



Strengthening Rural Pennsylvania: An Integrated Approach to a Prosperous Commonwealth

Theodore R. Alter, Jeffrey C. Bridger, Jill Findeis, Timothy W. Kelsey, A.E. Luloff, Diane McLaughlin, and William C. Shuffstall

Executive Summary

In 2003, The Brookings Institution Center on Urban and Metropolitan Policy (now the Metropolitan Policy Program) released *Back to Prosperity: A Competitive Agenda for Pennsylvania*, which identified the most important trends and challenges facing the Commonwealth. These include a slowly growing and rapidly aging population, suburban expansion accompanied by declining older communities, and a sluggish economy. *Back to Prosperity* also proposed a bold agenda for change, calling on the Commonwealth to boost competitiveness by thinking and acting strategically, concentrating efforts on making the most of established places and strengths, and fully utilizing its limited resources.

While *Back to Prosperity* focused heavily on the plight of Pennsylvania's older towns and boroughs, this brief was developed to shed light on the problems and opportunities confronting the more rural parts of the state. Not surprisingly, the issues raised in *Back to Prosperity* are also relevant to rural Pennsylvania. Many rural communities are struggling with population declines and mounting fiscal distress, while others are experiencing rapid growth and associated land use, economic, and cultural changes. Traditional sources of rural employment and income have been lost, and are unlikely to be replaced with jobs offering comparable wages and benefit packages. At the same time, rural Pennsylvania possesses abundant natural resources, beautiful scenery, a strong work ethic, and proud communities.

To better understand the challenges and opportunities confronting rural Pennsylvania, a team of researchers from Pennsylvania State University (PSU) conducted five listening sessions in rural communities across the Commonwealth. In these discussions, participants were asked to focus on three topics: 1) issues that are most important to the prosperity of their community; 2) the assets and opportunities available to address these issues; and 3) policies that would enable residents to take advantage of such assets and opportunities.

The most important issues identified by discussion participants included lack of inter-municipal coordination and cooperation, a changing employment base and a dearth of jobs paying a living wage, out-migration of young people, an aging population, the need for workforce development, and an inequitable local tax structure.

Assets available to address these challenges include the state's abundant natural resources and



related amenities, a strong work ethic, a profound sense of community, and a high quality of life. In many rural communities, employers including locally-owned manufacturing plants and retail stores, colleges, and prisons provide steady jobs and support for community projects and activities.

Five common themes emerged around policy changes that will help rural residents strengthen their communities. First, unfunded state and federal mandates and directives must be replaced with new sources of funding for local and regional development. Second, new policies are needed to encourage cooperation across local governments and between the public and private sectors. Third, there must be an explicit emphasis on economic development in rural Pennsylvania. Economic development, in turn, will require a fourth policy initiative focusing on critical workforce and infrastructure investment. Finally, rural views must be incorporated in all policies, because every policy affects rural people and places.

Place-based development frameworks point to a new direction for rural policy in Pennsylvania. Strategies which focus on particular segments of the economy are incapable of addressing the broad array of forces that determine the quality of life in all communities. A place-based approach embraces this complexity and enables communities and regions to identify unique local assets that can be used to foster sustained growth and development. This will require a new level of cooperation and collaboration that recognizes the interdependence of rural and urban places. Effective policies must also provide residents with the tools they need to leverage local assets. Finally, a new rural policy framework must foster local leadership capacity while recognizing that successful development often requires an infusion of external resources.

I. Introduction

Pennsylvania is one of the most rural states in the nation. Depending on which definition is used, most of the groundcover and over 60 percent of the Commonwealth's 2,576 municipalities and 72 percent of its counties are located in areas classified as rural. In

2000, the rural population numbered 3.39 million, 27 percent of the state population. Rural Pennsylvania encompasses many environmental amenities and vital natural resources, provides food and manufactured goods for our urban centers, and is associated with many of our most cherished values and traditions. In short, rural areas are an integral part of our economy and society. Unfortunately, our economic and social policies do not reflect this fact. While some policies and programs target industrial sectors or other issues facing rural Pennsylvania, they are not part of a coherent policy framework. Instead, they comprise an uncoordinated mixture of subsidies, tax breaks, incentives, and other policies that have been only marginally effective.

The failure to develop effective policy for rural Pennsylvania arises from several factors. Pennsylvania has a diverse rural economy, presenting a significant challenge to policymakers. Some regions continue to rely on traditional industries such as agriculture, forestry, mining, and manufacturing. Others have become dependent on retail and service sector employment, health care, government, and/or tourism. Parts of rural Pennsylvania are experiencing some of the most turbulent and rapid change in history. To complicate matters, the forces driving these changes differ across the state. Some areas, especially those within commuting distance of urban centers, are growing rapidly. Elsewhere, global economic shifts have led to sharp job losses, population declines, and fiscal distress. The resulting landscape is one of stark contrasts. Some regions are prospering while others struggle to provide jobs and basic services.

