Local Insights: The Voices Behind the Rural Funding Guide

Reflections & Practices for Investors, Funders & Philanthropists

May 2025

Partners for Rural Transformation

PARTNERS FOR RURAL TRANSFORMATION

Acknowledgements

This report was funded by the Robert Wood Johnson Foundation (RWJF). The views expressed here do not necessarily represent those of RWJF. Partners for Rural Transformation would like to thank the Robert Wood Johnson Foundation for its support, which enabled us to conduct this work and disseminate what we learned.

We would like to thank the Aspen Institute Community Strategies Group (CSG) for their partnership in developing the Funding Rural Futures report. This report identified four principles for various stakeholders to embody when funding rural regions. Aspen's contributions to the field provided a foundation for deeper conversations with local experts. Using the four principles, the Partners for Rural Transformation worked with rural practitioners to better understand both the need for funding and the nuances of resource delivery that must be learned through practice to ensure that community members' needs are being met.

The Partners for Rural Transformation (PRT) would like to thank Katy Stigers, MA, Vice President of Research at Fahe, and Joni Tamalonis, DSW, Vice President of Kentucky Access to Recovery (KATR) at Fahe and Instructor at the University of Kentucky College of Social Work, for their commitment, time, and thoughtfulness. They provided expertise and guidance related to several aspects of the research, including the methodology, protocol development, facilitation, and data analysis. PRT also thanks Emily Burleson, Senior Manager of Advocacy and Research at PRT, for her leadership in this work.

Most importantly, the biggest appreciation goes to the participants. Each practitioner took time out of their day to speak with us and share their expertise. They were honest and vulnerable, and their dedication to their work is honorable. All of their stories, feedback, and solutions they shared are invaluable to PRT.

PARTNERS FOR RURAL TRANSFORMATION

Table of CONTENTS

Executive Summary

Historical and current disinvestment into rural America has palpable consequences today, which can be seen across regions of persistent poverty. Even without investment comparable to urban centers, rural areas have served as the backbone for our nation's economy for centuries, allowing sectors from energy to technology to agriculture to flourish. Yet, too many people and places that gave land, time, and resources to bolster the rest of the economy have not fully benefited. Despite these contributions to our nation's progress and prosperity, rural communities have often been left out of decision-making, receive only a fraction of public/private investment when compared to urban investments, and are rarely considered in the design of research and crafting of public policies. To correct this imbalance, the Partners for Rural Transformation (PRT), a collection of community development organizations and practitioners, in alignment with Aspen Institute Community Strategies Group (CSG) principles in their Funding Rural Futures report, asked local practitioners in areas experiencing persistent poverty to share what it will take as a country to begin successfully funding rural prosperity and leveraging current opportunities. PRT interviewed 39 participants in six focus groups of rural practitioners to better understand what creates successful funding in local rural communities.

Key Takeaways

Partnerships were the most frequently mentioned resource collectively among the focus groups. When examining themes, partnerships were associated with more positive factors.

All successful funding boils down to **trust** between communities and funders.

Capacity needs to exist first, but **it takes capital to sustain it.** Capital needs to be invested in the organization as much as in projects and services.

Many participants felt far removed from federal and national **policy and advocacy**, not due to disinterest or indifference, but because of a lack of ability to spend time and resources on larger systemic issues and systems.

Recommendations

Funders

- Support and **invest in community-driven solutions**
- Build and emphasize **trust** with investees
- Utilize the **practices in the Rural Funding Guide** for maximized impact

Local Practitioners

- **Build connections** with other community organizations and funders, no matter how unlikely
- **Work together** - share advocacy, data and other work to reduce burden and maximize benefits

Introduction

Entrepreneurship, innovation, culture, grit, and opportunity are all words that come to mind when the Partners for Rural Transformation (PRT) think of rural America. Rural America has served as the backbone of the nation's economy for centuries, allowing sectors like energy, technology, agriculture, textiles, and more to flourish. Despite these benefits to the rest of America, the places and people who gave land, time, and resources to bolster the national economy have not received equitable compensation for the wealth that was extracted from them. The historical and present disinvestment in rural America has palpable consequences today, which prevail across regions of persistent poverty. This chronic disinvestment has been perpetuated in part by the assumption that rural areas are too risky to merit investment. PRT challenges this narrative and recently conducted research with those who know rural America best: rural practitioners from local organizations who live in and serve on the frontlines in regions of persistent poverty. Through this project, these tenacious community leaders and members shared their tribulations and triumphs in serving their communities. They illuminated what it will take as a country to begin to fund rural prosperity and leverage current opportunities.

Who Are the Partners for Rural Transformation?

The Partners for Rural Transformation (PRT) is a group of six community development experts ("The Partners") who work collaboratively in Appalachia, Colonias, the Rural West, Deep South, Mississippi Blackbelt, and Native communities across the country to influence policy, lead, advocate, innovate, and finance community solutions to poverty so that rural regions can build sustainable and promising futures. PRT's reach extends to America's most overlooked and underserved corners, covering 78% of the nation's persistently poor counties. These persistent poverty counties are ones where 20% or more of the county has been at or below the federal poverty line for at least 30 years, largely due to discrimination by place and race, extractive economies, and chronic disinvestment (read more on persistent poverty in Appendix A). Together, PRT has records of accomplishment spanning decades. In the last two years alone, PRT Partners has mobilized $1.9 billion, with over one-third of all loans directly benefiting persistent poverty counties.

With a shared ethos of investing in both people and places, PRT is centered around local voices and scaling opportunities across communities. PRT Partners often serve as capital providers (Community Development Finance Institutions), creating and servicing unique loan products and services that are directly responsive to their communities' needs. Additionally, they provide a spectrum of community services from food programs, small business planning, and homeownership counseling to safe drinking water initiatives, emphasizing their role as mission-based lenders. PRT works with local leaders in our nation's hardest-to-serve regions, often being one of the few capital providers and ancillary program services in the area. Many rural regions are banking deserts, meaning there are no physical bank branches in the community. Online banking is often touted as a solution, but rural residents and communities suffer from the digital divide, lacking adequate broadband infrastructure and reliable internet access.

What is the Rural Funding Guide?

The Rural Funding Guide is an investment strategy funders can use to support rural community economic development. Often, the expertise of rural practitioners is overlooked by funders, investors, and researchers. An exception to this is the Aspen Institute Community Strategies Group (CSG), which spearheaded collecting the experiences and knowledge of regional and national practitioners and funders to better understand what it takes to make funding work for regional and national organizations. Their report, Funding Rural Futures, outlined four principles: equitable funding systems are consistent, transparent, accessible, and respectful; investing in systems, organizations, and people enables practical work; strong relationships and partnerships enable strong work; and effective funding flows towards outcomes.

In alignment with these principles, PRT interviewed local rural practitioners on how those principles reflect their work on the ground. PRT's initial assumptions included seven practices for funding (see Appendix B for the list of the original seven practices). When the research was concluded, PRT determined that there were eight practices that required actionable change from public and private funders alike to ensure that locally-driven and sustainable impact was achieved. The eight practices reflect PRT's conversations with local practitioners and comprise the Rural Funding Guide. The Rural Funding Guide shares responsibility among various capital providers, such as federal, philanthropic, and private sector investors, as well as community leaders and practitioners, to change how funding is mobilized in rural America (see Appendix C).

The Research Process

The Partners for Rural Transformation (PRT), with the support of the Robert Wood Johnson Foundation (RWJF), conducted a series of listening sessions to better understand the complexities of financing local development in rural areas of persistent poverty. Previous work completed in partnership with the Aspen Institute Community Strategies Group for developing the Funding Rural Futures report highlighted four principles to increase the funding flow to rural regions. This prompted PRT to consider documenting what unique local funding needs exist, and how to better aggregate and connect those needs to the principles by Aspen CSG.

