



Policy Resolution 2020-07 Rural Development

A. **BACKGROUND**

1. Vibrant and prosperous rural communities are essential components of western states and the nation. Rural communities in the West grow and supply food, steward natural resources, contribute disproportionately to the armed services, and are critical to state economies.
2. Rural communities in the West are richly diverse and face varying threats and opportunities. They do, however, share common characteristics, such as low population density and distance from urban centers, that create challenges for economic development.
3. Nationally, the rural population is increasing slowly after a period of decline from 2010-2017, although there is great variation in demographic trends at the county level. Many rural western counties are experiencing population growth due to net migration of retirees as well as people seeking quality of life and amenities.
4. Most rural communities have a higher proportion of older residents than urban and suburban communities. Rural communities are preparing for an anticipated wave of retirements, leading to a reduction in skilled workforce and potential closure of local businesses.
5. Western states have many of the highest per-capita veteran populations in the nation. It is estimated that approximately 25 percent of all veterans live in rural areas. These veterans have lower rates of employment compared to veterans living in urban areas and to their non-veteran rural colleagues.
6. Most rural communities have experienced slower economic and job growth than their urban counterparts and have not yet fully recovered from the 2008 recession. Many rural economies rely heavily on a few industries. This makes these communities more sensitive to trends affecting those industries and can make it more difficult to recover from disruptions. Rural communities have also been significantly affected by the COVID-19 public health threat and will suffer distress from any associated economic downturn.
7. Federal programs for rural development are spread across multiple agencies. Some agencies are responsible for rural infrastructure investments while others focus on economic development. The multiplicity of administrating entities and the lack of consistency across agencies: renders it difficult for rural stakeholders to navigate federal programs; compounds time and expense needed to apply for funding opportunities; and creates inefficiencies in the distribution of resources.
8. The vast majority of federal loan and grant programs for rural communities are targeted to physical infrastructure. Little funding exists to support development of local capacity, including strengthening community organizations, nonprofit entities, and other groups serving rural communities.

9. By offering opportunity, connectivity, and quality of life, rural communities can thrive and prosper while improving economic stability and protecting the rural character and natural resources that draw people to these areas.
10. Small businesses, including farming and ranching, are the foundation of rural economies, generating tax revenue, creating jobs, providing essential goods and services, and contributing to the culture and character of small towns. Building a successful business in a rural community is particularly challenging due to limited access to capital, available workforce and smaller customer bases. Many successful rural businesses operate on thin margins and if they close, are extremely difficult to replace.
11. High-speed internet, commonly referred to as “broadband,”¹ is the critical infrastructure of the 21st century and a modern-day necessity for individuals, businesses, schools and government. Many rural western communities lack the business case for private broadband investment due to the high cost of infrastructure and the low number of customers in potential service areas. This has left many rural businesses and citizens at a competitive disadvantage compared to urban and suburban areas with robust broadband access.
12. Transportation connectivity is critical to strengthening economies and improving quality of life. Air service is particularly important to connect remote western communities to urban hubs. Pilot shortages, infrastructure constraints, and airline consolidation have negatively impacted rural air connectivity. The airline industry has been significantly impacted by COVID-19 and rural service, which is typically the least profitable, has been reduced.

B. GOVERNORS' POLICY STATEMENT

1. Western Governors believe that strengthening social infrastructure in rural communities is the best strategy to ensure rural quality of life and prosperity. Congress and federal agencies should increase the proportion of rural economic development and infrastructure funding that goes toward capacity-building. Accordingly, Western Governors call for ample and consistent federal funding for institutions, training, and technical assistance. Robust social infrastructure is fundamental to economic and community development and maximizes the impact of state and federal resources.
2. Social infrastructure is especially critical during disasters or crises. The COVID-19 pandemic and associated economic crisis have illustrated the challenge of rapidly deploying resources to the most urgent needs. Western Governors are committed to strengthening the resilience of rural communities by helping to foster local leadership and strengthen networks and connections within and among rural communities across the West.
3. Western Governors believe that many federal programs for rural development and distressed communities include unintended barriers for rural individuals and entities that need assistance most. Western Governors urge federal agencies to work with states to: thoroughly evaluate program requirements; identify barriers for rural applicants; and revise onerous requirements in a manner that recognizes the limited resources and capacity of rural applicants. In particular, Western Governors are concerned by:

¹ The Federal Communications Commission defines fixed “broadband” as service offering minimum speeds of 25 Megabits per second (Mbps) down and 3 Mbps up.

