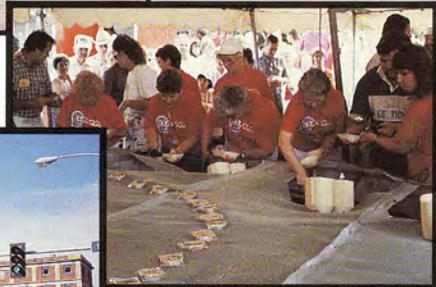
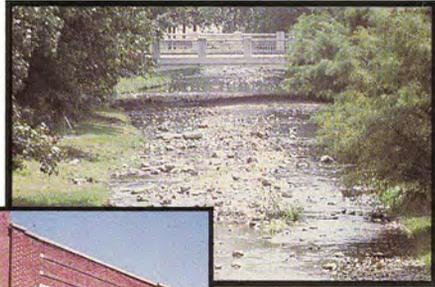


OKLAHOMA RURAL BUSINESS DEVELOPMENT STRATEGY

JANUARY, 1990



Revitalizing
RURAL **O**KLAHOMA

ON THE COVER

Clockwise from top:

Tahlequah, Oklahoma's beautiful Sequoyah Park.

Facade restoration of The Green Apple, a women's clothing store, in downtown Anadarko, Oklahoma.

Serving pieces of the world's largest pecan pie at the annual Pecan Pie Festival in Okmulgee, Oklahoma.

The idle Robin Hood Flour Mill in Ponca City, Oklahoma.

New public transportation system connecting downtown Eufaula and Marina Cove on Lake Eufaula.

(Photos courtesy of the Oklahoma Main Street Program.)

OKLAHOMA RURAL BUSINESS DEVELOPMENT STRATEGY

January 1990

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Supporting Grants:

National Governors' Association
W.K. Kellogg Foundation
National Cooperative Extension Service

The authors extend our sincere thanks to Mark Popovich with the Council for State Policy and Planning Agencies for his excellent guidance and support. We gratefully acknowledge the Rural Business Development Conference Planning Committee for their help in planning the conference and reviewing this strategy. Their names are listed in Appendix I.

Revitalizing
RURAL **O** **KLAHOMA**

This publication was printed by the State Department of Vocational Technical Education, Printing Department, and distributed by the Oklahoma Department of Commerce as authorized by Donald D. Paulsen, Secretary of Commerce. Fifteen Hundred Copies (1,500) were printed at a cost of \$4,518.17. Copies have been deposited with the Oklahoma Department of Libraries, State Publications Clearinghouse. 1/25/90 mkf

Oklahoma Rural Business Development Strategy 1990

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EXECUTIVE SUMMARY

This strategy is the work of many rural Oklahoma leaders -- those that attended regional focus groups and the Oklahoma Rural Business Development Conference on November 2, 1989. Their insightful comments and excellent recommendations form the base of this report, and, if followed, will lead Oklahoma's rural communities toward a brighter and more prosperous future.

The focus groups held this past summer pinpointed the three issues on which the conference should direct its attention -- Local Capacity Development, Financing for Business Start-Up and Expansion, and Public Works and Highways Development. At the conference, participants heard brief presentations on these three issues, then discussed the issues in-depth and recommended possible actions the state should follow to address the problems rural communities and businesses face.

Four themes clearly appeared in the conference participants' recommendations:

Themes

- * **the need for a variety of technical assistance and leadership development programs to be presented on-site in the rural communities;**
- * **the need for the state to support public/private financing partnerships which generate the necessary financial support and assistance for rural businesses, lenders and communities to successfully develop in this ever-evolving economy;**
- * **the need for the state to facilitate and support local and regional cooperation and sharing of resources; and,**
- * **the need for an efficient service delivery and marketing system to provide and promote existing state services to rural communities.**

The strategy's recommended actions are highlighted below under each issue. For a more in-depth review of these actions, refer to Chapter II of this report.

Action Plan

Creation of a rural assistance center to act as a clearinghouse for the state's rural development programs

A lot of good things are happening in rural Oklahoma today, much of it because local communities had an idea and the initiative to "get the ball rolling." It is clear that Oklahoma's rural communities want to decide, on their own, the direction of their future. But, they must know what services are available to help guide them toward their goals.

