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To: Pathfinders RC&D

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Re: Rural Development Hub

Appendix I: Flow Chart of Data-Based Action Plan

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## SUMMARY

Pathfinders asked us to conduct research on successful rural development hubs across the U.S., identify best practices from these hubs tailored to the local needs and goals of Pathfinders, and develop recommendations to guide Pathfinders in establishing its own effective rural development hub. South Central Iowa needs the innovative solutions and resources a rural development hub provides to better support a declining population and shifting economic landscape. Between 2010 and 2021, the Area 15 region's population decreased by 2.12%, whereas the entire state of Iowa saw a population increase of 4.7%.<sup>i</sup> Additionally, the area has seen a shift to small businesses that are often sole proprietorships, with 6,865 of the region's 9,281 businesses classified as non-employer establishments.

## BACKGROUND

The economic and population challenges in rural Iowa, particularly in the South Central region, have deep historical roots dating back to the post-World War II era when technological advancements in agriculture reduced labor demands, which increased unemployment to 25%.<sup>ii</sup> In the 1970s, high interest rates, increasing debt among farm owners and agriculture consolidation, led to a sharp decline in the number of small farms. This drove residents out of rural Iowa to seek work in urban areas where there were more employment opportunities.<sup>iii</sup>

Early responses to the loss of rural Iowa's workforce focused on agricultural support, such as the interventions offered during the farm crisis. These evolved into broader rural development strategies to address economic diversification, infrastructure, healthcare, broadband access, and renewable energy. Despite these efforts, federal and state support has fluctuated, as seen with the creation of the Iowa Rural Development Council in 1992, its defunding in 2005, and renewed support through initiatives like the 2018 Empower Rural Iowa Initiative.<sup>iv</sup> Despite funding challenges, local non-profits like Pathfinders have continued to support Area 15, advancing community development, water quality and soil health, and housing improvements in the region.<sup>v</sup>

The area Pathfinders serves faces significant economic and demographic challenges characterized by population decline, employment shifts, and socioeconomic disparities. The decline in agriculture and manufacturing sectors, which employ only 3.6% of the workforce in Iowa, has driven many young workers from rural to urban centers across the state.<sup>vi</sup> Economic difficulties are further reflected in educational attainment and average household incomes that

are lower than the national average. In the U.S., the average median household income is \$65,645, whereas in Area 15 counties, the average households bring in only 80.5% of that.<sup>vii</sup> The median household income in Area 15 is significantly below the national average, and job opportunities are limited. Again, a substantial portion of businesses being sole proprietorships.

Today, the South Central Iowa economic environment is condensing as non-employer establishments—businesses where the owner is the only long-term employee—are becoming more common. This trend leads to a reduction in the diversity of job opportunities in the area, which continues to motivate the next generation of the workforce to relocate to metropolitan regions. Recent years have also seen employment losses, across all industries in South Central Iowa there has been a 4.26% decrease in employments from 2019 to 2020 as reported by Iowa Workforce Development.<sup>viii</sup> Although federal and state initiatives like USDA Rural Development and Empower Rural Iowa and local programs such as Pathfinders have aimed to boost rural development, funding declines and limited support for economic development continue to hinder progress, leaving rural communities at a disadvantage compared to urban areas like Polk County, which has a growing population with higher educational attainment and a younger median age.

## **CURRENT EFFORTS**

Currently there is a range of existing programs that are strengthening the region's workforce and business ecosystem.

- The Ottumwa Job Corps Center plays a key role in providing education and vocational training for young adults, emphasizing job readiness, career counseling, and job placement in various industries.<sup>ix</sup>
- Governor Kim Reynolds' 2024 Empower Rural Grant is set to equip business owners with financial resources and knowledge to navigate today's job market successfully. Pathfinders has secured a portion of the 2024 Empower Rural funding with a \$50,000 Rural Innovation Grant from the Iowa Economic Development Authority's Center for Rural Revitalization. The Rural Innovation Grant will support the "launch [of] the first Youth-led Rural Community Pre-Apprenticeship in the nation. Youth (ages 14-26) will be trained and paid to design a youth engagement and retention strategy and implement data-driven social change initiatives in response to challenges persisting in our rural communities."<sup>x</sup>
- Indian Hills Community College (IHCC) actively contributes to rural economic development through its wide range of educational, workforce, and entrepreneurship initiatives. With service centers across a 10-county region, IHCC offers accessible resources like academic advising, computer labs, and continuing education courses to help individuals build skills and pursue degrees. Four programs have proven successful:
  - The Workforce Initiatives program supports businesses with tailored training, apprenticeships, and employment services
  - The Regional Entrepreneurship Center (REC) and the Small Business Development Center (SBDC) provide startup and small business support, from financial management to legal assistance

- The Regional Economic Advancement (REA) division promotes continuous learning, innovation, and entrepreneurship, encouraging economic growth across sectors
- The Area 15 Regional Planning Commission has distributed \$6.8 million in Revolving Loan Funds (RLF) to support South Central Iowa businesses.