There is also growing recognition that development strategies that worked in the past are no longer appropriate. In simpler times, abundant natural resources, low-cost land, and relatively cheap labor gave rural places an edge over their urban counterparts. In a global economy, rural areas no longer have these competitive advantages. Today, corporations search the world for the most profitable places to do business. In this new reality, reliance on tax breaks and other incentives to lure footloose industries is both risky and expensive. Instead of these old approaches to rural development, a new consensus is emerging around the need for comprehensive

place-based strategies that address the complex and interconnected challenges facing our rural communities. This policy brief outlines the basic elements of effective, place-based development policy for rural Pennsylvania.

The remainder of the brief is divided into five sections. In section one, rural is defined. Section two describes key demographic and economic trends affecting rural Pennsylvania. In section three, we summarize the development issues and policy options identified by rural residents from across the Commonwealth. In section four, we review the key elements of emerging place-based policy frameworks. Finally, we outline new directions for policy that better addresses the needs of rural Pennsylvania and its residents.

II. What Is Rural?

To many people, rural is synonymous with small towns and the open spaces surrounding them. And when we think of how people make a living in rural areas, farming, forestry, and other natural resource-based industries come to mind. We also tend to characterize rural residents as being more culturally conservative and religious than their urban counterparts. While at one point there may have been a grain of truth to each of these descriptions, contemporary rural people and places are actually quite diverse, and this diversity complicates efforts to adequately define and capture the meaning of rural.

Most definitions of rural used by governmental agencies focus on population size, population density, and the social and economic connections between more and less densely populated places. Population size and density are relatively easy to measure and data are readily available. What 'place' means varies across definitions. Some formal definitions use municipal boundaries or sub-county designated Census tracts or blocks (the areas the Census uses to collect and report decennial Census data). Others rely on counties or county equivalents as the basic geographic unit for defining and reporting information about places. Different agencies of the federal government have their own definitions of rural, as do states and various state agencies.

Because there are so many definitions of rural in use, we provide a brief, general overview and then describe one developed specifically to measure rural in Pennsylvania.

The most commonly used measure of rural is based on the definitions used by the U.S. Bureau of the Census. This definition is the one for which most data are reported. The building block of this definition is the urbanized area: Census blocks (sub-county units) that are densely settled (population density of at least 1,000 people per square mile) or have at least 2,500 people. Adjacent blocks of at least 500 people per square mile also are considered urban. While these are combined in different ways for different definitions (for a link to more detail, see Box 1), the major criteria for identification of places as urban are population size and density and adjacency to or economic integration with densely settled places. Urban places are clearly defined. Rural places are all of those not classified as urban. In short, rural is a residual category.

While the urban definition focuses on sub-county units, the county is the most stable governmental unit over time in terms of boundaries. Most data available below the state level are reported at the county level. Counties also are classified to reflect population size and density. Based on the urbanized areas concept, the US Office of Management and Budget has historically identified metropolitan and nonmetropolitan areas. Starting with the 2000 Census, micropolitan areas or counties were added. The latter are nonmetropolitan counties with a larger central place. There are many extensions of classifications of nonmetropolitan counties based on adjacency to a city or metropolitan area and the economic base of the counties (See Box 1). The terms rural and nonmetropolitan often are used interchangeably. And while both terms are valid, they refer to different classifications of places in US government definitions.

The Center for Rural Pennsylvania uses population density to classify municipalities, school districts, and counties as rural and urban. At the county level, counties with a population density of 274 persons per square mile or less are considered rural. Those with higher population density are urban. A popu-

lation density of 274 persons per square mile was the average density for the state of Pennsylvania in 2000. Population density captures the implications of more sparse settlement patterns for social interaction, economic activity, infrastructure development, and service provision.

In summary, these formal definitions of urban and metropolitan are based on population size and density and economic integration with larger, more densely settled places. Urban and rural places (sub-county) can be found within both metropolitan and nonmetropolitan counties. This allows some recognition of the variability of settlement patterns and open space within counties, and that counties may have multiple ‘centers’ of population and commerce—a common feature of Pennsylvania counties. In this report, we utilize county-level data and the Center for Rural Pennsylvania definition of rural to compare the major economic and social trends affecting rural and urban Pennsylvania. To complement this information, we held listening sessions with leaders and residents in five rural communities in different parts of the Commonwealth.

