

Where the rubber meets the road:

New Governance Issues in America's Rural Communities

June 1998 Lori Garkovich and Jon Irby

About This Study

*This study was undertaken by the **Rural Community Consortium**, an entity that joins the knowledge, expertise, and capabilities of three major organizations--the National Association of Counties (NACo), the Rural Policy Research Institute (RUPRI), and the Southern Rural Development Center (SRDC). This unique partnership was created as a product of the 1997 Fund for Rural America Center Planning Grant submitted jointly by the three organizations, and subsequently funded by the Cooperative State Research, Education, and Extension Service (CSREES) of the U.S. Department of Agriculture. The primary goal of the **Consortium** is to work in collaboration with state and local government, and their citizens, in devising and implementing creative and effective strategies for mitigating the risks and maximizing the potential associated with intergovernmental devolution in rural America.*

*"Where the Rubber Meets the Road" report is the culmination of a two-month study undertaken by the **Consortium** in which the thoughts and insights of more than 200 national, regional, state and local leaders were captured. Their perspectives were gathered through a series of focus group interviews and mailed surveys. This report attempts to give focus to the most critical issues spotlighted by our study participants. Throughout this report, verbatim comments of various participants are highlighted (in italics) for purposes of further accentuating the "real world" challenges and opportunities associated with devolution for the rural people and communities of America.*

Introduction

As the 20th century comes to a close, the relationships among different levels of government are coming full circle. After nearly half a century of centralizing power in the national government, new forces are pushing to shift control over a broad range of programs and decision-making back to state and local jurisdictions. This is, to use an overworked phrase, a paradigm shift in how we think about interjurisdictional relationships.

While it could be argued that this paradigm shift simply returns society to a pattern of decision-making and authority that once dominated our political system, the situation is not so simple. American society in 1998 is not what it was in 1898 or 1798. Our demographics, our economics,

our cultures, and our politics now reflect a century of dramatic changes. Transportation, communications, immigration, residential mobility, technological innovations, the globalization of the economy, and changing community and individual values all contribute to a redefinition of the relationships among and expectations of families and communities, citizens and governments, and governmental jurisdictions.

It is within this context of change that devolution unfolds and the opportunity for a new governance can emerge. State and local jurisdictions are being asked to assume a much greater role in designing, planning, and managing federally-funded programs. At the same time, relationships of state and local governments are being redefined. To this point, the philosophical basis for these changing intergovernmental relationships has been debated and some attention has been given to the implications of these changes for federal and state governments. But little has been heard from those who are discovering they have acquired a new set of responsibilities and authority--leaders and citizens at the local level and those who work with them in development and planning efforts. Especially muted have been the voices of persons residing in thousands of rural communities, the places where a quarter of Americans live, rising to nearly half of some region's populations.

This report highlights the concerns and interests of rural communities in the face of these changing intergovernmental relations. The information was assembled from a series of focus groups, personal interviews, and written surveys with citizens, government officials, and professionals at the community, county, state, regional, and national levels. All either live in rural communities or represent agencies and organizations with a strong interest in rural America. Their comments suggest both an excitement for the promise, and a sense of trepidation, regarding the changes that have occurred, and those they expect to come in intergovernmental relations. Their comments reveal both the challenges and the opportunities inherent in implementing a new era of intergovernmental relations.

Readiness of Rural Communities To Assume New Responsibilities: Six Critical Challenges

There is a general consensus that rural governments are going to face significant challenges in assuming the responsibilities being shifted to their jurisdictional level. There is a fear that rural governments lack the capacity--human and administrative--to effectively and efficiently discharge a host of new responsibilities. Even those who feel otherwise believe that considerable technical assistance, training, and other types of support will be required to maximize the capacity of local governments. The six key challenges identified include:

CHALLENGE ONE: There is a lack of clarity in the responsibilities that local governments will be expected to assume.