## **BEST PRACTICES**

### *1. The Hub (West Virginia)*

The Hub in West Virginia is a standout example of a successful community development hub. This nonprofit is dedicated to fostering community-driven development and revitalization across rural West Virginia. The Hub provides technical assistance, leadership training, and funding support to empower local communities to design and implement projects tailored to their needs, such as downtown revitalization, infrastructure improvements, and support for small businesses to grow and expand. It is funded through a mix of state and federal grants, private foundation contributions, and partnerships with organizations like the Appalachian Regional Commission. The Hub is run by a team of professionals with expertise in economic development, community engagement, and grant writing, and its governance includes a board of directors that ensures alignment with its mission. This model is a best practice because it demonstrates how a well-structured hub can catalyze sustainable development in rural areas.

### *2. MDC (North Carolina)*

The MDC (formerly known as Manpower Development Corporation) in North Carolina is a model of a non-profit focused on accelerating equitable change, showcasing how targeted strategies can effectively address community and economic challenges. Established in 1967, MDC focuses on expanding economic opportunity and helping communities in the southern U.S. overcome barriers to success, particularly in education, workforce development, and poverty alleviation. MDC operates through partnerships with local organizations and receives funding from a mix of public and private sources, including grants from foundations, corporate sponsors, and government programs. The organization is governed by a board of directors comprised of community leaders, business professionals, and public policy experts, ensuring diverse perspectives guide its initiatives. This model is a best practice example because it demonstrates the importance of sustainable funding streams, collaborative partnerships, and governance structures that reflect community interests.

## **POLICY RECOMMENDATIONS**

### *1. Leveraging Lessons from Rural Development Hubs*

To successfully implement a rural development hub, Pathfinders should draw on the valuable lessons learned from other hubs across the country. These lessons, compiled through extensive research, are presented in an online, interactive StoryMap. This tool highlights 16 relevant best practices, offering a dynamic, user-friendly way to explore successful strategies and initiatives. The StoryMap not only serves as a resource for

Pathfinders to identify proven methods but also provides actionable insights that can be tailored to meet the unique needs of South Central Iowa.

Best Practice Lessons for Pathfinders:

- **Community-Centric Approach:** Engage residents in decision making to ensure programs address specific community needs and priorities.
- **Collaborative Partnerships:** Build strong relationships with local governments, educational institutions, and businesses to pool resources and expertise.
- **Comprehensive Service Offerings:** Provide a mix of services, including workforce training, small business support, and access to financial resources.
- **Youth Retention Investment:** Develop initiatives that encourage young residents to stay in the area; this includes career development programs and incentives for local entrepreneurship.
- **Marketing and Outreach:** Use social media, local events, and partnerships with community organizations to raise awareness about hub services.
- **Flexible and Adaptive Planning:** Regularly assess and adjust strategies based on evolving community needs and external challenges.
- **Leveraging Grants and Funding:** Actively seek out federal, state, and private funding opportunities to sustain and expand the hub's initiatives.

## 2. *Implementing Data-Based Logistics Plan*

We recommend that Pathfinders adopt a data-driven logistics plan that acts as a foundational framework and guide for their goals and initiatives as a rural development hub. This is a six-step plan that will increase the efficiency of projects Pathfinders wishes to carry out. As seen in Appendix I, there is an itinerary for what our research found to be the best way that rural development hub projects are completed. The plan will begin with the step of using data searching to develop an idea for what is needed and conclude with thorough monitoring to ensure its long-term success.

Attached to our materials is a spreadsheet of all the 501(c)(3)s in Area 15; this is a comprehensive list of every nonprofit organization (listed by the IRS) in the Pathfinders core service area. We have also attached an instruction guide for Pathfinders to utilize when new nonprofit organizations are registered and need to be sorted into a new Excel sheet. This spreadsheet can be used to build partnerships within the Area 15 region and increase organization collaboration and resource sharing in the pursuit of rural development projects which is a vital step to the success of rural innovation and development.

