



— GOVERNOR'S —
EMPOWER RURAL IOWA
— INITIATIVE —

INITIAL RECOMMENDATIONS

December 2018

EXECUTIVE SUMMARY

Governor Kim Reynolds created the Governor's Empower Rural Iowa Initiative through the signing of Executive Order No. 3 on July 18, 2018. The executive order created a partnership with the Iowa Rural Development Council (IDRC) and tasked Lt. Governor Adam Gregg and IRDC Chair Sandy Ehrig with co-chairing the initiative. The executive order also created three task forces - the Investing in Rural Iowa Task Force, the Growing Rural Iowa Task Force, and the Connecting Rural Iowa Task Force.

Governor Reynolds challenged the task forces to develop initial recommendations for her consideration ahead of the 2019 legislative session. She asked each task force to address a specific topic:

- The Investing in Rural Iowa Task Force was asked to address the rural housing shortage.
- The Growing Rural Iowa Task Force was asked to address leadership development in our rural communities.
- The Connecting Rural Iowa Task Force was asked to address the issue of financing broadband connectivity.

The task forces held "Ideas Summits" in rural locations throughout Iowa. Meetings were hosted in Holstein, Mt. Pleasant, Earlham, Stanton, Maquoketa, and Pella. The task forces considered ideas submitted by task force members and by members of the public.

In developing these initial recommendations, some common themes developed among all three task forces. It became clear there is a need to have an Office of Rural Affairs to carry out these recommendations and to provide a rural perspective on an ongoing basis. Additionally, it became clear there is a need to have a common resource for rural communities to turn to regarding available programs, best practices, and development strategies.

The task forces also noted the interconnected nature of the issues each group was asked to address. For example, who wants to live in a new home if it is in a community that is not connected? Along the same lines, local leaders are unlikely to be successful in guiding their communities unless they are considering issues like housing and connectivity as part of their vision.

In making the following initial recommendations, it should be emphasized that they are just that - initial. These recommendations are not a silver bullet solution to every challenge facing rural Iowa. Instead, they represent the possibility of quick, achievable victories that would make a meaningful difference in rural communities. Most importantly, implementing these recommendations would build momentum for future, larger-scale efforts.

INITIAL RECOMMENDATIONS IN SUMMARY

Common Themes from Ideas Summits

- Create an “Office of Rural Affairs” to assist in rural policy development and to serve as the day-to-day connection to rural Iowa.
- Create a common resource with up-to-date information regarding existing programs, best practices, and success stories from rural communities.

Investing in Rural Iowa Task Force (Housing)

- Assist rural Iowa communities in obtaining housing needs assessments.
- Dedicate additional resources to the rural set-aside in the workforce housing tax credit, and reform the program so it is competitive.

Growing Rural Iowa Task Force (Leadership)

- Create a recognition program for “Empowered Rural Communities.”
- Create leadership pathways for recognized empowered rural communities.

Connecting Rural Iowa Task Force (Financing Connectivity)

- Optimize the existing broadband grant program to ensure state funding can stretch as far as possible.
- Identify a consistent source of funding for the broadband grant program.



COMMON THEMES FROM IDEAS SUMMITS

Create an “Office of Rural Affairs” to assist in rural policy development and to serve as the day-to-day connection to rural Iowa.

The state must demonstrate a dedicated commitment to rural Iowa. Iowa needs someone whose job it is to not only carry out these recommendations, but to also view all issues through a rural lens.

To that end, the state should create an “Office of Rural Affairs.” The office would have responsibility for the day-to-day operations of the Governor’s Empower Rural Iowa Initiative, and it would be responsible for implementing these recommendations. The Office of Rural Affairs would act as a liaison to rural communities and be the primary point of contact for small communities to access programs that support rural areas. The office could provide training and educational opportunities for rural communities, and it could develop a recognition program to reward communities that implement best practices.

Perhaps most importantly, the Office of Rural Affairs would assist the governor and the legislature in rural policy development. The office could analyze existing programs for rural impact, suggest policy proposals to encourage rural economic development, and assist in growing rural leaders.

Create a common resource with up-to-date information regarding existing programs, best practices, and success stories from rural communities.