III. Perspectives on Rural Pennsylvania

Rural Pennsylvania shares characteristics with many other rural places across America—a beautiful countryside, abundant natural resources, and the challenges of life where population densities are lower and distances greater. The twin issues of lower population density and distance make it difficult to

provide residents with good jobs, good schools, and accessible and affordable publicly and privately-provided services. In much of rural Pennsylvania, these challenges predominate.¹

Population Change: Diversity Across the Rural Landscape

Pennsylvania’s rural population grew slightly faster than urban Pennsylvania during the 1990s. Counties classified as rural by the Center for Rural Pennsylvania (CRP) grew at 4 percent compared to 3 percent for urban counties. This followed a small decline in rural population during the 1980s. Throughout the 1980 to 2000 period, Pennsylvania’s rural population held steady at just under 27 percent of the total.

The average rural population growth masks unevenness across the rural landscape. Broadly speaking, the most rapid rural growth during the 1990s occurred in the Northeast, Southeast, and Central regions of the state. Many counties, especially in the West, Northwest, and Northern tier, grew very slowly or actually lost population. Among rural counties, Pike County had the largest increase in population (65.6 percent or 18,336 people), while Cambria County had the largest decline (-6.4 percent or 10,431 people).

These divergent population trends reflect a pattern of uneven development and increasing inequality among different parts of the Commonwealth. And like the rest of the state, rural Pennsylvania is hollowing out; many of our older rural communities are losing population while second-class townships

Box 1. US Government Definitions of Urban and Metropolitan

A more detailed description of **urban** can be found at the U.S. Bureau of the Census web site <http://www.census.gov/population/www.census.data/ur-def.html>.

A more detailed description of **metropolitan** and **micropolitan** areas can be found at the U.S. Bureau of the Census web site <http://www.census.gov/population/www/estimates/metroarea.html>.

The U.S. Department of Agriculture’s Economic Research Service (ERS) also uses county designations to distinguish metropolitan counties by size and nonmetropolitan counties by their degree of urbanization or proximity to metro areas. ERS has several methods of classifying counties; these are described at their website (<http://www.ers.usda.gov/Briefing/Rurality>).

are experiencing modest growth. A comparison of municipal types within rural and urban counties reveals that the average population change from 2000 to 2005 is quite similar (1.2 and 1.3 percent respectively) for both types of counties.² In both rural and urban counties, our older communities—the first class townships, boroughs, and cities—lost population. However, average declines were larger for rural counties than they were for urban counties. While second class townships, which represent the “newer” Pennsylvania, grew in both rural and urban Pennsylvania, the average percentage increase was larger in urban places. Overall, rural counties are experiencing a more rapid hollowing out of their older population centers, while urban counties are experiencing more rapid growth in second class townships. Finally, cities in both rural and urban counties experienced the largest population declines between 2000 and 2005.

Pennsylvania’s rural places have not historically been ethnically diverse, but this is beginning to change. Although the proportions of rural Hispanics and African-Americans are still small, growth is expected, and there is substantial variation across rural counties in the diversity of their populations.³

Additionally, Pennsylvania’s population is becoming older. The state’s rural places—particularly those with natural amenities—are attracting the baby boom generation (those born between 1946 and 1964). Like other rural areas across the nation, immigration of retirees, telecommuting, and long-distance commuting from rural homes to urban workplaces have become common. While Pennsylvania’s urban counties lost baby boomers during the 1990s (2 percent decline), a 5 percent increase occurred in rural Pennsylvania. Many of these people are expected to remain in rural areas through retirement. This will increase the proportion of rural residents on a fixed income and will have serious implications for the provision of health and personal care services. Already, 40 percent of personal income in rural Pennsylvania is unearned in the form of transfer payments from government, interest, dividends, and rent.⁴

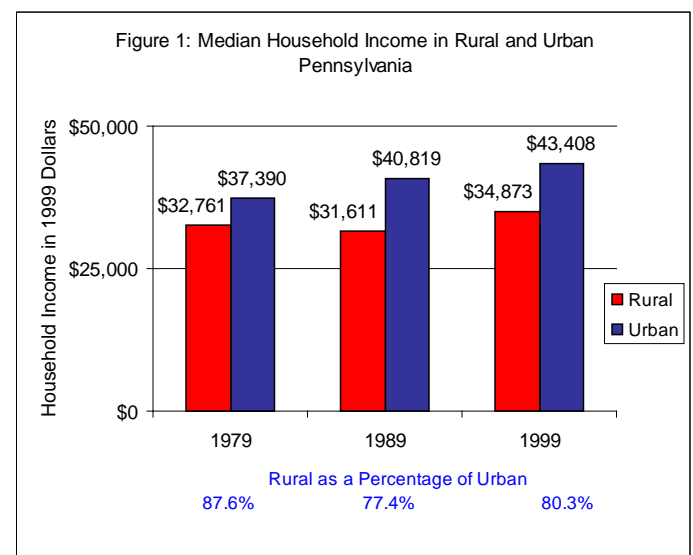
The rural population also is aging because the Commonwealth lost young adults during the 1990s.