While the debate at the national level has been about shifting decision-making and program authority to state and local jurisdictions, the specifics about what decision-making and the degree of program authority to be allocated to state and/or local jurisdictions remains unknown. There even is some skepticism as to the commitment to this process because in some cases, local control has been proclaimed, but federal and/or state mandates remain in force, limiting opportunities for creative decision-making and program implementation at the local level.

The largest problem is the lack of detailed information about just what it is they [local governments] will have to do with respect to the several programs. In the absence of knowing, there is great anxiety and even greater ambivalence...the government indicates they are going to let local folks be the controllers but in the same breath, they are tying their hands. It is really not a total devolving.

CHALLENGE TWO: Most rural governments lack the administrative infrastructure and the experience to manage the new responsibilities.

Rural local governments have small full-time staffs, and many key local leaders are actually part-time (many have other full-time jobs and their role in local government is a public service). Several of these small and rural jurisdictions have less capacity to absorb the added responsibilities associated with devolution.

The biggest challenges that local folks will face as they implement the several programs that are thrust upon them will be the federal and state compliance and reporting obligations. If given the money and told to spend it responsibly, most rural communities will be able to do that, but the state and federal reporting requirements will include measurement and reporting designed for urban places that vastly exceed the capacity for rural communities to handle.

CHALLENGE THREE: Rural leaders lack expertise and experience in long-range planning and fiscal management.

At the local level, officials are hired or elected to address the day-to-day issues of community life--building and maintaining roads, delivering basic infrastructure services (e.g., police and fire protection, water), and maintaining the quality of educational services. The paradigm shift will require a whole new way of thinking about the responsibilities of local government officials, including expanded roles in fiscal and administrative activities. Further complicating this situation is the fact that in some states, county governments are not structured nor legally empowered to provide an extensive array of services or manage complicated programs.

By giving state and local governments increased control over programs heretofore managed by federal agencies, federal leadership is placing confidence and almost overwhelming responsibility on these entities. Communities [in our state] have the capacity to manage their local programs, but they lack experience and knowledge.

CHALLENGE FOUR: There are differing levels of willingness and/or success in gaining broad-based, inclusive participation in community decision-making.

Some public officials are not experienced in engaging the public in issues. Some rural communities lack a history of citizen involvement, and in some communities, long-standing vested interests can block participation by those who have been isolated from decision-making and power. For whatever reason, frustrated by the lack of citizen involvement, local leaders have acted on their behalf to insure a functioning local government. Yet, there is a strong emphasis on citizen involvement in program design, implementation, and evaluation in this new paradigm.

The increasing cultural, ethnic, and racial diversity of all rural communities deepens this challenge of broad-based, inclusive participation in community decision-making. Insuring this participation is a key to developing equitable responses to the challenges of devolution, as well as a key to citizen confidence in government and local leaders. This is an issue for all communities, not just a few, and not only those in a particular region.

As with any social and economic dynamic, or new-found responsibility, authority, and resources, stakeholders will grapple and struggle with the problem solving and decision-making process. Ensuring equity, parity, and adequate service to the most needy, underserved, and formerly overlooked will, of course, be the primary challenge. Guaranteeing inclusive discussions about community well-being, development priorities, and issues of equity and opportunity [is critical].

CHALLENGE FIVE: There is a fear that as more responsibilities, as well as mandates, restrictions, and expectations, are shifted to local governments, the human and fiscal resources to meet these will not be available.

Local communities depend primarily on property taxes, a regressive source of income, and often these communities do not have the authority to increase property taxes or adopt new sources of income. Moreover, delivering services, providing opportunities for citizen participation, getting people to training or jobs, and a host of other activities, all cost more because rural communities have small populations dispersed over a considerable distance. Meeting standard program requirements will cost more per unit of service delivered in rural communities due to space and transportation costs. Fiscal decisions have serious consequences for real individuals in a community, and insuring that these consequences are shared equitably among different segments of the community will seriously challenge local leaders. Finally, the way in which federal welfare reform has unfolded confirms the fear that in an effort to minimize budget deficits, program responsibilities will be shifted, but intergovernmental transfers will be frozen at current levels or actually will experience declines.

