Empowering Rural Communities: A Perspective at the Five-Year Point

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Introduction

When the Empowerment Zones and Enterprise Communities (EZ/EC) program was enacted in 1993, it was immediately seen as a new departure in public policy for the development of lagging areas. Though it drew on the similarly named enterprise zone approach, which spurred economic growth through tax benefits to businesses, the EZ/EC program added significant new elements. Unlike tax programs, which rely for effect on indirect and invisible actions, the EZ/EC program focuses on accountability. It harnesses citizen action for long-term strategic planning, performance measurement, comprehensive development, and significant community involvement. With its legislated pillars in place, it became possible to construct a wholly new program for community and economic development.

Following enactment of the authorizing legislation in August 1993, there followed a frenzied five-month period in which the bare outlines of the program were converted into regulations and procedures. Among the early and critical decisions was to make the application for the program not the usual boilerplate paperwork, but a community-based, comprehensive strategic planning process. The product would be a long-term plan that communities, whether or not they won an EZ/EC designation, could employ to focus their development efforts.

In a compromise decision, communities were to be given just under six months to develop their plans and submit them for review. The plans were to reflect the four key principles of the EZ/EC Initiative:

- Economic opportunity
- Sustainable development

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- Community-based partnerships
- Strategic vision for change

Plans were not limited to any standard for content or structure; instead, reflecting the flexibility and community-focused nature of the program, applicant communities could be entirely freeform in their submissions, the deadline for which was June 30, 1994.

If the time available to communities was far shorter than needed for a serious community planning process, it was equally short for the staff charged with inventing the new program on the fly. Early staff efforts concentrated on writing needed regulations and shepherding them through a tangled approval process, preparing necessary forms and explanatory materials, and--after the program was announced publicly in January 1994--making a whirlwind tour of the Nation to explain the program to groups of eager community leaders and citizens. In this early period, emphasis was necessarily placed on meeting legal deadlines and, following the receipt of applications in June 1994, reviewing them and making final selections. There was little time then to consider the implications of implementing a national community development program and the new structures and methods that would be required of management and field staff. These, too, would be invented in response to problems as they inevitably arose later.

From the beginning, the rural program was conceived not merely as the pot of highly flexible funding that it was, but as a tool by which communities mired in long-term poverty could build the capacity to raise themselves permanently to a better existence. The objective, as seen within USDA, was not only to create jobs and improve public services but also to enhance the quality of local decision making processes and build the local leadership and organizational capacity to sustain their community enhancement beyond the ten-year designation period.

In 1998, after three years of implementation, the three rural EZs and 30 ECs of what came to be known as Round I were joined by five Round II EZs and 20 new ECs.

Now at the five-year point for Round I EZ/ECs and with Round II communities one year into implementation, it is appropriate to ask about the accomplishments of the program, and how well it is meeting the goals its authors envisioned for it. This paper provides a preliminary look at some of the performance data collected in the course of implementing the program, anticipating a more complete self-assessment by the program's managers as well as additional independent reviews in coming months and years.

Program Performance Measurement

A key administrative issue for the EZ/EC program soon came to light--how to achieve accountability in a program that allows recipients such wide flexibility in the use of their grant funds. At the same time, program managers were aware that the new approach would receive close public scrutiny. Additionally, they had to face the congressional requirement for designated EZ/ECs to make continual progress in implementing their strategic plans or lose their designations.

The eventual result was the Benchmark Management System (BMS). Though it did not always seem so to the Round I EZ/ECs, which had to deal with a series of preliminary versions, the BMS emerged as an award-winning application of Internet technology. This system enables communities to manage their work plans on line, while providing USDA with current data on their activities and accomplishments. Now entering its third year of operation, the BMS tracks nearly 2000 strategic plan objectives and over 6000 specific work activities for the 57 EZ/ECs. This system not only gives USDA the accountability information it requires, but it also provides a source of information about the progress--and to some extent the success--of the EZ/EC program as a whole. This paper employs data from the BMS to present a picture of the EZ/EC program at the mid-point of Round I.

