



## **Rural Philanthropy: The Grant-Maker's Perspective**

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**Anna Greenberg  
Jennifer Berktold**

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### **Introduction**

Rural is a changing landscape. As manufacturing jobs migrate offshore or disappear entirely and farming no longer is the exclusive purview of the small family farmer, the diversity of work and level of income available to residents of rural areas has decreased. As a consequence of many factors, including globalization, rural America is undergoing massive change, forced to move away from those for which it has traditionally associated and to rethink the industries available to them. With a declining population living in rural areas and fewer resources available, we are at risk of losing the cultural and economic contributions of rural people.

Although philanthropy typically seeks out challenged sectors of society in order to help create solutions, currently only a handful of major foundations make a strong institutional commitment to grant making in rural America. A recent study by the National Committee for Responsive Philanthropy found that between 2001 and 2002, of the roughly 65,000 foundations actively making grants only 306 use the word “rural” in their grant descriptions to the Foundation Center. Of these, only 184 foundations were engaged in rural development grant making, for a total amount of about \$100 million.<sup>1</sup>

In this study, we explore perceptions of grant-makers on rural philanthropy, in an effort to understand the place of rural giving in the foundation world. We will discuss how decision-

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<sup>1</sup> *Beyond City Limits: The Philanthropic Needs of Rural America* (National Committee for Responsive Philanthropy), May 2003.



makers think about rural grant making — both how it is understood and to what extent it is prioritized — the challenges and the benefits to making rural grants, and where they feel rural grant-making is headed in the future. This report is based on a set of 50 in-depth interviews with foundation grant-makers or others knowledgeable about the current state of rural philanthropy (for a complete discussion of the interview methodology, see the Methodological Appendices.)

We find there are many challenges to rural grant making that are found at both the local and institutional levels. The big question that grant-makers ask themselves with regarding rural grant making is, “Is it worth it?” For most who engage in rural philanthropy, the answer is an overwhelming “yes,” seeing it as an opportunity to affect change and help their communities in tangible ways. For others, the pros are outweighed by the cons because rural areas have so much need that it is difficult to know how to begin to address it. The scope of the need, coupled with concerns about capacity and leadership, becomes a reason to avoid rural grant making. But for grant-makers to answer this question, they also must turn to what they know about rural. We find perceptions of rural are often nuanced and informed by real knowledge, but just as often, by stereotypes about rural leadership and the agricultural economy.

Despite many trends that would pull attention away from rural, many foundation grant-makers steadfastly believe there is great need in rural areas and it is an important area to try to address, especially if the right opportunities can be identified. We find many foundations, although they do not make rural grants per se, find ways to work in rural areas by choosing a targeted regional or issue-based strategy. In order to ensure that rural areas have a strong foothold in philanthropy looking forward it is incumbent that advocacy organizations work to promote shared understandings not only of the needs of rural but in the possibilities of what can be achieved, attempt to address some of the stereotypes that limit grant-makers from doing more in rural, and work to develop and strengthen occupational networks which can serve as information conduits for opportunity and success stories.

## **Main Findings**

- Grant-makers we interviewed see the foundation world as healthy and vibrant and do not attribute any limitations in rural philanthropy to a general lack of resources.
- Rural grant making is hindered by ambiguity about how to define rural. In fact, grant-makers prefer to adopt regional, issue-based program strategies rather than identify rural areas as specific targets for funding. They often do not take into account whether a recipient is in a rural area, but whether the recipient fits into their mission and program area instead. They often have trouble identifying how many of their grants are rural.
- We see evidence that rural stereotypes persist among rural grant-makers. Current perceptions — such as rural areas are dominated by agriculture— inhibit outside funding people from identifying of the true needs of the community. Rural advocates need to take a lead on education and promoting alternative understandings of rural culture.



- Respondents agree that rural communities have great need. However, respondents also voice the view that need alone is not a sufficient reason to make grants. Grant-makers want to allocate resources to organizations they think have capacity and will be effective in the long term.
- Many of the grant-makers we interviewed question the ability of rural organizations to manage funding and carry out programs effectively. Often, foundations seek certain levels of organizational sophistication, even bureaucracy, when making grants. They want their recipients to be able to quantify their outcomes and effectively manage their grant money. Organizations in rural areas may lack such capacity, making it difficult for them to compete on equal footing with their counterparts in urban areas.
- Some regional foundation executives cite a lack of funding partners in rural areas as an important disincentive to rural grant making. Without a critical mass of funding partners, rural work becomes much more challenging. It demands increased resourcefulness and creativity in locating funding partners by those that do decide to operate there.
- Grant-makers we interviewed seek “bang for the buck.” They look for situations where need is high, and the opportunity to affect change is also great. This bias can work against rural grant making when decision makers think they cannot make a difference in rural areas because the problems are so vast. It can work for rural grant making when decision makers think there are so many problems that even a small investment of resources can make a difference.
- Grant-makers we interviewed hold two distinct sets of opinions to the future of rural. Some are optimistic and believe grant-makers will continue to respond to the areas of greatest need. Others are pessimistic and believe rural philanthropy will decrease due to demographic trends that are leading away from rural, and a diminishing population of donors with personal ties to rural.
- In many respects, the future of rural grant making depends on the development of shared understandings of what is possible among grant-makers. Currently, there are shared understandings of the forces that make it difficult to do work in rural areas, but there are not shared understandings that effective work can still be done. Success stories play an important role in contributing to a comprehension of the possibilities and the development of a shared optimism of rural future among grant-makers.