- a. Scoring criteria that relate to numerical size and impact, such as the number of jobs created or the number of people served, which disadvantage small and isolated communities;
 - b. Requirements that applicants partner with other institutions like community colleges or foundations, which may not operate in the rural community seeking assistance;
 - c. Financial match or cash-on-hand requirements that rural organizations cannot meet; and
 - d. Overly complicated or technical applications that deter rural customers from applying.
4. Western Governors also urge federal agencies to use state data for eligibility determinations when requested by states. States often have more up-to-date and granular data for rural communities than federal sources.
5. Western Governors recognize and support efforts at the federal and state level to coordinate the deployment of resources, leverage funding, and create one-stop application processes for rural customers. Western Governors are interested in exploring strategies to expand those models to include more funders and further enhance coordination between agencies and between states and the federal government.
6. Western Governors believe that changes in our economy, labor force, and technological innovations require fundamental changes in economic development strategies. Western Governors promote rural development policies that focus on quality of life and the support of small businesses and entrepreneurs. This will develop rural communities that are attractive places to live and work while protecting their rural character, natural resource-based industries, and natural areas.
7. In the wake of disasters in rural communities, including the COVID-19 pandemic, providing small businesses with the tools and resources to survive disruption and prosper again is critical for economic recovery and social stability. The impacts of COVID-19 mitigation measures have illustrated the urgent need for working capital to stabilize rural businesses and ensure their continued viability during periods of prolonged disruption related to disasters and emergencies. The federal response to declared disasters must include sufficient and accessible business stabilization funds, including grants and long-term, forgivable loans. Congress should also examine how such funds are distributed by the Small Business Administration (SBA), U.S. Department of Agriculture Rural Development (USDA RD), and the Economic Development Administration (EDA) to ensure that adequate systems are in place to handle demand during widespread emergencies.
8. During COVID-19 response, many small lenders could not access federal funds to support their communities because they did not meet program thresholds or were unable to compete against large banks. Small lenders, including community development financial institutions (CDFIs), community banks, and credit unions, are often the only lender serving rural and tribal communities. In the ongoing response to the economic impacts of COVID-19, Western Governors encourage Congress to set aside emergency relief funds for small

lenders and consider program requirements that allow those entities to participate through a streamlined process to rapidly distribute resources while maintaining fiscal accountability.

9. Western Governors are eager to work with public universities, community colleges, and the business community to expand opportunities for young people to stay in their rural communities. There is a high demand for skilled workers in rural communities and states should work together on regional solutions that provide the appropriate training and skills for the jobs that are available in rural communities where possible. Western Governors are also committed to increasing employment among veterans and the disabled community in the rural West.
10. Western Governors encourage increased flexibility in the use of federal economic development resources (particularly EDA funds) to facilitate investments in quality of life and amenities in rural communities. Governors believe that metrics based solely on the absolute number of jobs created do not reflect the important economic benefits of investments in community assets that make rural communities attractive places to live. Nor do they account for the relative impact of job creation in less populated rural communities or areas with high unemployment or poverty rates.
11. Western Governors strongly support improving and increasing broadband connectivity in the rural West through significant federal investments in mapping, deployment, and adoption. The Governors have highlighted substantive policy recommendations in the Western Governors' Association policy resolution addressing broadband connectivity.
12. Western Governors have developed robust policies addressing the challenge of providing services and maintaining infrastructure essential to communities across the vast expanse of the rural West. These policies address broadband access, healthcare, surface transportation and water quality. Western Governors are committed to working with Congress and federal agencies to improve the efficacy of federal and state programs to support critical infrastructure in the rural West.
13. Western Governors recommend further changes in approach to supporting water and wastewater infrastructure in the West:
 - a. Funding for communities not served by water systems is critically needed. Western Governors recommend set-asides to develop innovative solutions for communities and tribes that cannot be served by traditional systems.
 - b. Western Governors are concerned about shortages of certified water system operators and request a coordinated effort to increase training opportunities through the U.S. Department of Agriculture, U.S. Environmental Protection Agency, U.S. Department of Labor and college and university programs that develop these skilled workers to ensure that existing water access in rural communities can be maintained.
14. Western Governors emphasize that air service is a necessity in many rural communities. As the airline industry recovers from the economic impacts of COVID-19, Western Governors urge Congress to consider measures to address challenges in rural air connectivity, including funding for infrastructure and service subsidies.

15. Western Governors support the use of cooperative business models to preserve rural businesses and fill community needs for childcare, homecare, main street businesses, housing, and more. Western Governors recognize the need for substantial technical assistance and education in developing new cooperative businesses and support federal funding of such efforts.
16. Western Governors are concerned by food security challenges in rural communities. Rural grocery store closures jeopardize livability and community health. Western Governors are interested in exploring strategies to ensure rural food security by strengthening local agricultural economies and developing regional approaches to rural food supply chains.
17. Housing remains a critical challenge in rural communities across the West. Western Governors are committed to working together to share best practices and effective solutions for housing preservation and development in the rural West.
18. The Cooperative Extension System, which serves every county in western states, is an important asset for rural development. Western Governors believe that Cooperative Extension can play a more meaningful role in economic development efforts in distressed communities and support continued investment in the system as it responds to the changing needs of rural communities. Western Governors are committed to maximizing the efficacy of Cooperative Extension in their states.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.
2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

Western Governors enact new policy resolutions and amend existing resolutions on a bi-annual basis. Please consult www.westgov.org/resolutions for the most current copy of a resolution and a list of all current WGA policy resolutions.