Measuring Empowerment

Our interest in this paper is to look at what evidence we can extract regarding the progress of the 57 rural EZ/ECs in achieving empowerment. Data was drawn from our experiences with these communities, including field visits, program and management reviews, and the BMS. A useful way to approach community progress is to examine evidence relating to the Initiative s four key principles. Although we do not regard any of the indicators as definitive in

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[†] The combined total of Round I and II communities is 57 because the Round I Crisp-Dooley (GA) EC was designated Southwest Georgia United EZ in Round II. Beginning in 2000, Champion Communities and REAP Zones also part of the Community Empowerment Program are participating in the Benchmark Management System.

measuring the principles, they do offer some evidence concerning the directions taken by the EZ/EC communities. For reasons of exposition, we will address them in reverse sequence from their usual order of presentation.

Strategic Vision for Change

One of the principal distinctions between the EZ/EC program and other federal aid programs is the expectation that EZ/EC funds would directly finance local projects only to a limited extent, reserving them for use as a "gap-filler" and as a means to finance the capacity needed to access and use other funding sources. To that end, USDA staff spent considerable time and energy attempting to persuade designated communities that the flexible EZ/EC funds were too valuable to use when other funding could be found, succeeding to a greater extent with some communities than others.

The issue we are interested in exploring is whether communities consider the EZ/EC program as "a grant" or as a process in community building. The data on resource use presented in Table 1 provide useful evidence on this point. As of July 2000, EZ/ECs in both rounds had devoted a total of $1.2 billion to the implementation of their strategic plans, an average of $21.3 million for each of these rural communities that themselves average only about 15,000 residents apiece. Overall, this amounts to a leveraging ratio of 9:1 against the EZ/EC grants.

Table 1. Funds Received and Leveraging Ratios, Rural EZ/ECs, July 2000 ($ in millions)

	Round I		Round II		Total
Designation Type	**EZ**	**EC**	**EZ**	**EC**	
EZ/EC grants	69.4	61.8	1.9	0.9	134.1
Other funds					
Total funds	253.7	759.1	44.3	154.7	1,211.8
Ave. per community	84.6	26.2	8.9	7.7	21.3
Leveraging ratio	3.7	12.3	23.4	163.2	9.0

By far the largest total of funding, just over $1 billion, was obtained by Round I communities, reflecting the four additional years they have had to raise resources. However, the Round II communities achieved far higher leveraging ratios in their first year of operations--an astounding 70:1 compared with the nonetheless impressive 7.7:1 ratio for Round I communities.

This difference in leveraging has two explanations. First, some of the Round II communities are only now beginning to draw down their first EZ/EC grant dollars, and funded their first year's budgets largely from other sources. But, second, because of the lessons from the program's initial years, Round II communities were far better prepared at the time of designation to begin implementation, and USDA too was better prepared to help them off to a fast start.

It seems clear from the leveraging ratios that time is not the only factor at work in shaping resource utilization. When Round I EZs are compared with Round I ECs, a sharp difference is seen--the EZs leveraged an average of under 4:1, against a 12:1 average for ECs. To some extent, this results from the uneven performance of the Round I Zones, which make up a sample of only three; the lagging performance of one Zone brings down the better averages of the other two. Still, the fact that the Round I Zones received $40 million versus just under $3 million for the ECs also suggests that leveraging did not assume the importance for EZs as it did for ECs. A similar distinction exists among Round II communities--23:1 for EZs versus 163:1 for ECs. It seems inescapable, then, that the amount of automatic EZ/EC grants provided each community has a powerful influence on the community's perceived need to raise funds from other sources.

From our own observations, we know that some communities have treated the program more as a grant, rather than as a process. USDA staff have made a concerted effort to persuade them to adopt a larger, more strategic perspective. Still, as Table 2 shows, most communities have chosen to pursue other sources of funding to implement their plans, and more than three-fourths receive an average of 15 percent or less of their funding from EZ/EC grants.

