

The Shifting Sands of Rural Development

The storied history and current status of the National Rural Development Partnership

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Chronology

- 1972 Rural Development Act sets the stage for rural development efforts in USDA
- 1980 The Rural Development Policy Act advances the dialogue, creating a USDA Undersecretary of Agriculture for Small Community and Rural Development
- 1990 Presidential Initiative on Rural America introduces innovative concept based upon federal, state and private sector partnerships to achieve coordination and efficiency
- 1990 Eight pilot State Rural Development Councils (SRDCs) created
- 1992 Change in presidential administrations brings air of uncertainty
- 1993 After modest tinkering, 15 more SRDCs are established
- 1994 Presidential Initiative on Rural America is re-named “National Rural Development Partnership” (NRDP)
- 1995 NRDP undertakes focus on rural “diversity” and introduces concept of “systemic change initiatives”
- 1996 Founding Director of the National Partnership Office (NPO) retires. A series of three short-term directors are in place from 1996-98
- 1998 July brings 5th Director to the NPO. New Director has some historic familiarity with NRDP. USDA interest and financial support wanes, and SRDC funding reduced
- 1999 Partners for Rural America (PRA), a non-profit arm of the NRDP is created
- 2000 NRDP begins effort to enhance visibility with other federal agencies and with Congress. There are now 40 SRDCs functioning across the country
- 2001 The National Rural Development Partnership Act of 2001 is introduced in the House and Senate. In response to Congressional questions, the NRDP and the PRA develop “Accountability Guidelines.”
- 2002 Federal funding reduced to 40% of historic levels, several SRDCs shut down operations
- 2003 Funding for each SRDC reduced to \$50,000. USDA announces it will move to competitive bid process for future funding

In the Beginning

“The Secretary of Agriculture shall provide leadership within the executive branch and shall assume responsibility for coordinating a nationwide rural development program, using the services of executive branch departments and agencies, including, but not limited to, the agencies, bureaus, offices, and services of the Department of Agriculture, in coordination with rural development programs of state and local governments.”¹

Clearly Congress, as early as 1972, envisioned a cooperative effort across jurisdictional boundaries, from the federal to the local levels, in a new national rural development effort. But Presidential attentions resided in the Vietnam War and the Watergate scandal, leaving precious little resources to be directed toward rural America in any meaningful way.

Fast forward eight years and once again the Congress turns its focus to rural America, understanding that the recent energy crisis and recession would have significant deleterious impacts on rural economies. This time, action is taken to expand the responsibilities of the Secretary of Agriculture to include the establishment of a Rural Development Policy and much broader authority to include other Federal agencies:

“The Secretary may undertake cooperative efforts with other Federal departments and agencies to improve the coordination and effectiveness of Federal Programs, services, and actions affecting rural areas. The Secretary may request the heads of other Federal departments and agencies to participate in any working groups that the Secretary deems necessary to carry out the purposes of this section.”²

The same Act establishes an entirely new office within the federal government, expanding Presidential appointment authority to a much deeper level within the Department of Agriculture. A grand irony given that the outgoing President, a peanut farmer from Georgia, will never make that appointment, but the incoming President, an outspoken foe of “Big Government” will make the first appointment.

“There is hereby established in the Department of Agriculture the position of Under Secretary of Agriculture for Small Community and Rural Development to be appointed by the President, by and with the advice and consent of the Senate.”³

Even with the significant expansion of power and authority, scant attention is paid to rural development until the mid-term of the 41st President of the United States. The family farm crisis of the 1980s, combined with the energy boom and bust, sparks a massive out-migration from rural areas. The full effects of deregulation in the airline, trucking, and bus industries will make rural America the setting for the “Buffalo Commons” debate and provide some justification for re-naming it “The Land that Time Forgot.” No longer able to ignore the problem, President Bush convenes the White House Economic Policy Council’s Working Group on Rural Development in April of 1989 to analyze and evaluate existing programs in rural development at the Federal level,

¹1972 Rural Development Act

²Rural Development Policy Act of 1980, section 2 (amending Sec. 607 (b) (4) of 1972 Act)

³Rural Development Policy Act of 1980, section 3 (a)

and to formulate policy options aimed at improving their coordination and execution. On January 22, 1990 the President's Press Secretary announces that President Bush has instructed his Secretary of Agriculture, Clayton Yeutter, to implement six proposals that were devised by the Working Group on Rural Development. One of those proposals included the establishment of State Rural Development Councils.

“Each state will establish a Rural Development Council to coordinate Federal rural development programs in its region. Council members will include representation from the office of the governor and the state representatives of all Federal departments administering rural development programs locally. The council will identify and assess local rural development needs and coordinate the delivery of Federal and state rural development programs to meet those needs.”⁴

The stage is now set for the establishment of the eight Pilot states - Kansas, Maine, Mississippi, Oregon, South Carolina, South Dakota, Texas and Washington in 1990 and into early 1991. Approximately one year later, in late 1991, there is an assessment team, the Outcome Monitoring Team, established and it meets with Council leadership and the Executive Directors to explore how to improve the structure. Even after less than a full year of existence and going through a rigorous start-up phase, the OMT concluded that this experimental model of rural development held tremendous potential value. It also recommended some fairly non-standard, non-bureaucratic improvements:

“Each Council has unique needs, opportunities, resources and goals. Thus, federal and state governments should maximize flexibility for each SRDC by providing non-earmarked resources so that each SRDC may choose the best mix of resources to achieve its unique mission.” (Emphasis added)

“The Initiative staff should grant each SRDC greater latitude in developing a reasonable action plan that will move the council toward achievement of its goals. Mandatory delivery of specific products, such as a needs assessment, resource assessment, and a strategic plan, when accompanied by an imposed delivery schedule, may place unnecessary constraints on the SRDCs . . .”

“The traditional approach to rural development is typically narrowly focused on a project. For instance, an economic development project might involve construction of a new highway linkage through a rural county or implementation of a job training program for displaced workers in a particular industry. While relatively little attention has been paid to substantive (as opposed to process) issues by most of the councils, it is refreshing to see that the SRDCs are moving beyond the traditional approach and are dealing with rural development on a broader, more comprehensive front.”

⁴January 22, 1990 Press Release The White House Office of the Press Secretary

“While the federal government has an important role to play in the SRDC effort, it must not be—or be seen as—the dominant partner; state, local, and tribal governments and the private sector are also full members of the partnership . . .”

“The SRDC effort is an ambitious undertaking, so a conclusive evaluation of the effort’s relative or absolute level of success may not be possible for at least 5-10 years.”⁵

Additional recommendations came from the Council Leaders and Executive Directors in terms of request for more flexibility, sufficient clerical, administrative and research support for strong executive directors, improved communications with Washington DC, a reduction in uncertainty of resources (especially funds for staff salaries), and continuing non-monetary support, chiefly in the form of liaisons, retreats and SRDC leadership meetings.

Advice from the existing Pilot SRDCs to states contemplating the establishment of their own councils included hiring a strong, independent executive director who would work with, not for, the governing structure of the council, appointing strong committee chairs who would be self-directed and assist the executive director instead of creating more work for them, avoiding partisan differences and select a single council chair instead of trying to work with a dual leadership structure split between federal and state agency representatives.

The Rapid Growth Phase

Given new insights into the needs and challenges facing SRDCs, the National Partnership Office, and the National Rural Economic Development Institute which had been formed to support the state council efforts, moved into high gear to stimulate the formation of more councils at the state level. Within a very short period of time, the membership of state councils grew from the eight original pilot states to 20, and then quickly again to 33. Having the benefit of the experience of those who had gone before them, and the very able expertise of the NREDI consultants, these new state councils hit the ground running, often becoming established and functional in a 6-month time frame or less. The mentoring opportunities provided by the seasoned executive directors to the newly added executive directors served to facilitate this productivity curve even more. The “learning laboratory” concept was beginning to prove its value.

But just as a number of states were beginning the rigorous task of starting their own councils, the Presidential election brought significant change to the DC landscape. Still, the Initiative was upbeat, recognizing that the newly sworn President and Vice-president had campaigned extensively on a grassroots platform of local empowerment. And for a brief period of time, it appeared that with a little name change and cosmetic dress-up, the Clinton Administration would embrace the concept in full measure. Certainly Agriculture Undersecretary for Rural Development Bob Nash understood the awesome potential for

⁵ “The State Rural Development Council Effort in 1991” Progress Report to the Presidential Rural Development Initiative

this initiative. Undergoing a name change to the National Rural Development Partnership, things proceeded smoothly for a period of time, and the nascent SRDCs began to come into their own. At the national meetings, the Regional Rural Development Center Directors would convene informal discussions amongst their regional SRDCs and in the West, several ideas talked about at these informal sessions actually bore fruit, leading to the development of Coping with Growth Toolkit for western communities and the importation of the Internet Master's degree program from University of Missouri's Cooperative Extension.

But Undersecretary Nash was destined for higher positions of influence inside the Clinton White House and the void created by his departure was filled by Jill Long Thompson, who had served in the House of Representatives until the balance of power shifted to the Republicans in the mid-term election. Art Campbell, a well-respected force from the civil rights movement in the Delta was brought in to fill the vacancy at the Deputy Undersecretary of Rural Development level. By this time, 1995, there were 35 SRDCs up and running and beginning to flex their collective brain power. But in spite of public affirmations that USDA wanted to see SRDCs functioning in all 50 states, between 1995 and 2000, no new councils were added. During that period, substantial power was brought to bear to bring "conformity and standardization" to the Partnership in order to ensure "equity in distribution of resources." That meant USDA would calculate the financial investment it was making in the individual councils, total it, and divide it by the number of existing SRDCs and split the investment equally. Of course, this was met with more than fierce opposition by most of the SRDCs, especially those in the "big box" states out west and Texas and Alaska, where the territory served was immense, the population remote and travel costs a significant factor in council expense. The Partnership had always operated on the basis that each state established its "best guess" for funding needs, and who got what funding amount was largely immaterial amongst the SRDCs. There was no "budget envy" within the ranks of the Partnership.

In late 1995 the Partnership was advised that its long term director of the National Partnership Office would be relieved of duty and replaced with an acting director. Between February, 1996 and July, 1998 the NRDP was provided "leadership" by two Acting Directors and one Permanent Director who served one year on his way to retirement. During that time, the National Rural Economic Development Institute, a collection of rural economists and rural sociologists from across the United States which had been established to both support the activities of the state councils and also to record and monitor their development and contributions, was disbanded by USDA. It wasn't until July of 1998 that the NPO regained leadership from someone who was at least conversant with the founding principles of the Partnership and had at least some rudimentary understanding of the nature and function of SRDCs.

But the move toward standardization had begun, and USDA moved increasingly away from the founding principles of the Initiative and the creative genius that had allowed the councils to thrive and fill large gaps in the rural development strategic plan. The state councils, acting on their own initiative, using non-federal funding sources, undertook the formation of the Partners for Rural America (PRA) which was supposed to be formed as a 501 (c) 3 not-for-profit with responsibility for securing non-governmental funding and devising other survival strategies. One of the strategies that surfaced from the PRA group

was a Congressional effort to authorize the existence and function of the NRDP and its member state councils. Initial efforts were successful in getting the National Rural Development Partnership Act of 2001 introduced in both the House and the Senate. This was an important new event in that indicated that Congress, as well as the White House, found value in existence and function of the Partnership and the state councils.

“Congress finds that . . . during the last decade, the National Rural Development Partnership and its principal components, the National Rural Development Council and State rural development councils, have successfully provided opportunities for collaboration and coordination among Federal agencies and between Federal agencies and States, nonprofit organizations, the private sector, tribal governments, and other entities committed to rural advancement; . . . that mechanism, now known as the “National Rural Development Partnership,” has been recognized as a model of new governance and as an example of the effectiveness of collaboration between the Federal, State, local, tribal, private and nonprofit sectors in addressing the needs of the rural communities of the United States . . . ”⁶

While the effort to attain Congressional authorization was ultimately successful, the language was included in the 2002 Farm Bill, Title VI, and authorized to receive funding up to \$10 million, the parallel effort to establish Congressional funding for the Partnership fell victim to the budget deficit and national security demands. Compounding this situation was yet another change in political administration and an extended period without any presidential appointments to fill the vacancies at the Agriculture Undersecretary and Deputy Undersecretary for Rural Development levels. This set in place a reluctance to commit any funds to the Partnership and for the federal FY 2002, most SRDCs received only 40% of the typical federal funding. In addition, when Congress adjourned for the year without passing the Agriculture Appropriations bill, the stage was set for massive fiscal crises for most SRDCs. Most councils went without any federal funding from May, 2002 until the present. While some councils had line item funding in state budgets, the majority did not, cobbling together sufficient match funding from a variety of sources every year. But even passage of the Agriculture Appropriations bill would not have ensured financial security. The Senate had included an amount of \$2M for the Partnership in its version of the Appropriations bill, but the House had not included any amount. This also introduced a debate with USDA whether that \$2M was in fact a hard earmark in total or in addition to the typical investment of \$3M that USDA historically made available for the NRDP.

The Shift Toward Accountability

One of the unintended consequences of the quest for Congressional authorization was the issue of accountability. As USDA’s inherent understanding of the function and purpose of the state councils and the Partnership decreased over time, the issue of accountability and questions about the value of the initiative began to surface. Congress, too, wanted to

⁶The National Rural Development Partnership Act of 2001 Sec. 2 (2) C (7)

be certain that its investment of political capital in authorizing the Partnership and the state councils would be well-founded. As the PRA's effort to attain Congressional authorization moved forward, it also undertook an effort to develop criteria by which to measure the successes and value of the Partnership and the state councils.

By this time, the initiative was 10 years old and 37 state rural development councils that had been established. The majority of those state councils had found their niche, within their respective states, and structure, design, function and governance of all 37 state councils were different. Yet, even with such broad variation on a common theme, there was significant overlap on issues identified at the grassroots levels by these state councils, and the "learning laboratory" model provided unparalleled cross-pollination of strategies, creative approaches, collaboration and shared-learning, not to mention advancement of rural community interests. State council executive directors found themselves invited to serve on a number of boards and commissions across the country, including a number of Federal Reserve Bank advisory councils, the Regional Rural Development Council boards, even the Board of Directors for an RCAP.

But the demand for accountability mounted, and the self-directed efforts of the Partnership to fashion its own ground rules for accountability become an increasingly important distraction for the state councils. In early 2002, the Partnership unveiled its draft Strategic Assessment Task Force Report that had been prepared through the efforts of the PRA and a number of state council leaders and executive directors. The provisions of this document were endorsed by the members of the Partnership at the March, 2002 conference in Washington D.C. Included in the report were very specific guidelines for what would be viewed as acceptable structure and governance of state councils as well as basic outcomes and accountability criteria. In a number of cases it would require significant re-engineering of the structure, function and governance of state councils. The report also outlined the need for sufficient funding to provide administrative support for the executive directors of state councils. Even after 12 years of existence, the majority of state councils were still one-person operations, and what had been clearly demonstrated was that the handful of state councils that had been able to scrape together the additional funding for administrative staff support were among the most successful in the country. The correlation had not been overlooked by the Strategic Assessment Task Force. This meant additional funds would need to flow from USDA to the state councils, placing increased budget demands on USDA at a time when USDA was uncertain about the future of the Partnership. Still, there remained some optimism that Congress would provide those increased funds in return for increased accountability and outcome measurement.

Current Directions of the Winds of Change

With the winds of change blowing from the east, some state councils began to examine alternative structures and to discuss how best to institute the changes they anticipated with the least amount of disruption to the service that rural communities had come to depend upon from their state councils. Some chose to follow the non-profit route. Others were being forced to deal with the reality of needing to disentangle themselves from very close working relationships with governor's offices or individual state agencies. A few chose to resist, although the line from the pop culture TV show *Star Trek: The Next*

Generation, asserted by the Borg comes to mind “Resistance is futile, assimilation will proceed!”

It is during this transitional phase that state councils learn that USDA will not fulfill its contractual obligations with the state councils, advising them that no additional USDA funding will be forthcoming for FY 2002, that the roughly 40-60% funding that the state councils had already received would be the total for the year. Most state councils, having received their share of the funding by May, 2002, pondered how best to survive until the next federal fiscal year began October, 2002. About this same time, there began to be some rumors emanating from the Beltway that even more changes were about to be visited upon the Partnership and state councils.