## 3. *Strategize With Focus Groups*

In alignment with the best practices we have researched from other rural development hubs across the nation, we recommend Pathfinders coordinate focus groups inviting stakeholders such as community leaders, business representatives, economic development professionals, and workforce development professionals with the goal to:

- Build partnerships between community stakeholders

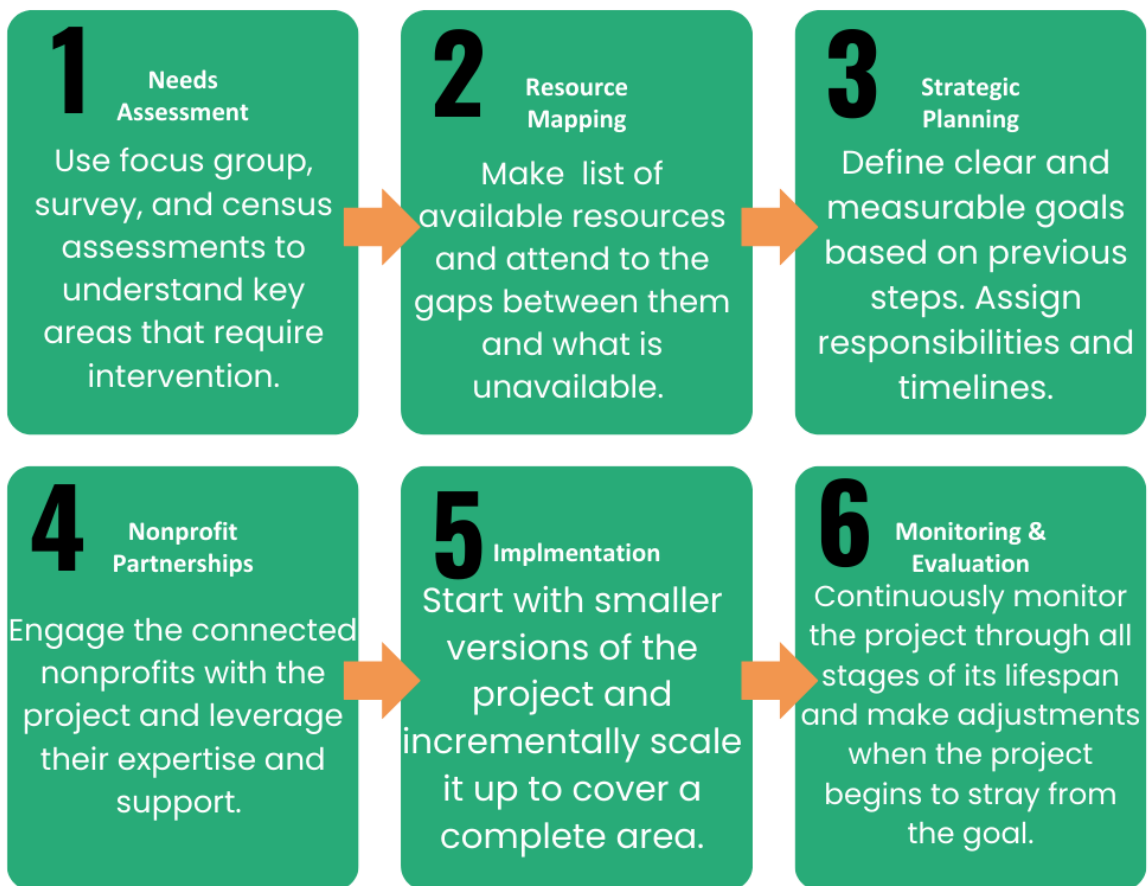
- Identify community strengths and weaknesses
- Create a common goal and vision for a rural development hub in Area 15

We recommend Pathfinders host six focus group meetings, one in each county of their core service area. We have provided a mock agenda for the focus group meetings, a sample invitation to potential focus group participants, and recommendations for the kinds of stakeholders that Pathfinders should invite to the focus group meetings (see Appendix II, III, and IV). The nonprofit spreadsheet mentioned in our second policy recommendation will be helpful in the formation of the focus groups, and we recommend Pathfinders look to the categories of Economic Development and Charities & Foundations when choosing participants. These focus groups will be an initial step toward breaking down siloes between organizations and individuals within Area 15 who are committed to the goal of strengthening and growing rural Iowa.