Economies of scale and the low tax base--it may cost more per capita to provide some services to rural areas than to urban areas. Because of the lower tax base that exists in rural areas, state and federal government would still have to subsidize rural local governments if they are to provide services equivalent to those provided by urban governments.

CHALLENGE SIX: Rural leaders feel a sense of alienation from the sources of decision-making.

For some, the ways in which devolution is occurring belies the assertion that local communities and local people should have greater say in the events and conditions that affect their lives. While authority for a growing number of programs has been transferred to state and local jurisdictions, it comes with federally-mandated restrictions. Furthermore, states often impose further restrictions and requirements on how local governments can implement their new responsibilities. From the local perspective, the new authority for local governments is just a hollow promise.

Rural people, as any others, have the capacity to make decisions regarding resources, strategies and initiatives/programs that affect their everyday lives...[But there] is [an] inherent problem of gross inequalities between rural regions and urban centers. Urban based policy making and economies make decisions that determine the fate of communities...they do not have a vested interest in.

New Opportunities Arising From New Responsibilities

There is an excitement at the opportunities to establish greater local control over the events and programs that affect the lives of local people. Respondents see the creativity that can be exercised by local governments in defining and responding to those issues and problems that local people see as critical to the success of their communities. These are the opportunities citizens want, rather than being told what and how to do things.

OPPORTUNITY ONE: Local identification of priorities and locally managed programs will permit creativity in program design.

Local management will contribute to greater efficiency and effectiveness. If the promise is fulfilled, there will be greater flexibility to determine community needs and priorities and then, to design programs that "fit" these needs in ways that reflect community values and circumstances.

No one knows their community better than the people who live in it. With localities responsible for program management, there should be more of an opportunity for funds to be spent where they are needed most. However, community leaders must be cautious in explaining that accountability is now more important than ever, because the management is now on the local level.

OPPORTUNITY TWO: A key aspect of the new flexibility is the opportunity to determine program outcomes and performance measures within the context of local needs and priorities.

Rarely do communities share similar needs, concerns, or priorities for action. Nor do communities seek the same outcomes from planned social interventions. There is a hope that local jurisdictions will now be able to design locally-appropriate programs to meet locally-defined outcomes.

Opportunities opening up to rural community and rural leaders will be the ability to agree on priority needs and focus on the local problems that may require special or unique approaches to solve. Control at the local community will remove the cumbersome bureaucratic requirements commonplace with federally-administered programs. It should help accountability.

OPPORTUNITY THREE: The new form of governance will strengthen the capacity of local government officials to handle all their responsibilities, not just those being devolved, thus empowering local communities.

These opportunities, of course, depend on the degree to which flexibility is built into the interjurisdictional transfer of responsibilities, and sufficient resources are made available to local communities.

If there is sufficient administrative funds accompanying the program funds, there is a real possibility that with some clever management, some rural communities may be able to capture spillovers from devolved program administration that may enhance their capacity to handle other community matters more effectively. There may be a real "capacity building" outcome from the programs, if handled well.

Opportunities will be available to rural communities to the extent they are able to respond to change, new information and ideas. The role of local government may expand and become more prominent as opportunities increase. Also, economic development may be enhanced.

[There is the] satisfaction of putting money more directly to the needs and priorities as they see them. [There is the] opportunity to more clearly determine their own destiny. There is great opportunity in terms of intangible benefits surrounding community pride, spirit, personal responsibility.

Assistance To Support and Strengthen Rural Community Decision-Making

There is a belief that both training and technical assistance will be required to assist rural community leaders in meeting the challenges and capturing the opportunities of this new paradigm. The list of critical training and technical assistance needs is long and encompasses the entire range of administrative and fiscal responsibilities that now are required of officials in larger jurisdictions. It includes the following:

CRITICAL NEED ONE: Federal and state officials must open lines of communication with local officials in order for devolution to work.