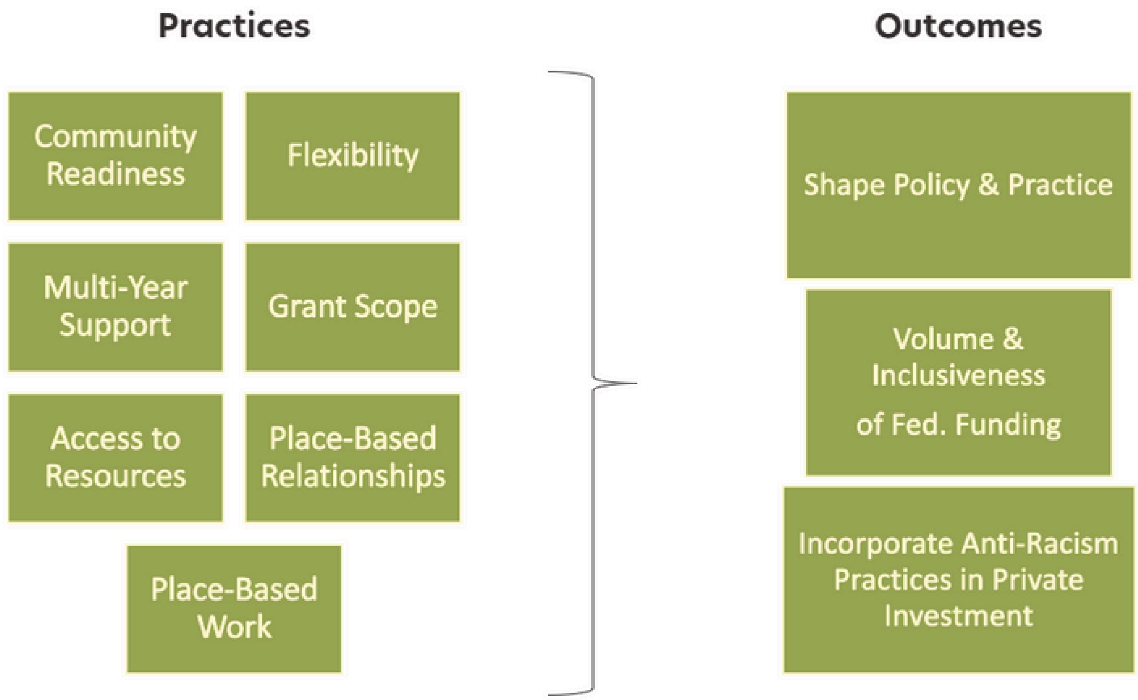
PRT created a set of seven practices in alignment with the Funding Rural Futures report. The seven practices outlined what PRT understood anecdotally to be true to best maximize the impact of funding for local rural community development work. PRT conducted focus groups to evaluate the validity of the seven practices with local practitioners and leaders serving different regions of persistent poverty. PRT asked how the practices translated to practitioners' work on the ground to ensure that it is usable and meaningful for rural communities when funding is available.

The research team (Burleson, Stigers, and Tamalonis) wanted to see how the practices resonated with the practitioners and leaders of rural organizations serving persistently poor regions. This would test PRT's original assumptions of how to best finance community development work. First, PRT asked if the seven practices within the original list were relevant and whether they were helpful guides for practitioners to implement. Then, PRT asked if the practices influenced three specific outcomes (see Appendix B). These two questions allowed the research team to systematically obtain feedback on the seven practices. The revised version of the practices, known as the Rural Funding Guide, reflects the research and includes the conversations with practitioners (see Appendix C).

In this study, the team used a qualitative design, utilizing the stories and experiences of 39 rural practitioners from around the country to discuss the practicality of the original set of practices at the local level. A detailed methodology can be read in Appendix D. PRT asked all six PRT Partners to recommend a local community development organization to participate in virtual listening sessions. There was one focus group for each PRT Partner, which was a total of six focus groups. Each focus group had between 4 and 8 staff participants, and each participant consented to participate beforehand.

The researchers developed a list of questions from the seven practices and three specific outcomes. After the first listening session, participants shared feedback that the conversation felt rigid and did not leave room for open discussion. In response, PRT revised the questions to be less structured while continuing to follow a pattern of topics and themes to promote more open conversation. After all the sessions were conducted, transcripts of the meetings were analyzed, serving as the basis for the findings.

Look for the lightbulb symbol to see where the three outcomes are mentioned throughout the report.



What Did Local Practitioners Say?

Key Takeaways

- Investments from public and private sources need to be **allocated directly to rural communities** experiencing persistent poverty
- **Match requirements,** whether in-kind or cash, are a barrier to rural economic and community development
- **Capital stacking** (also known as blended financing) is not a risk; it is a strength
- Capital alone is not the solution - **more is needed** for successful funding

Direct Investment into Communities is Needed

Shape Policy & Practice

Analysis from the practitioners' focus groups revealed the common assertion that direct investment in communities is needed. Given the lack of bank, private, and philanthropic capital and accessibility, there is a higher degree of reliance on federal dollars to leverage private partnerships to boost investment so that local organizations can better serve their communities. However, numerous barriers to federal funding still exist. One participant joked that decision-makers do not see anything south of a major highway in their state.

Destructive tornadoes tore through Central Appalachia the night before a focus group. The morning after the storms, a participant in that group shared their concerns. As community leaders, they realized they had no idea what to do, where to send displaced friends and neighbors, or what funds to try to access.

> **We don't have the same opportunity as anybody else to go after funds.**

Priest Martinez

Participants shared their worries about mobilizing capital quickly to start repairing homes and community facilities. Without substantial local reserves, a community would have to depend on public disaster funds, which can take years to deploy.

There were concerns around the homeowners they had served previously who might file insurance claims, as they can only file two or three small claims without risking policy cancellation. But educating a community quickly on information like this post-disaster is a daunting task. For the Southeast, natural disasters highlighted the lack of facilities, communication options, and physical infrastructure within a community.

> **[If a] tornado was to come through [our town] .... there's nothing there but a gas station right now. I mean, how do we get ready for something that we don't even have now? ... We don't have a grocery store ... we don't have the other things to really be a community right now.**
>
> Robert E. Miller II

Match Requirements Are a Major Obstacle

Shape Policy & Practice
Volume & Inclusiveness of Fed. Funds

Analysis from the focus groups reveals that **match requirements constitute a significant obstacle**. Match requirements disproportionately impact rural and Native communities. These requirements force communities into a conundrum: they need money first to access money. A federal funding match requires an awardee to provide a certain percentage or amount of their own capital to complement the federal funding. Match funding can be the awardee's own funds, other local and state government funding, or private and philanthropic investors. There are two types of matches: cash matches (cash contributions) and in-kind matches (donated services, materials, time, or equipment). The intended purpose of matches is to leverage federal funds and encourage investment from other sources to broaden support for a project or program.

Despite this well-intentioned purpose, matches to federal grants, cash or in-kind, served as a deterrent to any organization applying for federal funds. Hopes of potential funding are often squashed with a 1:1 match requirement, meaning the awardee has to provide a dollar for every dollar received. This may not be a barrier to more affluent areas, but to these rural communities, it is a barrier to even applying for the funding in the first place.

Such barriers are even more difficult to overcome in unincorporated localities. Unincorporated localities are areas without a municipal boundary, meaning they lack local government. These places mostly rely on their county governments, which are not mandated to allocate funds to unincorporated localities within the county.

Gomez-Vidal and Gomez published a study (2021) highlighting this challenge. The lack of adequate local tax revenue is not proportionally invested back into these areas, further exacerbating pockets of persistent poverty. Unfortunately, some of the study participants served unincorporated areas without a strong tax base, significantly lowering their local budgets, effectively disqualifying them from accessing federal funding with cash match requirements, even for rural-specific funds. Remote rural areas that are unincorporated also struggle to access public funding with in-kind matches, since the in-kind match requires communities to donate existing resources, and these communities cannot spare.