Those in the 18–35 age range declined in both rural (-13 percent) and urban (-3 percent) areas of the state during the 1990s.⁵ The loss of this age group in rural Pennsylvania contributes to the increasing average age of the state’s rural population. More importantly, out-migration of young adults contributes to the “brain drain” that further complicates rural development efforts.

Lack of Family-Sustaining Jobs and Income

For much of the 20th century, rural residents depended heavily on jobs in manufacturing and natural resource-based industries. Pennsylvania is no exception. Beginning in the early 1970s, globally driven economic changes rapidly transformed rural economies throughout the Northeastern United States from manufacturing and natural resource dependence to service provision. Many of these jobs do not pay enough to support a family—even when two adults work.

Rural people earn less on average than urban residents, and are more likely to hold seasonal jobs, engage in informal work, and to be poor. Unemployment and underemployment rates are often higher in rural than urban areas. In 1990, per capita incomes in many of Pennsylvania’s rural counties were less than 80 percent of the U.S. average. By 2002, even more rural counties slipped below this threshold.⁶ The median income of rural Pennsylvania’s households, as shown in Figure 1, was \$34,873 in 1999, compared to urban median household



income of \$43,408. Among Pennsylvania's rural counties, Monroe County had the highest median household income in 1999, \$46,257, while Fayette County had the lowest, \$27,451. In 1979, the rural median household income was 87.6 percent of that in urban counties. Between 1979 and 1989, rural median household income dropped to 77.4 percent of urban household income. It then increased modestly by about three percentage points from 1989 to 1999. In 1999, rural median household income was 80.3 percent of urban households' median income.

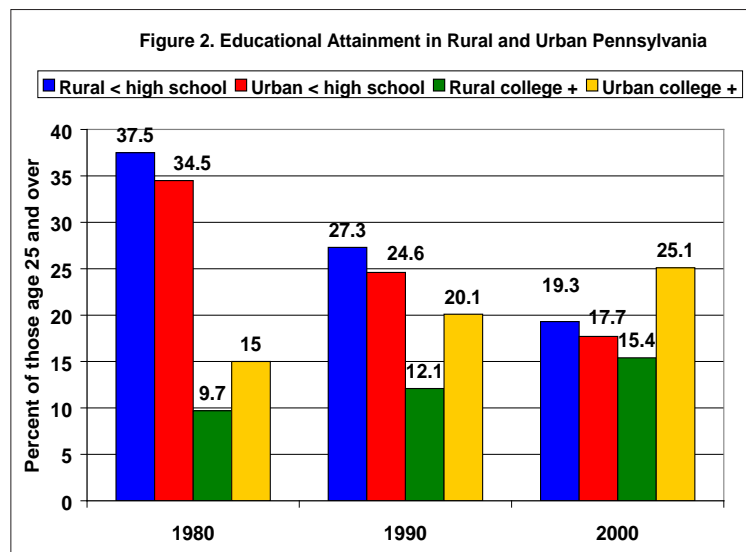
New businesses and jobs are being added to both rural and urban Pennsylvania, but growth rates are low in comparison to other states. Job growth remains concentrated in service and retail businesses. Like other states, Pennsylvania experienced serious losses in manufacturing jobs across nearly all counties in the early 2000s.⁷ Manufacturing jobs remain vulnerable to global economic trends and are not likely to increase in the near future.

The Challenge of Education

Educational attainment in rural Pennsylvania remains lower than in the state's urban counties. On the positive side, the percentage of adults with less than a high school education has dropped and the percentage with a college education or more has grown in both rural and urban areas since 1980. At the same time, rural Pennsylvania continues to lose ground to the urban parts of the state. In 1980, 15 percent of urban and 9.7 percent of rural persons ages 25 and over had college educations or more. By 2000, one quarter of urban adults had a least a college education. In rural areas, only 15.4 percent had completed college (Figure 2). Analysis by the Center for Rural Pennsylvania suggests that the gap persists between urban and rural residents.⁸

As with population change, educational attainment varies dramatically across rural counties. In 2000, Centre County had the highest share of population with a college degree or higher (36.8 percent) followed by Butler County with 23.6 percent; Juniata County had the lowest share at 8.8 percent.

Rural schools in Pennsylvania received increased funding over the 1990s, with rural school spending increasing by 28 percent over this decade, com-



pared to a 10 percent increase for Pennsylvania's urban schools.⁹ Despite this increase, per student expenditures remain lower in rural Pennsylvania. Urban and suburban residents continue to have more choices for their children, including private schools, enrichment programs, and extracurricular activities.

IV. Rural Issues, Assets, and Policy Opportunities

To better understand public policy issues and opportunities facing rural Pennsylvania, a team from Penn State University's Department of Agricultural Economics and Rural Sociology, in partnership with the Penn State Cooperative Extension county offices, conducted five community listening sessions across the Commonwealth in early September 2006.