Local government officials have insufficient information about the details of how devolution will occur, the degree of freedom they will have in designing and implementing programs, and the speed at which responsibilities will be transferred. The need to have new responsibilities shifted over time, not all at once, is critical to the acquisition of the capacity to manage them. But local officials feel that while federal and state officials may be talking, the local voice is not being heard. As a result, their concerns and interests are not being considered. Federal and state government officials must be open to listen to the concerns of local officials and local communities. There are real opportunities to make technology and electronic communication work to strengthen lines of communication among differing levels of government.

CRITICAL NEED TWO: Local leaders will need a wide range of training and technical assistance to assume their new responsibilities successfully.

One of the participants clarified the difference between training and technical assistance as follows: *Training provides local leaders the information, contacts, and tools to go home and deal with these complex issues. Technical assistance offers a service that can be used by the leaders.* The specific types of training and technical assistance needs identified include the following:

Technical assistance with administrative and fiscal planning and grant writing.

Given the expanding scope of responsibilities, local officials need access to decision-making models, models for fiscal impact analysis, and assistance in developing locally-appropriate performance measures. Of particular importance (given the fact that federal assistance is shifting to block grants) is the need for technical assistance in grant-writing. Few small local jurisdictions have the capacity or the experience to develop and write proposals to secure grants. Yet, given the move to competitive grants for an increasing share of federal resources, those communities that cannot engage successfully in grant-writing will find themselves with even less available resources to meet program needs. Many participants suggested there should be "circuit riders," individuals with technical knowledge and skills who would provide technical assistance to local communities within a state or region.

The list is almost endless...planning, administering programs, financial administration and record keeping, personnel management, telecommunication, evaluation and testing, etc. Local leaders, particularly elected officials, will require additional training in these areas in order to be able to fulfill requirements of federally originated programs. [They will also need] training or workshops geared toward program planning, organizational management, etc.

Assistance in building effective partnerships for program design, implementation and evaluation.

There is a clear recognition that many rural communities will not be able to effectively meet their responsibilities alone. Indeed, a growing number of federal, state, and private foundation programs now mandate that applicants demonstrate that a program is based on a collaboration among agencies and organizations as a condition for funding consideration. Unique partnerships and collaborative efforts will be required to multiply the effectiveness of resources available for meeting new responsibilities. This will require creative ways of thinking and interacting within and among communities. Public-private partnerships, multi-community collaborations, and regional programming will be essential in the era of new governance.

Collaboration across jurisdictions will be more essential in a time of expanded responsibilities and limited resources. There are many types of programs and services that can be delivered more efficiently on a multi-community or regional level. But in many places, this will require changes in the traditional ways in which communities have functioned. Cooperation, not competition, must become the hallmark of intercommunity relations, and this too will require training and assistance.

A lot of assistance in developing leaders [will be needed], enabling them to be visionary, to look at the area as a whole rather than a separate entity apart from the rest of the world. A group of

counties and cities must work together in this process. We have been trained to look out for ourselves. To do this, it will take leadership training so that people think in terms of themselves as leaders working on more cooperation.

Guidance on effective strategies to broaden citizen engagement in community decision-making and methods to reach consensus.

It will be essential for citizens and local officials to become more effective in broadening participation, managing conflict, building consensus, and establishing a common vision for the future. Conflict, disagreements, and competition will minimize the effectiveness of local communities in meeting their new responsibilities.

Enhanced understanding/sensitivity towards all populations and stakeholders, and added mechanisms to promote participation of all community members in democratic decision-making processes, [will be critical].

Many local leaders and staff will require training in a variety of decision-making and consensus building techniques in order to make their programs responsive to local people and responsibly administered.

CRITICAL NEED THREE: Access to data and information resources will be of vital importance in conducting community assessments, designing programs, and evaluating progress.

To target critical needs, to design effective programs, to develop appropriate performance measures, and to maintain accountability, a wide range of data and information will be required. Citizens and community leaders will need to have access to and assistance in utilizing this information to meet their responsibilities. Especially desired is "best practices" information that can be used by citizens, community organizations, and local officials to strengthen decision-making.