Capital Stacking is the Norm for Rural Development Work; but Increases Perceived Risk

Shape Policy & Practice
Volume & Inclusiveness of Fed. Funds

Analysis from the practitioner focus groups revealed how capital stacking is the norm for rural economic development, but it comes with increased perceived risk from investors. **Capital stacking**, sometimes called blended financing, is when multiple sources of money are used to fund a single project. With more funding sources in the capital stack, there is a sensitive balance of time and commitment from the organizer. This includes acquiring the different sources of funds, managing each source's reporting requirements, meeting varying timelines, and complying with individual funding regulations. To many investors familiar with more affluent place-based projects, where there is one source of capital for a project, this can seem daunting. A large amount of time and energy is required for these regions to accumulate and obtain any matching funds for each funding stream, given a lack of existing and upfront capital. Receiving one pot of funds requires subsequent applications to quickly reach out to other private, public, and philanthropic entities to try and fill the gaps to start and complete a project. Capital stacking is a very delicate process, as it only takes one piece of the equation to falter and cause a deal to fall apart. Yet, it is the norm for community development projects and practitioners in rural places. This form of complex capital stacking is often seen in economically distressed rural regions that already lack staff, time, and tools to manage a multitude of funders for a single project. This makes larger investment entities, who could alleviate this barrier, more hesitant to participate. They would rather invest in a "safer deal," such as a community with 90% of the upfront capital, versus a county that has to borrow from half a dozen different sources to meet the funding needs for a single project.

The narrative that investing in rural areas is a "risky" choice perpetuates disinvestment in persistent poverty areas and does not allow for incentives for larger investments. A more accurate narrative is realizing that **many rural places/practitioners have financial savvy** in layering complex financing that lenders in more affluent places may not. This packaging expertise will be a crucial skill with the current instability of federal contributions. Many community development professionals in more urban areas have never had to navigate complex blended financing and will have to lean on rural neighbors for assistance. Decision-makers, advocates, and thought leaders need to make sure that rural practitioners and lenders have the capacity to help our urban allies navigate new waters.

When Participants Were Able to Access Capital, More Was Still Needed

Shape Policy & Practice
Volume & Inclusiveness of Fed. Funds

The focus groups emphasized that even when the participants are able to access hard-won capital, the volume of available resources is rarely sufficient. While some funding does flow to rural places, funding continues to be a major resource needed to continue serving their community members. PRT learned valuable insights about the funding that was successfully acquired. Participants were grateful for the funding they secured, but were disappointed when the regulations were too rigid to be practical, impacting the practitioners' ability to deploy dollars to community members.

The focus groups highlighted a common theme: many nonprofits and community development organizations are granted money, but must "draw down" funds as a reimbursement. This means they have to spend existing money, submit invoices, and then wait for state or federal agencies to process their request for payment. This is often a risk for rural communities with less upfront capital or "cash on hand." A housing organization serving Native communities out West was granted $100,000 for work, and the funds were used to pay a subcontractor. That subcontractor walked away when reporting at the end of the grant period was due, and the organization could not show reporting for the deliverables. They could not be reimbursed despite having already spent the granted funds in good faith.

A construction organization in the Deep South spoke of a program they utilize to address the affordable housing crisis in their area. Yet, the state's grant program policies, such as long applications and irrelevant eligibility requirements for recipients, made it difficult to disperse the resources into the community. This is one of the many regions that shared experiences of inaccessible affordable housing programs and policies.

Practitioners also shared in the focus groups how the scope and scale of funding were critical to whether organizations would even consider applying or not. With diminished capacity due to a lack of flexible funding and operating support, these communities had to be very intentional about which funding opportunities they pursued. Participants unanimously expressed frustration that while project funding is often available, operational funding is much harder to come by. In other words, they can find grants to fund a program or project, but cannot find administrative or operational funds to fund the staff salaries, time, equipment, and training needed to implement and sustain the project. The lack of operational funding brought up several mentions and stories of staff burnout and a lack of needed resources.

A fundamental part of the scope of funding (grants and loans) is the application process. Repeatedly, focus group participants shared barriers and desired solutions for rural community practitioners. They explained various obstacles that specific regions and rural communities face, from a lack of ancillary support to very narrow funding scopes. This allows PRT to better understand how to advocate for policy and regulatory changes that are region-specific and culturally competent.

Participants shared stories about staff attending 3-hour webinars on how to apply for funding, staff leaving the office crying after attempting to locate funds under a deadline, and more.

One practitioner articulated how, over time, it has gotten increasingly difficult to help their community members. This sentiment of frustration was shared across the country. Public and private policies, regulations, and funding application requirements make it difficult to provide the direct services needed. Participants in the South shared about a community that lacked healthcare facilities for nearly 20 years, and as a result, received some of the worst health outcomes according to Census data. They wanted to open a medical clinic to address their dire health needs. They expected that they would find ample funding to maintain the clinic, given their poor health outcomes and generational lack of access to healthcare facilities. Instead, they

It's essentially a free home and it's just so difficult for the people we're trying to serve that they don't even want to apply.

Amber Arriaga-Salinas

The entire grant process is just overwhelming for a lot of smaller communities.

Amber Bee

They realized the funders they had access to did not want to fund the clinic itself. One funder offered to fund tests to determine the prevalence of heart conditions in the area. That funder did not want to aid in treating those with heart disease or other illnesses but merely fund the testing to gather data related to the frequency of heart conditions.

In another region, one of the participant organizations wanted to fix a street to increase their community members' safety and the walkability of their area. There was high foot traffic across a highway, which was dangerous without proper road paint and signage, as well as several potholes that could lead to accidents to injury or vehicle damage. When the organization tried to apply for funding to fix the street, they encountered a roadblock. A potential funder said they would pay to fix the street if they first fixed the sewer line underneath the street. The organization could not locate wastewater and sewer infrastructure funding and ultimately had to walk away from the only funding opportunity for the street. That same organization had multiple abandoned houses that they wanted to convert into green spaces. There were funding opportunities to tear down homes to rebuild new ones, but no funding for just tearing down condemned homes for other purposes.

A Native organization that serves Alaska spoke about how a disconnect in understanding from a state office of a federal agency caused challenges for the HUD Section 184 program (Indian Home Loan Guarantee Program) due to Alaska having less allotted land and more fee-simple status land. Fee simple status land means the owner has complete and irrevocable ownership over the land and all structures on the land. Allotted land is trust land granted to Native Alaskans and their heirs in perpetuity by the U.S. government. The HUD Section 184 program was designed to address lending barriers in allotted trust lands less prevalent in Alaska. The participant stated that it is not the HUD program that does not work well for Alaska, but rather, the lack of flexibility to meet their specific state circumstances locks up the HUD Section 184 opportunities.

A participant shared a self-help housing program in the Deep South that requires families to help build their homes. This region lacks affordable child-care options, forcing parents to bring their children with them when they work on their homes. Due to Occupational Safety and Health Administration (OSHA) regulations, children are not permitted on construction sites. It is also not safe to leave children in a car in a region where the heat is known to kill. Decision makers had good intentions, but they are not feasible or practical for the intended recipients.

Persistently poor regions face unique hurdles to accessing funds and still have unmet needs despite the funding they do receive. There is no single solution to “fixing” rural persistent poverty. Each region and each community has its own culture, historical context, strengths, and needs. **Rural is not a monolith**, nor is it the solution to funding rural development. Federal solutions apply concepts that were designed to impact the majority, based on research typically conducted in non-rural communities, justifying the “one size fits all” solution mindset. Participants were loud and clear that the copy-and-paste method from metro areas to non-metro areas simply does not work for these communities.

Solutions From Local Practitioners

Key Takeaways

- The cost of funding is unaffordable. Many rural communities lack consistent investment in **sustaining capacity over time.** For rural economies to be stable, communities must be able to prepare for and adapt to emergencies, weather disasters, and ever-changing economic conditions.
- **Flexible and operational capital** are needed to truly address rural complexities and meaningfully impact communities experiencing persistent poverty.
- **Trust** has to exist before any funding transaction takes place. This will require work from both recipients and public and private funders.

During the focus groups, participants did more than share insights of how policies and accessibility in private and public funding stream need to improve. They also shared their ideas of solutions for other local leaders and funders to enhance the way that money is allocated to rural communities to promote rural prosperity.