At the 12th Annual Leadership Conference held in French Lick, Indiana in August, 2002, Gil Gonzales, Deputy Undersecretary for Rural Development, USDA, announces that the total funding available for the Partnership will be \$2M for FY 2003 and that it will be distributed to state councils on a competitive basis. In order to qualify to even compete for this limited funding, state councils must meet certain criteria and guidelines. Funding on a per council basis would be increased to accommodate addition of administrative support, meaning fewer councils would be funded. If and when any additional money became available, more councils would be funded.

Council leaders and executive directors quickly huddled, and in response, proposed that it would be preferable for USDA to instead distribute the limited funds on an equitable basis for FY 2003 instead of the proposed competitive strategy. Concerns were raised by the state councils that a competitive structure was not in place, and that given the lack of federal funding since May, 2002, most councils would not be able to survive long enough to get to the competition phase without some more immediate federal funding being provided. The councils argued that the real value of the Partnership was in the shared learning and mentoring that was so freely dispensed amongst its members and that a competitive environment would certainly result in an almost immediate loss of such collegiality and willingness to share experiences and strategies.

USDA moved ahead with its plans to make funding available on a competitive basis, and released guidelines for qualifying as either a 501 (c) 3 or “independent entity” in December, 2002. Fact sheets were distributed and councils encouraged to make whatever structural and governance changes would be needed in order to receive designation as a “Federally Recognized State Rural Development Council” (FRSRDC) in order to be eligible for the Notice of Invitation to Apply (NIA) for funding.

An important consideration of eligibility would be evidence that the council was truly independent of any undue influence of its work plan and agenda by any single entity, agency or person (like the Governor) and that the council’s governing board had sole hiring and firing determination with respect to the council executive director, it was not acceptable for the executive director to be subject to dismissal by the head of a state agency, for example.

In mid-January, 2003, while most councils were still trying to determine their course of action, given the changing ground rules being dispensed from Washington DC, came the surprise announcement that USDA had decided to go ahead and distribute the \$2M that

was available for the Partnership for FY 2003 on an equitable basis of \$50,000 per state council, provided that the USDA Rural Development State Director would recommend funding and worked with the state council to determine how the funds would be most strategically utilized in their state.

This unexpected shift was said to be due to the fact that too many councils were in danger of having to close up shop without any immediate federal support, so that for FY 2003, the money would be made available in order to facilitate state councils moving ahead toward the competitive system that had been proposed.

To date, twelve state councils have experienced the loss of an executive director or seen their services reduced or even eliminated due to budget constraints. Executive directors have resigned in Colorado, Florida, Indiana, Massachusetts, Michigan, Mississippi, New York, Oklahoma, and Oregon. Montana has announced that its state council has ceased to function following a recommendation by its USDA Rural Development State Director not to fund the council citing concerns that \$50,000 was an insufficient amount to keep the council operational through the fiscal year. West Virginia's executive director has had to transfer to a non-profit affiliate, the West Virginia Rural Research and Policy Institute, placing on hold council activity until additional support is available. Wisconsin has placed its executive director on part-time status. Idaho, which has been without a full time executive director since 2000, has announced it is advertising for a new, full-time director, having secured some funding at the state level. Four weeks after Colorado's executive director announced her resignation, a state agency announced it would make available significant funding to the council to hire a replacement. Council leaders in Florida, Massachusetts, Mississippi, New York and Oregon are also attempting to hold together those state councils until funding can be resolved. No word has been received about the status of Indiana and Oklahoma.

Where the future will lead the Partnership and its surviving state rural development councils is anybody's guess. But what is clear is that the period of time in which the intent was to maintain this experiment in new governance as a learning laboratory to determine if there were better, more creative, less bureaucratic ways of effecting rural development is drawing to a close. The good news is that the network which has been created will continue to exist in the minds and shared experiences of at least 50 or so individuals who walked this unique path. ❖

See also *Shifting Sands* Appendices:

1. National Rural Development Partnership

Strategic Assessment Task Force Final Report DRAFT (*Page 9 of 79*)

2. Independent Entity FACTSHEET (*Page 76 of 79*)

3. Summary of remarks by Deputy Under Secretary Gilbert Gonzalez

National Rural Development Partnership Leadership Conference, 08/24/02 (*Page 78 of 79*)

***Shifting Sands* Appendix 1**

**National Rural Development Partnership
Strategic Assessment Task Force Final Report *DRAFT 12/13/01*
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Mission Statement
State Rural Development Councils

State Rural Development Councils exist to facilitate the establishment of collaborative partnerships among organizations and individuals which can provide coordinated responses to locally identified rural needs. State Rural Development Councils provide a neutral forum at which key policy makers can address these rural needs. Frequent outcomes of this collaborative process include the leveraging of limited resources among participants, increased efficiency in the delivery of programs, mitigation of duplicative or burdensome regulatory requirements, and establishment of more flexible and responsive policies. The focus of this activity is improving the economic and social conditions of rural Americans.

1 National Rural Development Partnership
2 Strategic Assessment Task Force
3 Final Report
4

5 In order to more effectively address the problems facing rural areas, a
6 system must be developed which enables Federal departments and
7 agencies to focus upon rural needs and coordinate their efforts. This can
8 best be achieved in the context of an overall national rural development
9 policy, in which each major Federal department and agency contributes
10 to the adoption of a single national strategy. Guided by this strategy,
11 each agency can then develop program implementation plans which are
12 workable in rural communities, and eliminate unnecessary program
13 gaps, and duplications.
14

15 *House report on the Rural Development Policy Act*⁷
16
17

18 Introduction
19

20 **State Rural Development Councils (SRDCs) were established as one response to an**
21 **ongoing, multi-decade effort to better respond to the needs of rural communities**
22 **and their residents. Together with the current National Rural Development**
23 **Council⁸, SRDCs comprise the National Rural Development Partnership (NRDP).**
24

25 **SRDCs were founded on the belief that rural citizens themselves should determine**
26 **the future course of their communities; that rural community planning must be**
27 **holistic in nature; that all entities with resources to invest in rural America should**
28 **work more collaboratively; and that government policies should be implemented in**
29 **a more flexible manner.**
30

31 **The establishment of SRDCs was part of a comprehensive effort undertaken by the**
32 **first Bush Administration to establish a more coordinated framework for**
33 **developing and implementing policies and programs that have an impact on rural**
34 **America. SRDCs are the only remaining element of that framework. At the time**
35 **this report was being drafted, the future financial viability of the current national**
36 **network of SRDCs was in question.**
37

38 **While the effort to develop a comprehensive inter-government, inter-agency, public-**
39 **private response to the needs of rural communities has had some bright moments**
40 **during the past three decades, the United States continues to lack the “overall**
41 **national rural development policy” called for by the Rural Development Policy Act.**
42 **Some Presidents, Secretaries of Agriculture, members of Congress, and Governors**

7 House Committee on Agriculture. 1979. *Rural Development Policy Act*, 96th Congress, 1st Session, 1979, H> Rept. 96-259.

8 Pending federal legislation would change the name of the current National Rural Development Council to the National Rural Development Coordinating Committee (NRDCC). The terms are used interchangeably in this report.

1 have shown leadership in this area, but — sadly — most have not. It is the sincere
2 hope of this Task Force that the current Administration and Congress will show the
3 necessary leadership to firmly set in place a framework that will finally respond to
4 the long sought goal of greater coordination in the development and implementation
5 of rural policies and programs.

6
7 The difficult economic and social conditions that led to the establishment of the first
8 SRDCs more than a decade ago still exist and, in most cases, have shown further
9 deterioration. It is not an overstatement to say that the fate of rural America hangs
10 in the balance. SRDCs themselves, of course, cannot revitalize rural America. They
11 can, however, play a key role in bringing together those who have the vision,
12 knowledge, experience, and resources to help rural Americans help themselves. The
13 most pertinent question is: “Will SRDCs be empowered to do the job they were
14 established to do?” Answering this question is beyond the purview of this Task
15 Force. Hopefully, however, we have generated recommendations that — if
16 implemented — will make SRDCs stronger, better able to fulfill the expectations
17 that were set for them when they were established, and — most important — better
18 able to respond to the needs of the rural people they serve.

19
20 Because of the limited involvement of the federal government in SRDCs in recent
21 years and the lack of federal oversight, many SRDCs have strayed from the rural
22 policy focus that was central to their establishment. Many SRDCs today are
23 involved in projects that, while not policy focused, provide valuable service to the
24 rural citizens of their states. As all SRDCs again are expected to focus on rural
25 policy coordination, the Task Force strongly believes that the ability of SRDCs to
26 pursue the types of additional projects and activities in which SRDCs have become
27 involved in recent years not be lost.

28 29 SRDCs: What They Are and How They’re Structured 30

31 State rural development councils exist to facilitate the establishment of collaborative
32 partnerships among organizations and individuals who provide coordinated
33 responses to locally identified rural needs. State rural development councils provide
34 a neutral forum at which key policy makers can address these rural needs. Frequent
35 outcomes of this collaborative process include the leveraging of limited resources
36 among participants, increased efficiency in the delivery of programs, mitigation of
37 duplicative or burdensome regulatory requirements, and establishment of more
38 flexible and responsive policies. The focus of this activity is improving the economic
39 and social conditions of rural Americans.

40
41 Each SRDC has its own unique structure and features, though all are built upon
42 firm foundations of local, state, and federal partnering with other agencies and
43 organizations whose work focuses on rural development.

44
45 SRDCs are made up of “Council Members”, broadly defined
46 as those who take an active interest in, and partner with, the

1 **Council. Members come from every institution that affects**
2 **rural America, from the private sector to the federal**
3 **government. “Council Leaders” represent the governing**
4 **leadership of the Council. Members of Council governing**
5 **boards are either elected by the Council Members, or are**
6 **appointed by key partners of the Council or by the governing**
7 **board themselves. Council Leaders help define the priorities**
8 **and direct the operations of the Council. Both Council**
9 **Members and Council Leaders may serve on standing or ad**
10 **hoc issue-oriented working committees or task forces that have**
11 **been established by the individual Councils. The SRDCs are**
12 **responsible for defining their own mission, structure, operating**
13 **guidelines, and action plan. Headed by a full-time Executive**
14 **Director, each SRDC also relies on time and resources**
15 **volunteered by Council Members and Leaders as it addresses**
16 **critical development issues.**

17
18 Rural Development:
19 A Broader View
20

21 **At the outset, it is important to clearly define what is meant when the term “rural**
22 **development” is used in this Report.**

23
24 *First, rural means more than agriculture. Agriculture continues to be the economic*
25 *engine that drives many rural communities. However, as the number of people who*
26 *derive their income from farming continues to decline, other economic activities*
27 *have become increasingly important to the rural economy. While every effort must*
28 *be made to continue the viability of American agriculture, it is essential that other*
29 *sectors be developed to diversify the economies of rural areas and provide for*
30 *economic stability.*

31
32 *Second, “rural development” means more than “economic development.” The glue that*
33 *holds rural communities together is thin indeed. An impact on any aspect of rural*
34 *community life has potential impacts on all other aspects of community life.*
35 *Economic and agricultural development are directly tied to education and*
36 *workforce development, to accessible health care, to affordable housing, to*
37 *telecommunications and technology, to transportation, and so forth. Therefore,*
38 *rural development cannot be seen as solely the purview of the federal and state*
39 *departments of agriculture, but rather must be the purview of all federal and state*
40 *agencies which administer policies, regulations, and programs that have an impact*

1 on rural areas. Not addressing the needs of the *whole community* has been one of the
2 greatest failures of rural development in the United States.

3
4 *Third, to be truly effective and sustainable, rural development must be community driven.*
5 **While the resources of government agencies, foundations, and others are**
6 **desperately needed and very welcome in rural communities, too often too many**
7 **decisions related to rural communities’ futures are made by agencies and officials**
8 **who do not live in those communities. As well meaning as these agencies and**
9 **officials might be, their judgment is no substitute for the judgment of the people of**
10 **the communities they seek to assist.**

11
12 *Fourth, rural development initiatives of federal and state agencies must have a longer*
13 *horizon. Federal and state rural development initiatives, like other government*
14 **policies and programs, change frequently. A change in the chief executive or a**
15 **change in the political makeup of Congress or a state legislature can lead to changes**
16 **in policies and programs that impact rural areas. Typically, challenges facing rural**
17 **communities are years in the making and take years to overcome. Increasing the**
18 **stability and consistency of federal and state policies and programs so their horizon**
19 **more closely approximates those of the needs they seek to address will greatly**
20 **benefit rural communities.**

21
22
23
24 Executive Summary of Task Force recommendations

25
26 **[Text will be provided at meeting]**

27
28
29 About the Task Force

30
31 The first SRDCs were established in the early 1990s as part of the first Bush
32 Administration’s Presidential Initiative on Rural Development. With the exception of minor
33 mention in a 1994 report issued by the US General Accounting Office (GAO)⁹, no
34 comprehensive review of the SRDCs and their work has been conducted. Accordingly, the
35 leadership of the SRDCs — the National Rural Development Partnership (NRDP) Executive
36 Board and the Board of Directors and members of Partners for Rural America (PRA) —
37 decided the time had come for such a review. The establishment of the body to conduct this
38 review — the NRDP Strategic Assessment Task Force (SATF) — was approved by
39 unanimous votes of the NRDP Executive Board and of the members of PRA at their 2001
40 Annual Meeting. Subsequently, a “Charter” was adopted by the Executive Board and the
41 PRA Board of Directors to guide the work of the Task Force (a copy of the charter is
42 reproduced as Appendix C).

43

⁹ U.S. General Accounting Office, *Rural Development: Patchwork of Federal Programs Needs to be Reappraised* (Washington, D.C., 1994).

1 This report should not be taken as a comprehensive study of the work and accomplishments
2 of the SRDCs. Many issues were identified by the Task Force for further study. It is our hope
3 that resources will be allocated for such a study in the very near future. However, this report
4 does address pressing issues confronting the SRDCs and provides recommendations which
5 we believe are appropriate.

6
7 Following an initial conference call meeting, the Task Force broke into five committees,
8 each of which addressed specific topics which were laid out in the Charter. The draft reports
9 of the five committees were circulated for comment and revised as appropriate. The reports
10 of these committees form the basis for this unified Task Force report. See Appendix D for a
11 list of the dates of Task Force committee meetings and information about outreach efforts the
12 Task Force undertook to ensure broad involvement in its work.

13 14 **About this Report** 15

16 **While some people may see recommendations contained in this Report as**
17 **unrealistic, especially when considering the current financial crisis faced by SRDCs,**
18 **the Task Force believes these recommendations capture key concepts that must be**
19 **dealt with if SRDCs are to be able to accomplish the mission for which they were**
20 **established. In addition, while desiring to avoid “cookie cutter” solutions to issues**
21 **related to SRDC operations, the Task Force believe the report includes essential**
22 **reforms that must be implemented by all SRDCs.**

23
24 **Collaboration facilitated by **SDDCs** can be a powerful force in developing**
25 **recommendations that respond to rural needs. However, in order for the network of**
26 **SRDCs to be viable and for them to be able to do the job so many people see as**
27 **important, they must have adequate support and resources. The Task Force believes**
28 **that, ultimately, annual financial support from the federal government of about \$10**
29 **million will be necessary to support the Partnership. This amount would be**
30 **supplemented by support from state and other units of government, foundations,**
31 **and the private sector.**

Rural Policy and Program Coordination: An Unrealized Goal

1
2
3
4 The need to better coordinate efforts intended to improve the economic and social condition
5 of rural America has been recognized for almost a century. Unfortunately, only limited
6 progress has been made toward realizing this goal.

7
8 Especially disappointing has been the virtual failure of efforts to better coordinate the
9 policies and programs of federal agencies that have an impact on rural areas. Similarly, few
10 states have made meaningful progress with efforts to coordinate their agencies' policies and
11 programs that impact rural areas within their boundaries.

12
13 The challenge of improving the economic and social conditions of rural areas is compounded
14 by the fact that the application of the resources, knowledge, and vision of other entities —
15 the private sector, local and tribal governments, non-profit organizations, foundations,
16 educational institutions, and others — frequently occurs in a vacuum, without coordination
17 with federal and state agencies and programs.

18
19 President Theodore Roosevelt recognized the need to better coordinate rural development
20 efforts when he established the **County** Life Commission in 1908. The Commission's report
21 called for greater coordination between federal and state efforts on behalf of rural areas and
22 recognized the interconnected nature of the elements that comprise rural communities.
23 Beyond addressing strategies which could increase agricultural productivity, the
24 Commission's report made recommendations in the areas ranging from educational, health
25 care, and transportation to communications, cooperative development, and technology.