### **Trends in Grant-Making**

Foundations are, of course, very diverse, and there is great variation among them in such characteristics like size, scope, mission, and areas of interest. However, grant-makers hold common perceptions of foundation spending dynamics that might be labeled as trends. Overall, interviewees adopt an optimistic outlook on the amount of money available to foundations, and



rural grant making stands to benefit by being part of a foundation world that in the short term is looking toward increased spending and grants of longer duration.

- **The stock market volatility contributed to a recent decline in grant-making, although it is changing.** Many respondents mention that the stock market turbulence over the past couple of years affected their grant making. However, while in the recent past it limited their grant making, they are looking in the immediate future toward increased spending.

*Investments are down, therefore grants funds are down. Particularly if you are an endowed foundation and you have a 5% spending policy and you are trying to protect the principal of that endowment over time.*

*Over the last five years, that would take us back to 2000, we have somewhat less. Not dramatically less. It has gone down and then come back up.*

- **Grant-makers indicate greater openness to providing operating and capacity building support.** As we will discuss in the challenges section of the report, one of the great obstacles to rural philanthropy lies in the perception, and likely the reality of underdeveloped forms of infrastructure, without which it is difficult to know if grantees have the capacity to address needs. Over the last five years, many respondents indicate that foundations have been making grants in order to expand capacity, which, if successful, will foster greater opportunity for grant-making in the future.

*If there is any trend, it's a greater openness to . . . providing operating support, and making capacity building grants. I think I would say those are the two major shifts I've seen.*

- **Grants are growing larger and are for longer periods of duration.** Although there is a great amount of variation in the amounts, types, and durations of grants, several grant-makers we interviewed are as interested in building capacity and infrastructure as they are in funding services or programs. In order to promote this outcome, they believe foundations are making grants that are larger and intended for longer periods of duration.

*The grants are larger. This approach now, we have our \$25-30 million and it's going to be going to a couple of dozen organizations... [It's] much fewer projects. We were at 200 before, five big program areas for the same amount of money.*

## Obstacles to Rural Giving

*I think it is very hard, very hard work.*



*INTERVIEWER: How come?*

*Because of the invisibility of rural, the devaluation of rural and the inaccessibility of rural and the difficulty of aggregating rural information.*

Rural often has trouble fitting into the decision-making heuristics these foundations establish in order to guide their choices about whom to support. We observe throughout the interviews that few foundations incorporate a rural strategy due to obstacles of definition or mission. Indeed, many foundations are unaware of the number of grants they make in rural areas. Sometimes, grant-makers noted that they often look to make grants to organizations with certain levels of leadership or capacity, which rural organizations may have trouble meeting because of their smaller population or size. Finally, grant-makers believe that logistical issues, like the time and distance required and the lack of funding partners, pose added challenges to doing work in rural areas.

- **It is difficult to know what or where “rural” is because respondents have trouble defining it.** Among our interviewees, we found few foundations that outline an explicit rural strategy, in part because of the trouble with dealing with heterogeneity of rural areas. Grant-makers note the difficulty in finding models of grant-making that are transferable to one another across various rural areas because of the diversity of rural America. Landscapes differ, cultures differ, people differ, and the problems differ. As a result, grant-makers find that solutions that worked in one community do not always work in the next.

*They are different in the sense that you have to look at the character of the communities in which you are working in. You just can't design a project in one area, pick it up and put it in another one and say: 'oh yeah, it is going to work.' It never does that because unfortunately we deal with people.*

*There's no such thing as a rural context, because it varies from area to area.*

*If people think about rural in sort of Appalachia, you know, declining economies, struggling to establish a tourist economy, but shaky, you know, isolated in lots of ways. And compare that to... Fresno as rural places, and try to find out what the commonalities are, and obviously the person who is thinking mostly about the Hmong in Fresno is gonna have a very different view than the person who's thinking about, you know, families in Eastern Kentucky.*

Moreover, there is no one definition of rural. In some ways, it should be expected that a heterogeneous domain would have little consensus in definition as well. But in trying to get new audiences interested in rural grant making, it may be a problem if the object of



interest is understood only in the broadest of terms, such as by population density, or worse, by something it is not.

*Years ago I hired somebody to go and find all the definitions of rural, and I forgot how many we found, but there were, you know, like twenty-seven of them or something.*

*It means everything but suburban, urban, ex-urban. So, it's defined as much by what it isn't, probably more by what it isn't, as what it is.*

- **Rural is often not part of foundation missions.** Although most foundations make some number of rural grants, only about 1 in 10 of the foundations we interviewed offer more than 50 percent rural grants. In most of these cases, this commitment stems from the fact that their regional area of focus is a state that is mostly rural.