## APPENDIX I

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# Suggested Data-Based Action Plan



## APPENDIX II

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### Focus Group Meeting Agenda

*Below is an outline for a possible focus group meeting agenda along with key considerations for a successful focus group. The meetings should not exceed two hours and should be small with 5-10 stakeholders invited to share their expertise and knowledge of community needs.*

Key Considerations for a successful focus group:

- **Open-ended questions:** Encourage deep discussion with questions that allow participants to share their perspectives freely
- **Active Listening:** The facilitator should display active listening with probing follow-up questions throughout the discussion to gain a deeper understanding of stakeholder views.
- **Respectful environment:** Foster a space where everyone feels comfortable sharing their opinions openly
- **Flexibility:** Be prepared to adapt the discussion based on attendee responses and common themes of discussion

Welcome and Introductions (10 minutes)

- Facilitator/representative from Pathfinders introduce themselves and explain the objectives of the focus group
- Stakeholders introduce themselves (name, organization they represent and role within organization, icebreaker question – What is your favorite thing to do in your community?)

Brief Background on Rural Development Issues (5 minutes)

- Brief presentation or discussion of issues facing rural communities utilizing data from the background portion of the above policy memo.

Open-ended Discussion (30-55 minutes)

- What do you see your community doing well?
  - o What are the strengths and unique aspects of your community that draw people to your community?
- What are some of the biggest challenges facing your community?
- Topic specific questions:
  - o Infrastructure
    - How do you feel about the current quality of roads, internet access, public transportation?
  - o Healthcare
    - How do you feel about the availability of healthcare providers and distance to providers?
  - o Economic Development

- How do you feel about job opportunities in your community? What are some of the business development challenges people face?
- Potential Opportunities
  - If you had a magic wand and money did not matter, what problem would you try to solve, program would you implement, or change would you like to see in your community?

Closing Summary and Final Thoughts (10 minutes)

- Review common themes and key takeaways from the discussion
- Opportunity for attendees to share parting thoughts



## APPENDIX III

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### Sample Invitation to Focus Group Meeting

*This is a template for an invitation to a focus group meeting which should be modified to be emailed, mailed, or used as a script for a phone conversation depending on the contact information available to Pathfinders for the invited stakeholder.*

Subject: Invitation to Participate in Rural Development Focus Group

Dear [Stakeholder's name],

I am reaching to invite you participate in an upcoming Rural Development Focus Group organized by Pathfinders RC&D. As a valued stakeholder with expertise in [specific area of expertise or interest, organization/community role], your insights and perspective would be incredibly valuable in shaping strategies for sustainable development in our rural community.

This event will be held on:

**Date:**

**Time:** [1-2 hour time range]

**Location:** [central location within the county]

If you are able to attend please RSVP by [date]. We greatly appreciate your input and if you have any specific topics you would like to suggest for the agenda, feel free to share them with us.

We greatly appreciate your consideration and hope you will be able to join us. Thank you for your time and support.

Sincerely,

[Your name]

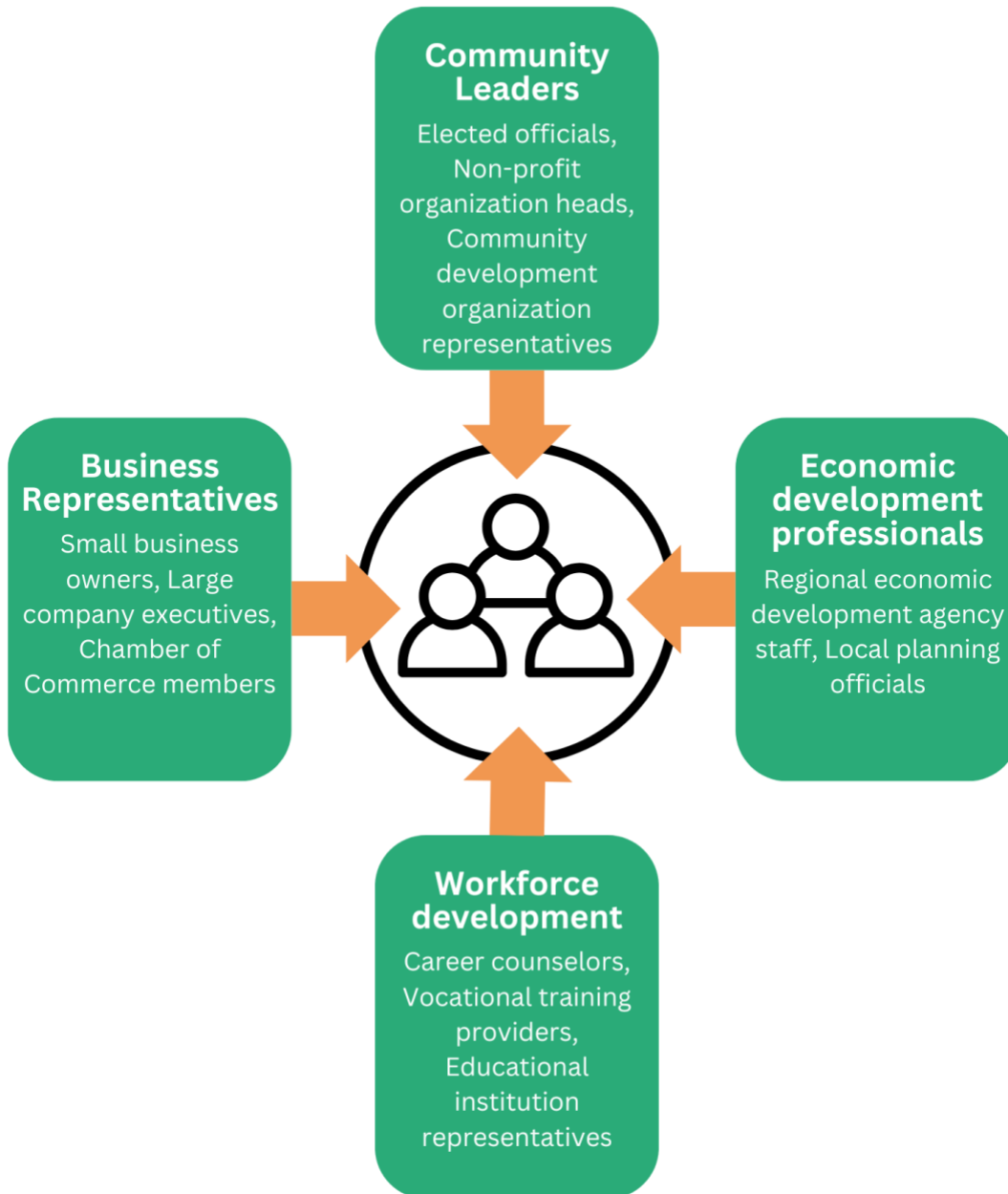
[Position]