26
27 While great strides were made in addressing rural needs during the New Deal in the 1930s
28 and the Great Society in the 1960s, more than 60 years would pass from the Theodore
29 Roosevelt Administration before the matter of coordinating rural development efforts would
30 again be the focus of Presidential attention. The Cabinet level Council for Rural Affairs,
31 established by President Nixon in November of 1969¹⁰, was **charged with** coordinating
32 federal agencies' work in rural areas, with promoting cooperation between the federal
33 government and other levels of government, with ensuring that rural interests would be taken
34 into account as government policies and programs were formulated, and with engaging the
35 private and volunteer sectors as partners with government.

36
37 The work of the Council for Rural Affairs influenced the work of Congress, which included
38 a section on rural development in the Agriculture Act of 1970. The Rural Development Act
39 of 1972, which has served as the "charter" for all following federal rural development
40 programs, included a first time ever provision which directed the Secretary of Agriculture to
41 provide leadership in formulating a nationwide rural development effort in conjunction with
42 the states. Enactment of the Rural Development Act of 1972 led to the establishment of the
43 interagency Assistant Secretaries Working Group for Rural Development. Although it made
44 some progress, the Assistant Secretaries Working group was hampered by a lack of statutory

10 Executive Order 11493, *Council for Rural Affairs*, November 13, 1969.

1 authority. The Rural Development Policy Act of 1980 was adopted by Congress, in part, to
2 address this lack of statutory authority.

3
4 The Rural Development Policy Act expanded on the language of the 1972 Rural
5 Development Act which called for USDA leadership in formulating a comprehensive rural
6 development strategy for the United States:

7
8 The Secretary of Agriculture shall provide leadership within the executive
9 branch for, and shall assume responsibility for coordinating, a nationwide
10 rural development program using the services of executive branch
11 departments and agencies, including, but not limited to, the agencies,
12 bureaus, offices, and services of the Department of Agriculture, in
13 coordination with rural development programs of State and local
14 governments.¹¹

15
16 **The report of the National Commission on Agriculture and**
17 **Rural Development Policy, which was established by the 1985**
18 **Farm Bill, called on the federal government to: provide better**
19 **information about rural conditions and economic development**
20 **strategies; take a more comprehensive approach to rural**
21 **development; adopt a strategic approach to rural development;**
22 **promote better cooperation among organizations participating**
23 **in rural development activities; incorporate greater flexibility**
24 **in federal policies relating to rural areas; and promote**
25 **innovation and experimentation in building more effective**
26 **rural development programs and institutions.**

27
28 In 1988, the National Governors' Association issued its *New Alliances* report¹² which called
29 for increased collaboration between the states and the federal government in addressing rural
30 needs. This seminal document laid the foundation for much of what was to follow, including
31 the establishment of the SRDCs.

32
33 A Working Group on Rural Development was established by the President's Economic
34 Policy Council in March 1989 and charged with exploring how the federal government
35 might better address rural America's problems. From the beginning, the Working Group was
36 an interagency body, including representation from the Departments of Agriculture,
37 Commerce, Defense, Education, Health and Human Services, Housing and Urban
38 Development, Interior, Labor, Transportation, Treasury, and Veterans Affairs, the Council of
39 Economic Advisors, the Environmental Protection Agency, the Office of Management and

¹¹ *Rural Development Policy Act of 1980*, P.L. 96-355, 94 Stat. 1171.

¹² National Governors' Association, *New Alliances for Rural America: Report of the Task Force on Rural Development*, (Washington, DC, 1988).

1 Budget, and the Small Business Administration. Initially, the Working Group studied five
2 areas: education and training, economic development, infrastructure, housing, and health
3 care.

4
5 The Working Group issued its report, *Rural Economic Development for the 90's: A*
6 *Presidential Initiative*, in January of 1990. Not surprisingly, two of the objectives stated by
7 the Working Group report repeated previously stated themes: “Improve coordination of all
8 federal, state, and local government rural development efforts;” and “Improve the support
9 and training of local community leaders in the development process.” Where the report
10 broke new ground was recommending a framework within which rural policy and program
11 coordination could take place:

- 12
13 • Establish a **Presidential Council on Rural America** which would, among other
14 things, apply innovative thinking to improve the development potential of rural America
15 and encourage federal and state government departments to establish better program
16 coordination and cooperation.
- 17
18 • Make the **Cabinet-level Working Group on Rural Development** a permanent body
19 and charge it with rural development initiatives implemented by the Presidential Council
20 on Rural America, assure that relevant agencies work to implement the Presidential
21 Council’s guidelines for cooperation and coordination on rural development, and to carry
22 to the Presidential Council federal agency recommendations to enhance rural
23 development.
- 24
25 • Establish **State Rural Development Councils**, composed of representatives of all
26 relevant federal agencies and states’ governors to: serve as the coordinating vehicle for
27 delivery of federal rural development programs in each state; identify, assess, and
28 address current local rural development needs; serve as the focal point for localizing and
29 implementing federal rural development initiatives; and provide personalized leadership
30 and assistance to local community leaders desiring federal rural development assistance.

31
32 On January 22, 1990, the President directed USDA Secretary Clayton Yeutter to implement
33 the recommendations of the Working Group. During the next several months, the first pilot
34 State Rural Development Councils were established.

35
36 USDA’s first progress report on the Presidential Initiative, issued in August 1991, clearly
37 stated the case for establishing new rural development partnerships:

38
39 Many federal departments and agencies operate programs that can play
40 critical roles in building a brighter rural future. In addition, many federal
41 activities affect rural areas, even though not principally intended as rural
42 development. Historically, federal programs have not been well coordinated
43 with each other, and many federal actions disregarded their impact on rural
44 areas. Closer collaboration within the federal government can optimize the
45 impact of existing federal resources and minimize unintended negative
46 impacts of national policies on rural people.

1
2 Increasingly, states have assumed leadership in rural development by
3 creating rural development strategies and establishing special institutions to
4 implement them. At the same time, local governments retain major
5 responsibility for their own development. And in many areas, private
6 business and non-profit organizations have taken important steps to promote
7 rural development. To make federal programs effective, they must be
8 operated in collaboration with other organizations, not in competition.
9 Finding a means to bring all these groups together in a meaningful way will
10 not be easy, but is essential.¹³

11
12 The 1992 report of the President's Council on Rural America¹⁴ provided additional rural
13 policy and program coordination framework that has been established by the 1990
14 Presidential Initiative. It called for:

- 15
16 • Appointment of a permanent senior Presidential advisor on rural development issues
17 who would provide White House leadership for the federal government's participation in
18 rural development activities.
- 19
20 • Continued strong support for the White House Policy Coordinating Group/Working
21 Group on Rural Community Development.
- 22
23 • Establishment of a permanent President's Advisory Council on Rural America.
- 24

25 Recognizing the states' essential role in rural development, the report of the President's
26 Council urged governors to establish policy coordination frameworks to mirror that to be
27 created at the federal level: a governor's advisory on rural development issues, a working
28 group on rural development composed of senior-level state officials, and a governor's
29 advisory council on rural issues.

30
31 To bring together the interests of federal and states agencies and others, the President's
32 Council urged "that continuing support be given to further the creation and maintenance of
33 State Rural Development Councils in all states as a means for promoting cooperation
34 between the federal and state levels of government, local governments, and the private
35 sector." "We believe the experiment in establishing pilot State Rural Development Councils
36 offers great potential for introducing a new era in the management of government," the
37 President's Council concluded.

38
39 If there was ever a question about the need for better coordination of federal programs that
40 have an impact on rural areas, that question was put to rest by a 1994 study of the General

13 *Putting the Pieces Together: Annual Rural Development Strategy Report*, USDA, Office of the Under Secretary for Small Community and Rural Development, (Washington, DC, 1991).

14 *Revitalizing Rural America through Collaboration*, President's Council on Rural America, (Washington, 1992).

1 Accounting Office (GAO)¹⁵ which identified over 800 such programs. In just the area of
2 infrastructure development, the report identified 84 programs administered by 13 different
3 agencies. The GAO study concluded that groups that were created by the 1990 Presidential
4 Initiative had been successful in bringing together federal officials to discuss common
5 problems and solutions, but they either no longer met or lacked authority to resolve problems
6 in programs. With regard to the role SRDCs could play, the GAO study was hopeful, but
7 concluded that their impact could not yet be evaluated because so many of them had only
8 recently been established. To ensure the greatest chance of success in coordinating federal
9 rural development policies and programs, GAO suggested the establishment of an
10 “interagency executive committee” to be jointly chaired by officials from USDA and the
11 Office of Management and Budget and comprised of officials from all agencies with
12 programs that have an impact on rural areas. The committee was never established.

13
14 By the end of the 1990s, 40 State Rural Development Councils had been established.
15 However, the rural policy and program coordination framework of which the SRDCs had
16 been part no longer existed. Although new SRDCs were created, new resources to support
17 them had not been forthcoming, their connection with Washington-based policymakers had
18 dissipated, and coordination between the federal and state governments has become more
19 problematic. It was during this period that SRDCs undertook the crafting of legislation to
20 formally authorize the State Councils and institutionalize the collaborative approaches they
21 were established to foster. This legislation was introduced at the end of the 106th Congress in
22 October of 2000 and was reintroduced during the 107th Congress in 2001.

23
24 **The end of the decade also saw a revitalization of Congressional Rural Caucus,**
25 **which identified rural policy and program coordination as a principal area of focus.**
26 **The Caucus called on the 2000 Presidential candidates to revisit key elements of the**
27 **1990 Presidential Initiative, including appointment of a Presidential advisor on**
28 **rural affairs, the establishment of a senior-level interagency working group on rural**
29 **development, and the calling of a White House conference on rural America.**
30 **Following the election, the Caucus called on President Bush to consider these**
31 **proposals.**

32
33 **While this Task Force finds extremely disappointing the failure of most past**
34 **Secretaries of Agriculture to exercise the authority provided to them by Congress to**
35 **facilitate the better coordination of policies and programs that have an impact on**
36 **rural areas, we are deeply gratified by the recent actions of the Secretary of the**
37 **Department of Health and Human Services, Tommy Thompson, to bring a renewed**
38 **rural focus to his department. We believe Secretary Thompson’s initiative provides**
39 **a model for all federal departments and agencies, including USDA.**

15 U.S. General Accounting Office, *Rural Development: Patchwork of Federal Programs Needs to be Reappraised* (Washington, D.C., 1994).

SRDC and NRDP Governance Issues

Background

The NRDP consists of a number of components, each with a distinct purpose and function intended to further the mission. These components include the State Rural Development Councils (SRDCs), the National Partnership Office (NPO), the National Rural Development Council (NRDC; which is renamed in pending federal legislation as the National Rural Development Coordinating Committee or NRDCC), and the NRDP Executive Board (EB). As the NRDP has continued to develop over the years, each of these components has had to adjust to meet new demands and constraints.

The work of the SRDCs is described in great detail else where in this Report.

The NPO, is currently the Partnership's administrative office and is housed within USDA's Rural Development Mission Area in Washington, DC. In addition to dispensing funds to the SRDCs, the NPO reviews work plans submitted by SRDCs and convenes national conferences that provide all partners with the opportunity to further strengthen the relationships upon which the Partnership is built. The NPO is currently staffed by an executive director, deputy director, two desk officers, a budget officer, a part-time secretary, and three Truman Fellows.

The National Rural Development Council brings together representatives of over 40 federal agencies and national organizations to provide a uniquely rural perspective to federal policy and program development. The primary purpose of the NRDC is to serve as a conduit of information between federal agencies and the SRDCs. Specifically, the NRDC aims to identify program duplication and gaps in service to rural areas, build collaboration and coordination among federal-level rural initiatives and programs, provide input on potential consequences for rural communities during policy and regulation consultations with federal agencies and Congress, resolve unintentional federal policy or regulatory impediments to successful rural development efforts through a formal impediments process, provide a forum for the continuing dissemination of information on the status and condition of rural communities, and sustain support at the federal level for the efforts of the SRDCs. Members of the NRDC meet on a monthly basis to share policy and project developments within their agencies or organizations and to highlight significant issues facing rural America.

Finally, the NRDP Executive Board, which has been alternatively known as the NRDP Issues Group and the Network Management Team, assumed its present role in late 1995. Designed to be an advisory body, the Executive Board is to provide leadership to the NRDP by gathering input from members for the purpose of making recommendations, usually through consensus, to guide the Partnership. Consisting of representatives from the State Rural Development Councils, The National Rural Development Council, the National Partnership Office, and Partners for Rural America, the Executive Board is intended to serve as the Partnership's central voice to the outside world.

1
2
3 **Approach of the Governance Committee**

4 The work and recommendations of the Strategic Assessment Task Force Governance
5 Committee were guided by a shared desire that any recommendations regarding the future of
6 the Partnership be shaped by a commitment to the principles upon which the NRDP was
7 founded. The full Task Force strongly shares this approach. The recommendations that
8 follow have been made in the belief that their implementation will result in the creation of an
9 entity that more closely resembles the organization originally envisioned a dozen years ago.
10 The founding principles are enumerated below:

- 11 • That SRDCs shall include representation from all agencies, organizations, and individuals who are
12 dedicated to enhancing economic and social opportunities for rural citizens (particularly federal state,
13 local, and tribal governments and the private sector (including for-profit, non-for-profit, and
14 community-based organizations).
- 15
- 16 • That SRDCs should have the support and participation of the governors of the states in
17 which the SRDCs operate.
- 18
- 19 • That participation in SRDC decisions and operations shall be open to all who wish to
20 participate.
- 21
- 22 • That SRDCs shall represent the diversity of states’ rural populations and geography.
- 23
- 24 • That all who participate in SRDCs shall have a voice in SRDCs’ decisions and that
25 the SRDCs shall be free from the control of any single individual, organization, agency,
26 sector, political party, or interest group.
- 27
- 28 • That SRDCs shall provide open, neutral environments where all participants’ voices
29 can be heard and where major decisions are reached, whenever possible, through
30 consensus.
- 31
- 32 • That SRDCs shall receive financial and other support from diverse sources.
- 33
- 34 • That each SRDC shall retain an executive director who will manage the operation of
35 the SRDC; that the executive director shall be hired, supervised, and — if necessary —
36 removed through the collective participation of all of the SRDCs’ partners, without any
37 one partner dictating or dominating the decision-making process; that the executive
38 director shall be a senior-level individual with the experience, knowledge, and stature to
39 attract all those who should be participating in the SRDC and to guide those who
40 participate in the SRDC to effective and meaningful solutions; and the executive director
41 shall be provided with a support staff and budget adequate to meet the expectations that
42 have been established for the SRDC.
- 43
- 44 • That all SRDCs shall participate in the nationwide network of SRDCs; attend NRDP
45 national conferences; participate in the governance of the NRDP; and participate in
46 NRDP committees, task forces, and other bodies, such as Partners for Rural America.

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48 **Federal Participation in SRDC Operations**

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As the founding principles make clear, SRDCs, as originally envisioned, were intended to be relatively independent bodies not dominated by any single individual, group, or agency. For SRDCs to be successful, they must enjoy significant, high-level participation by the federal and state governments as well as other partner groups. The great challenge is to obtain this participation without either the federal government or state attempting to control the SRDC and its work, budget, and staff. This is a challenge because the federal and state governments, by their nature, are accustomed to tight command-and-control structures, not loose collaboration. The focus of the federal and state governments as they participate in SRDCs, therefore, must not be on control, but rather on using the collaborative process to achieve results that would not otherwise be possible.

The Task Force believes that the administrative structure that supports the SRDCs can be separated from the federal government’s rural policy framework. Needless to say, a specific office within the federal government will need to be identified as the point of connection between the SRDCs and the government, but it would not necessarily directly manage administrative aspects of SRDC operations as the National Partnership Office within the USDA Rural Development Mission Area has done in the past. The designated office within the federal government could contract with another entity — such as the national intermediary proposed in this Report — to manage these administrative aspects.

This approach would free the designated office within the federal government to focus on rural policy and program coordination. This office could ensure participation in the process by other federal agencies and support the new NRDC and its policy study committees.

Recommendation G-001 – USDA should continue to serve as the host agency for the NRDP and SRDCs until a determination is made as to the most appropriate federal host agency.

Because the USDA Secretary is statutorily charged with providing leadership for the establishment of a coordinated national rural development strategy, consideration should be given to transferring administrative responsibility for the SRDCs and NRDC to the Secretary’s Office so long as USDA continues to serve as the host federal agency for the SRDCs and NRDC. This is appropriate because the work of the SRDCs extends beyond the purview of the Rural Development Mission Area within USDA and, indeed, beyond the purview of USDA.

