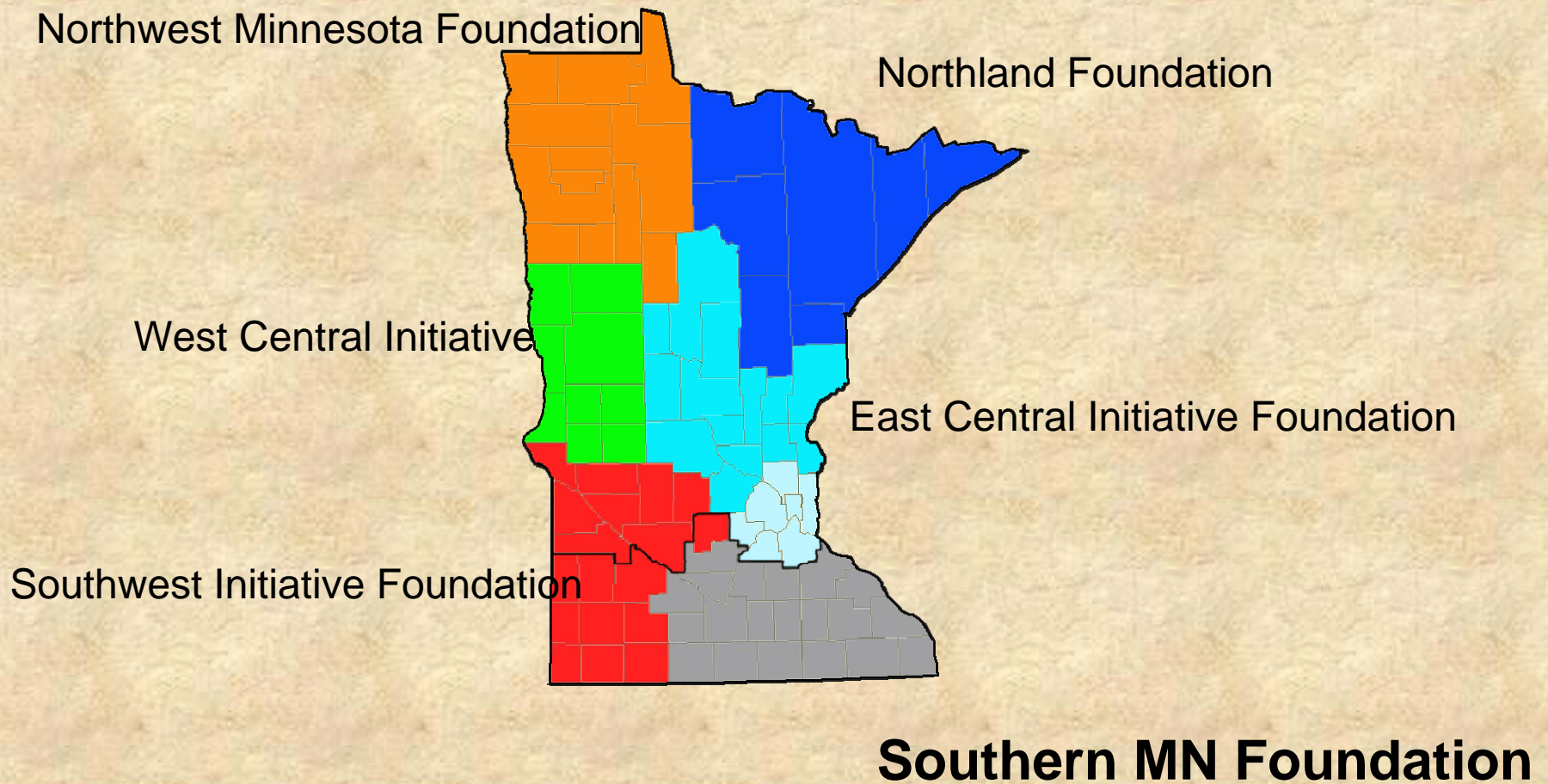




## KEY PARTNERS

- AgStar Financial
- Southern Minnesota Foundation
- MN Dept. of Employment & Economic Development (DEED)
- Workforce Investments Boards
- Bio Business Alliance
- Expected support from agribusinesses, regional foundations and others

# The Minnesota Initiative Foundations





# ***Rethinking Rural for Regional Development***



**1. How can rural regions best compete in the global economic race.**

***This is the question of overriding import to rethinking “rural.”***

# *Rethinking Rural for Regional Development*



**2. Rural regions are not natural acts. How to provide incentives for them to form—and the capacity to act?**

# *Rethinking Rural for Regional Development*



- 3. We need economic information at the most “granular” level in order to aggregate into highly organic regions. “Lake Wobegon” is but the first of many such exercises about to play out across the fruited plain.**