To address this need, conference participants strongly recommended more coordination and better marketing of public and non-profit rural development programs. Therefore, the first recommendation of this strategy is the creation of a rural assistance center to act as a clearinghouse for the state's public and non-profit rural development programs.

While the center's staff members will support the information and referral program, they will also need to contract and coordinate with the appropriate Oklahoma rural development organizations to provide much of the research, planning, development, and implementation services that are needed to support the projects outlined below.

LOCAL CAPACITY

- * creation of a statewide rural leadership development program
- * expansion of existing community economic development planning efforts by the Oklahoma Cooperative Extension Service
- * continued funding for the Oklahoma Certified Cities Program, a public-private leadership and community development project
- * partial funding of the nine regional economic development organizations

FINANCING FOR BUSINESS START-UP AND EXPANSION

- * better coordination and provision of small business assistance programs to Oklahoma's rural small businesses
- * better coordination and provision of technical assistance programs to Oklahoma's rural lenders
- * research and development of a series of public/private financing partnership programs, and identification of financial support for these programs

- * review and development of possible changes to the state's regulatory environment.

PUBLIC WORKS AND HIGHWAYS DEVELOPMENT

- * expansion of the existing public works planning assistance programs provided by the Oklahoma Cooperative Extension Service
- * expansion of the substate planning districts' public works planning assistance programs
- * review and development of public/private public works assistance partnerships
- * support of a joint OU-OSU research and extension program to collect and provide better public works research and data from state and local sources, and to conduct in-depth studies on public works issues affecting Oklahoma's communities
- * identification and development of public/private partnership programs and/or regulatory changes which address public works financing gaps in Oklahoma's rural markets
- * research and identification of ways to increase communities' ability to finance their local or regional public works needs
- * coordination of a statewide capital improvements planning process

This strategy will soon be presented to the Governor, the Oklahoma Legislature, Oklahoma Futures, and the Oklahoma Congressional Delegation. Each of these has an important role to play in the strategy's implementation. More important, though, is the role of Oklahoma's rural communities and citizens in envisioning their future and striving toward it.

Over the next months the Oklahoma Department of Commerce, the Oklahoma Cooperative Extension Service and the Conference Planning Committee will work with the Governor and the Oklahoma Legislature to generate adequate funding for the rural assistance center and these needed projects. With proper funding, the center should begin its work in July, 1990.

What's Next?

CHAPTER I. U.S. CLIMATE AND THE OKLAHOMA VIEWPOINT

"Finding long-term solutions would greatly help rural Oklahomans prepare themselves for a bright new future."

"Finding long-term solutions to three issues -- Local Capacity Development, Financing for Start-Up and Expansion, and Public Works and Highways* -- would greatly help rural Oklahomans prepare themselves for a bright new future," said leaders from many rural Oklahoma communities. With these leaders' help, the Oklahoma Department of Commerce, the Oklahoma Cooperative Extension Service, and the Conference Planning Committee designed Oklahoma's first Rural Business Development Conference to focus on these three issues -- those most challenging and important to rural Oklahoma's future (for more information on the conference background, see Appendix I).

For the sake of the conference and this strategy, "*rural*" has been defined as those communities outside of the Metropolitan Statistical Areas (MSAs); also included are those smaller "*suburban*" communities within MSAs which lack an independent economic base and sufficient local staffing to address these issues on their own.

In order to better understand the national and state climate revolving around these issues, issue papers prepared by recognized experts helped set the state for the participant discussions. Highlights of these papers follow under the "*Climate*" section in each issue. This review has been included to give you, the reader, some insight into the background of the conference, and how the participants were prepared -- in addition to their own background and experience -- to deal with the important issues at hand. (Copies of the three issue papers are available on request from the Oklahoma Department of Commerce).

The heart of the participants' recommendations are reviewed under the "*Oklahoma Viewpoint*" section in each issue. The conference participants recommended actions which the state and in some cases the private sector, should undertake to most effectively assist Oklahoma's rural areas to succeed in turning their economies around. To accurately reflect the outcome of the conference, only recommendations made by the conference

*Note: Initially, this issue was called Infrastructure Development. The Conference Planning Committee felt Public Works and Highways Development was a more descriptive term, so the issue was renamed.

participants are included in this section. Although some readers may feel there are other approaches to these issues, we do not attempt to address those here.