*Most of the state is rural and we fund statewide, so we do a substantial amount of giving in rural communities.*

Some grant-makers work for foundations that make very few or no rural grants at all. Sometimes rural groups simply do not conform to their foundation's mission. If a foundation is looking to reach inner-city populations or deal with urban violence, it is hard for them to see the relevance of rural areas to their foundation. Others may have missions that are technically broad enough to accommodate rural, but in practice their lack of experience in dealing with rural, combined with the lower levels of incidence, make it unlikely they will choose to make grants in these areas.

*Most of our work is with low-income kids in the urban areas. That's pretty much how we defined it. I think if someone came up with a really good program in a rural area, we'd probably would look at it but it would have to fit our criteria. And one would be the scaling up and the wish to grow and serve significantly numbers of more kids.*

*Our donor is interested in the problems of cities and the innovation of cities. But also, instinctive reaction that you can make a bigger impact on the question of poverty and the numbers of people in poverty, you know, by focusing on the ways in which people accumulate in cities.*

- **Grant-makers do not make grants explicitly to “rural” areas nor do they track their rural grants.** Most of the grant-makers interviewed, in fact, avoid this definitional problem by developing strategies that do not address it at all. Many grant-makers do not know what percentage of grants made by their foundations address rural problems or opportunities. Rural is simply not top of mind for them. When forced, most can name grants that are in fact in rural areas, but few make the grants solely because they are located in rural areas. Only about a quarter of the respondents said they make no or virtually no rural grants.



*We don't necessarily split it down, because we don't code our grants rural or urban. So, for us, it is just about servicing our area, so we don't isolate.*

*I don't think per se we have a rural strategy. What we have is a strategy around poverty, equity and sort of promoting greater equity. By virtue of that, that brings us into rural America and to rural parts of the developing world all the time.*

*We haven't identified it as a priority area. We don't go looking for it, we don't exclude it. So therefore, you know, I think if we walked through our various grant-making programs we would find that we've had, you know, it amounted to some volume of rural focus.*

- **Rural people, needs and opportunities have low visibility and often go under-identified.** Many grant-makers acknowledge that they, as well as the public, tend not to think about rural. They are aware of rural needs but only in a general sense. This has serious consequences for rural areas, for their problems are not given neither voice nor opportunity to be understood. When making grants, they point out that they typically concentrate on where their knowledge base is strongest, which, unless one has prior background with the grant recipient, is typically located close to home. As most foundations are located in cities, they believe foundations stay close to what they know.

*Most foundations that are based in urban areas and see a wealth of urban talent is all around them. That world is visible for them, accessible to them, intellectually, culturally, physically, accessible to them.*

- **Rural stereotypes, both positive and negative, can get in the way of rural grant making.** On one hand, there is a cultural perception among grant makers we interviewed that those who live in rural areas are independent, resourceful, and proud. As a result, many perceive that those in rural areas will find ways to solve problems without having to rely on foundation aid or philanthropic assistance.

*I think there's a preconceived notion that rural areas are so much better off than the inner cities that they don't really need the money like the inner city does.*

On the other hand, some grant makers, especially those who do not frequently engage in rural philanthropy, hold simplistic views of what it means to live in a rural area. This is not to say that they are unaware of the heterogeneity of rural, but interviews suggest that certain traditional perceptions of rural persist. For example, many grant-makers still link rural areas and agriculture, even though we know the vast majority of rural residents do not make their living through agriculture. Furthermore, grant-makers use this pairing to



evince that there is little that anyone can do about the decline of the family farm and global competition.

*So most of our rural funding is in the greater south, like Texas, Florida, Mississippi, South Carolina and Louisiana. Although occasionally we will get a.....for example, we fund a farm workers group.*

*People need a new perspective and I think if anything there is a resistance, a reluctance in philanthropy to continue investing in something that looks like a losing battle, so rather than give up the battle, which certainly one shouldn't do, it needs to be recast and maybe not make it about family farms, maybe.*

- **Grant-makers believe rural organizations have capacity problems.** Capacity and leadership problems are the most frequently mentioned challenges facing rural areas. Many of the issues are believed to stem from the smaller population bases of rural areas, which places the onus of responsibility in the hands of the comparatively few. Many respondents believe the organizational sophistication of rural grant recipients is low, and because rural receipts employ fewer people, grant-makers note less work specialization among employees. Because foundations seek certain administrative requirements of all their grant recipients, this level of organizational capacity becomes a barrier to rural programs receiving the same types of grants as their urban peers. They look for evidence that recipients will be able to manage the grants, which includes administrative details like setting up the proper accounting procedures.

*[Accounting] becomes complicated quickly, in terms of how they actually account for the money. And that's not to say they are not using it wisely, because they do. They make money stretch farther than anybody I've ever seen. But, if they get multiple grants, often times my experience has been, they don't know how to actually set up the bookkeeping for it.*

*In the selection process, I think we are keenly aware of the potential candidate's ability to have access to a variety of support.*

- **Organizational structures of rural recipients can present problems to foundations.** National foundations — used to working with urban organizations— can have trouble working with rural organizations because of their differing organization structure, which is smaller and with less formalized divisions of labor. Often national foundations are uncomfortable when there is an inadequate level of bureaucratization and the same few locals all wear multiple hats.