Table 2. Percentage of Total Funds from EZ/EC Grants (number of communities)

Percent of funds from EZ/EC grants	**Round I**		**Round II**		**Total**
	EZ	**EC**	**EZ**	**EC**	
0-.23	0	0	0	13	13
.23-4.52	0	8	3	3	14
4.52-14.6	0	12	1	1	14
14.6 and >	3	9	0	2	14
Total	3	29	4	19	55

Note: One Round II EZ and one Round II EC had no expenditures at this date. N=57 rather than 58 because one Round I EC was redesignated as a Round II EZ.

Community Based Partnerships

Another key principle was the formation of partnerships within the designated communities. All too often, even local organizations choose to "go it alone" in development, ignoring the potentially critical contributions of neighboring groups with whom they could partner. Lacking any incentive to do so, however, and responding to the apparently universal tendency toward "turfism," rural communities appear to be no different than organizations everywhere in their preference to act in isolation. Yet, limited resource communities such as those targeted by the EZ/EC program can hardly afford to ignore local assets, be they organizational, financial, or sources of innovation or volunteers. For this reason, the EZ/EC program has emphasized the critical importance of looking within and working cooperatively.

The BMS tells us the number of funders for each community benchmark, which we take as a measure of the willingness of communities to reach out and find committed partners. Table 3 indicates the number of partners varies somewhat among types of community. The EZs of both rounds are most likely to rely on one or two funding sources, while ECs rely on a larger number of sources--especially Round I ECs for whom one benchmark in six has six or more funders.

Table 3. Benchmarks, by Number of Funders, Rural EZ/ECs, July 2000

Number of funders	**Round I EZ**	**Round I EC**	**Round II EZ**	**Round II EC**	**Total**
1-2	62.8	52.0	72.5	57.8	56.0
3-5	31.7	31.3	21.6	36.3	32.3
6 or more	5.5	16.7	5.9	5.9	11.7
Number of benchmarks	218	742	51	353	1364

Note: Active benchmarks only.

The numbers for Round I communities, at least, are consistent with the idea that when EZ/EC communities have an incentive to do so, as is the case with ECs, they will reach out and develop greater numbers of partnerships in order to achieve community objectives. In all likelihood, it is too early yet for the numbers for Round II communities to have stabilized. We know from our observations that many communities are reaching beyond their previous limits to build strong relationships that will pay dividends over the long haul in terms of more effective resource utilization and stronger consensus about community objectives.

Sustainable Development

The principle of sustainable development requires a bit of explanation in the context of the EZ/EC program. The program's designers intended this principle to refer to the diversity of services available within a community, so as to make the community self-sustaining and viable as a living place. Within USDA, an additional distinction has been drawn--"sustainability" also refers to the community's ability to build its capacity to the point that it can carry on its community development process after USDA funding and technical assistance come to an end. While this concept of sustainability can incorporate the more specific references to food, fiber, and environmental sustainability as an approach to development, it incorporates broader elements of a parallel nature.

What can the BMS tell us about the extent to which sustainability is being addressed by the rural EZ/ECs?

One indicator of a community's efforts to build the capacity to make its development process sustainable is whether or not it chooses to create a specific benchmark pertaining to plan implementation and the sustainability of the community's managing entity. Of the original 33 Round I EZ/ECs, only 16 have benchmarks that address these issues (Table 4). Of these, 14 appear to have had them as a part of their plan from the beginning; two others added benchmarks for this purpose later on. By contrast, 22 of the 25 Round II communities have administrative benchmarks, most having several to address the various aspects of plan implementation.

Table 4. Communities with Benchmarks Relating to Sustainability, July 2000 (number of communities)

	Have an administrative benchmark	Have benchmark for capacity building among residents	Have benchmark for leadership development
Round I	16	7	5
Round II	22	9	8
Total	38	16	13

Note: Administrative benchmarks pertain to plan implementation and sustainability of the managing entity. Capacity building for community residents excludes benchmarks directed toward specific goals such as job creation, education programs, or business development.