LOCAL CAPACITY DEVELOPMENT

Climate

Local Capacity Development, also known as "*Decision-Making Capacity*" focuses on how well a local community uses the resources that are available in the community to mold itself into the community it wants to become.

The keys to any community's healthy growth and development are that:

- * they want to help themselves;
- * they are provided individualized assistance to enable them to help themselves; and,
- * for the most part, they -- all members of the community -- do it themselves.

Most communities need a conceptual model -- or starting point -- in order to "*get off the ground.*" Normally, someone from outside the community -- an independent facilitator -- is needed by a community to help them take their first steps in the decision making process. With hard work, a long-term commitment to the model, and a true understanding and acceptance that local economic development is an ongoing, long-term effort, a community can create for itself a future with great potential and high rewards.

While decision making capacity already exists in many communities, it often needs nurturing and conscious support. The local decision makers who can contribute this support possess at least three separate qualities:

- * They must understand and interpret changing external circumstances that create local economic development possibilities.
- * They must understand the local economy and how it might be altered.
- * And finally, they must aggressively search for ideas to translate into actions that positively influence the evolving local economy.

Oklahoma Viewpoint

Conference participants felt effective leaders are currently found in rural Oklahoma's public and private sectors, although their quality and preparation is somewhat uneven. Through a mixture of leadership identification and development programs and technical assistance programs for current leaders, a more consistent, highly effective group of leaders will be developed in every community in the state.

The seriousness with which local Oklahoma communities are developing strategies for growth varies greatly, sometimes because of apathy among their leaders, but primarily because of the lack of expertise and resources available in many communities. This resource void inhibits development and implementation of community plans. To address this gap, conference participants called for more leadership development programs, technical assistance programs for local leaders, state financing for rural planning efforts, and regional cooperation and sharing of resources.

Many conference participants mentioned that the existing service delivery system was not as efficient and coordinated as it needed to be. To solve this problem, the participants recommended a better marketing program, a one-stop rural assistance center that would act as a clearinghouse for all existing and newly-developed rural development programs, consolidation and refinement of existing programs, and more funding to provide additional field personnel to deliver the rural services.

Participants stressed that some of Oklahoma's rural communities suffer from low self esteem. Among the recommendations to address this problem were the provision of more role models/success stories, leadership development programs, and technical assistance programs.

FINANCING FOR BUSINESS START-UP AND EXPANSION

Deregulation has altered the structure of rural capital markets, and the impact on rural capital availability is unclear. However, in Oklahoma research shows that there is a capital availability problem, which increases in magnitude as the population of a community decreases.

There is a range of public, private, and public/private partnership options available to help solve the rural capital

Climate

availability problem. None of these approaches will work alone. A combination of all three must be in place in order to help a community and its businesses gain access to needed capital.

Public initiatives are designed to increase capital availability by providing capital directly to small businesses, either by working through existing financial institutions to increase lending, by providing technical assistance to businesses to improve their capacity to receive financing, or by regulatory changes.

With direct state lending programs, the state acts as lender to increase capital availability for rural businesses and stimulate rural economic development. Through indirect lending programs, the state works with other institutions to reduce the borrowers' financing costs or to reduce the lenders' risk associated with small business loans.

An important component of any state activity is providing technical assistance for small businesses to enhance their capacity to manage their enterprises and effectively compete for financing.

Private initiatives combine aspects of direct and indirect lending, providing particular kinds of capital to eligible businesses, e.g., seed or equity capital, while also working with financing institutions to secure debt capital by, for example, arranging loan guarantees. Other private initiatives have developed innovative technical assistance programs to enhance rural capital access by providing business and management assistance to entrepreneurs and small business owners, e.g., Maine's Coastal Enterprises, Inc. and Minnesota's Women's Economic Development Corporation.

Public/private partnerships work through existing private institutions or create new institutions that can use state funds to leverage private dollars for small business development, e.g., Michigan's Capital Access Program and Greater Minnesota Corporation.

There are four important keys to designing capital programs for rural areas:

- * **Providing a stable, long-term source of funding. Private dollars can be leveraged to augment public programs or the state can work through private institutions.**
- * **Targeting program funds to businesses facing the most severe capital constraints (those businesses unable to obtain credit through traditional avenues)**

An important component of any state activity is providing technical assistance for small business...

and for which the capital represents an important opportunity to develop or maintain a viable enterprise).