The Cost of Funding Is Unaffordable. Sustainable Capacity Could Help.

Shape Policy & Practice

Capacity includes financial, social, and natural capital. The groups discussed this in two ways: examples of lacking capacity and desires, and solutions to increasing capacity. All six groups agreed that more capacity is needed, but **unrestricted support is needed to build capacity, and even more money is required to sustain it**. All participants came from localities without the financial reserves or revenue streams needed to sustain their work independently.

For example, one participant explained just how much time and effort it takes to implement a new grant. For each new grant that is received, seven new pages of budgets must be created and utilized to track that single grant. One participant moved out of the way of their camera during a focus group to motion to a bookshelf behind them full of three-inch binders, which held application paperwork. Each funding source and application takes a lot of staff, time, and energy, which takes away from the actual work that directly benefits the community.

These organizations are adept at working with diminished staff and resources under normal circumstances, but when an emergency or disaster strikes, the lack of capacity means the difference between being able to pivot and adapt quickly or fall dangerously behind in recovery efforts. One organization in Appalachia shared that they do not have the privilege or resources to stop their everyday work and do something different if there is an emergency, which is a daunting reality that a lot of participants share. This keeps impoverished communities stuck in a cycle of reactivity, unable to be proactive. This perpetuates their community's inability to recover from disasters efficiently, ensuring they lag further and further behind.

In addition to the inability to prepare for and respond to disasters or emergencies, having fewer resources also hinders the ability of smaller rural communities to access future funding due to a lack of data. The accuracy of rural data falls short when compared to metropolitan areas in public datasets. Collecting data, especially impact data, takes specialized skills, time, staff, and equipment, all of which cost money. Unfortunately, small rural and Native communities are often excluded from funding due to a lack of concrete data to articulate the impact of the work they are already doing. Without data on their impact, it is hard to remain competitive in private and public funding application pools. This is a dilemma that came up in every focus group.

There is little funding specifically set aside for data collection, evaluation, and research, which makes their future applications less competitive when seeking new capital. Investors tend to seek *outcome* data on applications, focusing on long-term results and correlations. Examples include 'how adequate housing affects graduation rates' and 'impacts on adolescent

> **Having the flexibility of capital to be boots on the ground in an immediate fashion makes all the difference in the world.**
>
> **Stace Karge**

behavioral health who lack access to clean water.' These call for longitudinal studies, which means studying a group over time, which is a much longer and more rigorous process than reporting *output* measures, such as 'units built' and 'people served.' Even when measuring outputs, rural areas are not on the same playing field in the eyes of funders. With lower populations, output measures appear less on paper, even if the dollars may have a higher impact. Funders are looking for higher impacts for both output and outcome data, which is a struggle for rural communities to produce independently and still remain competitive.

The need is so far out of these performance measures that you don't have the ability to address those needs.

Trenna McCauslin

Flexible and Operational Capital are Key to Building and Sustaining Capacity

Shape Policy & Practice

Flexible and operational capital allows rural organizations to use funding as needed to fill the gaps they encounter, meaning they can hire more staff, provide training, purchase equipment, meet match requirements, conduct research, gather data, leverage additional resources, and/or help sustain a program or product. It is a near-perfect solution – except for the fact that it is the **rarest capital** to come by. One participant stated that flexible capital would allow his organization to develop a region-specific mortgage product that would best serve his home state. Flexible and operational capital would allow him to address specific Native housing needs and correct past discrimination and injustices his community has faced.

[Flexible capital] allows us to look at lending differently, which is what CDFIs are charged with.

Jeff Tickle

Jeff is right. CDFIs are the financial entities that can meet borrowers where they are. CDFIs are mission lenders who work with borrowers who otherwise are turned away from conventional lenders, even if it is due to no individual fault but rather the fault of systems around them. Jeff's point begs the question: ***If CDFIs and local organizations cannot serve these communities, who will?***

> **Nobody wants to pay to keep the doors open.**
>
> **Lindy Turner**

Each group said they wished that funding worked differently. True transformation will happen when funders focus on relational accountability more than transactional accountability. Funders typically aim to fund a specific program or idea, but that does not typically include what the community needs, or enough funding for the staff and administrative work that keeps the project moving. Communities are still fighting for access to clean and safe water, electricity, food, and shelter - all of which are basic needs. They are not able to prioritize civic engagement or other higher-level needs, which tend to pique funders' interests. This lack of investment in the dedicated and passionate practitioners who are on the front lines of community work lead to staff burnout, high staff turnover, and persistently below-market staff salaries.

One organization's leader shared an eye-opening example of the tough decisions that a lack of operational funding forces nonprofit employers to make. This leader thought the staff's needs were being met since no staff earned less than $13 an hour. When the employer learned what employees were doing to supplement their income, they decided to increase the minimum salary to $16 an hour. This choice came with a sacrifice: instead of offering employer-supported insurance, they provided stipends for marketplace insurance options. This is a prime example of what happens when funders focus too heavily on impact, projects, and programs, and not enough on organizational sustainability and community-driven solutions.

Trust-Based Funding Could Unlock Rural America's Full Potential

Shape Policy & Practice
Volume & Inclusiveness of Fed. Funds

Consistent with previous work in the field, **trust was a core necessity in successful funding**. One of the most critical solutions rural and Native communities are asking for is a paradigm shift in how federal and philanthropic funders lend and grant money. Funders must visit communities and connect with local leaders, members, and organizations before administering funding. Each successful funding story shared in the focus groups either mentioned a personal connection with the funding entity or the funder physically visited a place. Usually, the few examples of multi-year awards were also a result of in-person connections and visits. The staff who make funding decisions at funder organizations must visit these places. Far too often, staff who do not make funding decisions visit and pass along what they learned.

Without the decision makers being physically present, momentum is massively lost. Too many opportunities are missed without place-based connections. This demonstrates the importance of funders intentionally developing place-based relationships to understand how certain policies or funding opportunities would translate to rural and Native communities and to make necessary changes and exceptions to accommodate these regions.

Analyzing Themes

After all six focus groups had concluded, PRT created a list of themes to begin organizing the conversations and highlighting any patterns between the six groups. See a list of themes in Appendix D. A cluster analysis utilizing NVivo software visualized the themes across all focus groups. A cluster analysis creates an illustration to show how closely different themes are related between the focus groups. The closer the two themes are (represented by dots), the more closely associated they are. The inverse is also true, the farther away the themes (dots) are, the less associated they are. Proximity was determined by the researchers (Burleson, Stigers) who coded the transcripts.

The cluster analysis showed two separate groupings of themes (see Figure 1). Themes associated with “Multi-Year Support” vastly differ from those more closely associated with “Lack of Multi-Year Support.” The themes near “Multi-Year Support” are generally more positive in nature, including “Policy & Advocacy,” “Trust,” “Partnerships,” and more. Conversely, “Unmet Needs of Community,” “Salaries and Benefits,” “Number of staff,” and “Sustainability,” were all located near “Lack of Multi-Year Support.” It is imperative to note that “Sustainability” and the other themes were almost exclusively mentioned in their absence, meaning that most participants spoke about what is needed to garner sustainability, or wished they had resources to achieve sustainability.