Pathfinders RC&D

[Contact info]

## APPENDIX IV

### Recommended Focus Group Participants



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- <sup>i</sup> "Comprehensive Economic Development Strategy 2023-2028." *Area 15 Planning Commission*, 2023, [https://www.area15rpc.com/\\_files/ugd/ec775e\\_5684e229da3246baaa48a1c1b1ac0cc3.pdf](https://www.area15rpc.com/_files/ugd/ec775e_5684e229da3246baaa48a1c1b1ac0cc3.pdf); "Total Population Change from 2010 to 2020." *Iowa State Data Center*, <https://www.iowadatacenter.org/index.php/data-by-source/decennial-census/population-change-iowa-2010-2020>.
- <sup>ii</sup> "Impact of World War II on the U.S. Economy and Workforce." *Iowa PBS*, [www.iowapbs.org/iowapathways/artifact/1590/impact-world-war-ii-us-economy-and-workforce](http://www.iowapbs.org/iowapathways/artifact/1590/impact-world-war-ii-us-economy-and-workforce).
- <sup>iii</sup> "The Number of U.S. Farms Continues Slow Decline." *USDA ERS - Chart Detail*, [www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58268](http://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58268).
- <sup>iv</sup> "About: Bringing together partners to advance the interests of rural Iowa." *Iowa Rural Development Council*. <https://iowardc.org/about/>; "Center for Rural Revitalization." *Iowa Economic Development Authority*, 2024, <https://www.iowaeda.com/center-for-rural-revitalization/>.
- <sup>v</sup> "Pathfinders' History." *Pathfinders RC&D*, 11 May 2016, [pathfindersrcd.org/who-we-are/history/](http://pathfindersrcd.org/who-we-are/history/).
- <sup>vi</sup> Bureau, United States Census. *Explore Census Data*, [data.census.gov/table?q=Iowa+Employment&g=040XX00US19](http://data.census.gov/table?q=Iowa+Employment&g=040XX00US19).
- <sup>vii</sup> "State Data." *USDA ERS - Data Products*, [data.ers.usda.gov/reports.aspx?ID=17854](http://data.ers.usda.gov/reports.aspx?ID=17854).
- <sup>viii</sup> "2021 Annual Profile: South Central Iowa." *Iowa Workforce Development*, 2021, <https://workforce.iowa.gov/media/467/download?inline=>.
- <sup>ix</sup> "Campus Life: Ottumwa Job Corps Center." *Campus Life | Ottumwa Job Corps Center*, [ottumwa.jobcorps.gov/campus-life](http://ottumwa.jobcorps.gov/campus-life).
- <sup>x</sup> "Rural Innovation Program: Empower Rural Iowa." *Iowa Economic Development*, Iowa Economic Development Authority, 2024, <https://www.iowaeda.com/center-for-rural-revitalization/rural-innovation-grant/>.