- * **Addressing the apparent need for equity as well as debt capital by working with or establishing alternative financial institutions.**
- * **Incorporating a technical assistance component into any capital enhancement program so that the business' success and its access to capital from traditional institutions are increased.**

Oklahoma Viewpoint

A recurring concern among the conference participants was the lack of understanding by some rural small businesses and rural lenders regarding the environment in which they are working. Technical assistance programs to help the entrepreneurs better prepare themselves for operating a business were highly recommended. Additionally, programs to help lenders understand the diversifying economy and the new industries appearing across Oklahoma's landscape were strongly suggested. Better marketing of Oklahoma's existing state financing programs was also advised.

In some communities, conservative lending practices were considered a problem. Again, recommendations for technical assistance programs to help lenders succeed in the new, evolving Oklahoma economy, and the need for more public/private financing partnerships to help lower the risks rural lending institutions face were stressed.

The use of public dollars to leverage private dollars was strongly encouraged by conference participants.

The lack of all types of capital (working, venture, long-term, start-up) was mentioned by most conference participants. The use of public dollars to leverage private dollars was strongly encouraged whether it be through guaranteed loans, a matching fund program, regional bond pools, a state-chartered rural business development bank, or venture capital pools.

Some participants mentioned that there is not a shortage of funds to lend in rural Oklahoma, but a shortage of qualified borrowers and economic opportunity. To address this problem, participants recommended increasing technical assistance to rural borrowers so they can identify and pursue excellent business opportunities in order to become good lending risks.

The limited lending capacity of small, rural banks was cited as a problem affecting rural capital availability. Recommendations to solve this problem ranged from a state-chartered rural business development bank to regional loan pools and guaranteed loans.

Most conference participants felt the use of current state funds to fund businesses was too restrictive. They recommended creating a state regulatory environment which encourages lending to small businesses, in addition to creating tax incentives for private investors who invest in rural businesses.

Excessive banking regulations, particularly on the federal level, were cited by the participants for many of the problems facing rural banks. Although the state can only affect the federal regulations through its Congressional Delegation and the Governor's task forces on the FDIC and FSLIC, there may be state banking regulations that should be closely reviewed to see whether they can be reformed.

PUBLIC WORKS AND HIGHWAYS DEVELOPMENT

Although the tie between public works and highways and economic development is not as clear to many as the tie between adequate business financing and economic development, the relationship is still very strong and important. All areas of the state -- rural and urban -- face public works problems, but rural Oklahoma does face some problems peculiar to it, e.g., lack of public works planning expertise.

The most recent assessment of public works conditions in Oklahoma is out-of-date. The only current data relates to highway and bridge conditions and needs, with the latest data on other public works needs from 1986.

Statistics by State, County and Municipal governments for public works are available with a two-year lag from the Census Bureau. Highway and Streets spending increased 15.2% from 1984-87; sewer by 44.6%; solid waste by 5.5%; and water spending decreased by (.8%).

Solid waste is a very serious, upcoming problem. Costs are rapidly increasing, and the EPA is increasing requirements on the states and local communities.

- * **In Oklahoma, 30% of landfills have a useful life of five years or less and another 25% have ten years or less.**
- * **Oklahoma is currently looking at options of recycling and industrial waste minimization as ways to minimize future cost increases.**

Climate

Public Works and Highways Development was recognized as a key component in Oklahoma's Five Year Strategic Economic Development Plan. The plan recommends four items:

- * **Increase local authority;**
- * **Provide local planning and financial assistance;**
- * **Design and implement a statewide public works plan; and,**
- * **Assist state agencies and local governments through a public works research institute.**

The 1986 Oklahoma Infrastructure Study (the state's most up-to-date, comprehensive infrastructure study) identified inadequate capital improvements planning on both the state and local levels as the major problem affecting Oklahoma's public works and highways.

Oklahoma Viewpoint

Lack of funding to maintain and construct local and county roads, highways, sewers, water systems, bridges, and solid waste systems was proposed by the conference participants as the primary public works problem facing rural communities. The participants recommended increasing public works funding through a variety of means, including user fees, a state public works revolving loan fund, and regional sharing of resources and expertise.