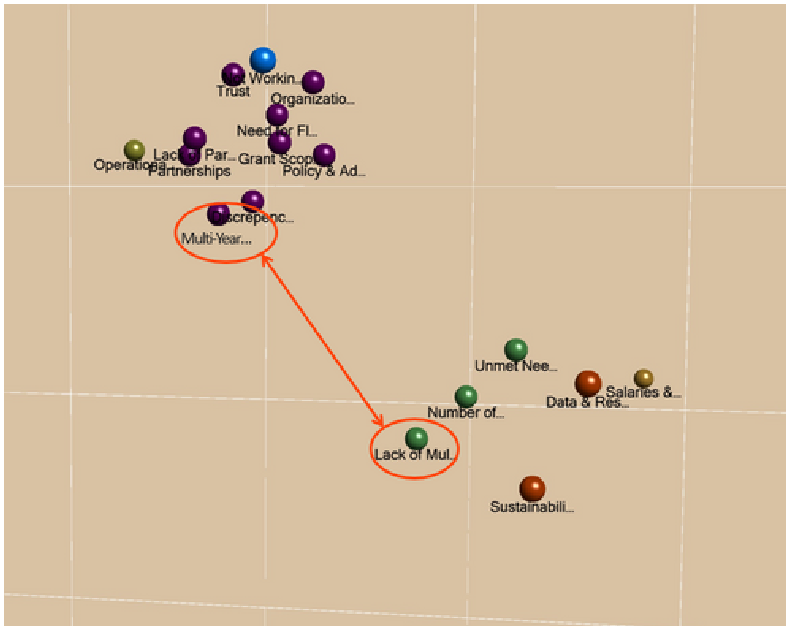


Figure 1: High Level View of Two Theme Clusters. Key Findings from NVivo by Coding Similarity.

The “Multi-Year Support” theme is located in a cluster near other themes. Near it and closely associated was “Discrepancies” - this showed us that when people talked about discrepancies within funding, the length of a grant or loan was often mentioned. The theme of multi-year funding was usually spoken of in the context of needing such funding. For example, participants illuminated several examples where funding was given for a one-year period, but once the one year was over, the program or product ended. Services ceased, causing confusion and creating a “new” unmet need in the community. “Policy and Advocacy” was also closely associated with “Multi-Year Support” since many groups wished that policies allowed more multi-year funding opportunities to enable them to better plan for the future, sustain positive change, and become a more proactive organization. When asked questions regarding policy, most communities spoke of local or state legislative and regulatory examples.

There was a sense of disconnect from federal and national policy, but not out of disinterest or indifference. The focus group participants focused on local/state advocacy and policy efforts that were direct barriers to their work. They often did not have the capacity to advocate for higher-level (state and federal) policies and advocacy efforts, as their main priority was to provide direct services. Discrepancies were located near Policy & Advocacy (and closely associated). An example of a discrepancy shared was how USDA's definition of rural increased difficulty for local Texas organizations to serve their communities (see Figure 2).

In a separate cluster of themes, "Unmet Needs of Community" is closely associated with "Lack of Multi-Year Support" (see Figure 3). This indicates that many groups discussed shorter grants and loan funding periods being more common, inhibiting long-lasting positive change that can be leveraged. They are constantly burning a lot of energy to simply start all over again in 9-10 months, with very little ability to plan and ensure services remain consistent. The theme "Data& Research" is also in this cluster. Groups shared that it was hard to gather compelling data from the work being done to obtain more funding.

Figure 2: Multi-Year Theme Cluster. Key Findings from NVivo by Coding Similarity.

In the focus groups, participants shared numerous anecdotes where funding simply was not practical for these organizations. For example, one focus group recollected that when they had a funding opportunity or farmers to produce more fruits and vegetables, the government would fund the distribution, intending to increase revenue for local farmers by covering some of the distribution costs. Unfortunately, the funding did not cover the items needed to yield larger amounts of produce, such as storage, refrigeration, facilities, and staff to clean the produce. This shows how one-time funding for pre-determined ideas does not work well in these areas.

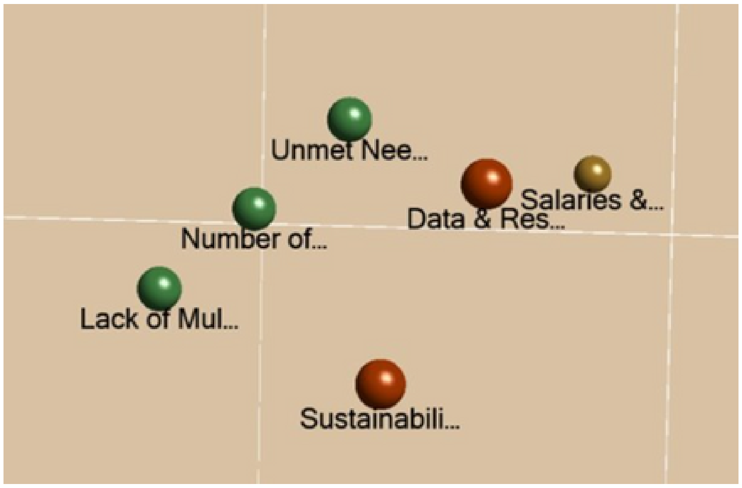


Figure 3: Lack of Multi-Year Theme Cluster. Key Findings from NVivo by Coding Similarity.

After the conclusion of the six focus groups and analysis of the themes, the researchers noted two unexpected themes that felt important to highlight individually: the need for cultural awareness in place-based work, and that rural is tired of having to be resilient.

This Work Requires Cultural Awareness

Anti-Racism Practices in Funding

During the first of the six focus groups, several participants expressed the concern that the language used in the questions was confusing and needed to be simplified for clarity. In the remaining focus groups, many participants sought clarification during the discussion, and despite the provision of definitions (see Appendix B), some of the questions needed further clarification from the facilitator. This feedback from the focus groups highlighted the importance of using language that resonates with rural practitioners, not lofty academic language and industry jargon that many fields use daily. PRT recognizes that everyone is guilty of this. By focusing on clear and concise language, funders, national organizations, and any entity working with rural communities can foster better understanding and collaboration with those on the front lines of this vital work.

Participants from Colonias noted that Spanish was the first language for many families they serve. A construction company in the area services a conventional loan product that requires families (borrowers) to fill out a form in English. According to the loan product's policy, the staff are not allowed to help the borrower fill out this form, even if they are proficient in both English and Spanish and can assist. When PRT inquired what the reasoning was behind not having the staff assist as a translator, they shared that the expectation was that their children could assist in filling out the forms. Expecting children to be the only eligible translators is unfair and unjust. This cultural barrier deters borrowers from accessing the service and puts an undue burden on children. It creates inequities for families whose native language is not English, which locks out many rural, Indigenous, and Native families from homeownership, business ownership, and accessing a myriad of resources.

A housing organization that serves Native communities out West shared a story where they were awarded funding, but its use was ineffective due to a lack of cultural awareness and familiarity with their home state. When awarded funding, a stipulation was that an organization halfway across the country would provide technical assistance to run their organization. This resulted in them having to spend part of their contracted time educating the consultant about their own culture and community needs. Being so disconnected also created barriers to trust, accumulating uncertainty around what expectations around deliverables.

If you're charging the tribe on their dime [to learn about their culture], it's a huge problem.

Moriah McGill

Frankly, PRT could not agree more. Tribes trying to meet basic human needs, such as food, water, and shelter, should not have to dedicate a portion of their funding to educating external consultants on how to help their own community. PRT suggests funders pay for cultural trainings for all of their staff, regardless of place.

This example highlights how rural and Native communities experiencing persistent poverty are often blocked from funding or deterred from applying in the first place. Repeatedly, the groups shared how they are used to functioning with very few resources. The underlying song of these melancholy examples of tenacity and grit highlighted a new perspective for PRT.

Rural is Tired of Having to be Resilient

The second theme that surprised the research team was the connotation around resiliency. While being resilient is often described with a sense of honor and holds a positive connotation, it is important to take a moment to reflect on what "rural resilience" really means to these communities. To them, it is not a badge of honor they want to carry; it is a cost. They do not want to keep surviving and innovating under such dismal circumstances and with minimal resources. They want to thrive and function like the other areas around them. They want to complete the community projects without being dubbed heroes. It is time these communities are given what they need to generate flourishing local economies, be self-sustaining, and not be resilient while doing so.

Reflections

It All Boils Down to Trusted Partnerships

Regional, state, and local organizations, practitioners, and leaders need to intentionally engage with funders and elected officials in person. This would allow more opportunities for connections to capital and, more importantly, partnerships.