*These communities are in desperate need, and in many cases, the leadership that's available holds many hats. The local mayor may also be the head of the non-profit, who may also be married to the school teacher*



*or the school principal. There's an inter-connectedness that I think is important to promote to national funding partners.*

*National foundations, in particular, most of whom are headquartered in large urban areas, have staff who grew up in large urban areas and who often went to very elite schools, sometimes don't really understand rural areas, and the issues of policy. And what happens is, you end up with a design of [program-based] grant making that....and I'll use this in probably the most inflammatory way to think about it....the issue of philanthropic colonialism, where the programs are designed by folks outside to be basically imposed on local folks. Then the flip is, the place-based grant making, which Ford has been really wonderful about, where you try to identify vehicles, local people and Ford try to get in touch with each other.*

- **Rural leadership can present problems to foundations.** Grant-makers point out that national foundations in particular have trouble with rural grant making because so few recipients have achieved certain levels of organizational sophistication, they need to support the individual leaders rather than the organization. They believe leadership is crucial to rural areas because the vision is located in the hands of a few and it is through the leaders that the best opportunities emerge. However, foundations are reluctant to invest too much money into the hands of the few because the investment will not be secure or for the long-term if the leadership goes away.

*It spreads a little thinner in rural areas than in urban areas, because there's just fewer people to do the work. And also there's less on infrastructure support for social and economic justice work in rural communities than there is in urban communities. It seems like, you know, can you find an accountant and an auditor to be your . . . to work with you on your financials? We do look at groups that are so much the work of one individual in a rural community that there's no organization there, there's one leader doing a lot of work with some followers. But if that leader . . . If something were to happen to that leader, it would all disappear. I think that's not a terribly good investment for a foundation. So you know, we don't invest in those kinds of people and organizations. It's gotta have enough breadth to it that if one person went away, the whole effort wouldn't die.*

*In rural communities you have . . . often times our grant making has been with a group of people that got together because they thought it was a good idea. And they certainly had a lot of sets of skills, but they weren't as familiar with writing a proposal or they weren't as familiar with the budgeting process. And then once they got the grant, their accounting was done in a shoe box, instead of setting up computer programs because they didn't even have a computer.*



- **Smaller population bases require more coordination.** Because of the smaller population bases, foundations often find they need to coordinate among multiple communities in order to reach a critical mass of population. If foundations are interested in building institutions like hospitals, schools, or roads, these institutions will affect more than one rural locality. In such instances, it is necessary to engage multiple towns and gain cooperation from not just one set of leadership, but many actors. This, in turn, can introduce additional conflicts due to varying objectives and understandings, and can require added time and effort spent in communication and diplomacy.

*You're not talking about a daycare center or a Salvation Army that can in a 15 block area reach 3,000 kids. You're talking about the population density and all that creates, like you have to have 5 or 6 counties work together in order to assemble that kind of, aggregate that kind of program and that is really, really challenging. For example, our work. That's the kind of stuff we do, is the shuttle diplomacy that kind of move around the state and that makes it very, very challenging.*

- **Measuring outcomes in rural is challenging.** Since foundations often prioritize quantifiable means of comparing effectiveness across grants, the fact that rural organizations might have difficulties in being able to track their results may serve as a final nail in their coffin, a disadvantage that leaves them less fit to compete for the big grants.

*I just remember that our analysis that we did, and the evaluations of the grants, were not very clear as to the number of the jobs that were created and the like. I think it's sometimes hard to know what the impact is and foundations are increasingly trying to find out not only what the outputs of grant making are, but also the outcomes. And to make sure that you are making a difference.*

*They are going to ask for a level of detail and a level of sort of outcome evaluation and stuff that I don't think those organizations are going to be able to provide. However, they may continue to try to focus on rural areas but through intermediaries, so I think there is probably going to be a growth of intermediaries that are serving rural areas.*

Grant makers want to be able to ensure they are getting results. They want to know if their grants are effective, particularly how their grants are working out relative to other projects they are sponsoring. Often as a result, foundations are outcomes-driven, seeking measures by which programs can show their impact. Some worry about getting results from rural because the problems are so big.

*We're looking for those programs that actually can demonstrate that they are effective and have a basis for indicating it.*



- **Logistical issues matter.** By definition, rural areas are vast, with low population density. It takes time to drive to rural areas, and if several people need to meet, schedules can be very difficult to coordinate, not only for the length of the meeting, but also for the time required for travel. Rural grants, therefore, tap a great deal of time resources in travel that could otherwise be spent in the office.

*If you go out there, that's a day trip. I mean I bring my cell phone always to work 'cause I try to talk to people, return phone calls... I mean I spend more time driving out there than I spend at the meeting.*

*Just remember that each and every time that you're asking the stakeholder to come, it's another 2 ½ hour trip up, 2 ½ hour trip home. And so you lose people from that. It can be oppressive especially when you have weather and other things that affect these kinds of things. So bringing 40 people together for a meeting, it has to be really, really meaningful because that's a big expense and time and everything else.*

Many grant-makers simply like to stay close to the centers of philanthropy, where they can see what is being done in their own backyard, so to speak. For many foundations located in urban centers, there is a lack of understanding of the difficulties and challenges in engaging the rural communities on a day-to-day basis. Although they can be time-consuming and expensive, site visits become crucial in order for the grant-maker to see first hand how the recipients are applying their grant money.