For this part of the study, we defined rural community areas based on municipalities in Pennsylvania with lower population densities and smaller total populations.¹⁰ Based on the logic of central place theory, we identified the most populous central places not located in metropolitan areas. The largest place was selected and combined with municipalities within a ten-mile radius of this community to create a rural community area. The next largest place not already in an area was selected and the process continued until all places were put into a rural community area. This resulted in a list of 160 rural

community areas throughout the Commonwealth. None of the central places, but some of the other minor civil divisions in community areas, are within urbanized areas of Metropolitan areas.

Based on this set of community areas, we identified five that are broadly representative of the diversity that characterizes rural Pennsylvania. These include:

Kutztown Area – Berks County: Kutztown Borough, Maxatawny Township, Longswamp Township, Richmond Township, Weisenberg Township, Greenwich Township, Rockland Township, Perry Township, Windsor Township, Topton Borough, Albany Township, Pike Township, District Township, Lyons Borough, Lenhartsville Borough

Mifflinburg Area – Union County: West Buffalo Township, Centre Township, Hartley Township, Middlecreek Township, Middleburg Borough, Limestone Township, Lewis Township, New Berlin Borough, Hartelton Borough

Milford Area – Pike County: Matamoras Borough, Westfall Township, Milford Borough, Milford Township

St. Marys Area – Elk County: St. Marys City, Ridgeway Borough, Fox Township, Johnsonburg Borough, Ridgway Township, Grandview Park, Jay Township

Waynesburg Area – Greene County: Waynesburg Borough, Franklin Township, Morgan Township, Jefferson Township, Center Township, Morrisville, Wayne Township, Washington Township, Morris Township, Whitely Township, Mariana Borough, Jefferson Borough, Clarksville Borough

Each of these locations represents an important dimension of rural Pennsylvania. The Kutztown area exemplifies strong rural-urban interface tensions between production agriculture and increasing suburban development. The area around Mifflinburg, located in central Pennsylvania, typifies communities where agriculture remains important to the local economy and community, but faces increasing non-agricultural development and cultural changes. The Milford area, in northeastern Pennsylvania, is experiencing extraordinary population growth,

significant land use change, and challenging cultural conflicts due to in-migration of people from metropolitan centers in New Jersey and New York. St. Marys is representative of the isolated areas in the central northern tier of Pennsylvania whose economies remain dependent on timbering and forest products, manufacturing, and public lands use. The Waynesburg area reflects the experience of many mining-dependent communities, traditionally characterized by a lack of economic diversity and relatively high poverty.

Each session drew participants from the private and public sectors, representing a wide range of interests from a broad geographic area around each location. In total, 60 individuals participated in these sessions.

Participants in the listening sessions addressed three questions:

- What are the issues most important to the future prosperity of your community?
- What assets and opportunities are available to your community to address these issues?
- What is needed to enable your community to take advantage of its assets and opportunities?

The discussions are summarized below.

Issues

Common issues across all listening sessions included lack of inter-municipal coordination and cooperation, a changing employment base and lack of jobs that provide a living wage, out-migration of young people, an aging population, the need for workforce development, and an inequitable local tax structure, especially the real property tax.

While participants provided several examples of effective inter-municipal cooperation, there was broad consensus that this was more often the exception than the rule. In the absence of effective coordination, municipalities find it difficult to develop unified strategies for addressing common problems. At the same time, however, there was strong support for local autonomy and decision-making.

The economies in most of these areas are struggling, albeit in different ways. Factors such as globalization, new technologies, shifting markets, loss of export base and manufacturing, and increased competition from “box store” development have undermined many local economies and fundamentally altered employment opportunities. Not surprisingly, the lack of “living wage” jobs was cited repeatedly as a pressing issue in all listening sessions.

Two well-known demographic trends figured prominently in all the discussions: the out migration of young people and the aging of those who remain. As young people leave rural areas, emerging entrepreneurs and civic leaders are lost. While the immigration of retirees provides new tax revenues and a consumer base that can boost local economies, it also increases the demand for services such as health care. Obviously, this strains the ability of local government to meet the needs of their aging population, especially if the working age population is declining.

The critical need for workforce development was also a common theme. The most prominent issues included the lack of vocational and technical education, lack of affordable higher education, and the absence of a diverse, highly-trained workforce. On-going structural changes in the larger economy exacerbate these challenges. For instance, the expectation that recent college graduates will change jobs an average of thirteen times makes it difficult to anticipate and prepare young people and adults for interesting, well-paying careers in the future.

The local tax structure, especially the real property tax, was identified as a particularly thorny problem by most listening session participants. None of the issues discussed above can be addressed without adequate funding for local services, facilities, education, and workforce development. A changing and declining economic base in many older rural communities increases the tax burdens on the remaining businesses and residents and creates fiscal distress for municipalities. When residents are not able to find “living wage” jobs, real property and other local taxes become even more onerous. Finally, as municipalities are forced to raise taxes, it becomes more

difficult to attract new business and industry and retain existing firms.