Recommendation G-002 – If USDA continues to serve as the host federal agency for the SRDCs and NRDC, consideration should be given to providing joint oversight for their work. The National Economic Council and the Office of Management and Budget would be appropriate agencies to jointly oversee the work of the SRDCs and NRDC with USDA.

1 **Recommendation G-003** – Impediments to participation in the work of the NRDCC
2 and the SRDCs should be eliminated as soon as possible.

3
4 A 1997 opinion of the USDA Office of General Counsel forbade *all* federal
5 employees from participating as full voting members of SRDCs; they were relegated
6 to liaison status. This opinion is completely contrary to the expectations of those who
7 originally established the SRDCs. This ill-advised opinion should be reversed by the
8 pending NRDP authorizing legislation or directive of the Secretary of Agriculture,
9 Attorney General, or other appropriate federal official.

10
11 **Recommendation G-004** – The administrative aspects of SRDC operations currently
12 managed by the National Partnership Office should be transferred to an appropriate
13 national intermediary body.

14
15 Several models exist upon which the relationship among the federal host agency,
16 SRDCs and the intermediary could be based, such as the Housing Assistance Council
17 (HAC), National Rural Water Association (NRWA), and the National Rural Health
18 Association (NRHA).

19
20 The national intermediary would enter into a financial relationship with the federal
21 government whereby the intermediary would receive a block of money from the
22 government, which would, in turn, be allocated to SRDCs. As part of its relationship
23 with the government, the intermediary would have to ensure that current and
24 potential future expectations the government has for SRDCs would be met. In this
25 regard, SRDCs would continue to be responsible for the outcomes and accountability
26 measures addressed elsewhere in this Report. A major difference from the SRDCs’
27 standpoint, however, would be that — once appropriate requirements are met —
28 funds could flow more quickly to the Councils with less red tape.

29
30 The national intermediary could also be responsible for NRDP conferences and
31 publications and for delivering technical assistance and training to SRDCs. Part of
32 this technical assistance responsibility could include the development and
33 distribution to SRDC leaders and executive directors appropriate resource handbooks
34 and other support materials. For those SRDCs that wished it to do so, the national
35 intermediary could act as the disbursing agent for all of their revenue or just the
36 federal portion thereof. This service could eliminate the bureaucracy SRDCs’ state
37 cooperators may impose on them, particularly in the areas of procurement and travel.
38 Another area where the national intermediary could act as SRDCs’ disbursing agent
39 is for SRDC staff salaries when requested to do so by an SRDC. By having their
40 employees receive their compensation from a source separate from their cooperator,
41 SRDCs could operate more independently, without undue influence of any one
42 partner. In such cases, the SRDC would retain full authority to hire, supervise, and
43 — if necessary — discipline and fire employees and would fully control the level of
44 compensation. This, and many other potential services of the national intermediary
45 would be optional for SRDCs.

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Recommendation G-005 – The national intermediary, in conjunction with the NRDCC, should develop strategies of broadly making available information about what the SRDCs and NRDCC have learned so that all interested rural communities, government agencies, and others can benefit from the Partnership’s efforts.

Among the ideas the national intermediary should consider in order to fulfill this expectation are development of a best practices inventory and a web-based system for reporting examples of collaboration, of barriers to be overcome, and of other strategies communities and agencies can use to better meet rural needs.

Recommendation G-006 – The national intermediary should be adequately staffed and have adequate resources to support its staff.

Recommendation G-007 – The national intermediary should develop, in collaboration with SRDCs, an effective structure for measuring and retaining information about SRDCs and their work. The Task Force is deeply troubled that the Partnership currently lacks a concise and reliable structure for gathering such information.

In response to the question of whether the memoranda of understanding between the federal government and states establishing SRDCs be required to be periodically reviewed and renewed, the Task Force found that such a requirement is unnecessary. As now, states shall reserve the opportunity to review the MOU at their own discretion.

State Government Participation in SRDC Operations

Recommendation G-008 – SRDCs should ensure full participation and involvement by their governor’s office and state executive branch agencies.

Policy development work done by the National Governors’ Association during the late 1980s was a direct precursor to the establishment of SRDCs. Because states share principal responsibility for the advancement of rural areas, governors must be fully engaged in SRDCs, should support their activities, and recognize their independence.

The leadership of the SRDCs should work with the NGA to educate new and current governors and their policy staffs about the contribution SRDCs can make in their states, the value of the collaborative approach to policy making, and find opportunities during NGA conference to highlight the work and potential of SRDCs as a vehicle for innovation. The fact that governors and state agencies can benefit

1 through participation in SRDCs without having to directly control them should be
2 part of these efforts. As stated previously, the full benefit of the SRDC model can
3 only realized if SRDCs operate so that all partners have a say in Council operations
4 and no individual partner dominates the Council’s agenda.

5
6 While strong support and involvement from governors is highly desirable, the Task
7 Force recognizes that the policy making process varies from state to state. SRDCs
8 must be free to determine the most effective way to move the rural policy agenda in
9 their states.

10
11
12 **Participation by Other Units of Government in SRDC Operations**

13
14 **Recommendation G-009** – SRDCs should be encouraged to provide opportunities
15 for state legislatures and county and municipal governments to participate in their
16 activities. Public educational institutions and quasi-public regional organizations
17 should also be encouraged to participate fully.

18
19 Participation by state legislatures in SRDC activities is important because they must,
20 in most cases, ultimately act on collaborative arrangements that develop as a result of
21 SRDC facilitation. Local government participation in SRDCs is important because it
22 is this level of government that most directly affects rural citizens’ lives on a daily
23 basis.

24
25 **Private Sector Participation in SRDC Operations**

26
27 **Recommendation G-010** – Along with outreach to the federal, state government,
28 and other units of government, SRDCs should be encouraged to recruit more
29 members from private entities, both for-profit and not-for-profit entities. Rural
30 development work must embody every sector in order to be fully effective. These
31 efforts will vary depending on state circumstances and the entities available for
32 collaboration. Notwithstanding the benefits government programs can deliver to rural
33 areas, it is the private sector — in the final analysis — that will provide sustained
34 resources to help rural areas stay viable and, hopefully **grown** and prosper.

35
36 **SRDC Structure and Governance**

37
38 In the past, some SRDCs have been perceived as under performing and incapable of
39 generating real progress in the field of rural development. It is therefore important that the
40 ensuing recommendations pertaining to SRDC structure and governance be understood in the

1 following context: The SRDC, as a recognizable and credible entity within the state, needs to
2 be seen as a neutral forum that actually facilitates constructive policy changes of benefit to
3 people in rural communities. This means that the SRDC must have the involvement of
4 federal and state policy-makers and shapers, as well as that of other stakeholders. If the
5 SRDC is not seen as having a critical mass of both necessary organizational resources and
6 skilled leadership, it will likely lack credibility. Without this organizational credibility, the
7 SRDC will not be able to encourage participation by those that it needs to have at the table in
8 order to achieve tangible outcomes. Fostering and maintaining this credibility should
9 therefore be a priority of each Council.

10

11 Furthermore, it is critical that we respect the differences among and between states that
12 necessitate that a multiplicity of structures and processes be in place. However, despite this
13 important realization, we must also recognize that certain standards should exist across the
14 Partnership. Where such standards are imposed or recommended, they are intended only to
15 further the purposes of the founding principles.

16

17 Before examining those standards, we will first briefly explore a few areas over which
18 SRDCs should continue to exercise complete authority, in accordance with the founding
19 principles:

20

- 21 • SRDCs will maintain the right to prioritize their own potential projects,
22 allocating resources among projects as necessary, within the parameters of
23 authorizing legislation currently pending in Congress. These decisions will
24 be made by SRDC boards with input from SRDC working committees.
25 Work plans and budgets will still be submitted for review by the proposed
26 national intermediary and, when appropriate, the NRDCC and the federal
27 agency having oversight responsibility for SRDCs.
- 28
- 29 • SRDCs will determine their own operating guidelines.
- 30
- 31 • Executive directors will be hired, fired, and reviewed by SRDC governing
32 boards.

33

34 The National Rural Development Partnership, by definition, is about collaboration and
35 partnerships. This requires that SRDCs succeed in bringing all of the necessary stakeholders
36 to the table, and that they offer a neutral environment in which meaningful dialogue can
37 occur once the stakeholders are seated at that table. It is essential that SRDCs operate in a
38 completely nonpartisan manner. Efforts to bring disparate interests to the table to focus on
39 common rural concerns is difficult enough. Although SRDCs exist and must operate within
40 the political system, they must zealously remain aloof from partisan politics.

41

42 **Recommendation G-011** – Each SRDC governing body needs to have a broad range

1 of perspectives if it is to appropriately develop a work plan reflective of the needs of
2 rural communities. Accordingly, all partner groups need to be represented on each
3 governing body. These would include the traditional partner groups (federal, state,
4 local, the for-profit sector, the nonprofit sector, and tribal groups). Additionally, the
5 Task Force believes that the “local” partner group should be further refined to
6 include both county and municipal government, as well as regional and
7 educational/academic partner groups. The following is the complete list of required
8 partner groups for Council governing bodies:

- 9 ▪ Federal government (including USDA and/or other federal representation)
- 10 ▪ State executive branch representation from the Governor’s office or agencies
- 11 ▪ Regional (including regional planning and development councils, regional
12 councils of government, or Resource Conservation and Development Councils)
- 13 ▪ County government (except in the Northeast where township representation may
14 be more appropriate)
- 15 ▪ Municipal government (including incorporated towns, cities, villages, etc.)
- 16 ▪ The for-profit sector
- 17 ▪ The nonprofit sector
- 18 ▪ Tribal (if there are recognized Indian tribes in the state)
- 19 ▪ Education/Academia representation from primary, secondary, and higher
20 education institutions, as well as Cooperative Extension, public libraries, and
21 community colleges.

22 Additionally, while this is optional, the Task Force strongly recommends that each
23 Council’s governing body contain “Legislative Sector” representation (from state
24 legislators and/or staff of members of Congress).

25
26 SRDC executive directors rely upon the broad range of experience (e.g., technical expertise,
27 institutional knowledge and political savvy) that Council leaders bring to the work of the
28 SRDC. SRDC staff also rely upon the quality support that Council leaders bring to the work
29 of the SRDC and the Partnership. As such, it is important that appropriate training
30 opportunities be made available to Council leaders to enhance skills that further the work of
31 the Partnership.

32
33 **Recommendation G-012** – A program of training and professional development
34 should be established for Council leaders and for SRDC support staff. This
35 training may be provided at the national conferences or via another mechanism to
36 be determined.

37
38 Finally, and perhaps most importantly, is the question of SRDC structure. Specifically, the
39 committee was asked which legal/administrative structures allow SRDCs to function most
40 effectively and in a manner consistent with the founding principles. After much debate and
41 considerable review of the survey results and available anecdotal information, the
42 Governance Committee was able to create a hybrid model for SRDC structure. (The hybrid
43 represents a cross between the models offered by those who supported the establishment of

1 criteria requiring that all SRDCs be reorganized as fully independent bodies and those who
2 believed that the status quo represents the best solution because it respects the uniqueness
3 and diversity of state needs.)

4
5 **Recommendation G-013** – Determining the legal/administrative structure of the
6 SRDC shall remain a task for each State to undertake. However, each SRDC will be
7 evaluated on the basis of the criteria provided in Recommendation 0-042 (which
8 provides a series of performance indicators to be measured). States found to be in
9 compliance with the founding principles as a result of this evaluation will be
10 permitted to maintain their current legal/administrative structures. Those found to
11 have compliance deficiencies will be encouraged to reorganize their structure. This
12 process of reorganization can and should be guided by an in-depth evaluation of
13 effective SRDC models that fit the particular needs of the state in question.
14 Additionally, although there is not one model that is appropriate for every
15 circumstance, there are some common characteristics that the most effective SRDCs
16 seem to share. All Councils, regardless of their structure or the degree to which they
17 have been determined to comply with the founding principles, should strive to attain:
18 1) Independence; 2) A strong and active governing board that holds the executive
19 director accountable for performance; and 3) An executive director who has direct
20 control over Council finances.

21 22 **SRDC Executive Directors**

23
24 SRDCs rely upon effective leadership from their executive directors in order to function
25 properly. When the first eight SRDCs were established, all their executive directors were
26 paid at the same level, at a rank equivalent to a GS14/GS15 level. Over time, this has
27 changed. As new Councils have been added, governing boards have altered compensation
28 packages, so that many executive directors are now compensated at a level drastically below
29 the initial levels. There is a need for greater consistency and equity in pay across the nation.
30 There is also a need for more consistent qualifications. It must be remembered, however, that
31 executive directors have historically been, and shall continue to be, hired, reviewed, and
32 fired by the SRDC governing boards in each state. The Governance Committee's
33 exploration of executive directors, their compensation, and professional requirements,
34 resulted in the following series of recommendations, which were adopted by the Task Force:

35
36 **Recommendation G-014** – Future executive directors should be required to meet the
37 following basic standards (although there could and should be exceptions to these
38 standards when circumstances require). Executive directors already in their positions
39 shall remain as such, at the discretion of their governing boards.

- 40
41 • Candidates will hold an advanced degree.
- 42

- 1 • Candidates will have eight or more years of substantial public policy or relevant
2 administrative experience.
3
- 4 • Candidates should demonstrate many, if not all of the following characteristics,
5 which have been identified in the most effective and successful executive
6 directors: risk-taking behavior, people skills, political acumen, ability to foster
7 creative partnerships, vision, tenacity, direct experience with rural issues, writing
8 and speaking skills, and multi-tasking abilities.

9

10 **Recommendation G-015** – All executive directors earn a salary equivalent to that
11 paid to an individual occupying a GS14/GS15 post in the federal government.
12

13 The United States Office of Personnel Management reports the fiscal year 2001 pay
14 range for these levels at \$67,765-\$103,623. The Task Force notes that there may be
15 exceptional cases in which particular state circumstances may require a deviation
16 from these standards. In such cases, the following guideline should apply: all
17 executive directors should be paid at a rate that is at least equivalent to the salary
18 earned by a deputy cabinet level official in his/her state, and the differential amount
19 of salary monies shall be sequestered (see Recommendation G-017).

20

21 **Recommendation G-016** – For SRDCs that wish, executive directors should receive
22 their compensation from the proposed national intermediary body which is described
23 else where in this Report. It is assumed that the national intermediary will also
24 arrange for benefits for executive directors.

25

26 **Recommendation G-017** – The “firewall” that previously acted as a protection
27 against inadequate salaries for SRDC employees should be reinstated. That firewall,
28 which was active until 1996, stipulated that SRDC governing boards could not access
29 the SRDC funds unless a certain percentage of those funds were reserved for SRDC
30 personnel expenses.

31

32 **Recommendation G-018** – SRDCs should use the pro forma executive director
33 position developed at the time of the establishment of the first SRDCs as a guide for
34 the work to be performed by their executive director. This position description is
35 included as Appendix E of this Report.

36

37 **The National Rural Development Council**

38

39 The National Rural Development Council that exists today differs quite substantially from
40 the body that was operational in the years shortly after the Partnership was created.
41 Originally envisioned as a forum where high-level policy-makers from various federal

1 agencies and organizations could interact, cooperate, and challenge one another to enhance
2 rural development initiatives, the group is now composed largely of program-level
3 representatives who meet to simply share information with one another. Though the NRDC
4 has a fairly rigorous impediments process available to help SRDCs overcome difficulties
5 they may be experiencing, the system is not frequently used. Legislation pending in
6 Congress envisions a heightened role for the NRDC, which it renames the National Rural
7 Development Coordinating Committee (NRDCC). The Task Force supports the text of the
8 legislation reported from the US Senate Agriculture Committee, which specifically and in
9 great detail stipulates the future role of the NRDCC.

10

11 **Recommendation G-019** – NRDCC membership should not consist expressly of
12 members who volunteer, because this has historically led to involvement from
13 individuals with less and less power to influence policy. In order to ensure that
14 policy-makers once again infuse the group, it may be helpful to have some policy-
15 level representatives from relevant agencies detailed to the NRDCC. If possible, the
16 Presidential Executive Order called for elsewhere in this Report (Recommendation
17 P-024) could include a provision that would make this possible. This does not mean
18 that those with an interest in rural development will be precluded from participating
19 in the activities of the NRDCC, as it is important that the group contains
20 representation from both policy-makers and program-level staff.