*I think that we really rely on the expertise of those in the field to tell us that this should or should not be a priority for the foundation*

*Myself, or one of the other two program officers here, go out and conduct site visits and investigations. And that's how we learn a lot about what goes on in the state... So we are pretty much on the road about two weeks out of every month. And the other two weeks we are here researching and writing and talking to folks.*

- **Grant-makers must tap their social networks to locate partners.** From the grant-making perspective, many cite a lack of a critical mass of grant-makers, nonprofits and funding partners who can help get projects off the ground. When a foundation has located a good project, they often use their networks to assemble a set of partners to help defray the costs. However, in rural there are relatively few partner organizations to tap; therefore, grant-makers must get more creative in tapping foundations that may have a small interest, though maybe in different ways. And if projects are successes, those same networks will be called on again for different projects.



*There aren't as many...oh, what do we call it? Profits or infrastructures to partner with. You know, it's not like there's plenty of opportunities for you to choose from.*

*We've just made [a grant] through our environment fund, we put up \$50,000, and through that family foundation I talked to you about... they have a sliver of interest in the environment, so they put up \$50,000. So we gave this regional cluster of people \$100,000 to form the partnership with a national environmental defense fund... This is the group we're now in partnership with...It's connecting us... all along the coast.*

### **The Advantages of Rural Grant-Making**

For all the barriers and challenges associated with rural grant making, there are also many rewards and benefits associated with it, and grant makers who make rural grants are deeply committed. They see clear value in a couple of ways. First, they see their rural grants as having a greater impact both in “bang for the buck” and in making a greater, more noticeable contribution to the community. Many grant-makers have their success stories to share, offering compelling moments when they really made a difference. Second, grant-makers enjoy the grantees they get to work with in rural settings. The recipients are genuinely looking to foundations for financial help — and help in developing leadership capacities — and they are grateful for whatever help they receive. More than one interviewee commented on how rural recipients appreciate foundation support, viewing it as help rather than an entitlement.

- **Greater need.** Most grant-makers, even of those that typically do not make rural grants, believe that rural areas have great need. This need cuts across many domains: health, education, transportation, and economic development.

*Rural areas have bigger problems and fewer resources to solve them in the forms of everything from philanthropic giving to social infrastructure, such as strong non-profits in order to help solve those problems. That's where you have higher rates of poverty. More difficult transportation challenges. Less access to affordable healthcare. Challenges and education deliver systems. All those things are bigger proportionately to the rural population than it is in other populations and yet the resources are less.*

- **More discernable impact.** One of the clearest benefits for grant-makers is that they are making a difference working in rural areas. The needs are great, but, when the project is right, the return to investment is magnified. If the objective as a grant-maker is to find projects that improve people's standard of living, then rural is a good place to easily locate these projects.



*You get a lot of bang for the buck.... and by that I mean you get a lot of results for your investment, and your investment doubles and triples. That's number one.*

*The impact is certainly larger. If you toss a small pebble in a small pond of a rural area, you get quite a ripple and I think the opportunity for having really impact of a significant degree is very rewarding, but again it has to be fairly creative (inaudible) find [involuntary] groups or create some voluntary groups that might carry the mold.*

- **Grant-makers enjoy working in rural settings.** Grant-makers enjoy working in rural areas. In part this commitment relates to the core values of rural as the fabled backbone of the country.

*I think the connection with family, with hard work, with living close to the land, all of those are good, solid American values that everybody could identify with... And secondly, I think as people look for sanctuary from the rough and tumble environment of the big cities, I think they are going to start looking more outward and they are going to find that there's a lot of peace and enjoyment out in these rural communities. It's very relaxing to drive out... I can drive for about two hours and I'm in complete unknown. It's just, it's almost picturesque.*

- **Grant-makers enjoy working with the people who live in rural areas.** Grant-makers like working with recipients who are appreciative of what they are doing for them and are open about their limitations and their knowledge base. They also like working with those who are receptive to them, and are willing to listen to and learn from their experiences.

*The people are much more open. We've figured out how to do it, i.e., we don't do it, we ask others to do it for us. And then we appear and help... The people in greater Minnesota look at foundation support not as an entitlement, but as help so that they can launch their own success. Whereas a lot of other times I've done grants in the other parts of the world, and it's.... Entitlement seems to be the modus [operendi], and then "how much do I get" is secondary.*

*People know each other. There's just a very refreshing kind of can-do spirit, tight-knit network, willingness to work together across many different boundaries.*

## **A Regional Perspective**

Although rural may not receive a proportionate amount of foundation support, we find that many grant-makers feel they are serving rural as part of a larger interest in regional affairs.



Many of the grant-makers we interviewed serve foundations with a regional emphasis, focusing either on a multi-state region, one state, or a locality within a state. And within these geographic boundaries, they further focus their efforts by delimiting a finite set of interests, such as health care, education, housing, and poverty, rather than the urban-rural divide.