In a majority of the listening sessions, the lack of adequate and/or affordable basic infrastructure and services was identified as a significant barrier to community and economic development. Insufficient public transportation, lack of affordable housing, limited broadband access, and insufficient child care threaten the quality of life in many communities. In some of the sessions, unique issues and problems were discussed. Although not listed here, they highlight the need for a policy framework capable of responding to local needs.

Listening session participants acknowledged the importance of addressing specific problems. At the same time, they also emphasized the complex interdependency of the forces affecting their communities and stressed the importance of addressing problems in a more holistic way. We discuss this issue in more detail in the concluding section of this brief.

Assets and Opportunities

Each community we visited has unique assets that can be mobilized to address the challenges facing rural Pennsylvania. For instance, in every listening session, participants emphasized the importance of the natural resource base and related amenities, a strong work ethic, a sense of community, and a high quality of life. Specific local institutions also were mentioned in most listening sessions. Colleges and universities, in particular, are highly valued assets that provide good jobs, cultural amenities, and support for various community projects and activities.

Policy Changes

Five common themes emerged around policy changes that would enable residents to take advantage of local assets. First, state and federal policy must move away from unfunded directives and mandates and take a more proactive role in providing adequate funding for local and regional development. At the same time, however, participants highlighted the importance of maintaining regional and local autonomy as both a political and governance philosophy and operational principle for both policymaking and implementation.

Second, there was widespread consensus around the need to foster cooperation, coordination, and collaboration across local governments (municipal, school, county) and between local public and private sector organizations. Many problems cut across jurisdictional boundaries; solving them requires a coordinated regional response. State-level policy changes that actively encourage inter-governmental cooperation are needed.

A third policy change centered on the importance of fostering economic growth and development in rural Pennsylvania. As several participants pointed out, rural Pennsylvania is not viewed as an integral part of the Commonwealth's current or future economy. Consequently, rural areas are left behind as they struggle to deal with profound socioeconomic and demographic changes. These comments highlight the need for rural economic development policy that enables different regions to address specific issues and leverage unique assets. In short, policy must respect the heterogeneity of rural Pennsylvania.

Infrastructure investment and development is critical to the future of rural Pennsylvania. There was broad agreement around the importance of public and private sector investment in public transportation, highways and roads, water and sewer facilities, and broadband deployment. Unfortunately, infrastructure investment in rural areas has not kept pace with need. It will be very difficult to stimulate growth and development in the absence of improved facilities.

Finally, participants in all five listening sessions expressed the view that the voices of rural Pennsylvania are not heard in the Commonwealth's public policy making and implementation process, particularly at the state level.

Several additional policy opportunities surfaced across a majority of the listening sessions. These included incentives to foster entrepreneurship, increasing the supply and access to affordable, high quality health care, the need for effective leadership, and more strategic approaches to community and regional issues.

V. An Emerging Rural Policy Perspective

Over the past several decades, a variety of state and federal initiatives have been implemented to foster rural economic and social development. Policies focusing on public infrastructure, amenities, outdoor recreation and tourism, workforce development, industrial recruitment, manufacturing, agriculture, local capacity building, tax reform, and governmental restructuring have been proposed as solutions to vexing rural problems. Despite these efforts, many rural areas continue to struggle with economic, social, and environmental decline.

The failure of rural development policies reflects the lack of consensus about how best to strengthen rural communities and economies. As a result, we have never developed a coherent, integrated rural policy framework at the federal, state, and/or local levels. At the federal level, policy has for the most part equated rural with agriculture and relied upon a hodgepodge of agricultural subsidies that ultimately benefit only a small segment of the population. Meager USDA Rural Development funding has supported housing, facilities, infrastructure, and small businesses. At the state and local levels, emphasis has been placed on investments that enhance individual opportunity for success, and on specific industrial sectors, particularly manufacturing and agriculture.¹¹ Unfortunately, neither of these policy prescriptions has produced a stable rural economy. In fact, approximately 60 percent of rural areas lag the national economy in terms of job growth.¹²

Fortunately, innovative rural policy frameworks are emerging, in both theory and practice. In the United States, there is growing consensus that we must create strategies that enhance community and regional competitiveness. The task for rural development is to identify the features that distinguish places from one another and harness these differences to foster sustained growth and development.¹³ A place-based policy is more holistic than traditional development strategies, focusing on the broad array of social, economic, and environmental attributes that can be mobilized to improve the quality of life. This approach requires a strategic and regional orientation.



It is neither possible nor realistic for every community to reinvent itself. Instead, place-based development emphasizes the need for municipalities to pool their resources and create a unique niche in the global economy.