The lack of comprehensive capital improvements planning was recognized as a major gap in most Oklahoma communities. Stressing the necessity for expertise and assistance at the local level, state on-site technical assistance was strongly recommended, along with a sharing of resources and expertise on a regional basis, e.g., a public works assistance circuit rider program. Additionally, the participants stressed the importance of research in order to develop accurate capital improvements plans, and recommended this research be conducted by a university-based public works research institute.

Once again, localities know very little about existing state public works programs. To combat this problem, the participants recommended a better marketing program be designed for current state programs and, as a facet of that program, more on-site programs be conducted to explain the state resources that are available.

The lack of comprehensive capital improvements planning was recognized as a major gap in most Oklahoma communities.

CHAPTER II. THEMES AND ACTIONS

A lot of good things are happening in rural Oklahoma today, much of it because local communities had an idea and the initiative to "get the ball rolling." It is clear that Oklahoma's rural communities want to decide, on their own, the direction of their future. This strategy hopes to identify ways in which the state can assist local communities **AFTER** the communities make the decision to chart their own roadmap.

Four themes clearly appeared in the participants' recommendations in each issue area:

- * **the need for a variety of technical assistance and leadership development programs to be presented on-site in the rural communities,**
- * **the need for the state to support public/private financing partnerships which generate the necessary financial support and assistance for rural businesses, lenders and communities to successfully develop in this ever-evolving economy,**
- * **the need for the state to facilitate and support local and regional cooperation and sharing of resources, and**
- * **the need for an efficient service delivery and marketing system to provide and promote existing state services to rural communities.**

In addition to these themes, it was clear rural Oklahoma communities recognize they need assistance from the state and other entities to "help get themselves off the ground." But, the communities plan to succeed through their own hard work and determination.

Also, a common thread running through the participants' recommendations was the plea for "turf battles" to stop. The described battles ran the gamut of community vs. community,

Themes

It is clear that Oklahoma's rural communities want to decide, on their own, the direction of their future.

region vs. region, and service provider vs. service provider. These rural leaders recognized how detrimental turfism can be, and stressed the need for cooperation between all of the players.

What is the best way to address these needs and provide the assistance requested by our rural communities? The following rural strategy action plan recommends specific actions to address the identified needs and the primary parties responsible for implementing the actions. As in the previous chapter, this section is divided by the issue areas.

