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**STANFORD** SOCIAL INNOVATION *review*

## Upfront

### **Neglecting the Neediest** **Foundations favor urban poor over rural residents**

By Andrea Orr

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PHILANTHROPY

## Neglecting the Neediest

*Foundations favor urban poor over rural residents*

To charitable foundations on the frontlines of urban poverty, the notion of rural America may conjure up an image of green pastures, fruitful farmland, and hard-working nuclear families who are self-sufficient and don't need outside assistance.

That image is not only false, it is keeping critical philanthropic dollars from some of the nation's most long-suffering individuals and communities. The latest U.S. census shows that 55 million people, or 20 percent of the population, live in rural America. Of these, an estimated 14.2 percent live in poverty, while in some remote regions like central Appalachia and Native American territories in the mountain states, the poverty level is well over 20 percent. But communities outside of metropolitan regions received just \$100.5 million in foundation grants in 2002, or less than 1 percent of the \$30 billion that foundations distributed throughout the United States, according to a recent study from the National Committee for Responsive Philanthropy (NCRP) and Stand Up for Rural America, a national coalition dedicated to raising public awareness of the nation's rural communities.

"For much of the American public, 'rural' is just not part of peoples' thinking," says NCRP executive director Rick Cohen. He notes that America's smallest communities face a daunting list of challenges, including depopulation, lost industry, crumbling infrastructure, substance abuse, lack of health insurance, and poverty. "Many rural communities are far away from the centers of power and

	STATE	TOTAL
W.K Kellogg Foundation	MI	31,213,802
Ford Foundation	NY	10,475,500
William and Flora Hewlett Foundation	CA	4,550,000
California Endowment	CA	4,391,125
Blandin Foundation	MN	3,924,650
F.B. Heron Foundation	NY	3,390,000
Charles Stewart Mott Foundation	MI	2,943,698
Walton Family Foundation	AR	2,677,000
Duke Endowment	NC	2,200,000
Richard King Mellon Foundation	PA	1,600,000
Bill and Melinda Gates Foundation	WA	1,545,458
Claude Worthington Benedum Foundation	PA	1,379,000
Otto Bremer Foundation	MN	1,336,200
Rockefeller Foundation	NY	1,274,470
Jessie Smith Noyes Foundation	NY	1,180,000
Robert Wood Johnson Foundation	NJ	1,110,850
Houston Endowment	TX	1,100,000
Mary Reynolds Babcock Foundation	NC	1,091,500
Fannie Mae Foundation	DC	1,021,800
William Randolph Hearst Foundation	NY	985,000

finance," he says. "There is an isolation factor."

Cohen says the pattern of short-changing country folk holds across the corporate landscape. One notable exception in the corporate sector was the banking industry, which was particularly responsive to rural-development grantmaking. The study highlighted Bank of America for leading the corporate sector in philanthropic support for racial and ethnic communities in rural America.

Some other exceptions cited in the study were the W.K. Kellogg Founda-

tion, the Ford Foundation, and the William and Flora Hewlett Foundation, the three largest rural-grantmaking foundations, which in one recent year gave \$31.2 million, \$10.4 million, and \$4.5 million, respectively, for rural development.

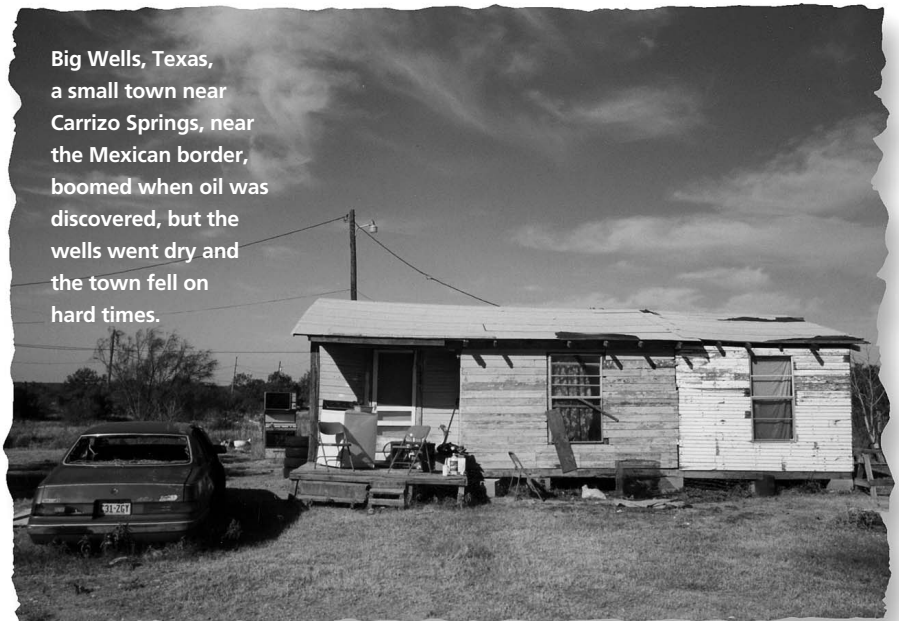
"For us, it is a strategic investment in the country," says Rick Foster, a vice president at the Kellogg Foundation, which was established in 1930 in the small town of Battle Creek, Mich., to address the concerns of nonurban Americans. Because Kellogg is required under its bylaws to hold its

board meeting each year in Battle Creek, it has been able to stay focused on rural issues even as it has expanded, Foster says.

But aside from the top three foundation givers, other foundations gave relatively small amounts to rural regions. The average rural-development grant made by all 184 foundations studied was just \$546,000, and the median grant was a mere \$75,000.

The Mountain Association for Economic Development, located in the heart of Appalachia in the town of Berea, Ky., is one rural-development group struggling to get on the radar screen of large, city-based foundations. The group, which provides training and technical assistance to help small businesses get off the ground, receives the bulk of its \$1 million budget from the Kellogg Founda-

Big Wells, Texas, a small town near Carrizo Springs, near the Mexican border, boomed when oil was discovered, but the wells went dry and the town fell on hard times.



tion, but notes that many other foundations are not willing to venture into their territory. “It is just a massive struggle,” says Mountain Association president Justin Maxson. Over the past seven years, its annual budget has dropped from \$2.5 million to \$1 million and its staff has plummeted from 30 to 10.

“I think in part it is a phenomenon

of ‘out of sight, out of mind,’” says Sandy Rosenblith, senior vice president of Stand Up for Rural America. “People need to know there is a much larger percentage of people living in poverty in rural America, and there is generally less adequate treatment there for chronic disease,” she says.

—Andrea Orr