At the Ideas Summits there were many comments from attendees indicating that they did not realize so many resources are available for rural communities. It became apparent that a common resource is needed to help connect communities to relevant programs.

The state should develop a resource for rural communities similar to what IASourceLink provides for small businesses. It should be an easily accessible online portal, connecting users to information on state programs, best practices, and rural success stories.

The state should utilize the annual Iowa Rural Development Summit, to be held April 11-12, 2019, as an opportunity for sharing programs, best practices and success stories among communities in attendance. The Summit is also a chance for collaboration among communities. The state should encourage participation in other noteworthy summits such as the Home Base Iowa Summit, Future Ready Iowa Summit, among others, which compliment the efforts of the Governor’s Empower Rural Iowa initiative.



INVESTING IN RURAL IOWA - HOUSING

Assist rural Iowa communities in developing actionable housing needs assessments.

Housing needs assessments allow communities to gain a firm understanding of their housing needs. A housing needs assessment provides hard data - rather than mere anecdote - and it provides information specific to the community being analyzed. A proper housing-needs assessment can help guide a community's capacity to develop housing policy and make public-investment decisions.

Most importantly, a housing-needs assessment can help a community get more housing built. It proves the existence of a market to builders, it is often a prerequisite for access to state and federal programs, and it is a critical first step for communities to take to understand precisely what type of housing they need and at what price points.

Iowa Workforce Development and the Iowa Economic Development Authority recently partnered to create a laborshed analysis for the entire state. Much like these state agencies are working to help empowered communities understand their labor needs, the state should help communities engage and understand their housing needs and dedicate financial and technical resources to that effect.

Dedicate additional resources to the rural set-aside in the workforce housing tax credit, and reform the program so it is competitive.

The Workforce Housing Tax Credit was created in 2015 to help meet the demand for housing in Iowa communities. A portion of the funding for the program (\$5 million) is carved out for projects in the 88 least populous counties in Iowa, known as the "small cities set aside." Projects eligible for the small cities set aside are also subject to slightly different program requirements. For example, fewer units are required, and the incentives per unit are increased.

This program, and particularly the small cities set aside, has been extremely popular since its inception. It is currently designed as a first-come, first-served program, and there is currently a waitlist for the small city set aside portion of the tax credits until Fiscal Year 2024.

More resources should be dedicated to the small city set aside to help meet the demand that is evidenced by the years-long wait list. In addition, the program should be reformed so it is competitive rather than first-come, first-served. A competitive program will better incentivize and fund high quality, shovel-ready projects instead of merely rewarding whoever held their spot in line first.



GROWING RURAL IOWA - LEADERSHIP

Create a recognition program for “Empowered Rural Communities.”

Rural leaders need to be empowered to improve their communities. New leaders need to be engaged and developed. The challenges in each of Iowa’s rural communities vary - but they all need to be faced head on.

To accomplish these goals, Iowa should create “pathways” to Empowered Rural Communities - specific steps a community can take to improve itself, no matter its size or stage of development. Although there are outstanding existing programs in place that help small towns improve, not every community is ready or able to pursue a more challenging designation, such as “Main Street Iowa” or “Iowa Great Places.” The Empowered Rural Community program can provide a pathway for improvement for any community.

While an “Empowered Rural Community” is envisioned as a designation a community can achieve, the true value of the program will come from the development of leaders it encourages, the strategic planning it catalyzes, and the solutions to community challenges that it generates.

Rather than a prescriptive certification process, many “pathways” should be made available to communities so their specific needs can be met. For example, communities should be able to pursue Empowered Rural Community status by tackling specific projects that are needed in their community, engaging in strategic planning initiatives, or developing a local leadership program. However, other communities might choose to pursue a more challenging community designation, seek to develop a local certified site, or create a new trail system or other quality-of-life improvement.

Achieving Empowered Rural Community status should open up additional opportunities for the community, such as special grant funding opportunities or additional points in grant and program applications.

Create leadership pathways for recognized empowered rural communities.

If we want our rural communities to survive and thrive, it will take strong local leadership. Rather than waiting and hoping it will happen, our state should take steps now to ensure it will happen.

There are many existing leadership development resources for both non-profit and elected public leaders. The “Empowered Rural Community” pathway will connect community leaders with the assistance and training needed for success.

