



Key Takeaways from Listening Session: Rural Experiences in the Federal Reserve’s Fourth District

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Context

In fall 2021, the staff of the Program on Economic Inclusion hosted four listening sessions with various community stakeholder groups (for example, nonprofits, educational organizations, and business associations) within the Federal Reserve’s Fourth District.¹ The goal of the sessions was to increase the overall understanding of the conditions and challenges preventing specific communities from reaching economic inclusion—that is, the ability to fully participate in the economy to the best of one’s ability. This summary document provides an overview of the key points participants expressed about their own experiences and those of the rural communities they serve.

Participant insights

1. Underinvestment in infrastructure

A common refrain in conversations about the lessons learned from the COVID-19 pandemic is that pre-existing disparities were more evident than ever before. This is certainly true for many rural communities in our District. Participants felt the most glaring disparity in rural communities is the lack of infrastructure investment. The effects of chronic public underinvestment in basic infrastructure are evident in all aspects of life, including workforce and business development, economic participation, healthcare, and education.

Several groups have tried to quantify the financial toll of this underinvestment and the amount of funding required to address the problem. Buckeye Hills Regional Council, a council of governments representing eight counties in Southeast Ohio, identified more than \$246 million in unmet public infrastructure investments across its service area.² The high costs of these necessary upgrades are a significant barrier to rural communities’ addressing basic needs on their own. For example, one mile of water or sewage pipes costs the same amount whether it serves 100 customers or 10 customers. Considering the lack of density in rural places, the likelihood of projects being completed is often dependent on the availability of grants or other types of forgivable capital.

¹ The Federal Reserve’s Fourth District includes all of Ohio, western Pennsylvania, the northern panhandle of West Virginia, and eastern Kentucky.

² <https://buckeyehills.org/infrastructure-gap>

The opinions expressed here are those of the participants and the author, and do not necessarily represent the views of the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System, or its staff.

Buckeye Hills' list does not include the estimated \$500 million needed to “deliver broadband with a robust, 30-to-40-year useful life” to all members of the region. Broadband access has long been an issue in rural communities, and the lack of meaningful progress to date has far-reaching implications. For example, a sizeable portion of rural students were unable to participate in remote education during the COVID-19 pandemic because they had insufficient or nonexistent broadband access.

2. Impacts of an aging population

Populations in rural communities are getting older. This presents a series of challenges and opportunities for rural communities. One of the most immediate challenges, particularly for rural employers, is identifying workers to backfill jobs vacated by those leaving the workforce. Already working to find the next generation of talent, some employers have launched programs targeting middle and high school students to get them thinking about career opportunities in their local communities in hopes of reversing the “brain drain” that has occurred in rural places for decades.

Regarding opportunities that may arise, participants felt the most significant will be in healthcare-related products and services for the elderly. Until broadband issues are addressed and telehealth becomes more accessible, in-home and community-based healthcare workers will be more in-demand than ever. Beyond providing physical care, these workers are also vital social connections for their clients. But like other public-facing industries, the healthcare industry will need to increase pay and improve working conditions to secure the workers needed to keep up with demand. These changes could prove significant for an industry that already had a tight job market before the COVID-19 pandemic.

3. Data related to race in rural places can be challenging to find and interpret.

Interpreting data on racial minorities in rural communities can be tricky. In fact, it might be one of the most challenging aspects of rural communities to understand, as data often informs important conversations. This is especially true in the Federal Reserve’s Fourth District where, despite rural communities becoming more diverse,³ white residents still account for an overwhelming majority of the population. Because communities of color have such small numbers in rural areas, it can be challenging to identify through data alone when systems fail. For example, if there are only two Black-owned businesses in a community and one fails, it would be accurate to say that 50 percent have failed. But providing that statistic without additional context—a common occurrence—can lead to inaccurate conclusions.

An equally problematic and too common outcome is simply ignoring these situations altogether. Participants shared that race-related issues rarely come up in conversations about rural life, as minority groups are not a statistically significant enough portion of the population. Failing to recognize the presence of minority populations and the struggles they face in rural communities can produce feelings of invisibility and isolation. It can also complicate the process of finding role models or mentors who look like them, a situation which can stunt the goals and aspirations of rural minorities.

4. Leadership challenges

As rural communities work to recover from the COVID-19 pandemic and re-imagine how they look and operate, the success of these efforts hinges on leadership. Participants believe that, unfortunately, there are simply too few strong local leaders in rural communities. One example is the inability of rural communities to effectively utilize federal COVID-19 relief funds and programs. Many leaders were uncertain how to manage federal money, while others opted not to use it because they

³ <https://dailyonder.com/racial-and-ethnic-diversity-of-rural-population-grows-by-nearly-20/2022/06/15/>

believed they would have to pay it back. For communities that routinely struggle to attract outside investment,” underutilization of available funding can have dire consequences.

Beyond understanding how to most effectively use financial resources, rural leaders need to be able to explain shifting trends in economic and community development and how those activities can strengthen communities. Residents in one Southeast Ohio county were upset at the amount of funding being used on recreational tourism instead of repairing basic infrastructure such as sidewalks and water pipes. The funding, which came from government grants aimed at rural economic development, represented a change in thinking toward placemaking, tourism, and downtown redevelopment in small villages and cities. New programs continue to demonstrate these activities are worthy of investment because they are economic drivers and game changers in small communities. Yet without community-level buy-in, these projects—which could be viewed as community assets—can become sources of tension and frustration.

One final leadership-related challenge participants raised was centered around trust. In recent years, the political discourse around rural places has resulted in rural residents not trusting organizations and information not based in rural locations. An “us vs. them” mentality can result in rural communities’ being unwilling to engage with anyone outside their communities, as well as not fully accessing the resources available to them. As such, it is critical for outside organizations to build trust with rural leaders and community members.

Why these issues matter to PEI and to the economy

These issues matter because rural communities have long struggled economically. And while there may be similarities between the challenges that rural and urban areas face, the scale of the challenges is very different. According to the United States Department of Agriculture’s *2021 Rural America at a Glance* report, the typical rural county in the US contained less than 10 percent of the population of a typical urban county in 2020 (23,000 in rural counties vs. 245,000 in urban counties).⁴ However, rural places account for greater than 90 percent of the land mass of the United States. This lack of density is associated with a number of challenges that may negatively impact the economic prospects and experiences of rural communities before one can even consider the impacts of the COVID-19 pandemic.

Additionally, the amount of time and attention that organizations active in community and economic development, including the Federal Reserve, have dedicated to rural issues has fluctuated greatly. As such, greater focus and attention is needed to address the challenges that continue to prevent rural communities from experiencing economic success.

Next Steps for PEI staff

The Program on Economic Inclusion was created to increase the Cleveland Fed’s understanding of the obstacles to economic inclusion for communities in our District, as well as approaches to overcome those obstacles to help the Fed fulfill its public service mission. These community listening sessions are a prime example of PEI staff working to better understand current challenges that exist along racial, gender, and geographic lines. PEI staff is developing a list of commitments—ranging from new engagement efforts to expanded research projects—based on the lessons learned from these listening sessions which will be shared soon on the PEI website.

⁴ <https://www.ers.usda.gov/webdocs/publications/102576/eib-230.pdf?v=4409#:~:text=The%2046%20million%20U.S.%20residents,percent%20of%20the%20U.S.%20population>