Types of information needed? Legal to ensure compliance with regulations/policy. Accounting to ensure proper and timely utilization of financial resources. Understanding the new landscape or playing field. What has changed and what has not? How much flexibility is there? What have other areas tried that might work for us? What are the alternatives and associated consequences and trade-offs? Rural leaders make good decisions once they clearly understand their options.

[Guidance in] obtaining and managing information [will be necessary]. Rural communities and their citizens must be linked and have access to electronic communications systems. In addition, they must have help in interpreting, managing, and applying that information... Contemporary computer technology offers a real opportunity to make that information available via web pages and interactive centralized support staff. For those activities that are much more at the discretion of the community itself, they very much need additional support with a variety of...sources of information that are responsive to their programmatic needs. Some of that information can be handled at the state level and some at the national level again web pages and computer based information systems. The successful functioning of any remote assistance

approaches presumes substantial training of local staff and leadership on the use of the information made available and on the technology used in the distribution of the information.

Supporting Roles of Federal and State Governments and the Land-Grant Universities

Clearly, the list of types of assistance that must be made available to rural communities if this transition is to be successful is ambitious. Participants noted that some excellent programs were already available through land-grant universities, in particular, the Cooperative Extension Service. They also asserted that for the transition to be successful, assistance would have to come from federal and state governments, as well as professional associations and universities. Moreover, participants believe that each of these entities have a contribution to make within the context of their own missions and areas of responsibilities. The types of supporting actions that must be taken include:

Federal and state governments must recognize the differences in administrative capacity between rural and urban places and incorporate this understanding into program design.

As the transition to a new paradigm of interjurisdictional relationships proceeds, federal and state governments must be cautious so that any program or funding mandates are sensitive to the real differences in the capacity of rural and urban governments.

The major federal and state responsibility is to assure that the reporting, administrative, and regulation requirements are made as easy to understand as is possible and that there is an adequate support system to answer local administrators questions.

Regulatory flexibility could be another big plus for rural communities. Most regulations were not made with rural communities in mind, yet they sometimes can impose big costs on rural communities.

Federal and state governments must recognize the differences in fiscal capacity between rural and urban places and incorporate this understanding into their resource allocation decisions.

To shift program and service responsibilities onto local jurisdictions without also insuring they have the financial capacity to meet these responsibilities is unacceptable. This can be accomplished in several ways.

a) Maintenance of current streams of funding.

Assistance from the federal and state governments must be to assure that there is adequate funding to cover administrative costs. Since there is a minimum administrative cost simply for any unit administering a program, the per-case costs in rural areas may very well be higher than in urban areas. Furthermore, resources should be made available from some source to

enable local governments to acquire the appropriate administrative and management assistance necessary.

Federal government should continue to provide funding and gradually reduce it until we are able to assume the responsibility. The problem is we do know what is expected of us, we just do not have the resources from private nonprofit organizations or religious groups to take on these responsibilities at this time.

b) Offering flexibility in how funds are utilized and developing creative funding streams, including assistance in gaining access to grant funds.

Rural folks need great flexibility in use of funds and a comprehensive view of their new operating environment. Packaging assistance and delivering it through one (or just a few) points of contact will be of great assistance to them, resulting in reduced confusion and better stewardship of funds, thus greater social benefit.

Land-grant universities have the capacity that enables them to play a key role in assisting rural communities--citizens and leaders--in meeting the challenges and capturing the opportunities arising from this new era.

Land-grants must be willing to commit their research and outreach resources to supporting local governments and citizens in this transition in the following ways:

a) Developing research-based information, as well as assistance in data management/information processing and applications of information in decision-making and management.

The best help will be objective information that is carefully crafted and communicated.

Land-grant universities should develop and make available information relevant to the several programs out of the morass of data that exists. That information should then be made available to local governments, probably via web pages tailored to their needs. For other types of local needs, LGU/Extension should make available a variety of analytical tools that are tailored to rural locals to assist decision-making, on a fee-for-service basis if necessary. An additional challenge is inventorying all programs and types of assistance available and coordinating their application to a particular problem or project. Local groups are often overwhelmed.