*I'd never hear the phrase that they're either urban funders or rural funders. They fund particular issues. It's environment, education, economic development. They want to do it regional so they want a broad impact and it just so happens to fall on rural, urban and suburban communities. The density of the population or world classification doesn't drive their decision-making.*

- **Many grant-makers feel that a regional strategy benefits rural areas.** Foundations with a regional strategy define their decision-making structure loosely enough that the foundation can give to both rural and urban areas if they see an opportunity. Grant-makers from regional foundations recognize that rural areas have many needs, but they also believe they must pick their battles and make grants when the opportunity is right. But by keeping their ear to the ground, they are able to perceive when a good opportunity to make a real difference presents itself and do something about it.

*I think there will be more foundations who would be attracted by that broader approach, particularly if they focus on – if they describe their focus not in terms of urban or rural but in terms of some kind of other issue like education or healthcare. If they can be engaged in a discussion of healthcare and by the way its implications in urban and rural areas, then I think that engages many more foundations in considering grants in rural areas and in rural issues rather than simply just trying to convince some foundation you ought to give up everything and focus on a rural area with your grants. I think that is unrealistic although a few do that.*

*By being connected into regional things, you're automatically capturing where the buzz is, where the leadership's connecting, where the opportunities are. And that's where you start to focus your energies. You invite them to submit a grant, you're offering them other grants if we have them, or you're connecting them to other grant-makers in the region that are interested in what they're trying to do.*

- **Grant-makers adopting a regional strategy see rural and urban as interconnected.** Many issues in one area affect another. In a given region, grant-makers see the value of paying attention to flows: of traffic and industry from shared transportation, of communication corridors and of people. If resources, such as schools, jobs or health facilities are absent in rural communities, they will ultimately impact urban communities.

*I think the real key to this is always keep before the foundation community the fact that urban areas could not exist without the rural areas and even*



*if they are concerned about the inner city there is a rural implication to all that.*

*For the rural [areas] to do well, the city [areas] have to do well. For the city [areas] to do well, the rural... well, rural has the land. Rural has the river. The rural has the transportation corridors.*

## **The Future of Rural Grant-Making**

Possibly the strongest predictor of where rural grant making will go in the future lies with grant-makers' perceptions. It is entirely possible that, when it comes to rural grant making, it is susceptible to a self-fulfilling prophecy. If grant-makers do not believe rural grant making will increase because of organizational capacity, lack of leadership or that rural problems are too large to fix, then indeed there is little hope for a future in rural grant making. However, this is not yet the case. The jury is still out. Grant-makers are, surprisingly, split on whether they believe rural grant making will increase in the future.

### *Optimist Perceptions*

Optimists believe there is hope for rural grant making and, indeed, that it will increase in the future. Some believe that it will increase because philanthropy in general is increasing, and others believe that it will increase because the purpose of philanthropy is to find solutions for areas with the greatest need.

- **Grant making is driven by need.** Some are optimists who do see an increasing interest in rural issues. They see the greatest amount of needs in rural areas and they believe that philanthropy dollars migrate to the sources of the greatest need.

*I think the need will increase. And so, hopefully, the spending in the foundation world will increase. But that will be driven by need.*

- **Grant making is driven by buzz.** Some optimists observe what others have achieved. These accomplishments give them hope and they believe that in spite of adversity, it is still possible to make a difference in a meaningful way. These results, in turn, must be communicated to other foundations in order to promote the possibilities. This dissemination can happen both through an increased media presence, but also by the increased sharing of success stories.

*I think that's one feedback I'd give. I think the storytelling, the showing a different picture of rural shifting, the attitude about rural, is absolutely vital to the success of the movements to get more money there, to get more going on and get support to people who really want to build their*



*communities. Just shifting to that more hopeful message, I think, will be very important.*

- **Rural grant making will increase because grant-making overall has increased.** Some optimists point out that grant making in general has grown significantly over the past years, and even if rural still only holds a small percentage, rural grant-making will increase because there is so much more available money.

*The number of foundations and the amount of funds being set aside for charitable grant making is growing something incredibly. Of course the big spurt was in the 80's and 90's but I think the pattern has now been set. Even the recession or whatever they called it – the setback that we've had since 2000, I don't think that slowed it down and there is still wealth being realized from the boom of the 80's and the 90's and a lot of that is in rural areas, which has not always been the case by any means.*

- **Rural grant making will increase through efforts to educate grant-makers about its benefits.** The strongest optimists are the people who see good work already being done in rural. Because grant-makers see what others are doing, they believe these grant-makers will be able to engender enthusiasm for rural projects through their social networks.

*There are some things in place... I think just some individuals, some of the initiatives that have been done... We certainly promote our rural communities with national foundations in terms of making possible visits... There is just a lot that the foundations who are doing work in that area can do to get their colleagues involved I think.*

*I wouldn't be surprised if it's going to increase... I think funders through the formation of this sort of rural funders network... are really sort of trying to talk about it and get the word out.*

### *Pessimist Perceptions*

Pessimists see little hope for rural grant making. This perception is rooted in their observations of demographic trends and the current foundation world, which points to a diminishing population base and a new generation of donors without concrete ties to rural communities.

- **Grant making is driven by population trends.** Pessimists look at populations moving into urban areas and believe funding will continue as a proportion of the population base.