The latest framework for rural development policy in the European Union also emphasizes the importance of place and is defined by four strategically interdependent themes.¹⁴ The first focuses on ensuring the competitiveness of agriculture through increased efficiency, strengthening orientation towards markets, and taking advantage of opportunities for economic diversification. The second emphasizes initiatives to foster sustainable management and use of agricultural lands and forests, ensuring preservation and enhancement of natural and environmental resources, rural landscapes, and associated amenities and services. The third focuses on diversifying and strengthening the broader, non-farm and non-forestry economy of rural areas to promote new employment opportunities, increased quality of life, and environmentally sustainable development. The final theme addresses leadership, emphasizing the importance of fostering local capacity and community action within and across the first three themes to create and implement local and regional development strategies. Policymaking, program funding, and coordination within this framework is a shared EU and nation-state responsibility.

VI. New Directions for Rural Policy in Pennsylvania

Taken together, these place-based frameworks suggest a new direction for rural policy in Pennsylvania. Strategies that focus on particular segments of the economy are incapable of addressing the economic, political, environmental, and social forces that determine the quality of life in all rural communities. For this reason, we need a more holistic approach to rural development – one that explicitly acknowledges and embraces this complexity. This in turn will require a much higher level of cooperation and collaboration than is currently the case. Effective policy must also provide tools residents can use to identify and leverage local assets to create more vibrant and

robust economies. Finally, a rural policy framework for the 21st century will foster local capacity and leadership while recognizing that successful development requires external resources.

Embracing Complexity

Rural and urban Pennsylvania are economically, environmentally, politically, and socially interdependent. Effective policymaking and implementation requires that rural and urban Pennsylvania be viewed as dynamically interdependent parts of a larger system. This recognition entails that a wide range of policies must be analyzed for their impacts on rural people and places, rather than assuming that policies that work in urban and suburban settings are effective in rural areas. More importantly, rural Pennsylvania must become as much a focus of public policy as are its urban and suburban counterparts.

Embracing complexity at the local level requires plans and programs that strengthen the relationships among the economic, social, environmental, and political dimensions of local life. This means, for instance, that economic development is compatible with a healthy environment, or that workforce development is closely tied to emerging economic trends and job opportunities, or that affordable child care enables low-income workers to participate in the economy. In short, effective place-based policy will identify relationships between seemingly disparate issues and develop plans that build on these connections to create balanced and healthy communities.

By definition, this kind of integration will require cooperation across municipal and county lines, across agencies, and between the private and public sectors. In some regions, economic hardship has forced municipalities and school districts to pool scarce resources and develop collective solutions to problems. In many communities, however, personalty conflicts and a tradition of independence continue to hamper cooperation. Greater collaboration will require incentives, and there is an important role for the state and federal government to play in this process. Grant and loan programs, for example, can require collaboration across municipal lines or between the public and private sectors.

Leveraging Local Assets

In the future, rural economic development will depend more heavily on the use of local assets and local talent. Industrial recruitment strategies have traditionally been viewed as a zero sum game—one community's success comes at the expense of another place. This approach is outmoded in a global economy. In the future, sustainable economic development will draw on the uniqueness of different regions. In this model, five strategies are key: 1) thinking and acting regionally, 2) identifying indigenous assets; 3) matching assets with an existing or emerging niche in the global market; 4) making the investments and reinvestments that allow communities and regions to capitalize on assets; and 5) fostering local entrepreneurship.

This approach requires a fundamental rethinking of economic development. Regions will compete in the global market, but they will not be competing for the same pool of job opportunities. Instead, they will offer unique products or services matched to regional assets. Achieving this shift will require detailed analyses of regional economic assets and trends, an understanding of market opportunities, and local entrepreneurs who are committed to keeping jobs and wealth in the region. It may require external resources to get the process started, or to support particular efforts.

Fostering Leadership and Local Capacity

Few communities have the leadership or capacity to successfully plan and implement place-based development strategies. Leadership development programs must be restructured to meet the demands of the 21st century. All too often, these programs foster skills that contribute more to the careers of individuals than to building the capacity of communities and regions. Similarly, when leadership development focuses heavily on specialized issues and subject matter, it can lead to fragmentation and hinder efforts to mobilize resources for broader efforts. Leadership development is needed that simultaneously builds individual skills and fosters community and regional capacity. Such programs might focus on building the skills needed to identify where the interests of different groups overlap, learning how to frame situations to highlight mutual benefits, and learning how to develop and implement strategies

for collaboration across political jurisdictions. Finally, leadership development programs must emphasize the importance of taking a regional perspective and creating policies that integrate the economic, social, environmental, and political dimensions of local life.