After analyzing the transcripts, PRT realized that the resource with the highest count of mentions total across all six focus groups was **partnerships**. This is a powerful insight. Partnerships between people, systems, organizations, and regions are necessary to work better together, to leverage dollars spent, and to ensure a prosperous future for rural America. There is hope to be found in the fact that many well-intentioned and authentic efforts are being made by forward-thinking funders, such as the Robert Wood Johnson Foundation. More federal and private funders should consider shifting to a similar funding model that allows communities to drive the work and define what measurements determine success for themselves. The community members know what needs to be done, where there is a need for improvement, and what the community wants. Funders should support these community-driven solutions and goals, investing in connections and trust rather than pre-defined projects or programs.

Above & Beyond Mission Statements

Each participant organization was established out of a need from the community that no one else had yet to address. Passion, heart, and generosity drive these leaders and practitioners. Once established, they became central “hubs” for their areas. With a lack of other resources, there was a pressure and necessity for these organizations to fill more gaps, serve more people, and ultimately do more work. This leads to organizations with low levels of capacity being stretched even thinner. It creates a cycle of needs consistently unmet for the staff, the organization, and the community.

Housing practitioners shared that they housed community members in their office if hotels were unavailable after a weather disaster. That same housing organization responded to emergency calls and usually beat first responders to the scene. This shows the dedication practitioners have to rural communities, and the very least we can do is ensure they have a healthy work-life with proper tools, training, and resources to do their job in a way that works for them.

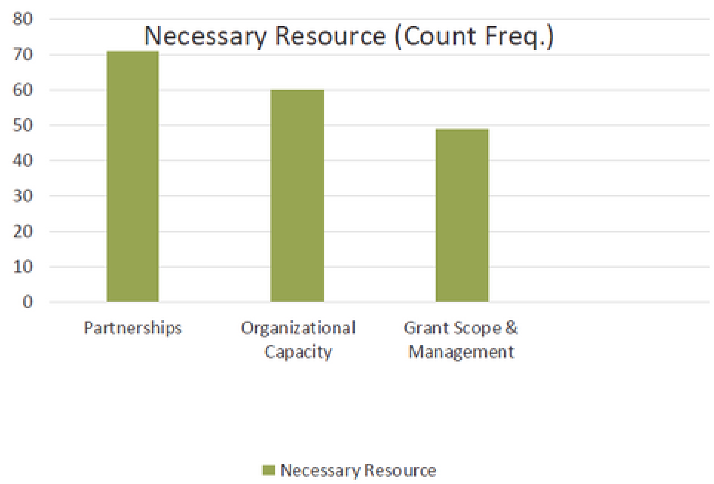
Partnerships are Desired and Necessary

Partnerships are strikingly important for these organizations in regions of persistent poverty. Among the six focus groups, **partnership was mentioned 71 times**. The mentions included partnerships that have already formed, partnerships currently being built, and future partnerships were all front of mind.

These groups embodied the rural spirit of collaboration, shared learning, and thought leadership.

Figure 4 demonstrates how trust, partnerships, and connections allow organizations to best operate to advance community development in regions experiencing persistent poverty. Partnerships are at the core of every resource needed and are at the base of every success story shared. It is essential to promote relationships as a solution in rural America. PRT fully supports the notion that partnerships are the cornerstone of rural community development and successful financing for rural communities.

Figure 4: Chart from NVivo Representing County Frequency of Code/Word



Recommendations

FUNDERS

- Take the time to build trust with investees and the places they call home.
- Utilize the Practices in the Rural Funding Guide below to ensure that the dollars lent, invested, or granted have maximum impact.

RURAL ORGANIZATIONS & ALLIES

- Repeating this study with more focus groups for a larger sample size and more in-depth rural insights.
- Uplift the new Rural Funding Guide. PRT altered the original framework to reflect and embody the findings from this study. PRT wants the framework to be a helpful tool for anyone looking to engage and work with rural communities.

Limitations

One of the most notable limitations of this study design was the small sample size of focus groups (n=6). PRT hopes to be able to increase this sample size in the future to provide a more robust understanding of how funding best serves rural practitioners. Secondly, each PRT Partner referred an organization to the research team, which could have skewed the findings. Lastly, PRT had to change the questions after the first group, as the conversation was too academic and rigid, which could have impacted the engagement of other focus groups. The protocol and questions were much less structured for the remaining groups and resembled a more natural conversation flow.

Appendix A: What is Persistent Poverty & How did it Originate?

What is a Persistent Poverty County?

A Persistent Poverty County (PPC) is a county designation developed by the Economic Development Administration (EDA) and the Census Bureau, and is formally defined in the 2017 Consolidated Appropriations Act, where at least 20% of a county's population is at or below the federal poverty line for 30 years or more. There are regions with higher concentrations of persistently poor counties, which PRT refers to as regions of persistent poverty, or persistently poor areas. Four out of five PPCs are rural, and 60% of people living in PPCs are people of color.

How Did Persistent Poverty Originate?

Persistently poor areas do not exist by accident. Past, present, direct, and indirect choices from various stakeholders helped create persistent poverty in these regions. While it is a multi-faceted and complex problem, there are three main contributing factors:

Differences by Place and Race

There is a long history of systemic and institutionalized policies and practices that discriminate based on race and place, as a result, stifling economic opportunity. Examples span across sectors and include (but are not limited to): redlining, gentrification, appraisal bias, voter suppression, and racial profiling. These disproportionately affect rural regions of persistent poverty, and the generational effects are still palpable today. According to the Department of Commerce, even when adjusting for cost of living, incomes in metropolitan communities are on average 29% higher than in small metropolitan places, and 51% when comparing metropolitan areas to rural locations. Results worsen for specific demographics. For Native Americans, the National Community Reinvestment Coalition (NCRC) estimated a median wealth of just $5,700 compared to the national average of $65,000, meaning Native families only have 8.7% of the average wealth the rest of the country has. Similar patterns of stark differences in terms of affordable housing, maternal health, life expectancy, and other outcomes can be seen when comparing urban and rural areas. Typically, even poorer outcomes are seen when looking at demographic sub-groups between urban and rural places.

Survivors of Extractive Economies
Federal and private monopolized stakeholders across industries became giants at the expense of smaller rural communities that had resources extracted from their own local economies, stunting their own ability to thrive. This has been seen across the country: slavery in the Deep South and the Mississippi Black Belt, labor exploitation in the Rio Grande Valley; stolen land from Native communities in the West, natural resource extraction in Appalachia. *The Injustice of Place*, authored by Kathryn Edin, H. Luke Shaefer, and Timothy J. Nelson, is a book dedicated to telling the stories of these regions and the consequences of extractive economies. All of these regions share a common thread in their history of having resources used and exploited, only to benefit people or companies outside of the communities. One consequence seen today is the current employment gap across race and place. In 2024, the Board of Governors of the Federal Reserve Bank found that there was an 18% difference in employment rate between metro & non-metro black men between the ages of 16-64.

Chronic and Severe Disinvestment
Basic financial skills needed to build familial wealth are challenging for these communities. Having a savings account, owning a home or car, accessing loans as required, having the ability to build credit, and having access to banks are all privileges, even in 2025.

Rural areas have a high overlap with banking deserts, meaning banks are not near rural residents and businesses. According to the Consumer Financial Protection Bureau, rural census tracts are ten times more likely to be in a banking desert than urban tracts. In addition to a lack of access to capital providers in the area, rural regions have experienced a chronic lack of investment from other types of capital providers. For example, in 2017, Opportunity Finance Network found that rural Community Development Financial Institutions (CDFIs) borrowed 29% of their funds from banks, while non-rural CDFIs could borrow 56%. This shows the importance of federal and philanthropic funding in ensuring rural CDFIs located in banking deserts can access the capital needed to sustain community development efforts and critical services.

The lack of investment from various capital providers is counterintuitive, given that CDFIs on average leverage $8 in private funding from every $1 from public sources, making them a key player in efficiently leveraging capital into these regions. Philanthropy is often pivotal in successfully funding rural projects, but many philanthropic foundations do not invest in rural places. In a 2021 Foundation Strategy Group report, only 7% of philanthropic funds go to rural America, despite making up 20% of the country's population.

