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Briefing Report 7

Nebraska Legislative Issues Symposium
University of Nebraska at Omaha

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BRIEFING REPORT

7

NEBRASKA LEGISLATIVE ISSUES SYMPOSIUM

STATE TARGETING OF RURAL COMMUNITY DEVELOPMENT ASSISTANCE

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Introduction

State government actions have considerable impact on rural community development. These may be indirect or unfocused and include the following range of activities:

- Location of state facilities;
- Structure of shared or earmarked revenues (for example, gas tax, cigarette tax, school funding); and
- Mandated costs.

Many other activities of states may focus on community development, but they lack an overall policy direction and resources are allocated along narrow lines (for example, energy grants and loans and sewer and water grants and loans) or with little thought about their cumulative impact on community development along with other resources. The lack of a clear, targeted strategy for rural development often leads to the allocation of state resources on the following bases:

- First come, first serve, or
- The squeaky wheel.

Such policies tend to be reactive and often fail to place the state in a position to achieve its goals and objectives while improving rural community development.

Targeting Approaches

Should a state decide to target assistance to rural and small community economic development, such efforts could be categorized in one or more of the following ways:

- Need
 - Fiscal
Tax base is insufficient to support adequate level of services or activities
Example: School aid formulas
 - Physical
Lack of capacity to pay for items of physical infrastructure necessary to sustain community development
Example: Sewage treatment facilities
 - Economic
Assistance to rural communities to aid low- and moderate-income individuals within their borders
Example: Community Development Block Grant funds

- Geographic location
 - Allocate dollars so that every geographic area within the state, and each community within the state, receives some resources
 - Allocate resources to growth centers
Example: State funding of regional planning commissions/councils of government
- Impact
 - Allocate resources based on where it will have the greatest impact, for example:
 - Specific individuals
 - Specific groups of individuals
 - Specific businesses or industries
 - Specific areas within a community
- Examples: Community Development Block Grant, Research and Development Authority
- Capacity or readiness
 - Allocate resources to communities that demonstrate the greatest ability to utilize the resources effectively
- Particular activities
 - Allocate resources based on specific projects or activities that should be undertaken

Table 1 presents information on selected states' use of targeting criteria.

Allocation Criteria

Resources can be allocated based on any combination of these categories. Varying criteria or indicators are used depending upon the category itself. The following are the most common:

- Need
 - Income (median and per capita)
 - Minority population size and location
 - Tax base
 - Tax effort
 - Population size
 - Unemployment levels
 - Rate of growth over time
 - Housing (age and condition)
 - Condition and availability of services or facilities
- Geographic location
 - County
 - City, town, or village
 - Regional district boundaries:
 - Community action agencies
 - Natural resource districts
 - Council of government districts
 - Regional planning districts
 - Economic development districts
 - Congressional districts
 - School districts
- Impact
 - Jobs to be created
 - Value to be added to local economy

- Individuals to be served
- Area to be covered or assisted
- Other resources to be added or stimulated as the result of the added resources
- Longevity of results
- Capacity or readiness
 - Fiscal condition
 - Physical condition
 - Staffing (number and expertise)
 - Commitment or motivation
 - Leadership (existing or potential)
 - Past performance

- Particular activities
 - Community development
 - Streets
 - Sewer
 - Water
 - Public facilities
 - Public services
 - Organizational infrastructure
 - Economic development
 - Retention of business
 - Expansion of business
 - Creation of business

Table 1
Selected States' Use of Targeting Criteria

State	Criteria						
	Fiscal	Need Physical	Economic	Geographic	Impact	Capacity	Projects
Maine	x		x		x	x	x
Wisconsin	x		x	¹ x	x	x	x
Mississippi	x	x	x		x		x
Missouri	x	x	x		x	x	x
Nebraska	x	x	x		x	x	x
Texas	x	x	x		x		x
California	x	x	x		x	x	x

¹ Growth centers.

Source: Edward T. Jennings, Jr., Dale Krane, Alex Pattakos, and B.J. Reed. *From Nation to States: The Small Cities Community Development Block Grant Program*. State University of New York Press: 1986.

This *Briefing Report* was developed by the Center for Applied Urban Research, University of Nebraska at Omaha for the Legislative Council Executive Board, to provide background information for the 1987 Nebraska Legislative Issues Symposium. The *Briefing Report* is intended to provide an overview,

pose important questions, and identify alternative policies and strategies for a specific issue. The views and opinions expressed are those of the individual authors and do not necessarily represent those of the University of Nebraska at Omaha.