A minority of communities also had benchmarks to promote general capacity building among citizens. Among these, too, a slightly larger share were Round II communities.

Finally, 13 communities had specific benchmarks for development of community leaders; about two-thirds of these were Round II communities.

Two reasons are offered for the greater prevalence of benchmarks directed toward building sustainability among the Round II communities. First, USDA gave major emphasis to this theme throughout the orientation process for Round II applications and in its educational materials. In addition, it has been a constant theme at the national rural community development conferences USDA has held annually for EZ/ECs, and it appears that larger numbers of Round II communities took this message to heart when developing benchmarks for their strategic plans.

In addition, USDA insisted that Round II EZ/EC grants, which unlike the Round I grants were administered directly by USDA, could only be spent for benchmarked activities; communities wanting to defray some of their operating costs with the EZ/EC grants therefore had to establish an administrative benchmark for this purpose. Despite the significance of this second reason, it is tempting to conclude that USDA's efforts at community development skill building have had an effect that is observable in these differences, especially since capacity building and leadership development are little affected by this factor.

Another action by USDA to enhance community sustainability was a program of training in the responsibilities of a community board member that was offered to Round I EZ/ECs during 1998 and 1999. Twenty-four of the 33 Round I communities took part in this training, which was usually conducted within driving distance of one or more EZ/ECs and conducted over a two-day period convenient to board members, usually on the weekend. The relationship between receipt of board training and the use of EZ/EC grants suggests that the training had a positive effect on fund utilization (Table 5). Communities that were trained relied much less on their EZ/EC grants to fund their overall budgets; at the same time, their average leveraging ratios were higher. This finding supports the contention

[†] Round II communities were trained with the use of a videotape, national audio conference, and the on-site facilitation of discussions by local USDA staff; because this occurred only recently, Round II communities are omitted from this analysis.

that participation in the program has helped these communities develop skills that will serve them well after their designations end in another five years and they no longer have EZ/EC grants to rely upon.

Table 5. Board Training, Use of EZ/EC Grants, and Leveraging--Round I EZ/ECs, July 2000

Board training	Percent of funds from EZ/EC grants	Average leveraging ratio
Not received	22.7	15.2:1
Received	14.6	18.2:1
Total	16.9	17.4:1

Note: n=32 (omits one Round I EC redesignated as a Round II EZ).

Economic Opportunity

Clearly, in highly impoverished communities, creating job opportunities and preparing citizens for more rewarding employment are matters of the highest importance. Although often given disproportionate attention by policy officials, this principle is nonetheless highly important. In most cases, it can be considered a fundamental condition for assuring the community's long-term success in achieving the other key principles.

What does the BMS tell us about the degree to which communities are addressing the economic opportunity goal?

Table 6. Measures of community activity in addressing goals, July 2000

Benchmark category	Ave. percent of goal accomplished	Average number of funders	Average leveraging ratio	Average percent of funds from EZ/EC grants
Transportation	66.7	3.5	27.0	18.9
Business development	88.3	3	18.0	33.6
Education	89.9	2.9	17.1	41.1
Children, youth, families	87.6	3.2	45.8	37.9
Health	82.0	2.7	5.0	42.4
Public safety and justice	83.4	3.0	5.0	38.6
Housing	96.5	3.2	15.6	28.5
Arts, culture, tourism	62.3	4.1	6.9	27.2
Community capacity	68.2	2.6	9.5	59.9
Environment	39.7	2.5	103.3	18.2
Total	80.9	3.1	20.2	34.0

Of the issues addressed by community benchmarks, business development has the largest number of benchmarks and has received more funding than any other benchmark category ($444.2 million). Several measures of community activity in addressing benchmarks in ten categories are shown in Table 6. In all cases, business development appears to be well represented. On average, 88 percent of business development goal objectives have already been attained, a level of accomplishment seven percentage points higher than the average for all benchmarks. In the number of funders, average leveraging ratio for business benchmarks, and average percentage of funds for business development drawn from EZ/EC grants, the business development benchmarks appear to be just about the average for all benchmarks.

