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## **Rural America: In Ord, Neb., the Latest Success Is 20 New Residents**

By KENNETH J. STIER

A new approach to grass-roots philanthropy is trying to help stem the debilitating demographic downturn that afflicts much of rural America.



Photo by Alyssa Schukar for The New York Times

Butch Koehlmoos, center, president of the Valley County Economic Development Board, with other members at the courthouse in Ord, Neb. The board and the county's foundation are trying to stem the loss of residents in the area.

So when 10 young couples - all professionals - recently moved to this town of about 2,200, it was seen as a good omen that perhaps the long decline was ending. It is also a tribute to a new approach of grass-roots philanthropy - one that mobilizes as many residents as possible, not just the rich, to support community foundations. The goal of this new philanthropy is to help stem the debilitating demographic downturn that afflicts much of rural America.

Six of the 10 couples who moved to Ord received some relocation assistance from the new Valley County Foundation, as well as from the county's economic development board. Although it is unclear how this help affected their decision to move directly, it was a factor for all of them. That includes Farrah Plate, a 28-year-old recent dental school graduate who was given money to buy the practice of a retiring local dentist, Dr. Chuck Blaha, who

stayed on for a year to coach Ms. Plate. Such business help, which the foundation will increase in the future, is critical in preserving the role that Ord plays as the service hub of Valley County and its eight neighboring counties.

The arrival of the new residents and other improvements paid for by the foundation have revitalized local attitudes. "There is a renewed sense of hope in this community that we can help ourselves, we have to help ourselves because no one else is going to," said Bethanne Kunz, executive director of the Valley County Economic Development Board, which also helps oversee the foundation.

She says this new can-do spirit recently helped Ord win (against three other competing towns) a \$75 million investment from a Minnesota company to build a new ethanol plant that will provide 35 permanent jobs (200 during construction) and inject \$50 million in tax revenue over the next 10 years.

The Nebraska Community Foundation, a statewide nonprofit organization based in Lincoln, was instrumental in setting up the Ord foundation and dozens of others, and is considered a national model. There are hundreds of community foundations nationwide, and efforts to spawn more locally based foundations have been spreading.

The Maine Community Foundation, a nonprofit group in Ellsworth, began establishing foundations in 1986, and now there are permanent endowments in 11 of the state's 16 counties. The goal has been to create endowments of \$1 million, which, at 5 percent of earnings, could yield \$50,000 a year for local spending; extra earnings are reinvested.

The state's local endowments total \$6 million, but the figures vary widely, from \$165,000 to \$1.4 million. Full-time residents in Cumberland County, the state's most urbanized county, are collectively the most generous donors, and second-home owners from out of state are the second-largest group, said Andrea Perry, director of regional networks for the foundation.

Nebraska does not have a large pool of part-time residents to tap, and it has an outflow of young residents - the children of potential donors - who move away when they go to college and do not return. So virtually every town has tracked down alumni networks, even for grade schools, to draw from the huge intergenerational wealth transfer that could be coming in the next decades.

The critical part of creating an endowment is to involve as many residents as possible, through a local founders club that requires a minimum commitment of \$1,000. In Ord, 55 donors signed up within the first two weeks.

Even smaller towns have gotten involved. Shickley, a village in Fillmore County in the southeastern part of the state, with a population of 363, has built an endowment of \$300,000 in just four years, after a local banking family posted a \$105,000 challenge grant. If the town can raise \$1 million - by 2011 it is hoped - it will provide more than the present annual property tax intake of \$42,000. This year, the endowment's extra \$13,000 helped renovate the Fillmore County Courthouse, support a local history project and maintain a new library and public swimming pool.

But the biggest goal is to build economic opportunities by stimulating entrepreneurship, the real source of growth in rural areas in recent years - most of it unrelated to agriculture. The Center for Rural Affairs in Lyons, Neb., supplements financing by the Small Business Administration with its own endowment earnings to run statewide microenterprise programs offering business development training to mostly low-income women.

"It's one thing for someone to get a job; it's another for people to start to build assets because this ownership gives you a certain stability, a certain security to ride out tough times," said Chuck Hassebrook, executive director of the Center for Rural Affairs.

"That gives them a degree of control over their lives," he said, "because it keeps more control of the local economy in the hands of people who actually live in the community." Many of the social problems associated with cities - including crime and widespread drug abuse - are now common in rural communities, even though many of these trends are under the radar of the national news media. About 340 of the country's 380 poorest counties are in rural areas.

Yet these areas are finding relatively little help from the large foundations, which focus on such problems in urban settings. There are many reasons for this. For one, most major foundations are far from rural areas, said Rick Cohen, executive director of the National Committee for Responsive Philanthropy, a nonprofit research group.

About 50 million Americans live in rural regions, but they receive a small fraction of the \$30 billion that charities in the United States sprinkle around the country each year. More than 42 percent of rural spending comes from just two organizations, the W. K. Kellogg Foundation in Battle Creek, Mich., and the Ford Foundation in New York City. The Kellogg Foundation gives about \$100 million each year to rural communities - three times as much as Ford - which is roughly 40 percent of its total annual giving of \$260 million.

The Kellogg board's commitment to rural areas is based on the view that they are a national treasure, providing a critical resource for food, livestock and other essentials, and are an incubator of American values, said Dr. Richard Foster, the foundation's vice president for food systems and rural development. "The key right now is not to look at rural America as 'poor me, poor us,' but to look at it as a significant part of the fabric of American society."

In the so-called "philanthropic divide" states - those ranking near the bottom of philanthropic assets or per capita spending - the situation is particularly grim. In Montana, for instance, nonprofits are being overwhelmed by the swelling ranks of working poor whose wages no longer make ends meet, and who no longer have federal help to turn to, said Michael D. Schechtman, executive director of the Big Sky Institute for the Advancement of Nonprofits, in Helena. The needs are so pressing that they thwart endowment building efforts. The most promising glimmer of hope, he said, is the influx of rich out-of-staters who have to be approached gingerly.

But competition is keen; community-based organizations are up against local universities and the state's entire hospital system. To make matters worse, Mr. Schechtman said, on a recent visit to the Montana State Library in Helena, he could not get important grant reference material. Because of budget cuts, the library had discontinued its subscription to the Foundation Center, a major research group that tracks and analyzes grants.

"This is life in a philanthropic divide state," Mr. Schechtman said with a sigh.