The trend continues when looking at federal investment. Between 1990 and 2014, federal place-based investments largely went to metropolitan areas ($306 billion), while only $62 billion went to nonmetropolitan areas. There have been historic efforts to control power and resource allocation through gerrymandering and globalization efforts, which are still alive today. However, there are opportunities for private and public (federal, state, and local) investors to be strategic about how and where their dollars can have maximum impact.

Despite These Inequities, Rural is Still Rising

Despite the lack of access to resources, capital, and opportunities these regions experience, rural America still serves as a strong, unwavering pulse in the national economy. The Center for American Progress reports that 10% of America's Gross Domestic Product (GDP) in 2019 was generated from rural counties. There's been steady growth from 2010 to 2022 in income and productivity: rural counties' GDP increased by 15%, and median household income increased by 43%. Rural economies are vibrant, diverse, and dynamic. Government, manufacturing, and healthcare are the top three sectors for rural workers. Rural areas tend to have more self-employed businesses, speaking to the entrepreneurial spirit of these regions. From 2020 to 2021, rural unemployment rates for prime-working-age Americans recovered from the pandemic faster than their metropolitan counterparts. There is undeniable success in rural places and people, despite being underestimated by nearly every major funding stream over the past several decades.

Appendix B: Abridged Rural Equity Development Framework and Definitions Provided to Participants

7 Practices to Shape Effective Development Support

Invest in community readiness. Local practitioners need access to training, entrepreneurial support and leadership development opportunities. Local governments and organizations need access to the resources to pay staff, build expertise, take on complicated problems, work together in partnership and respond to changes in context. These resources will make communities better partners and reduce risk for investors.

Maximize flexibility. With help and sufficient resources, many communities can identify targeted strategies that can make a meaningful difference in their place. Flexibility also applies to capital resources like loans and guarantees. Flexible terms and rates are also important.

Improve Scope of Grants. Communities need access to grants with necessary scope. Creating larger grant set-asides or increasing eligible grant amounts is critical to addressing interconnected problems like building stronger local institutions, job creation or environmental remediation. Financing is a critical resource. When capital is tied to grant funds to support technical assistance, deployment or building stronger borrower balance sheets, the impact is even greater.

Provide patient and multi-year support. Communities require serious investment over time. Multi-year efforts to help build strong organizations, partnerships, and longer-term projects can tackle complicated problems and are more likely to be successful than single-year investments. This helps local leaders to think and plan more broadly and longer-term.

Support regional approaches. Funds that seek to support asset-based economic sectors or build on place-based assets can create shared opportunities that multiple communities can benefit from. These strategies require investments from across jurisdictions from multiple players, regional planning and network development, and an understanding of the assets and opportunities in the region.

These strategies need resourcing and require a flexible approach to investing.

Make resources easier to access. Applications are complicated. They often require hard to find match and need a high level of expertise to access. Lowering match, simplifying application processes, and building closer relationships with local partners will help. Ease of access should be central.

Build place-based relationships. When policy makers and funders build relationships with local actors and seek to better understand the challenges in a place through those relationships, the results are investments that are much more effective and make a bigger and better impact.

Definitions

Community Readiness: The ability for a community to respond to an event promptly, efficiently, and inclusively.

Policy & Practice: Practice is the work being done by community organizations, including activities or services provided to communities. Policy refers to the rules and regulations that affect one's ability to do (or not do) their work, and how the work is done.

Anti-racism practice: This includes being aware of and knowing the obstacles that perpetuate or create racial or spatial inequities. It can encompass elements of the work done or services provided that eliminate (or uphold) obstacles that influence inclusivity or equity. This can be programmatic or systematic.

Scope (of grant): The scope of grants in this context refers to the eligibility guidelines, grant length, deliverables (activities and outputs) included in the grant, operational funding specifically allocated within the grant, funding amount, or other aspects of the grant.

Place-Based Work: Place-based work targets a specific geography or group of people that is reflective and responsive to that group or place's specific historical context, needs, strengths, and limitations.

Appendix C: Rural Funding Guide

Rural America is an essential thread in the fabric of our nation. Odds are, rural Americans produced the cotton in your clothing, harvested the food you've eaten today, provided the steel and lumber that reinforce the buildings you see around you, and generated the energy for heat and air conditioning that keep you comfortable. This is just the start of the breadth of what rural communities contribute to our nation.

Despite our national economy's dependence on the multitude of resources in rural places, rural communities often struggle to access the investment necessary for their own success. The lack of public, private, and philanthropic investment created and allocated with rural places in mind, combined with extractive economic structures, results in poorer outcomes —from health to education to job opportunities— compared to larger cities. Yet, entrepreneurship, social, and natural capital are plentiful, and reflect the potential of rural places.

Investing in rural communities requires more than writing checks. It requires trust, patience, and a genuine desire to fund the building blocks of our local economies: schools, homes, small businesses, grocery stores, manufacturing, and farms.

It's time to strengthen our nation by investing in rural economies.

DID YOU KNOW
Entrepreneurship is
HIGHER in rural places?
In rural (pop. less than 2,500 people)
23.4% per 1,000
own startups, compared to
12.2% urban (pop. 250,00 - 1 mil)

Federal Reserve Bank St. Louis, Investing in Rural Prosperity, 2021

How to Invest in Rural With Maximum Impact

PRT partnered with the Aspen Institute Community Strategies Group to better understand what it takes to fund rural futures at the regional level. That research identified four principles: **equitable funding; investing in systems, organizations, and people; strong partnerships;** and **effective funding outcomes**. PRT interviewed local rural practitioners on how those principles translate to on-the-ground work. The result was **eight practices** that demonstrate how funding should flow to maximize impact in rural communities.

Practices for Local Leaders

Put Community Voice First

Build Community Adaptability

Support Regional Approaches

Form Trusted Partnerships

Practices for Funders

Make Capital Accessible

Increase Flexible Capital

Grow Grant Capital

Provide Multi-Year Support

The Practices

Put Community Voice First. Having prescribed solutions excludes the most important aspect of rural and Native community development work: the voice of the people who live there. While often discounted, it is imperative that community development efforts are driven by conversations with local leaders and community members instead of focusing on generating buy-in for a pre-determined idea. Community members are the experts in their community's needs. Following their voice is essential for investments to have a meaningful and lasting impact.

Build Community Adaptability. Local and regional organizations are critical partners to funders who bring the knowledge needed to imagine, plan, and implement solutions. Communities need to be able to adapt and pivot as new situations arise, and respond appropriately as their economy ebbs and flows. Increasing a community's adaptability will benefit their region and reduce perceived risk for new investors.

Support Regional Approaches. Investments that support the broader ecosystems and build on existing place-based assets create opportunities for multiple communities to benefit collectively. This requires investing in a collaborative action across jurisdictions and sectors, with a keen understanding of the region's assets and potential. Connecting and investing in cross-sector solutions and partnerships can catalyze impact.

Form Trusted Partnerships. When funders build relationships with local people to better understand a place, the result is more effective and transformative outcomes. A necessary aspect of relationship-building is visiting rural places and people in person to engage in generative dialogue, learning firsthand how funding may or may not translate well in that community. Funders should invest in building trust with the people and places, rather than simply completing a transaction.

Make Capital Accessible. The myriad of obstacles that exist before acquiring funds make the cost of funding unaffordable for rural applicants. Public and private applications are complicated, often require matching funds, and have arduous reporting requirements. It takes time, data, technology, and resources that many rural organizations and leaders do not have. These barriers are deterrents to applying, even when funds specifically target rural. More needs to be done to simplify the process of accessing and using funding meant for these places and people.

Increase Flexible Capital. Operational funding makes it possible for organizations to invest in their staff, equipment, and longevity. Flexible funding allows local leaders to identify and implement targeted strategies that can make a meaningful difference in their community. It enables leaders to measure and collect data to understand the needs or efficacy of a solution and make decisions for future funding. Providing flexible operating dollars gives local organizations the autonomy to invest in both the work and the people needed to make it happen, increasing short and long-term impact.