*Most funding goes where the people are, where the needs are. So it by natural demographic changes, it would continue to be concentrated in the large urban areas.*



- **Grant making is driven by donor priorities.** Looking into the future, they also see that donors will come from urban areas and will have interest in putting money into areas with which they are familiar.

*I don't know if that's where foundations are, I don't think they're rising up in rural areas. A lot's going to depend upon the new money. People who are newly wealthy, people who may have come from rural areas, may turn out to favor that and I think that would be terrific. But I don't believe that's where most people probably come from in that new philanthropy.*

*[Funders] have to see it as a priority in what it is that they are viewing, what added value can be generated for them if the funded rural parts of the country or their state... I think it is going to be critical because otherwise I don't see it increasing. Funders really need to understand rural issues.*

- **Grant making cannot solve the problems of rural – the challenges are too great.** Perhaps the greatest challenge is fighting the conclusion that can be logically drawn from reflecting upon the economic pressures acting upon rural, the changing demographic landscape, and the great amount of need faced in this sector: that rural is beyond hope. If grant-makers do not believe they can affect positive change in rural communities, then they will not seek out the opportunities in rural areas.

*I think it's fighting this idea that, as you mentioned before, that there's a...like rural communities are basically dying and depressed. And there's really no potential there. And there's actually incredible opportunity and great leadership and creativity. We just need to show people that opportunity and that potential. And make it where they can't resist investment. I had a New York funder once tell me that they didn't fund in rural because it's too complicated and I thought, good grief. You are funding in New York City.*

*Nebraska, Kansas, Indiana, a lot of these places that have lost their school, they've lost their hospital, they've lost their banks. There's just not much left at all. They don't have any hope. And I think one of the biggest things one can do as a grant maker is to figure out, how can you start to give people hope again. And there's a lot that can be achieved when people have a vision or a positive spirit about it and start to work together.*



## Recommendations

This issue is complex, and recommendations are made all the more difficult because influences working against rural are largely beyond what the foundation world can control. Nevertheless, we believe there are some things rural advocates can do to increase awareness of the needs of rural areas among their peers.

- **Develop and leverage occupational networks.** If there are fewer foundations and partners to interact with, grant-makers must have close, integrated social networks. In addition to sharing information such as success stories, it remains important that rural grant-makers periodically hold meetings where they can share information. In particular, there seems to be a lack of connection between small, regional foundations, who often know of rural opportunities, and large, national foundations, which often have greater resources. Other occupational information resources, such as Internet listservers, can address the communication gaps by giving grant-makers a chance to talk each other, ask questions and potentially locate funding partners.
- **Share success stories.** Much of the pessimism about the future of rural philanthropy is rooted in the belief that the problem is “too big.” While there are shared understandings of the forces which make it difficult to do work in rural areas, there are not shared understandings that effective work can still be done. If the problem can be broken down into small components, it is possible to create a common understanding of what is possible and the ways that, incrementally, foundations can catalyze positive change in these communities. Success stories play an important role in contributing to an understanding of the possibilities and the development of a shared optimism of rural future among grant-makers.
- **Sponsor intermediaries.** Although intermediaries are often looked down upon as a drain on financial resources, intermediaries perform an important brokerage role in the rural philanthropy world, one that needs to be better developed. Intermediaries can connect funders with money with foundations that know of opportunity. In addition, intermediaries can play an important role as facilitators and as messengers. Through their position in the organizational field, dealing with many foundations, they gain a broader perspective on the foundation world, which is valuable and useful to other foundations. Intermediaries, should they increase in number and act more frequently as leaders, are in a singularly ideal position to promote communication, opportunities and success stories among rural grant-makers.
- **Educating funding partners and occasional rural grant-makers.** Among the audiences with sporadic rural grant making, there is a decided pessimism about the future of rural that is often informed by simplistic or incomplete understandings of rural areas. Educational outreach efforts, such as a regular presence at national conferences, will help inform outside professionals about the current situation and challenges of working in rural.



- **Addressing the stereotypes.** Despite sweeping economic and social change, the family farm remains the dominant understanding of rural life. In order to better integrate the high level of interest toward issue-based grant-making into rural, it is important to promote alternative understandings of rural life. Through the promotion of alternative narratives, grant-makers can be led to see the contributions they can make to health care, education, poverty and economic development.



## **Appendix A: Interview Methodology**

Greenberg Quinlan Rosner Research, Inc. designed and administered in-depth interviews of 50 experts in the field of rural philanthropy. The interviews were conducted April 15– June 8, 2004. Interviews lasted at least 20 minutes.

Interview participants were recruited for the project by the Center for Rural Strategies. Experts from foundations of various sizes were included. For example, roughly 36 percent of participants were from foundations that gave out less than \$10 million in grant money in 2002. On the other hand, about 19 percent were from foundations that gave out more than \$100 million in grant money in 2002.

Similarly, The Center for Rural Strategies made efforts to recruit participants who address problems all over the country. One quarter of our participants worked for foundations that make grants nationwide and about 10 percent worked for foundations that make grants worldwide. Among those with regional interests, one quarter worked in the South, 15 percent in the West, 13 percent in the Midwest, and 6 percent in the Northeast.