The outliers occur in other categories. The environment, arts, culture and tourism, and community capacity-building benchmarks are the furthest from completion, on average, and two of these environment and capacity building drew the lowest average number of funders. Health, public safety, arts, culture, and tourism and community capacity had the lowest leveraging ratios. Community capacity relied most heavily nearly 60 percent on EZ/EC grants, as expected given the dearth of alternative federal or state funding for this type of activity.

In short, then, rural EZ/ECs evidence considerable effort in addressing their business development objectives.

Conclusions

The brief evidence presented here though by no means exhaustive of the evaluative potential in our data or definitive as an assessment of progress in achieving the four key principles--suggests that the EZ/EC program is indeed achieving some of the goals that were set out for it at the beginning.

Overall, we conclude that existing data provide evidence that the rural EZ/EC communities are progressing toward the attainment of the four key principles of the Community Empowerment Initiative. It appears that their actions have been reoriented in the direction of a more strategic view of development, an awareness of the value of husbanding their valuable EZ/EC grant dollars, a larger number of active partners, and a firm but balanced view of the need for economic development and the range of activities and options open to them in addressing this goal. Just how substantial this reorientation has been, how sustainable it will prove to be over the long term, and what degree of benefit it will produce in the lives of these communities and their citizens, must await additional analysis and, of course, time.

In the meantime, some conclusions about policy design and program management may also be drawn. First, many important outcomes of the EZ/EC program are difficult to measure. Examples include the improvement in internal communications, reductions in racial enmity and isolations, and the strengthening of community organization and leadership. Anecdotal evidence suggests that many exciting and important developments are occurring in this area. It is possible that these alone might be worth the price of the program. In order to convey the importance of these social changes, however, it is important that future research develop measures that can capture them.

Second, given that the objective of the program is the construction of community capacity to succeed without help from the outside, it is clear that implementation of such a program calls for special approaches and methods. Especially critical is a strong base of on-the-ground support by community development specialists who are able to provide technical assistance in community processes, leadership and project management skills, and the transfer of best practices from other communities to meet individual, local needs. This cannot be achieved by managing the program entirely from Washington, and staff whose principal job responsibilities and skills lie in other areas, cannot accomplish it.

Third, simple reliance on money to produce development, without accompanying technical support, encouragement and education, will be inadequate to achieve the best results. It is clear from the data presented in this paper that money has the potential to drive out community initiative and responsibility for self-development. As a result, a simple drop of money or tax credits that are outside of local community management and accountability quickly become a wasteful use of public funds. In general, it appears that the importance of money is highly overrated in its importance to the development of even these impoverished communities. The amazing accomplishments of the Champion Communities, which are implementing their strategic plans without EZ/EC grants, prove the point that clear focus, community support, and effective leadership are worth their weight in gold. We would argue that providing the incentive to begin as the grant competition did   and support throughout the growth process are more effective even than funding in bringing about visible and meaningful community enhancement.

Fourth, our experience convinces us that communities are capable of making informed choices and implementing effective programs, as they are doing throughout this Initiative. But the burden on them of getting organized and being accountable is so high that they will resist it when not strongly encouraged to do so. Few of USDA s efforts to encourage accountability and effective organization have been welcomed with open arms by the EZ/ECs. However, many communities already regard this accountability and organization as one of the program s most important--though largely unmeasurable contributions and the foundation for their eventual success in the long term. We observe that those communities that have successfully resisted are not doing as well as those that have embraced them.

Finally, we observe that if the pace of progress through a comprehensive, long-term program such as the EZ/EC program is slow, then it must surely be impossible for impoverished communities to arise from their current condition through the piecemeal, disconnected approach that has been the norm for federal development policy over the decades of the past. The best hope for achieving substantial and lasting enhancements in community lies with sensitive, holistic, supportive approaches that retain commitment over the long term. There is certainly much to learn about the means by which the empowerment approach can best foster these objectives. Future research can sustain and improve this approach by addressing important issues about the objectives and conduct of community development support.