Grow Grant Capital. Many rural communities receive grants, but not at the scale needed to leverage other private and public dollars. Most rural communities do not have a robust tax base or other forms of revenue needed to access or repay this type of capital. These communities need grants that make the cost of funding affordable so that dollars have the most impact. Creating grant set-asides and increasing grant awards is critical to addressing complex multidisciplinary issues, like building stronger local and regional institutions and generating job creation.

Provide Multi-Year Support. The multi-faceted nature of persistent and generational poverty in these regions will require reliable and consistent investment over time. Multi-year funding of at least 3 years allows communities to build a strong foundation, plan for their future, and attract even more resources. It also allows time for testing and learning what works well and what needs improvement. Multi-year funding is the key to providing funding that creates true, tangible community development.

PARTNERS FOR RURAL TRANSFORMATION

Appendix D: Methodology

This study was designed in accordance with the four principles identified to support regional funding for rural America in the Aspen Community Strategies Group's Funding Rural Futures report. From that report, PRT developed a framework to explore the funding needs of local rural practitioners, which identified seven practices for decision makers, philanthropists, and federal agencies to adhere to when conducting, funding, or facilitating community development work in rural regions of persistent poverty. The seven practices listed in the original version (see Appendix B) are: invest in community readiness, maximize flexibility, make grants at scale, provide patient and multi-year support, make resources easier to access, support regional approaches, and build place-based relationships. The Partners for Rural Transformation asked the Robert Wood Johnson Foundation for the opportunity to see if the seven assumed practices actually translate well to work being done on the frontlines, and if they impact three outcomes. Those three outcomes are shaping policy and practice, influencing the volume and inclusiveness of federal funding, and incorporating anti-racism practices into delivering private investment.

The Partners for Rural Transformation (PRT) conducted this study to ask two main questions. First, how does the original set of practices work when utilized by practitioners in communities experiencing persistent poverty? And lastly, how do these practices influence the three outcomes? This study aimed to assess how the practices translate into direct community work, how they need to be improved, and whether the practices are related to or influence the three outcomes in any way. PRT updated the set of seven practices to reflect the participants' expertise and feedback, creating the eight practices known as the Rural Funding Guide (see Appendix C). Secondly, PRT plans to understand better these organizations' needs to achieve policy and fundraising outcomes for rural regions of persistent poverty.

The Partners for Rural Transformation is led by a Steering Committee of six place-based organizations serving different regions of persistent poverty. The PRT Steering Committee Partners collectively serve three-quarters of all rural persistently poor counties. Each Partner referred the research team to an organization to reach out to ask them to participate in the study, giving the research team a warm introduction to the participants. There were 39 total participants, with a total of six (n=6) focus groups. Each group was allotted 4-8 participants within their organization to participate. The mean (or average) number of participants was 6.5 per focus group. It should be noted that the smallest group had four participants, but that was 100% of their current staff. The smaller sample size may have affected the mean focus group size.

The research team developed a protocol, or a set of questions, for consistency to ask all six focus groups. The protocol was a list of questions that revolved around the seven practices and the three outcomes. In the first focus group, the research team (and participants) noted the rigidity of the conversation and scripted questions. It impacted the flow of conversation and felt unnatural, making it harder for the participants to share anecdotes or answer questions holistically. As a result, the research team created a second protocol that was still based on the original framework's seven practices and the three outcomes. Instead of having those questions in a list format, the team made more general categories for the facilitator to reference. This allowed for freer, more natural, and in-depth conversation. Within a few minutes of the second focus group, it was clear that this method created a more robust conversation. This second version of the protocol was used for the remaining five focus groups.

Once a Steering Committee Partner referred the organization to the research team, the research team explained the project purpose and description via email or phone. It coordinated a time to host the focus group. Once the organization confirmed who would participate in the focus group, the research team drafted and required a signature of informed consent from each participant. The focus group would not happen unless all of the participants had a consent form on file beforehand. The research team also took extra precautions by asking the participants at the start of the focus group to state their name and consent to be audio-recorded and be a part of the study, and were offered the option not to participate and rescind their consent at any time. Participants were informed before their participation that if the research team wanted to attribute a quote to them in the future for any purpose, the team would ask for consent beforehand. After each focus group was completed, a monetary incentive went directly to the organization as a token of appreciation for their time and information.

The largest part of collecting the data came from hosting the focus groups. Due to several factors, mainly timing and ease of access, each focus group was held virtually through a secure Zoom link. All focus groups followed a similar schedule and pattern. They each started with a review of the rules of consent and expectations for the day, a high-level agenda, the second verbal consent, and then the discussion. To ensure as much consistency as possible, the research team utilized the same group facilitator for all of the focus groups. The other two researchers served as a note-taker and transcriptionist. Otter.ai transcription software was used to transcribe conversations. One team member would edit the transcription live to ensure the conversation was captured as accurately as possible. A second notetaker focused on taking notes that Otter.ai could not detect, such as long pauses of note, body language, tone, sarcasm, and facial expressions.

After the focus group sessions were completed, the research team uploaded the transcripts into a qualitative analysis software, NVivo14. Two researchers on the team created a codebook that listed themes to assign segments of the transcripts to. The main themes were: Above & Beyond, Access to Capital, Community Infrastructure, Community Mindset, COVID-19, Data & Research, Discrimination or Impacts of Race, Faith-Based & Religious Organizations, Natural Disaster or Community Emergency, Need for Unrestricted Dollars, Organizational Capacity, Partnerships, Policy & Advocacy, Discrepancies, Operational Capital, Access to Resources, Cultural Competency, RWJF Language Clarity, Trust, Sustainability, Multi-Year Support, and Unmet Needs or Challenges of Communities. Some codes had subcodes as well. A third researcher on the team gave an outside perspective on the code book, helping outline, conjoin, or separate out themes as needed. Once the codebook was agreed upon, pieces of the transcriptions could then be coded to relevant themes.

NVivo 14 can run a comparison query utilizing the Cohen Kappa Coefficient ($\varkappa$). This statistical test measures the inter-rater reliability, meaning it measures how similarly individuals coded data, considering the amount of similar coding that would happen by chance. The result is expressed as a decimal that ranges from -1 to 1 (-1 indicating no agreement, 1 being exact agreement). It tells a team of researchers who all coded the same data what proportion of the values that were not expected to be agreed upon by chance actually are agreements. Over the past few decades, the categories of ranges have shifted slightly. Using the most recent scoring system (Fleiss et al., 2003), the researchers had a $\varkappa$= 0.46, which is in the fair to good agreement category. The percentage of agreement was above 91.27% across all files and codes. The hypothesized reason for having such a high percentage of agreement is due to the structure of the conversations with the focus groups. The same facilitator and protocol were used for each group, likely making the coding of the transcriptions very similar to one another.

The research team began the project by drafting specific questions to answer. In that preliminary process, the team realized a qualitative market study was the best design to model from the beginning to plan the work. The Rural Equity Development Framework was the product, and the “market” was local practitioners and organizations in regions of persistent poverty, investors, and funders. The protocol was built from the practices in the original guide (see Appendix B) and the three outcomes. The NVivo14 software allowed a deeper analysis of the qualitative data, and the research team had two coders, with a third being an outside reviewer for quality assurance. PRT included each region of persistent poverty PRT serves and successfully got insightful feedback that was appreciated and beneficial to the editing process of the new Rural Funding Guide (see Appendix C).

Limitations are a part of all studies. One of the most notable limitations of this study design was the small sample size (n=6). PRT hopes to increase this sample size in the future to provide a more robust understanding of the funding needs of rural practitioners. Secondly, each Steering Committee Partner referred an organization to participate in this study, which could have skewed the findings subconsciously. Lastly, PRT had to change the protocol after the first group, as the conversation was too academic and rigid, which could have impacted the engagement of the focus groups. The protocol (pre-determined questions) was less structured for the remaining focus groups and resembled a much more natural conversation flow.