21

22 **Recommendation G-020** – USDA or another appropriate federal agency should be
23 assigned the responsibility for supporting the work of the NRDCC, including
24 providing adequate staffing and advocating for acceptance of recommendations
25 development by the NRDCC. Although the Task Force strongly believes the NRDCC
26 must have dedicated staffing in order to be as successful as possible, we also believe
27 that opportunities should be provided for employees of diverse agencies to be
28 detailed to the NRDCC to build the relationships that will be needed if we are to
29 successfully develop collaborative interagency relationships.

30

31

32 The Task Force believes implementation of these recommendations would add significant
33 value to the Partnership. By bringing the right stakeholders to the table, stakeholders with
34 the power to create change and implement policy conducive to rural development efforts, the
35 NRDCC can fulfill the role that the NRDC filled in its earlier days.

36

37

The Executive Board

38

39 Though the Task Force recognizes that the Executive Board, formerly known as the Network
40 Management Team, has played an important role in the Partnership in the past, it is the
41 feeling of the Task Force that the Executive Board's historical confusion with its role, when

1 coupled with the fact that its primary functions could easily be absorbed by other
2 components of the Partnership, recommends the following:

3
4 **Recommendation G-021** - The current NRDP Executive Board should be
5 dismantled, and its primary tasks should be absorbed by other components of the
6 Partnership.
7

8 There will be a continuing need for some body to ensure that there is overall
9 coordination among the elements of the Partnership. NRDP authorizing legislation
10 currently pending before Congress calls for the establishment of a “governing panel”
11 which would “lead and coordinate the strategic operation, policies, and practices of
12 the Partnership. The Panel would also, in conjunction with the NRDCC and SRDCs,
13 submit to Congress an annual report on the activities of the Partnership.”¹⁶
14

15 The committee believes that this change will be particularly effective if implemented in
16 conjunction with recommendations that pertain to the revitalization of the National Rural
17 Development Council.
18

19 **The National Partnership Office** 20

21 In recent years, the role of the National Partnership Office has changed from one of national
22 coordination and guidance to one of channeling federal dollars to the SRDCs. As the NPO
23 has become more and more preoccupied with this daunting task, its ability to provide
24 leadership to State Councils has dwindled, and the Partnership as a whole has felt the effects
25 of this diminished role. The Task Force believes that remedying this problem is simple and
26 will result in substantial benefits to all members of the Partnership. The national
27 intermediary body, whose creation is called for in this report, will assume many of the
28 administrative responsibilities of the National Partnership Office, along with new
29 responsibilities yet to be determined. Staff support for the NRDCC will have to be assumed
30 by some unit, yet to be determined, within the federal government. This unit could also be
31 responsible for disbursement of funds to the national intermediary, compiling annual reports
32 of the SRDCs, and policy research and development tasks.

16 Floor version of S1731, Subtitle B, Section 612, Paragraph b, Subparagraph 3

Rural Policy and Program Coordination and the Role of State Rural Development Councils

State Rural Development Councils have been and can continue to make significant contributions to the goal of rural policy and program coordination in three principal ways.

First, collaborative partnerships facilitated by SRDCs can help rural communities navigate the maze of federal and state programs and streamline the utilization of those programs. These activities primarily take place at the statewide and local levels. Outcomes of these efforts can include bringing together agencies and other entities that do not have a history of working together, pooling limited resources to increase the efficiency of their use, and changing state and local policies, programs, and regulations to make them more flexible and responsive to community needs. Typically, the ability to modify federal requirements is limited at this level.

Second, SRDCs identify federal policies, programs, and regulations that can be modified in order to make them more appropriate for and responsive to rural communities. SRDCs' recommendations can be communicated to the National Rural Development Coordinating Committee (NRDCC), which can work with the appropriate agencies to implement appropriate changes.

Third, working in concert, SRDCs and the NRDCC can form a **power** mechanism for ensuring that existing and proposed policies, programs, and regulations that have or could have an impact on rural areas are established to increase the chances of achieving intended results and minimizing negative effects. This can be accomplished by establishing procedures by which SRDCs can provide the NRDCC with information on rural needs and information on programs that meet rural needs or fail to meet rural needs and establishing a process for doing "reality checks" with rural communities and rural practitioners so that Washington-based policy makers have the benefit of grassroots input during the policy making process.

SRDCs by themselves can make important contributions to the goal of improving rural policy/program coordination. However, the maximum benefit of SRDCs' efforts will only be realized when a rural policy framework such as that included in the 1990 Presidential Initiative or the more recent Congressional Rural Caucus proposal is established.

Recommendation P-022 – Congress and the Executive Branch should expeditiously identify and implement an appropriate framework to enhance rural policy and program coordination.

SRDCs and the NRDCC should be integral parts of that framework. The 1990 Presidential Initiative and more recent recommendations provide valuable concepts which can guide the establishment of this framework.

Recommendation P-023 – The federal government should reaffirm its commitment to the continued existence of the SRDCs as a key element of its efforts to increase coordination of federal policies, programs, and regulations that have an impact on rural America.

This commitment should be made manifest by the federal government providing adequate financial resources to the SRDCs to enable them to fulfill the missions they have been given, by expeditiously establishing SRDCs in all 50 states and in US territories where the existence of an SRDC would be appropriate, by ensuring full participation in the work of SRDCs by federal agencies and officials, and by establishing mechanisms by which policy recommendations of SRDCs will be considered in a timely fashion and accepted where appropriate.

Recommendation P-024 – An Executive Order or some other Presidential Directive should be issued to direct full participation in the work of the NRDCC by Washington-based federal officials and for full participation in the work of SRDCs by the field staff of federal agencies.

An Executive Order or other Presidential Directive encouraging federal participation in the activities of SRDCs and the NRDCC could substantially enhance the degree to which federal employees commit themselves to the issue of rural development. However, it is important that any such order be accompanied by adequate provisions for travel, because the costs accrued through such travel are often the impediments to full participation of field staff. The 1969 Executive Order establishing the Council on Rural Affairs would be a good model to which to refer for such a Presidential Directive. (Refer to footnote 4)

NRDP authorizing legislation currently pending before Congress mandates federal agency participation in both the NRDCC and SRDCs. The Task Force believes, however, that an indication from the President that issues affecting rural America are important and should be a top priority for all agencies would increase agencies' responsiveness to rural needs and could increase federal agency participation in the NRDCC and SRDCs.

Recommendation P-025 – Legislative barriers to fund sharing among federal agencies should be eliminated.

For full collaboration between and among federal agencies to occur, they must be able to share financial, human, and other resources. Agencies and Congressional authorizing and appropriating committees zealously protect their authority over the use of agency funds under their purview. The Task Force believes that, while agency and Congressional prerogatives should be respected, they should not be a barrier to collaboration. In the final analysis, collaboration can and should result in more efficient utilization of limited government resources to respond to rural needs.

This issue is particularly important to the SRDCs. From its beginning, the NRDP has never had a dedicated funding stream. Instead, it has relied on voluntary contributions of discretionary funds from a limited number of federal agencies. In at least one case, an agency that had been supporting the NRDP and SRDCs in a major way was limited in its ability to do so by action of the appropriations subcommittee that oversees its funding. To emphasize that funding programs such as the NRDP/SRDCs from multiple agencies is acceptable could increase the level of such activity.

Recommendation P-026 – A top priority for the newly revitalized NRDC should be to identify policies, programs, and regulations across the government which present opportunities for collaboration, or alternatively, which are redundant.

The previously referred to 1994 General Accounting Office study on programs that have an impact on rural areas identified over 800 such programs. Beyond actual programs there are vast numbers of federal policies and regulations that have an impact on rural areas. Most of these policies, programs, and regulations are not targeted specifically at rural areas. So — as well as identifying areas where increased collaboration could take place or redundancy eliminated — the NRDC should seek to identify ways by which non-rural specific programs can be made more rural friendly.

Recommendation P-027 – The NRDC should also identify opportunities for the execution of memoranda of understanding between and among agencies to formalize opportunities for increased interagency coordination and collaboration.

Although increased collaboration between and among agencies will only be fully realized if mutual trust, respect, and understanding is developed among agencies, formal memoranda of understanding can minimize ambiguities in the relationships and

send the signal to programs and field staff that collaboration is not only an acceptable way of doing business, but that it is a preferred way of doing business. Care must be taken to institutionalize collaboration within agencies' "corporate culture" so that the good intentions of senior-level officials are not dissipated by program and field staff who do not buy into what their superiors have agreed.

As important as the federal executive branch is to achieving the goal of better coordination of rural policy and programs, others play equally vital roles, particularly Congress, governors, state legislatures, local governments, and the private sector.

Recommendation P-028 – Procedures should be established to ensure ongoing communications between SRDCs/NRDCC and the appropriate committees of the US Congress.

Recommendation P-029 – Regular consultations should take place between SRDC leaders and the National Governors Association to address strategies to ensure continued involvement by state governments in the work of the SRDCs. Additional recommendations related to the involvement of states in SRDCs are included in the governance section of this report.

Recommendation P-030 – Regular consultations should take place between SRDC leaders and the National Conference of State Legislatures to address strategies to ensure appropriate involvement by state legislatures in the work of SRDCs.

Recommendation P-031 – The NRDCC should work to ensure that all appropriate national associations and other bodies participate in its work and, with SRDCs, work to ensure that state affiliates of these associations and bodies participate in the work of SRDCs. While SRDCs retain the right to control their membership, it makes sense for the state affiliates of national organizations that participate in the work of the NRDCC to participate in work of the SRDCs. This is probably already the case with most SRDCs.

Recommendation P-032 – The NRDCC should establish appropriate study committees (which could also be known as task forces, working groups, or by other names) to focus on topical areas or individual issues of concern to rural communities.

These study committees should consist of representatives of all appropriate federal agencies, representatives of appropriate state agencies (through the coordination of NGA), national associations and other national bodies, and interested SRDC members. The study committees should address issues raised either at the national or state level and seek to identify comprehensive solutions

which could require modification of state policies, programs, and regulations, as well as those of the federal government.

Recommendation P-033 – Truman Fellows should continue to be used to help the NRDP and SRDCs fulfill their mission.

During the past several years, the work of the SRDCs has been greatly aided by the efforts of Fellows from the Harry S. Truman Foundation, an entity organized within the Executive office of the President. The Task Force is concerned, however, that Truman Fellows have increasingly been used to fulfill administrative responsibilities in the National Partnership Office. While we recognize the fact that the NPO is short-staffed, we believe it is inappropriate that Truman Fellows' time be dedicated solely to administrative work rather than the policy-related educational experience expected by the Truman Foundation. It is our earnest hope that adequate staffing be provided to the NPO (and the proposed national intermediary) so that Truman Fellows can return to policy-related projects, supporting the work of the SRDCs and NRDC and bring a rural focus to multiple federal agencies where they can be located.

Outcomes and Accountability

SRDCs are unique organizations. They are charged with helping to improve economic and social conditions for rural citizens. However, unlike traditional government agencies or private sector entities, SRDCs are not expected to administer programs which result in tangible outputs, such as jobs, houses, bridges, immunizations and so forth. Instead, they were created to facilitate increased collaboration among those with the resources and responsibility to produce those tangible outputs.

SRDCs exist in a world that is accustomed to measuring the degree to which entities are successful by counting the number of tangible outcomes they produce. To an extent, the success or failure of SRDCs can be measured by the success or failure of the entities that take advantage of the collaboration SRDCs facilitate. But this is not, by any means, a wholly satisfactory method of measuring SRDCs' success or failure.

The fact that SRDCs largely depend on public dollars to sustain their operations brings with it heightened expectations for accountability. These expectations are further heightened because SRDCs represent an innovative approach to rural development.

When SRDCs were established in the early 1990s, they were required to produce strategic plans that addressed rural needs found in either their own rural assessment or that of another approved entity. Quarterly reports or copies of quarterly newsletters were required, as well as either an annual report or annual newsletter. By 1996, however, both the NRDP and the political environment had changed. With most Councils now up and running, many within the Partnership felt that SRDCs needed a concrete and specific blueprint for achieving the goals found in their strategic plans. Meanwhile, Congress had passed the Government Performance Results Act, ushering in a new era of outcomes-oriented program assessments. In response, the NRDP introduced *The Outcomes Framework*, and more specific work plans replaced strategic plans. Quarterly reports gave way to a mandated six success stories from each SRDC each year. Coming to the present, concerns again have been raised by federal officials and others

that SRDC have not been doing enough to insure that they are contributing to the advancement of rural America in a meaningful way.

The challenge of the Strategic Assessment Task Force, like all of its predecessors, has been to maintain a balance between ensuring SRDCs' accountability, while not imposing burdensome bureaucratic requirements on SRDCs. If successful, an outcome and accountability measurement protocol would not only not be burdensome, but would support and enhance the work of the SRDC. Therefore the Task Force has sought to develop a system of outcome and accountability measures that will give the most flexibility to SRDCs. We have also worked to develop a system that is primarily driven by the rural needs of the states in which SRDCs work, while meeting the needs of federal partners. A prerequisite for every recommendation made by this Task Force is that any new tasks required of SRDCs have a direct benefit to the SRDC itself and the rural communities it serves.

On the federal level, SRDCs must respond to the expectations of many different bodies:

Congress

Congress has three requirements for insuring beneficial outcomes and maintaining accountability: authorization; documentation that demonstrates that a unique need is being met; and comments from constituents concerning the operations of the SRDCs.

- ***Authorization* – Congressional authorization is an important part of the evaluative process. Congressional authorization allows a program to receive Congressional appropriations and review during appropriations process, in addition to defining the scope of the programs powers, duties, and responsibilities.**
- ***Unique Program* – In order to avoid duplicative programs, Congress tries to insure that programs that are authorized and funded meet a unique need currently unmet by the federal government. SRDCs have the capability to bring many partners to the table to help solve diverse and complex rural development problems. The NRDP and its SRDCs must demonstrate that there is a distinct and relevant rural need (through a work plan grounded in a rural needs assessment), and that they are meeting that need (through reports showing progress).**
- ***Communicating with Congress* – Too few Members of Congress are hearing about the NRDP to support the program. The Partnership has been particularly negligent in encouraging groups other than SRDCs (clients, if you will) to contact their representatives in Congress about the value of the NRDP. SRDCs must find ways for their clients to contact**

Congress in support of the program. Annual reports, which Congressional staffers could review, would be essential. At a national level, the NRDCC, proposed national intermediary, and others need to have NRDP-wide information to make the case to the Appropriations Committee that funds are being wisely spent on NRDP/SRDC collaborative efforts.

Federal Agencies

Given the current funding structure of the NRDP, whereby several federal agencies fund the NRDP from discretionary funds, it is crucial that current funders be shown the value of their investment in NRDP and that further relationships with other non-funding agencies be developed. USDA/RD, as the lead federal agency for the NRDP, needs to pursue this goal, with strong staff support from the NRDCC, SRDCs, and others. Success stories from SRDCs will be crucial to demonstrating value to federal agencies.

Federal Agency as Fiscal Agent

USDA/RD, as the lead federal agency, has a special role in the NRDP's outcomes and accountability framework because it is the fiscal agent for all federal dollars spent by the Partnership. As such, USDA/RD must develop reasonable measures to insure that federal dollars are spent in a responsible manner and in accordance with existing federal laws. Annual work plans have become an increasingly effective tool for monitoring the work of SRDCs. The NRDP, however, has not adequately monitored whether federal dollars are actually being spent in accordance with the work approved in the work plan. Annual reports should be required from all SRDCs. These reports should specifically comment on whether work plan elements have been completed.

Recommendation O-034 – Congress should formally authorize SRDCs.

Congressional authorization is a necessary prerequisite for an effective outcomes and accountability system. Authorization will define certain duties and responsibilities of SRDCs and clearly establish a set of expectations for them. The lack of such a set of Congressional expectations has represented a serious challenge for SRDCs because different people evaluate the performance of SRDCs from the perspective of expectations they impose on SRDCs, regardless of whether those expectations are valid or not. It should be noted that NRDP authoring legislation currently pending in Congress will permit SRDCs to become engaged in projects and activities beyond those mandated in the

legislation. This will allow SRDCs to continue to respond to the unique needs of the communities they serve. Authorization could also lead to more stable funding for SRDCs.

Recommendation O-035 – All SRDCs should be required to produce an annual work plan.

SRDCs' goals and objectives should be based on an assessment of the critical rural needs identified by the Council. Each Council should be free to design its own needs assessment and prioritization process. However, every Council needs to create and maintain an explicit process by which they will assess and prioritize rural needs. The results of the needs assessment and prioritization process should include an articulation of both program and policy issues related to rural development. Annual rural needs assessments are not necessary, but they should be updated periodically to ensure that SRDCs are continuing to address current issues.