Capacity building will require an infusion of resources. Creating an integrated development plan or conducting a regional economic analysis requires a level of expertise that most small communities simply do not possess. Similarly, many rural areas lack the financial capital and business networks that are essential to successful entrepreneurship programs. For these and host of other reasons, rural Pennsylvania will need help in planning and implementing effective place-based development strategies. Colleges and universities can play an important role in this process. Not only can these institutions be important sources of economic growth in their own right, they can also provide expertise and guidance around such issues as economic analysis, regional planning, workforce development, technical assistance to businesses, business start-ups, and leadership development. New partnerships between higher education and rural Pennsylvania are essential.

In addition to expertise, new investments in infrastructure are essential. In much of rural Pennsylvania, the traditional infrastructure—roads, bridges, sewers, and water lines—is crumbling. Perhaps more importantly, the telecommunications infrastructure in many rural areas remains underdeveloped. For rural communities in the 21st century, achieving telecommunications parity with the broader society holds the same importance as Rural Free Delivery in the 19th century, electrification in the 1930s, and the Interstate Highway System in the 1950s. In an era of “just in time” inventories, businesses can only remain competitive if they have network connections for electronic data interchange with their customers and suppliers. Effective marketing of specialty products requires high-speed internet connections. An increasing number of consumer purchases are occurring over the internet. Even many government functions now occur solely through electronic communication. Without substantial investments in more advanced technologies, especially business class broadband, employment



opportunities will continue to be lost, population will further decline, and basic services and institutions will deteriorate (Alter et al., 2007). Hence, it is essential that we develop strategies to efficiently deliver broadband services to rural Pennsylvania.

Finally, rural Pennsylvania must have a more skilled workforce to compete effectively in the global economy. Human capital will be an important engine of economic growth. Small firms, which are likely to be the major sources of jobs in rural Pennsylvania, find it particularly difficult to invest in workforce development. Policies that help these businesses overcome the financial barriers to ongoing skill development are crucial.

VII. Conclusion

The future of Pennsylvania is tied to the health of our small towns and rural areas. But many of these places face economic, social, and environmental decline unless we find new ways to solve the problems outlined in this brief. Current policies, which are uncoordinated and focused narrowly on economic development and particular industrial sectors, are clearly not working. The best hope for rural Pennsylvania lies in place-based strategies that leverage local assets and build strong communities.

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Contributors

Theodore R. Alter is professor of agricultural, environmental, and regional economics in the Department of Agricultural Economics and Rural Sociology at Penn State University.

Jeffrey C. Bridger is a senior research associate in the Department of Agricultural Economics and Rural Sociology at Penn State University.

Jill Findeis is professor of agricultural, environmental, and regional economics and demography in the Department of Agricultural Economics and Rural Sociology at Penn State University.

Timothy W. Kelsey is professor of agricultural economics in the Department of Agricultural Economics and Rural Sociology at Penn State University.

A.E. Luloff is professor of rural sociology in the Department of Agricultural Economics and Rural Sociology at Penn State University.

Diane McLaughlin is associate professor of rural sociology and demography in the Department of Agricultural Economics and Rural Sociology at Penn State University.

William C. Shuffstall is a senior extension educator in the Department of Agricultural Economics and Rural Sociology at Penn State University.



Endnotes

1. Rural is defined throughout this report as being within a rural county as defined by the Center for Rural Pennsylvania. Forty-eight of the sixty-seven counties are rural.
2. U.S. Census Bureau, *Population Estimates* (2005).
3. U.S. Census Bureau, *Census of Population and Housing (1980, 1990, 2000)*.
4. Center for Rural Pennsylvania, "County Profiles," available at www.ruralpa2.org/county_profiles.cfm. (March 2007).
5. Ibid.
6. T. Fuller, M. Shields, and S. Smith, *Road to 2005. The Economy: Jobs, Income, Population, and Forecasts*. (University Park, PA: Pennsylvania State University, 2005).
7. Ibid.
8. Center for Rural Pennsylvania, "Rural by the Numbers 2006: A Look at Pennsylvania's Rural Population" (2006).
9. Center for Rural Pennsylvania, "County Profiles."
10. This follows research conducted by Luloff et al. (1997), Parisi (1998), and Schwartz et al. (2001).
11. S. Johnson, S. 2001. "Exploring Policy Options for a New Rural America: Conference Synthesis." In *Exploring Policy Options for a New Rural America*. (Kansas City, MO: Federal Reserve Bank of Kansas City, 2001).
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For More Information:

Rebecca Sohmer
Senior Research Analyst
The Brookings Institution Metropolitan Policy Program
(202) 797-6085
rsohmer@brookings.edu

For General Information:

The Brookings Institution Metropolitan Policy Program
(202) 797-6139
www.brookings.edu/metro



THE BROOKINGS INSTITUTION

1775 Massachusetts Avenue, NW • Washington, DC 20036-2188
Tel: 202-797-6000 • Fax: 202-797-6004
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