## Appendix B: Interview Recruitment Script

Hello. My name is \_\_\_\_\_ and I'm calling from the Center for Rural Strategies, a communications organization that seeks to improve rural life by increasing public understanding about the importance and value of rural communities. We are based in Whitesburg, KY. May I please speak to \_\_\_\_\_? Is his/her assistant available?

We are sponsoring a study on American attitudes on rural philanthropy. We are talking to people who are decision-makers in philanthropic organizations. We would like to interview you [OR INSERT NAME OF POSSIBLE INTERVIEWEE] for 20 minutes at your [OR INSERT NAME OF POSSIBLE INTERVIEWEE] convenience in the next couple of weeks. Let me assure you, I am NOT selling anything and you [OR INSERT NAME OF POSSIBLE INTERVIEWEE] will NOT be asked for a donation. The interview will be confidential. May I ask if you would be willing to participate in such an interview?

**[If no:]**

May I ask what your reservations are? [Use the additional information below to answer questions.]

[If their questions or concerns are not addressed below] I do not have that information in front of me, but I can obtain it and get back to you tomorrow.

[If no again:] Thank you for your time. [Go to the next call.]

**[If unsure:]**

Would it be helpful to have one of our executives call you to discuss the project?

[If concerned about the time:] We understand that you are very busy. We can guarantee you that the interview will not take longer than 20 minutes and will be at your convenience.

[If will not commit to the interview:] When would be a good time for me to check back with you? [Schedule follow-up call.]

[Follow-up one time. If still will not commit to the interview:] I'm sorry you don't think this will work. Thank you for your time.



**[If yes:]**

A representative of Greenberg Quinlan Rosner Research will be contacting you soon in order to find a convenient time for our interviewer to visit you.

[CONFIRM OR OBTAIN NAME OF PERSON SCHEDULING INTERVIEW, INTERVIEWEE'S ADDRESS, PHONE NUMBER, EMAIL ADDRESS, AND SPELLING OF NAME. IF APPLICABLE, OBTAIN THE NAME OF AN ASSISTANT.]

***Additional Information***

*What is the study about?*

The study is about perceptions toward and the challenges faced by organizations that may or may not fund philanthropy in the rural sector. I can't provide you with specific questions prior to the interview. However, I can tell you that the interviewer will ask you for your views on a variety of issues dealing with rural philanthropy.

[If interviewee persists on knowing specifics about the subject matter:] I'm sorry but I cannot be more specific than that. It is important to us that you do not have any preconceived notions about the interview and so we do not want to you have any specific information before the interview occurs.

*Who will conduct the interview?*

A professional moderator will conduct the interview.

*Who is the client?*

A group of organizations, including Stand Up for Rural America and the Center for Rural Strategies is sponsoring this research. I can assure you this is a legitimate research project.

*How long will the interview take?*

The interview will last no longer than 20 minutes after it starts. We understand your time is valuable and the interview will not run longer than 20 minutes.

*Where will the interview occur?*

It will be scheduled at your convenience at a place you choose. We would like to hold the interview in the next 2 weeks.



*Is the interview really confidential?*

Yes. Your name will not be released to the public. Instead, we will describe your job or position in general terms.

*Where did you get my name?*

We did extensive research to determine whom we would like to interview. For example, we read articles on our topic and we asked others who are prominent in the field to recommend people.

*Is the research independent?*

Yes. Our purpose is evaluate the input of people from a wide variety of perspectives.



## Appendix C: Interview Guide

1. (ORGANIZATION'S OBJECTIVES/FUNDING PRIORITIES: 5 min.)  
How would you describe your foundation's mission? What are its key grant-making areas of interest? What objectives are you trying to meet in deciding who to support?
2. (SPENDING TRENDS: 2 min.)  
In the last five years, would you say your organization has more or less money with which to give grants? Are you heading towards larger or smaller grants, or funding more or fewer projects?
3. (RURAL SPENDING: 3 min.)  
Does your foundation make grants addressing rural problems or opportunities in this country? Do you make grants to groups in rural areas? Do you make grants to groups that act as intermediaries on rural issues?

IF YES: ASK Q. 4

IF NO: SKIP TO Q. 7

4. (RURAL PROJECTS: 5 min.)  
Can you tell us your history of funding rural projects? What kinds of projects do you fund now?
5. (RURAL SPENDING TRENDS: 2 min.)  
About how much of the foundation's domestic grant making is rural? Is this percentage increasing or decreasing or is it level funding? Why is that?
6. (CHALLENGES: 3 min.)  
Are there any special challenges or obstacles to doing grant making in rural areas? Are there any special benefits?

### SKIP TO 10

7. (RURAL PROJECTS: 3 min.)  
Did the foundation ever make rural grants? IF YES: why did it stop?
8. (CHALLENGES: 5 min.)  
Why doesn't the foundation make rural grants? Are there some specific reasons why it doesn't? Are there any special challenges or obstacles to doing grant making in rural areas?
9. (FUTURE SUPPORT: 2 min)  
How likely is it in the future that this situation will change and the foundation will make rural grants? What makes you think that?



**ASK ALL**

10. (RURAL TRENDS: 2 min.)

Looking at the larger foundation world, do you think that rural grant making in the U.S. will increase or decrease in the future? Why do you say that?