The Task Force believes SRDC work plans should be compiled at the national level. A summary of all SRDCs' work plans can be a useful tool for demonstrating to various stakeholders the breadth of SRDC activities.

SRDCs have been writing work plans as part of their cooperative agreements with USDA-RD since 1996. These work plans have been of increasingly high quality. Many SRDCs have also found that work plans are a versatile tool for engaging members and achieving objectives. Therefore, the Task Force believes work plans should continue to be an integral part of the outcomes and accountability process.

Recommendation O-036 – All SRDCs should be required to produce an annual report.

Recommendation O-037 – An annual composite summary of the work and accomplishments of all SRDCs should be prepared and provided to the appropriate committees of Congress and other stakeholders.

As important as it is to have a plan of work for the coming year to accomplish certain objectives, it is equally important at the end of each year to look back and review the accomplishments (and shortcomings) of the previous twelve months. The lack of a comprehensive annual reporting system, which clearly addresses whether elements of the work plan have been completed, is a clear failing of the current outcomes and accountability system.

Annual reports are absolutely necessary to the SRDCs to help them review their accomplishments and to better plan for the future. In addition, federal law specifically requires annual performance reports that include “a comparison of actual accomplishments with the goals and objectives established for the period, the findings of the investigator, or both”. Success stories have been used as a tool to meet this regulation, but — though very useful for other goals, such as public relations and attracting participation from more federal agencies — they fail to meet this requirement of the law.

SRDCs should be allowed to write their annual reports in a way that is most appropriate for their state cooperators and members. Some basic elements, however, should be included in all annual reports. All annual reports should: give the reader an understanding of the SRDC’s work in the past year; specifically summarize both the rural needs assessment and the work plan, with reports on whether each task outlined in the work plan has been completed as scheduled; include success stories; and provide a financial report that outlines from what sources revenues were derived and how these revenues were expended. Annual reports should be filed with the appropriate entities within 60 days following the close of each SRDC’s fiscal year.

The task force believes there is a need at the national level for a summation of SRDC annual reports to be prepared and widely distributed. This annual report should also be provided to federal agencies in order to stimulate federal policy changes.

The annual report compilation should be distributed to all SRDCs in order to promote replication of successful strategies for collaboration. The compilation should also be distributed to Congress and among federal agencies, in order to provide a “rural voice” inside the federal government and to alert federal policymakers to the issues dealt with by SRDCs at the grassroots level.

Understanding that the collaborative process often generates outcomes in future years, the Task Force believes that more comprehensive reports that catalogue and highlight the long term impacts of SRDCs’ efforts should be periodically prepared.

Recommendation O-038 – Appropriate training should be provided to all SRDC Council leaders and executive directors to help them produce meaningful work plans and annual reports. The Task Force believes the current system of SRDC work plans is beneficial to achieving positive outcomes and helping to ensure accountability.

Recommendation O-039 – SRDCs should establish ongoing communications with federal and state officials — such as members of Congress and state legislatures — and other stakeholders to ensure that they are fully informed of the

SRDCs' work and accomplishments. Wherever possible, SRDCs should periodically meet on a face-to-face basis with key stakeholders and not depend on newsletters or other "broadcast" communications vehicles.

Recommendation O-040 – A peer mentoring system should be established in order to share information among SRDCs.

When properly implemented, outcome assessment and accountability systems are powerful educational tools, not an administrative burden. Yet annual work plans and annual reports often educate vertically (between the SRDC and national partners and between the SRDC and local partners), but often fall short when educating horizontally (between and among SRDCs). Council leaders and executive directors need to be aware of the methods of operation and accomplishments of other SRDCs so they might replicate, improve, and expand them.

Peer mentoring will, of course, occur at national meetings and at other times determined by the SRDCs. At every national meeting of the NRDP, time should be set aside for Council leaders and executive directors to present successful tactics they have used to overcome programmatic or structural difficulties.

Peer visits should be an important part of the accountability learning process. Peer visits should occur:

- In the year following the hiring of a new executive director, or
- In the first year following the establishment of a new Council or the re-authorization of a Council, or
- After a Council has been identified as a non-compliant or non-performing Council , or
- Upon request by an SRDC.

For each peer visit, Council leaders and executive directors from three different SRDCs should make a site visit to a fourth host

SRDC. The Council leaders and executive directors will review the host SRDC’s work plan and progress, share successful strategies for replication, and identify strengths and weaknesses of the host SRDC¹⁷. The visiting team should write a brief report about its findings, copies of which will be submitted to the host SRDC, its state cooperator, and the appropriate individuals with oversight responsibility for SRDCs at the national level.

Recommendation O-041 – The Task Force believes that further consideration be given to the matter of a peer review system for SRDCs.

Under such a system, each Council, would be visited and thoroughly reviewed by a peer review team on a periodic basis. Alternatively, peer review may be reserved for Councils under the direction of a new executive director (after approximately one year of service) or Councils that seem to be under performing on the basis of the previously established criteria. It is recognized by the Task Force that such a peer review process would have noticeable resource implications, both in terms of demands placed on personnel time and SRDC budgets. These concerns shall be considered when the process is debated in the future.

Recommendation O-042 – In addition to the items identified above, a system of performance indicators should be established to measure SRDCs’ performance and adherence to the founding principles. Among these indicators are:

SRDC structural performance indicators:

- Council membership and participation is broadly reflective of all major types of stakeholders.
- Governing body and executive committee membership that includes a good cross-section of the stakeholders.

¹⁷ Various assessment tools to accomplish this goal are available for use. The Baldrige Performance Excellence Criteria could be a starting point. See: http://www.nist.gov/public_affairs/factsheet/baldfaqs.htm

- The executive director reports to, and serves at the pleasure of, the Council governing body;
- The executive director's professional experience would indicate that he/she would be able to interact effectively with state legislators, cabinet officials, federal policy-makers, academicians, as well as local and regional officials and community advocates.

SRDC decision making process performance indicators:

- Council members elect at least 40% of the members of the governing body.
- The Council has in place a structure that facilitates the development of policies and programs that are reflective of rural stakeholder needs.
- The governing body annually evaluates the performance of the executive director.
- Council members and/or governing bodies reach consensus decisions on work programs and policy initiatives.

SRDC Operational Performance Indicators:

- An external audit of Council finances is conducted at least every third year, with external financial reviews conducted in the intervening years. For Councils that are organized as non-profits organized outside state governments.
- A Council annual report and newsletter is published, either electronically or in hard-copy, on a regular basis.

- A Council website is updated at least quarterly and contains minimum required elements.
- An annual Council general membership meeting is convened, which includes an election of several governing board members.

Recommendation O-043 – Congress and the host federal agency should allocate adequate resources to ensure that SRDCs are, indeed, implementing their work plans and meeting other administrative, structural, and performance requirements.

The Task Force firmly believes that one of the reasons why questions have lingered about the performance and accountability of SRDCs is that USDA has not provided adequate oversight of SRDCs’ activities. In the future, the Task Force believes this oversight function could be undertaken by the program’s host federal agency or the national intermediary which is proposed elsewhere in this Report.

Adequate resources are required to demonstrate the positive outcomes that arise from SRDCs’ work and to ensure accountability for the public resources which are made available to the SRDCs. Investments in outcomes and accountability systems, however, have significant payoffs for both federal partners and rural communities, including the more efficient utilization of limited federal resources, the creation of useful deliverables, and the increased performance of SRDCs.

SRDCs that do not currently have a rural needs assessment process or annual report will need to devote resources to developing such documents. While annual reports will be a yearly expense, the rural needs assessment will only be an occasional expense. It is the hope of the Task Force that Congressional authorization and dedicated funding for the SRDCs will eliminate the current need to write multiple work plans each year, thereby diminishing the time consumed in meeting these requirements. If this is not the case, SRDCs may need additional resources for staff time to comply with these requirements.

Many of the failures in the current outcomes and accountability system for SRDCs can be linked to limited amount of hands-on oversight and technical assistance to ensure that SRDCs are complying with all necessary outcomes and accountability measures. The Task Force believes that adequate resources must be allocated to the current host federal agency or the proposed national intermediary in order to fund the manpower required by such oversight and technical assistance activities and to cover the costs of their associated travel and other expenses.

Additional resources will be required to fund the training of SRDC leaders and executive directors and the preparation of the national compilations of documents identified in this section of this Report.

Despite the difficulties of measuring the outcomes of the collaborative work done by SRDCs, a meaningful outcomes and accountability system can be developed. Work plans, annual reports, and peer consultation are all components of a flexible system that would not only ensure appropriate accountability, but also educate local, SRDC, and federal partners.

No one, however, can expect a truly effective outcomes and accountability system unless profound changes are made concerning funding of the SRDCs. The perennial funding crises of the SRDCs have seriously undermined program and diminishing the capacity of SRDCs to engage in long term work towards real outcomes. The establishment and maintenance of an outcomes and accountability system will require SRDCs and the Partnership to incur real financial costs and will consume a certain amount of staff time. Accordingly, the Task Force strongly believes that, as the financial needs of SRDCs are considered, additional resources must be allocated to support the outcomes and accountability system.

SRDC Financial Issues

Background

The National Rural Development Partnership has experienced many different funding situations since its creation in 1990. Over the course of its 11 years of existence, it has been funded at times by 16 departments of the federal government and the individual State Councils have received varying levels of support from a variety of other governmental and non-governmental organizations. Crucial initial funding at the beginning (first two years) of the Partnership was provided by: USDA/RD, DOT, HHS, Interior, EPA, HUD, SBA and Defense. USDA/RD has been the most consistent and strongest supporter of the Partnership, and support has also been received at varying levels over the past eight years from DOT, HHS, DOL and VA. The funding in the first year of the program's existence was \$330,000 (FY1990) and in its most recent year it was \$5,617,343 (FY2001). Funding levels have fluctuated over the years, and the growth in budget has not been a linear one. Beyond funding at the national level, there have been a number of ways that other agencies have made contributions at the state level including cash contributions and strong involvement in the Councils.

Despite the fact that the Partnership has at times enjoyed a broad base of support, there have been significant financial problems for the Partnership. Many of the agencies and departments which utilize the resources of the Partnership are not contributors to its budget, despite the fact that some were at one time. In addition, funding can fluctuate greatly from year to year and there has never been the promise of a stable source of funding. Even when the funding is in place, the dispersion of funds has proven to be often more difficult than necessary.

The Finance Committee has examined several core issues dealing with where the money for the Partnership comes from, how it is dispersed, how it is used and made recommendations to improve all of these factors.

Recommendation F-044 – All SRDCs should have a minimum staff of three individuals in order to fulfill the responsibilities they have received from the federal government as well as other responsibilities identified by their governing boards.

A large number of SRDCs today have only one full-time staff person. It is extremely difficult for one person to do all of the work SRDCs are created to do well and would be even more difficult for one person to successfully complete the additional work outlined in currently pending authorizing legislation. Our recommendation assumes that each SRDC would have an executive director, communications/policy manager, and support person. It may not be possible for all Councils immediately to afford this level of staffing but the Task Force believes that in order to complete the existing duties currently being performed by the Councils and also the additional expectations laid out in the legislation every Council should work towards having two professionals and one support person at a minimum.

Notwithstanding this recommendation, it should be emphasized that SRDCs were intended to be small facilitating organizations and that the building of large bureaucracies with large staffs could not only diminish partners' roles in Councils but could jeopardize Councils' perceived legitimacy in some areas.

Recommendation F-045 – The federal government should continue to provide the greater portion of the funding required to support core activities for all SRDCs.

It is essential to remember that SRDCs were established as part of a Presidential Initiative to assist with the coordination of rural policies and programs and that they are uniquely positioned to assist the US Secretary of Agriculture fulfill her statutory responsibility of developing unified approaches to addressing the needs of rural America. It is also essential to remember that legislation currently pending in Congress will codify and expand SRDCs' roles in the area of rural policy and program coordination.

We believe the present arrangement which requires SRDCs to match federal funds in an amount that is one-third of the amount of federal funds they receive should continue.

The Task Force further believes that SRDCs should support additional projects and activities beyond the core activities referred to in this report by securing funding from multiple sources, such as appropriations of state funds, foundation grants, corporate and individual contributions, and categorical grants from federal and state programs.

Recommendation F-046 – Federal funds should be used to cover core SRDC operations, principally salaries and administrative expenses. However, an SRDC may use state or other funds to cover core operating costs so long as the criteria for which the federal funds are provided (including staff size and compensation) are met. (See Recommendations G-015, G-017, and F-044.)

Recommendation F-047 – The amount of federal funds provided to each SRDC to cover the core infrastructure costs should be uniform. We further believe a base funding of \$240,000 be established for all Councils. Once this level is reached, additional funds should be provided to SRDCs under a formula which takes into account geographical size of the state, rural population of the state, economic factors in the state and other appropriate factors.

Recommendation F-048 – The non-federal match SRDCs must provide in order to receive federal funds should remain at 33.3%.

This requirement be met through a combination of cash, hard in-kind contributions, or a combination of both. In-kind refers to contributions of non-cash inputs supporting Council's operations which can be given a cash value at fair market rates. Hard in-kind refers to anything that is given to a Council which they would otherwise have to pay for.

Recommendation F-049 – Until such time as a national intermediary is established, cooperative agreements should continue to be used as the vehicle for the distribution of federal funds to SRDCs.

The most appropriate and expeditious method for distributing funds should always be used and that method may change from time to time, particularly if the vehicle through which funds are received, changes. For the most efficiency and efficacy, funds to a Council should be released annually. This would be most cost effective method for both the Councils and the funding agency or organization.

Recommendation F-050 – Core funding for SRDCs should be provided through annual Congressional appropriations.

Participation from a variety of federal agencies is essential to the mission of the SRDCs. The Task Force welcomes continued financial contributions from federal agencies to the Partnership. Supplemental funding received from federal agencies could be used to support SRDC projects related to the missions of those agencies. However, it is essential to note that financial contributions from federal agencies are not essential for their full participation in the Partnership. Different agencies have different ways of manifesting their participation in the Partnership.

Recommendation F-051 – SRDCs should develop strategies that allow them to seek supplemental revenue, operate more flexibly, and accept individual contributions. One such strategy could be for the SRDC to become a 501(c)(3) organization. Another option is for the SRDC to maintain its current structure and establish a 501(c)(3) or a foundation as a subsidiary to the Council. SRDCs must, of course, seek counsel from competent legal and financial advisors before proceeding with such efforts.

Recommendation F-052 – Each SRDC that is organized as a 501(C)(3) nonprofit entity should be required to have a full financial audit performed by an auditor who is external to the Council at least every three years and to have a financial review conducted by an auditor who is external to the Council in the intervening years.

Recommendation F-053 – A consistent financial reporting format should be used by all SRDCs. We recommend that a set of consistent categorical definitions be established for use in these financial reports.

Appendix A

Glossary

National Partnership Office (NPO) - Located within USDA, the NPO is the administrative center of the NRDP.

National Rural Development Council (NRDC) or National Rural Development Coordinating Committee (NRDCC) – The National

Rural Development Council consists of senior program managers representing over 40 Federal agencies as well as national representatives of public interest, community based, and private sector organizations. The NRDC provides guidance for the Partnership and works on behalf of the State Councils at the national level. The NRDC also acts as a forum for information-sharing and program coordination at the federal level. The NRDC is renamed the National Rural Development Coordinating Committee (NRDCC) by the NRDP Act.

National Rural Development Partnership (NRDP or “the Partnership”) - The National Rural Development Partnership (NRDP) works to strengthen rural America through collaborative partnerships. The NRDP brings together partners from local, state, tribal, and federal governments, as well as from the for-profit and nonprofit private sector. The NRDP is made up of 40 SRDCs and the NRDC.

Partners for Rural America (PRA) – Partners for Rural America is a nonprofit organization established in 1999 to support the work of the State Rural Development Councils.

State Rural Development Council (SRDC or “State Councils”) – State Rural Development Councils form the primary components of the Partnership. The State Councils bring together key rural players in their states to address critical community concerns and to respond to fast-breaking opportunities. State Councils are responsible for creating their own mission, structure, operating guidelines, and action plan. Each Council hires a senior-level executive director who works with the Council leadership.

Strategic Assessment Task Force (SATF) – The National Rural Development Strategic Assessment Task Force is the entity issuing this report. The Task Force was created by a unanimous vote of the NRDP Executive Board and a unanimous vote of the Voting Delegates at the 2001 Annual Members’ Meeting of Partners for Rural America. The Task Force is made up of both members of the Partnership and representatives from other organizations and Congress. (Task Force members are listed in the following Appendix.)