Applied land-grant research in the areas of rural land use, economic development, and human and natural resource development, would be of great value. Additional research on small town programs, facilities management, and public participation techniques, is also needed. Land-grant researchers may have to collaborate with public administrators and other programs on their campuses or others. Land-grant research and extension faculty must strengthen their relationships with municipal and county officials associations such as NACo, and the League of Cities and their state counterparts.

b) Technical assistance and training built on the research and information base of the universities and utilizing the network of county extension offices.

Extension community development is in a unique position, more than any other agency, to serve as a catalyst to enable local leaders to take increased control and responsibility by providing direct involvement in local planning for community and economic development. Resource teams skilled at conflict management and team building, asset mapping and needs assessments, economic development planning, and strengthening collaborative efforts between different levels of government and the private sector, are needed immediately. Such resource teams can overcome resistance and fear of change in communities, if they follow appropriate community development principles. Extension is positioned to use a consulting model to address local needs, but the large advantage is that the team must be available on a continuing basis at low cost to the leadership in rural communities and counties. Extension, with appropriate funding, can provide that long-term continuity with short-term response time. Extension can provide linkages with the Councils of Government, the Association of Counties, and the Municipal Associations in the state. Each of these groups has expertise that Extension can apply to the total development effort.

Opportunities must be provided for more communication between different levels of government, among communities, and between citizens and local officials.

Land-grant universities can be valuable to rural communities by...connecting rural communities to appropriate opportunities for education and training via instructional technology. Information sessions for local officials that will allow them to exchange ideas and approaches to dealing with new challenges.

Governmental entities need to help rural communities in assuming their responsibilities to their constituents. A communication link can be established that informs designated groups within the communities of, for example, pending legislation that affects their communities. This communication channel can be best operational through Council of Governments, Association of Counties, and Municipal Associations. Within each county, a link to economics, politics, and programming for local needs exists.

Federal and state governments, as well as land-grant universities, can assist communities in building collaborations and partnerships.

Any of these entities, for example, could sponsor regional forums for facilitating intergovernmental cooperation, planning, and resource sharing.

Some Final Comments

The world of county and local government is changing. Participants in these discussions expressed both optimism and trepidation. Local leaders understand they must adapt as citizens as equal partners in decision-making and action. They must focus more effort on broadening the base of participation to reflect the cultural, racial, and ethnic diversity of their communities. They must embrace multi-jurisdictional as well as public/private partnerships, or formal

agreements to gain efficiencies of size of service areas. They want and need technical assistance and training to strengthen their own skills and knowledge so they can be effective in this changing environment.

The perspective offered from where "the rubber meets the road" is not about a lack of willingness or a lack of intellect, or even a lack of desire on the part of local government officials to meet their new responsibilities. It is about a major change--a significant change--in how local government operates. Over the decades, local leaders have carried a burden and have achieved much with relatively few resources, and they recognize the potential "speed bumps" on this new road. Many expressed caution about the long-term consequences of implementing a major shift in government responsibilities without ensuring that the resources essential for a successful transition--technical assistance, training, funding streams, and flexibility in program design and implementation--are also in place. These local leaders are posing a question of their own: "Have we truly reached the most efficient mix of functions, responsibilities and resources to enable each level of government to fulfill its unique role?" The following comment illustrates the long-term consequences of rushing into a new paradigm of governance without knowing the answer to this question.

There are serious limitations now about the capacity for rural localities to manage their affairs, much less handle the new programs to be thrust upon them. If handled well, with massive training and support, some local governments may be able to improve their total capacity to manage their affairs with the infusion of administrative talent and resources associated with the devolved programs. In localities where that does not happen, local leaders will be simply overwhelmed by the added responsibilities. Where that happens, Americans already disenchanted with state and federal government will add local government to the list, and American hostility to government will grow.

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