Editor’s Note
The Urban and Rural Divide
By Eric Nee
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Ask Americans what parts of the country are the most poverty-stricken and they will probably talk about cities like Cleveland, Baltimore, and St. Louis. They aren’t likely to mention rural areas in states like Mississippi, New Mexico, and Arkansas.

Yet the rate of poverty is significantly higher in rural America than it is in urban America. According to the most recent data from the federal government, in 2018 the poverty rate in metropolitan areas was 12.6 percent, while the poverty rate in nonmetropolitan areas was 16.1 percent, more than 25 percent higher.

And poverty is just one of the areas where there is a divide between urban and rural. Rural areas have fewer cultural institutions, fewer colleges and universities, fewer nonprofit organizations, fewer social services, fewer jobs—the list goes on.

Given this disparity, you would think that philanthropists would be pouring money into rural areas. Sadly, that’s not the case. In fact, it’s the opposite. Philanthropists have been putting much more money into urban areas.

According to a US government study of more than 1,200 of the largest US foundations, “the average real value of grants from large foundations to organizations based in nonmetropolitan counties from 2005 to 2010 was about $88 per capita (in 2010 dollars), less than half the average ($192 per capita) given to organizations in metropolitan counties.”

Why do so many US philanthropists ignore rural areas, and what can be done to remedy the gap? Those are the questions that the authors of “Philanthropy’s Rural Blind Spot” seek to answer in the cover story in this Spring 2021 issue of Stanford Social Innovation Review.

One of the reasons for the giving gap is that the largest US foundations are mostly based in urban areas. Of the 10 US foundations with the largest endowments, all but the W. K. Kellogg Foundation (Battle Creek, Michigan) and Robert Wood Johnson Foundation (Princeton, New Jersey) are based in large metropolitan areas.

There are of course community foundations based in rural areas, but they are smaller than their urban peers. For the most part, private foundations and corporate philanthropy exist in an urban bubble, largely isolated from the rest of the country.

It’s not as if philanthropists have to travel far from home to find rural poverty. It’s right outside their door in places like upstate New York and California’s Central Valley. The article takes a close look at New Jersey as an example of the divide and shows that rural southern New Jersey receives much less philanthropic money than does urban northern New Jersey.

One of the other reasons why rural areas don’t receive as much philanthropic money is that they don’t have as many nonprofit organizations as urban areas do. As a result, there are fewer grant applications from rural areas, and those that are submitted are more likely to be rejected than those from urban areas.

Philanthropists aren’t the only ones ignoring rural areas. The government and business are also guilty. Think about the digital divide. But unlike the public and private sectors, philanthropy has the ability to change where and how it invests quickly, if it chooses to do so. —ERIC NEE