Appendix B

Members of the 2001 National Rural Development Partnership Strategic Assessment Task Force

Governance Committee

Stephen McHenry
Executive Director, FORVM for Rural Maryland

Dr. Florine Raitano
Executive Director, Colorado Rural Development Council

Thom Rubel
Program Director for State Information Technology, National Governors Association

Pam Scott, Legislative Assistant
Committee on Agriculture, U.S. House of Representatives

Outcomes and Accountability Committee

Matt Chase
Legislative Director, National Association of Development Organizations

Mayor Bill Graham
Mayor, Scottsburg, Indiana

Ellen Huntoon

U.S. Senate Agriculture Committee and Aide to Senator Thomas Harkin

Jody Levin
Congressional Staff Member for Senator Craig Thomas

Lorraine Roach
Principal, Hingston Roach Group, Inc. and Vice-Chair of the Idaho Rural Partnership

Craig Schroeder
Executive Director, Nebraska Rural Development Commission

Rural Policy/Program Coordination Committee

Bob Harding
Interim Director, Rhode Island Rural Development Council

John Hays
Vice-President for Policy Analysis, Farm Credit Council

Jani Revier
Legislative Assistant, Office of the Honorable Larry Craig, United States Senate

Lee Tillman
Eastern Plains COG

Robert White

State Director, USDA/Rural Development of Indiana

Finances Committee

Derrel Carruth
Former State Rural Development Director, Wyoming

Beth Danowsky
Executive Director, Iowa Rural Development Council

Paul Galligos
Executive Director, Illinois Rural Partners

Pam Tolsen
Illinois Society of Association Executives

Appendix C

National Rural Development Partnership NRDP Strategic Assessment Task Force

CHARTER

Executive summary.

The establishment of a study committee to consider current and potential future issues affecting the National Rural Development Partnership (NRDP) and State Rural Development Councils (SRDCs) was approved by a unanimous vote of the NRDP Executive Board and by a unanimous vote of the Voting Delegates at the 2001 Annual Members' Meeting of Partners for Rural America.

The study committee, hereafter referred to as the "NRDP Strategic Assessment Task Force" or simply "the Task Force," was established "to consider structural and operational changes in the NRDP and common expectations for all [State Rural Development Councils] (SRDCs) that might be necessitated by the enactment of the *National Rural Development Partnership Act of 2001* and other factors currently affecting the NRDP and SRDCs." The original proposal to create SRDCs was formulated almost a dozen years ago. The SRDCs of today are significantly different, in many ways, from the entities that were originally envisioned. The passage of a dozen years and renewed interest of the federal government (both the Executive Branch and Congress) and the states (particularly the National Governors' Association) make a comprehensive review of the structure, operations, and outcomes of the NRDP and SRDCs both appropriate and desirable.

The Task Force will be asked to complete a baseline survey of structural and operational issues affecting SRDCs. In addition, it will be asked to address the following matters: SRDC outcomes and accountability; rural policy/program coordination; SRDC governance; and SRDC finances.

The Task Force will be expected to complete its work within a very short period of time (by mid- December 2001) and with extremely constrained resources. As a result, the Task Force cannot be expected to produce the sort of comprehensive analysis of the NRDP and SRDCs that one might desire. However, it is expected that the Task Force will generate information, options, and recommendations that

will help SRDCs and other stakeholders better address current issues affecting the NRDP and SRDCs and to provide a firmer foundation on which the NRDP can function as it enters its second decade of existence.

The Task Force's work will serve as a good starting point for further in-depth program assessment and management review of the NRDP.

Background.

Tasks to be undertaken by the NRDP Strategic Assessment Task Force.

A comprehensive and independent analysis of the past performance of SRDCs and a professional management review of SRDC operations are highly desirable. However, because of the limited time and resources available to the Task Force, it is unrealistic to expect that the Task Force will be able to generate such studies.

The Task Force can, however, bring together diverse stakeholders who can identify issues related to SRDCs' operations and performance, begin to identify options to address these issues, and — in some cases — provide recommendations for addressing these issues. Within the constraints of time and resources, the Task Force is expected to:

- Gather data about SRDCs' organizational structures, operations, project priorities, finances, and outcomes.
- Identify one or more systems for measuring the value of the work of SRDCs.
- Identify how SRDCs can be used to facilitate the better coordination of federal, state, and other rural development resources to ensure the most effective and efficient use of those resources.
- Identify how SRDCs can be used to foster the establishment of collaborative partnerships which enhance the ability of rural communities to better meet the needs of their citizens and to do so in a holistic fashion.
- Identify strategies and best practices SRDCs can use to help identify and ease regulatory and administrative barriers facing rural communities.
- Identify the most appropriate models for SRDC governance.
- Identify best practices to guide SRDC operations.
- Identify the minimum level of financial and other resources that will be required to establish an effective 50-state network of

SRDCs and to suggest how those resources might be provided in such a way as to provide broad-based support (financial and otherwise) for SRDCs.

- Identify the level of support and coordination required at the national level to maintain an effective 50-state network of SRDCs and to recommend how this support and coordination might be provided.

Adherence to principles upon which the NRDP was established. In establishing this Task Force, the NRDP Executive Board and PRA recognize the need to maintain and protect the grassroots nature of the NRDP. Just as rural America differs from state-to-state and the appropriateness of solutions varies from community-to-community, so too do the best means for identifying those solutions vary from state-to-state and community-to-community. The Task Force, therefore, is not intended to impose “cookie cutter” solutions on SRDCs and the rural areas they serve. However, the Task Force will address minimum standards for the establishment and operation of SRDCs, the establishment of a common environment in which the SRDC network can operate most effectively, and identification of common performance measures that can be applied to all SRDCs. SRDCs will continue to be encouraged to address needs and issues unique to their states and the rural communities in them and to do so in a manner most appropriate to each SRDC.

The work and recommendations of the Task Force are expected to be consistent with the principles that have guided the NRDP since its establishment, specifically:

- That SRDCs shall include representation from all agencies, organizations, and individuals who are dedicated to enhancing economic and social opportunities for rural citizens (particularly federal, state, local, and tribal governments and the private sector (including for-profit, non-for-profit, and community-based organizations)).
- That SRDCs should have the support and participation of the governors of the states in which the SRDCs operate.
- That participation in SRDC decisions and operations shall be open to all who wish to participate.
- That SRDCs shall represent the diversity of states’ rural populations and geography.
- That all who participate in SRDCs shall have a voice in SRDCs’ decisions and that the SRDCs shall be free from the control of any single individual, organization, agency, sector, political party, or interest group.

- That SRDCs shall provide open, neutral environments where all participants’ voices can be heard and where major decisions are reached, whenever possible, through consensus.
- That SRDCs shall receive financial and other support from diverse sources.
- That each SRDC shall retain an executive director who will manage the operation of the SRDC; that the executive director shall be hired, supervised, and — if necessary — removed through the collective participation of all of the SRDC’s partners, without any one partner dictating or dominating the decision-making process; that the executive director shall be a senior-level individual with the experience, knowledge, and stature to attract all those who should be participating in the SRDC and to guide those who participate in the SRDC to effective and meaningful solutions; and the executive director shall be provided with a support staff and budget adequate to meet the expectations that have been established for the SRDC.
- That all SRDCs shall participate in the nationwide network of SRDCs; attend NRDP national conferences; participate in the governance of the NRDP; and participate in NRDP committees, task forces, and other bodies, such as Partners for Rural America.

NRDP Strategic Assessment Task Force membership. The resolution establishing the Task Force requires that its membership “shall be representative of the diversity among SRDCs [and] may include outside “experts” who can contribute to [its] work.” The resolution also provides that the members of the Task Force shall be jointly appointed by the Chair of the NRDP Executive Board (Mary Randolph (Executive Director, Wyoming Rural Development Council, Cheyenne, WY) and the Chairman of Partners for Rural America (Bob Swanson, Executive Director, Washington State Association of Community Action Agencies, Seattle, WA), who will serve as Co-Chairs of the Task Force.

The following individuals have been appointed to serve as members of the Task Force:

**Individuals representing
State Rural Development Councils**

Barbara Buddington, Executive Director
Windham Regional Council of Governments

**Individuals representing other
stakeholders**

Matt Chase
National Association of Development

Willimantic, CT

Beth Danowsky, Executive Director
Iowa Rural Development Council
Des Moines, IA

Paul Galligos, Executive Director
Rural Partners (Illinois)
Springfield, IL

Bill Graham, Mayor
City of Scottsburg
Scottsburg, IN

Robert Harding, Interim Director
Rhode Island Rural Development Council
Narragansett, RI

Cheryl Hinckley, Executive Director
Texas Rural Development Council
Austin, TX

Steve McHenry, Executive Director
FORVM for Rural Maryland
Baltimore, MD

Dr. Florine Raitano, Executive Director
Colorado Rural Development Council
Dillon, CO

Organizations
Washington, DC

John Hays
Farm Credit Council
Washington, DC

Mike Kossey, Confidential Assistant
Office of the Under Secretary, Rural
Development
US Department of Agriculture

Tom Lawler, Legislative Associate
National Governors' Association
Washington, DC

Jody Levin, Legislative Assistant
Office of Hon. Craig Thomas
United States Senate

Russell Middleton, Legislative Assistant
Committee on Agriculture
US House of Representatives

Jani Revier, Legislative Assistant
Office of the Hon. Larry Craig
United States Senate

Gloria Royce
Office of Intergovernmental Affairs

Lorraine H. Roach, Principal
The Kingston Roach Group
Grangeville, ID

Craig Schroeder, Executive Director
Nebraska Rural Development Commission
Lincoln, NE

Lee Tillman
Eastern Plains COG
Clovis, NM

US Department of Veterans Affairs

Pam Scott, Legislative Assistant
Committee on Agriculture
US House of Representatives

Robert White, State Director
USDA/Rural Development
Indianapolis, IN

To be determined
National Association of Counties
Washington, DC

Two positions yet to be filled.

In addition to those who are appointed to serve as formal members of the Task Force, additional agencies, organizations, and individuals may be asked to assist the Task Force and its committees by providing it with appropriate research, analytical, financial, legal, and other services the Task Force may require.

NRDP Strategic Assessment Task Force structure and organization. Although all reports and recommendations of the Task Force will require consensus among its members (or support by a majority of its members when consensus cannot be reached), it is anticipated that most of the work of the Task Force will be accomplished by five small Committees which will be charged with addressing specific issues. This approach is particularly desirable because it is anticipated that most of the work of the Task Force and its Committees will be accomplished by via telephone conference calls and e-mail. The Committees include:

- *Data committee.*
- *Outcomes and accountability committee.*

- *Rural policy/program coordination committee.*
- *SRDC governance committee.*
- *SRDC finances committee.*

It is hoped that the Task Force will have at least one face-to-face meeting, possibly when the final Task Force report, which will contain its conclusions and recommendations, is considered and adopted.

NRDP Strategic Assessment Task Force work products and deliberations. The resolution establishing the Task Force provides that it “shall distribute draft reports and other documents to all SRDCs for their comment before final action is taken on them.” Because it is anticipated that most of the deliberations of the Task Force will be transacted via telephone conference calls and e-mail, it is expected that thorough and precise records of work of the Task Force will be maintained and that periodic reports on the deliberations and progress of the Task Force will be distributed to SRDCs and other interested parties. Comments received from SRDCs related to the work of the Task Force will be distributed to Task Force members and, where appropriate, formal responses will be prepared. At such times when the Task Force holds face-to-face meetings, those meetings will be open to anyone who wishes to attend and time will be set aside for “public comments.”

The Task Force, in and of itself, has no authority to mandate acceptance of its conclusions and recommendations by any party. Accordingly, the conclusions and recommendations of the Task Force will be widely distributed and will specifically be delivered to those parties which most directly have current authority for implementing them; particularly, SRDC governing boards and executive directors, the Office of the USDA Under Secretary for Rural Development, and state governors (both directly and through the National Governors’ Association). In addition, the conclusions and recommendations of the Task Force will be provided to the appropriate Congressional Committees, federal agencies other than USDA, organizations representing state and local governments, foundations, and others.

NRDP Strategic Assessment Task Force tentative schedule.

While every effort will be made to follow this schedule, it is recognized that some flexibility may be required because of other commitments of individuals participating in the Task Force.

- September 25, 2001 – Initial telephone conference call meeting of the Task Force.
- Through October 26 – Task Force Committee address issues assigned to them.
- October 26 – Deadline for Task Force Committees to complete preliminary draft reports on the issues assigned to them. Draft Committee reports will be distributed to interested parties for their comment.
- Week of November 5 – Three regional conference calls will be held to brief SRDCs on the preliminary draft reports of the Task Force Committees and to receive SRDCs’ comments.
- November 9 – Deadline for comments on preliminary draft Committee reports.
- November 30 – Deadline for Task Force Committees to file final draft reports with the full Task Force.
- December 14 – Target date for the full Task Force to consider and approve the final draft reports of the Committees.
- December 14 to December 31 – Staff will compile the final Task Force report with the guidance and concurrence of the Task Force and Committee Co-Chairs.
- December 31 – Final Task Force report issued.

Issues to be addressed by the NRDP Strategic Assessment Task Force.

The Task Force is expected to consider the following list of questions/issues, which includes both strategic and management-related topics. This list is not exhaustive and it is anticipated that the Task Force may address additional questions/issues. NRDP/SRDC stakeholders are encouraged to suggest additional questions/issues for the Task Force to address. The ability of the Task Force to address additional issues is, of course, constrained by limited time and resources.

In addressing these questions/issues, Task Force members are expected to at least consider information gained from the SRDC survey,

information provided from technical experts, and suggestions made by interested parties.

At a minimum, the Task Force and its Committees expected to prioritize the list of issues it generates. As time and resources permit, Committees are expected to identify options for addressing these issues and, where it can, to make specific recommendations. The Task Force is encouraged, where appropriate, to make recommendations for further program assessment work.

For each question/issue the Task Force and Committees are able to address, they will be asked to state their conclusions related to the questions/issues, make recommendations they believes will best allow SRDCs to deal with the questions/issues, and identify best practices which will help SRDCs implement the recommendations. The Task Force and its Committees are also expected to identify those recommendations it believes should apply to all SRDCs in order to provide minimum standards for the creation and operation of SRDCs, to establish a common environment in which an effective and sustainable 50-state nationwide SRDC network can operate, to establish minimum outcomes expected of all SRDCs, and to establish common performance measures to ensure SRDC accountability.

Data Committee.

Members: Cheryl Hinckley and Gloria Royce, Co-Chairs; Barbara Buddington and Mike Kossey. Staff – Mark Bradshaw.

Responsibility: Preparing a baseline survey of SRDCs, analyzing the results of information provided by SRDCs, and conducting surveys of other stakeholder groups, as appropriate

Outcomes and Accountability Committee

Members: Lorraine Roach and Jody Levin, Co-Chairs; Bill Graham, Craig Schroeder, and Matt Chase. Staff – Ben Huebner.

Issues to be addressed:

- What should be the outcomes expected of all SRDCs? The answer to this question will be partially answered by the provisions of the *National Rural Development Partnership Act* and expectations voiced by SRDC partner groups.

- What system(s)/methodology(ies) can be used to measure the value of SRDCs' work? While recognizing the difficulty in measuring the value of collaborative processes, the answer to this question should take into account the need to generate value statements which are widely seen as credible and meaningful. In addition, the answer to this question should take into account the need to place the least administrative burden possible on SRDCs as they generate these value statements.
- SRDC work plans: at a minimum, what should they include; should a uniform format be required for all SRDC work plans and, if so, what should it be; with whom should SRDC work plans be filed for informational purposes; and by whom should SRDC work plans be approved?
- SRDC budgets: at a minimum, what should they include; should a uniform format be required for all SRDC budgets and, if so, what should it be; with whom should SRDC budgets be filed for informational purposes; and by whom should SRDC budgets be approved?
- SRDC financial and operational reports: how frequently should they be required, with whom should they be filed, what information should be required of all SRDCs, and what standard format should be used for this reporting?
- Should a peer review or certification program be established for SRDC?
- What, if any, system of independent outside review of SRDC performance and accountability should be established? How should "non-performing" SRDCs be handled?

Rural Policy/Program Coordination Committee

Members: Robert Harding and Robert White, Co-Chairs; Lee Tillman, Jani Revier, Russell Middleton, and John Hays. Staff – Nicole Glawe.