Many rural communities have created effective leadership programs, as have various Iowa industries. Using these efforts as examples, a template should be developed for rural communities who want to start a local leadership program and work to engage participants in community leadership roles.

In addition, the state, with assistance from the Iowa Rural Development Council, Iowa League of Cities, Iowa State Extension to Communities, and Leadership Iowa, should identify ways to further empower and recognize rural leaders who wish to continue their growth, through training and assistance on issues such as grant writing, strategic planning, and leadership development.



CONNECTING RURAL IOWA - FINANCING CONNECTIVITY

Optimize the existing broadband grant program to ensure state funding can stretch as far as possible.

In 2015, the legislature passed and the governor signed the Connect Every Acre Act. The bill made a number of broadband-related policy changes, including the creation of a new broadband grant program. Though the grant program was created in 2015, it was never funded until the 2018 legislative session, when \$1.3 million was allocated from the Rebuild Iowa Infrastructure Fund.

No matter how the state decides to fund the broadband grant program going forward, the funding will of course be limited. Therefore, it is important that any funds appropriated be used as efficiently as possible.

To that end, the state should ensure the existing broadband grant program conforms to certain principles:

- **Mapping.** The most up-to-date maps of broadband connectivity in the state of Iowa are from 2015. The broadband maps should be updated to reflect current connectivity. If updated mapping proves cost prohibitive, an effective “appeals” process should be created which would allow providers to assert that the 2015 map does not reflect current broadband availability.
- **Future Ready.** The state should target funding for the level of connectivity that we’ll need tomorrow - not just the levels we need today. The 2015 legislation placed broadband targets at 25 megabits per second of download speed and three megabits per second of upload speed. To truly be “future ready,” state incentives should support download speeds of at least 100 megabits per second with preference to systems that offer symmetrical speeds.
- **Platform neutral.** There are many means by which connectivity can be delivered - fiber, mobile networks, fixed wireless, and satellites, to name a few. Rather than preferring one type of connectivity platform over another, the state should target its funding based on performance and consumer affordability. In other words, a project can be eligible for funding if it meets the download speed targets, regardless of what platform it uses.
- **Prioritize low connectivity areas.** Target funding for areas of the state with low connectivity. Don’t overbuild existing consumer networks where connectivity is already available.
- **Reward partnerships.** Perhaps the best way to stretch funding further is to encourage partnerships among private partners (like telecommunications companies and rural electric cooperatives) and public partners (local, state, and federal governments). State funding should be targeted to projects that effectively utilize partnerships to deliver connectivity.

Identify a consistent source of funding for the broadband grant program.

There are numerous potential sources of consistent funding for the broadband grant program - however, there are also even more demands on those funding sources. Therefore, funding the broadband grant program ultimately requires the state to decide that it is a priority worthy of significant funding, and then following through on it.

The task force discussed the following potential sources of funding to be considered to support the broadband grant program going forward:

- Online sales tax revenues. More and more of our economy is moving online, and the sales tax is now applicable to online sales. A portion of such sales tax revenues could be allocated to support the broadband grant program. In that sense, tax revenue from the new economy would be used to expand connectivity so more Iowans can participate in that new economy.
- New gaming revenues. With recent court rulings, the state may be faced with decisions regarding whether to expand gaming in the state of Iowa. If gaming is expanded and creates new revenue, funds could be dedicated to the broadband grant program. Gaming revenue already goes to support the state's infrastructure needs - broadband is simply another important piece of our state's infrastructure.

EMPOWER RURAL IOWA RECOMMENDATIONS AND NEXT STEPS

This Governor's Empower Rural Iowa Initiative report and recommendations are but a beginning. In fact, the three Task Forces established by the Governor's Executive Order were purposefully and strategically requested to initially narrow the scope of their research and analysis. This request was aimed at a sincere desire to come up with a short list of unifying and substantive recommendations that could be assembled in time for Executive Branch review and budgetary and statutory consideration and adoption by the next General Assembly.

Clearly, the efforts of Governor's Empower Rural Iowa remain a work in progress. It will be important that task forces come back together to assess progress and to address and prioritize additional, new, and emerging ideas and topics to empower rural Iowa communities and their citizens.