Issues to be addressed: It is anticipated that the 1990 report of the White House Economic Policy Council Working Group on Rural Development, the 1992 report of the President's Council on Rural America, and the legislative history of the *Rural Development Policy Act of 1980* and successive Farm Bills will be helpful in addressing these questions/issues.

- What regulations will be required to be promulgated in order to implement the provisions of the *National Rural Development Partnership Act*?
- Should federal participation in and oversight of the NRDP and SRDCs continue to be managed through the office of the USDA Under Secretary for Rural Development or should it be transferred to another location within the federal government (such as the office of the USDA Secretary or the White House Domestic Policy Council)?
- At the national level, how can the NRDP be used to help fulfill the expectations of the *Rural Development Policy Act of 1980*, which calls for greater coordination among federal agencies in the formulation and management of rural policies and programs?
- At the state level, how can SRDCs be used to facilitate greater coordination among state government agencies?
- How can the NRDP/SRDCs be used to promote greater collaboration among government agencies at all levels, the private sector, and others to ensure the most effective and efficient use limited resources available for rural communities?
- How can SRDCs be used to foster the establishment of collaborative partnerships which enhance the ability of rural communities to better meet the needs of their citizens and to do so in a holistic fashion?
- How can SRDCs be used to help identify and ease regulatory and administrative barriers facing rural communities?

SRDC Governance Committee

Members: Steve McHenry and Pam Scott, Co-Chairs; Florine Raitano, Tom Lawler, and Mike Kossey. Staff – Sheila McCoy.

Issues to be addressed:

- Should the memorandum of understanding between the federal government and states, which establish SRDCs, be required to be periodically reviewed and renewed?
- Which legal/administrative structures will allow SRDCs to function most effectively in a manner consistent with the Partnership

Principles stated above?

- What should be the relationship between the federal government (particularly USDA/Rural Development), state governments (particularly governors), and SRDCs in order to provide for the most complete and highest level participation in SRDCs, while maintaining the greatest degree of independence of SRDCs.
- SRDC governing board members and officers: how should they be selected in order to ensure the independence of SRDCs; what, if any, minimum requirements/qualifications should be imposed on them; what, if any, program of training/professional development should be provided for them; should a certification program be established for them?
- Federal agency participation in SRDC activities: how can the greatest possible level of participation by federal agency field staff personnel be ensured (through a Presidential Executive Order?); and how can current limitations on federal employee participation in SRDCs be overcome?
- SRDC executive directors:
 - How should SRDC executive directors be selected, supervised, and — if necessary — terminated in order to ensure their independence and that of the SRDCs for which they work?
 - What, if any, minimum requirements/qualifications should be imposed on them; what, if any, program of training/professional development should be provided for them; should a certification program be established for them?
 - What are the minimum performance standards that should be applied to SRDC executive directors?
 - What provisions should a model SRDC executive director position description include?
 - What should be the minimum compensation package for SRDC executive directors (taking into account the relative differences among states) in order to attract the type of individual required to manage an effective SRDC?
- What are most appropriate means for SRDCs to prioritize potential projects, allocate resources among projects, and approve work

plans and budgets?

- National Partnership Office (NPO): what is the minimum staffing requirement for this office in order to provide adequate federal oversight, support for SRDC operations, management/coordination of the national network of SRDCs, and facilitate rural development policy/program coordination; and what skill sets should be represented among the members of the NPO staff?
- What should be the relationship among the various bodies that constitute the NRDP?

SRDC Finances Committee

Members: Beth Danowsky, Co-Chair; and Paul Galligos. Two members yet to be designated. Staff – Amy Cyphert.

Issues to be addressed:

- Taking into account the minimum outcomes expected of all SRDCs, what is the minimum staffing and budget that will be required to generate these outcomes? The answer to this question should identify major expense categories, including: SRDC executive director compensation and benefits; other employee compensation and benefits; non-discretionary expenses (expenses required to maintain the basic SRDC “infrastructure:” rent, utilities, communication costs, meeting costs, and so forth); and discretionary expenses (primarily basic program costs). Because of cost differentials among states, the answer to this question may be stated as a range.
- What is the appropriate allocation of the cost of operating an SRDC among the federal government, the state government and other sources?
- Federal funds provided to SRDCs: should they be used to help cover only basic SRDC “infrastructure” and tasks which all SRDCs are expected perform or may they be used to cover discretionary projects as well; should the same amount of federal grant funds be provided to all SRDCs or should the amount vary and, if the amount is to vary, what factors should be used to allocate federal funds among SRDCs; what should be the minimum non-federal match required of an SRDC for it to qualify for federal funds; and should the

required non-federal match be a cash match, an in-kind contribution, or should a combination of the two; what form should federal funds provided to SRDCs take (cooperative agreements, grants, other)?

- What is the best means to secure the federal funds that are used to support the NRDP/SRDCs: continue contributions from multiple federal agencies (are there means of making these contributions mandatory; is a Presidential Executive Order desirable?); secure a Congressional appropriation; a combination of multiple sources.
- Should other means be used to provide federal funds to SRDCs than the current system of direct cooperative agreements between the federal government and SRDCs' "cooperators?" (Such as using a national intermediary to distribute federal funds to SRDCs).
- Should SRDCs be encouraged to establish fund raising units (501(c)(3) non-profit corporations or otherwise) to supplement their revenues; and, if so, what safeguards/codes of conduct should be put in place to ensure freedom from conflicts of interest.

Appendix D

Meetings of the Strategic Assessment Task Force

Full Taskforce Calls:

Tuesday, September 25, 1:00 PM ET

Open Calls for Comments on the SATF Report:

Monday, November 19, 1:00PM ET

Monday, November 26, 11:00 AM ET

Monday, November 26, 3:00 PM ET

Individual Committee Calls:

Data Committee

Thursday, October 4, 2:00 PM ET

Thursday, October 11, 1:00 PM ET

Governance Committee

Thursday, October 4, 11 AM ET

Wednesday, October 10, 10 AM ET

Monday, October 22, 9:30 AM ET

Thursday, November 1, 2:00 PM ET

Friday, December 7, 10:30 AM ET

Outcomes and Accountability Committee

Thursday, October 4, 10:00 AM ET

Thursday, October 11, 10:00 AM ET

Monday, October 22, 10:00 AM ET

Thursday, October 25, 10:00 AM ET

Tuesday, October 30, 10:00 AM ET

Thursday, November 1, 10:00 AM ET

Thursday, November 8, 10:00 AM ET

Monday, December 3, 10:00 AM ET

Thursday, December 6, 10:00 AM ET

Policy/Program Coordination Committee

Tuesday, October 2, 2:00 PM ET
Thursday, October 11, 11:00 AM ET
Thursday, October 18, 11:00 AM ET
Wednesday, October 24, 10:00 AM ET
Wednesday, October 31, 3:00 PM ET
Thursday, November 8, 2:00 PM ET
Tuesday, December 4, 3:00 PM ET

Finance Committee

Wednesday, October 3, 3:00 PM ET
Thursday, October 4, 10:00 AM ET
Tuesday, October 16, 2:00 PM ET
Monday, November 5, 11:00 AM ET
Thursday, November 9, 11:30 AM ET
Monday, December 3, 10:30 AM ET
Friday, December 7, 10:30 AM ET

Appendix E

**Pro forma SRDC executive director
position description**

This document is not currently available in electronic format. Printed copies will be available at the December 18-19 meeting and the text of the description will be included in the final printed copy of the report.

Appendix F

Representative SRDC Budget

Note: this budget outline was designed as a representative sample of “Core SRDC Operations” only. The Task Force recognizes that many SRDCs already raise considerably more resources than the share accredited to them in this budget, and expects that they will continue to do so (and as such, their budgets will look quite different). This budget is meant to be an illustrative tool for outlining the minimum resources needed by Councils to effectively accomplish the tasks they already do and to complete the work which is spelled out for them in pending federal legislation.

Typical Minimum “Core Operations” Budget for a State Rural Development Council in Fiscal Year 2003

EXPENDITURES	
Executive Director	\$79,000
Communications/Program Manager	47,000
Administrative Assistant	34,000
Fringe Benefits (25% of salaries)	40,000
TOTAL PERSONNEL	200,000
Rent/Utilities	12,000
Communications (phone, mailings, etc.)	10,000
Website	3,000
Annual Report	3,000
Annual Meeting	3,000
Travel and Meetings	9,000
TOTAL OPERATIONS	40,000
TOTAL EXPENDITURES	\$240,000

REVENUES	
Federal Share	\$180,000
Non-Federal (Cash & Hard In-Kind Only)	60,000
TOTAL REVENUES	\$ 240,000

Shifting Sands Appendix 2

Independent Entity FACTSHEET

What is an “independent entity?”

An independent entity is a State Rural Development Council that is part of state government or a University, but which is solely controlled (i.e., its agenda and activities are developed and its Executive Director is hired and fired only by) the membership of the Council. Typically the Council’s Executive Board acts as the representative of the general membership in making decisions.

A council wishing to become an independent entity inside an organization where it is currently located but is not independent will need to renegotiate its relationship within that organization and the way that they would like to interact with their cooperators.

There are two types of independent entities acceptable for meeting the requirements mandated by the Accountability System.

Type I: Independent State Agency-- In the first type a Council functions as an independent state agency established by state statute. In this system, the Council receives partial funding through the state budget and is also given use of office space and administrative support and resources. The Executive Director of an independent entity SRDC performs many of the same duties as other state agency heads, for example, preparing a yearly budget for submission to the governor. Unlike other agency heads, though, the independent entity ED serves at the discretion of the SRDC’s membership only, and cannot be hired or fired by the governor, any other elected official, or the head of another agency.

Type II: Hybrid Independent Entity--The second type of independent entity that meets Accountability System requirements is a “hybrid independent entity.” A hybrid functions in much the same way as a regular independent entity. However, instead of being a separate state agency, the SRDC is part of an existing agency (e.g., an agency or a university), but operates under an agreement such as an MOU explicitly stating that the SRDC and its Executive Director shall not be under the control of anyone but the SRDC’s membership. This means that the Executive Director and/or Council activities cannot be controlled by the agency housing it. In the hybrid independent entity system, a SRDC receives the same state support that a regular independent entity does; it simply functions as an independent branch of an existing state agency.

What is the difference between an independent entity and a 501(c)3 organization?

Independent entity and 501(c)3 (non-profit) SRDCs both function free from the control of any outside party. The main difference between the two is simply that independent entity Councils receive explicit state support (i.e., they are included in the state budget and receive office space and

administrative support, rather than possibly receiving state support through state grant funds or serving as a state contractor or consultant). Other than where they are housed and whether or not they are included in the state’s (or a university’s) budget, independent entity and 501(c)3 SRDCs are the same.

Comparison: An SRDC as an independent entity versus as a 501 (c)3:

There are both positive and negative aspects to being an independent entity versus a non-profit. The receipt of funds, office space and administrative support, and more explicit connection to state government or a university may result in a more stable fiscal environment and less time dedicated to fundraising or applying for grants than experienced by 501(c)3 Councils. Because independent entity Councils are not competing for the same pool of grant or contract funds that potential collaborators are seeking, successful partnerships may more easily be fostered by SRDCs with independent entity

status than those who are non-profits.

However, non-profit Councils may benefit from their “outsider” status, as state agencies may be viewed with suspicion by potential collaborators and by rural communities. While the funding situation may be less certain for non-profit SRDCs, this greater uncertainty may encourage these Councils to innovate, provide services not found elsewhere, and forge stronger partnerships.

What is the process for becoming an independent entity?

Where the Council is currently established by legislative Statute but is not independent, becoming an independent entity may require a change by the legislature. This often requires working with the legislature’s rural caucus, if one exists, or other groups of legislators supportive of the state’s Rural Development Council. In other cases, where a Council has a university or state agency as cooperator but no statute, it may require renegotiating the arranged agreement under which the Council operates. Since Council independence in hiring and firing the Executive Director is critical, one

possible piece of a renegotiated agreement might involve allowing the cooperator to be a member of the Council’s personnel committee or to chair that committee but not to fire or to hire the Executive Director directly.

Because the political environment and the legislative processes differ across states, becoming an independent entity may be easy for some Councils and may require more work for others.

Is it illegal in some states for state employees (EDs under independent entity status would be state employees) to be hired and fired at the discretion of a board?

The purpose of becoming an independent entity is to provide the Council’s membership full autonomy in its decision-making processes, including the hiring and firing of an Executive Director. In an independent entity, a Council’s Executive Director is hired and fired only by the Council or its Executive Board, and cannot be hired or removed by the Governor or any other official. This is to protect Executive Directors and SRDCs from political pressure and ensure continuity of SRDC functions and

leadership in the face of changing political landscapes. Some states’ civil service codes may prohibit state or university employees from being hired and fired by outside boards. This issue will need to be examined on a state-by-state basis. If rules such as this exist in some states, those SRDCs will have only one option (501 (c)3 status) to comply with Accountability System requirements.

Shifting Sands Appendix 3

Summary of remarks by
Deputy Under Secretary Gilbert Gonzalez
National Rural Development Partnership Leadership Conference
French Lick, Indiana
August 24, 2002

Under the Farm Bill the National Rural Development Partnership was formally endorsed. The Farm Bill calls for the creation of a National Rural Development Coordinating Committee (NRDCC) and governing councils. USDA is expected to lead this process, with a shared responsibility to support and participate in the Partnership's endeavors. A strong national network with guidance from an active NRDCC will enhance the ability of every Council to do its job effectively.

There are a few key concepts that will be associated with successful State Rural Development Councils:

- Councils need a clear understanding of who their customers are-- rural customers as well as public sector customers.
- Councils must have a well-designed set of objectives and activities that they carry out to serve their customers needs.
- Councils are accountable for their job in a manner that is concrete, objective, and clearly communicates it to their customers and funding partners, and
- Councils sustain themselves on the basis of being compensated for the services they provide to their customers.

The President's Management Agenda establishes the need for effective partnering and makes it clear that we must make our programs work more efficiently with more rural citizens served. The new accountability system for State Councils will support the President's Management Agenda and is critical to the sustainability of the partnership program. This system incorporates many tools; such as self- assessment, peer reviews, and the dissemination of best and promising practices, which will help SRDCs to become stronger with greater impact.

Experience has taught us that to be effective, councils should be funded at proper levels in a sustainable manner. Funding should come from customers, clients, government, and the private sector.

Funding for the councils has been a difficult issue over the past several years. USDA has been forced to go hat-in-hand to various federal agencies trying to piece together money to help keep the program running. We are grateful to those agencies that supported the partnership by augmenting Rural Development's funding Natural Resource Conservation Service, Veterans Administration, Health and Human Services, the Department of Labor, and the Department of Transportation. We hope that several more will join us yet this year.

The Farm Bill authorized, but did not provide actual money through appropriations, \$10 million

for Fiscal Years 2003-2007 for support to the Partnership. At this point, the Senate's version of the Agriculture Appropriations Bill directs Rural Development to use \$2.0 million in salaries and expenses to support the partnership. The House version is silent. Thus, our most likely scenario for next year looks like we will have to continue fund raising with our federal partners.

Rural Development will continue to contribute to the State Rural Development Councils and provide support for the National Partnership Office. Rural Development will commit the \$2.0 million dollars to fund State councils, as per the Senate language, and will continue to support the National Partnership Office. In addition, Rural Development will continue to commit the best efforts of Deputy Under Secretary Gonzalez to lead the effort to raise funds from other Federal Agencies.

However, there is no guarantee that sufficient funds will be available to all councils. We simply do not know at this point what we will have to work with. Now is the time to change our funding approach and strategy. It does not make sense to try to keep afloat a system of under-funded and under-performing councils, just for the sake of having a council in each State. This approach has driven the entire system toward mediocrity. It makes a lot more sense to fund the most effective councils at a rate that gives them sufficient resources to build upon. In other words, we think it makes more sense to fund a fewer number of councils at a higher rate per council.

Our plan for the future is to award funds to State Rural Development Councils on a competitive basis. The amount of funding and number of councils is yet to be determined. While we are still working out the details, our plan is to use USDA funds to provide substantial funding for councils that rate the highest in this competition, then fund additional councils as contributions from other Federal Agencies comes in. This process will likely be conducted through a Notice of Funding Availability.

NRDP was never intended to be a USDA-Rural Development Program. Rather, it was intended to be a federal government-wide collaboration to be housed within USDA. The pending formation of the NRDCC will allow USDA Rural Development to share responsibility for the success of NRDP with the other federal agencies that will be represented on the NRDCC. We look forward to working with our Federal partners in building a stronger Partnership network.