Actions

RURAL STRATEGY ACTION PLAN

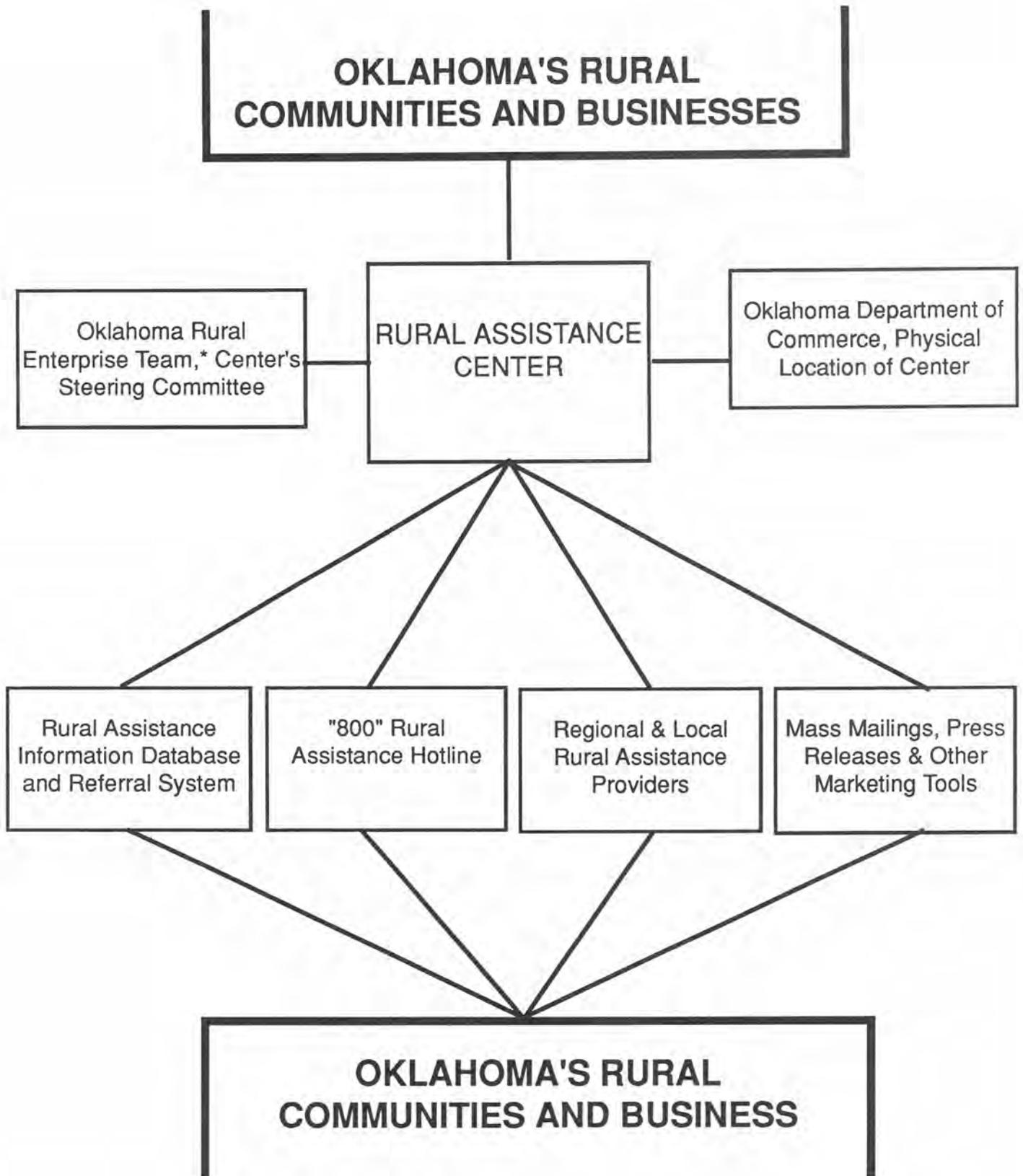
Oklahoma's existing rural development system is comprised of numerous organizations without very many direct ties or coordination. Each organization has its own board, funding source, and programs to administer. But, these organizations' basic purpose is the same: To help rural Oklahoma's communities, businesses, and citizens prosper.

With this common purpose in mind, the development of a "one-stop shop" for rural assistance programs seems to be a logical step in the journey toward developing the most efficient service delivery and marketing system possible. Many states have successfully developed this type of rural assistance center in order to provide better, more coordinated and in-depth service to their rural communities. For example, North Carolina's Rural Economic Development Center has, among many other efforts, developed two programs to improve skills for local leaders. Although the Kansas Rural Assistance Center is relatively new, they have already developed a rural assistance information and assistance line and a rural assistance computer database to help rural communities quickly access necessary information.

Therefore, the first and foremost recommendation of this strategy is the creation of a rural assistance center at the Oklahoma Department of Commerce. With the Oklahoma Rural Enterprise Team -- a statewide organization of community and business service providers -- serving as a steering committee, the Department should create a rural assistance center to act as a clearinghouse for the state's public and non-profit rural development programs. A graphic representation of the center is found in Figure 1.

The purpose of the rural assistance center is to focus additional attention toward existing rural assistance programs (e.g., Certified Cities, Teamwork Oklahoma, Main Street, Cooperative Extension Service) and not to duplicate services already in existence. The center should be

Creation of a rural assistance center at the Oklahoma Department of Commerce



*Statewide Organization of Service Providers

Figure 1

responsible for developing an efficient service delivery and marketing system in order to provide as much on-site and in-depth technical assistance as possible to the rural communities of the state.

Some of the necessary tools of this center will be a computerized database of all existing rural assistance programs and an 800 hotline number. Both of these will provide quick, up-to-date information to communities and businesses. In addition, because local points of contact are one of the keys to a superior service delivery and marketing system, existing regional and local rural assistance providers (e.g., Small Business Development Centers, local chambers of commerce, rural electric cooperatives, substate planning districts, county extension offices, regional economic development organizations) should serve as the center's local distribution outlets of brochures, materials, and general center information.

For the referral program, the center's staff would develop and use the rural assistance computer database to refer rural businesses and communities to the appropriate service providers in the communities/businesses' geographical area. For example, a business might call the center to ask for help on its business plan. The center's staff would refer the business to service providers in the business' geographical area that could help the business with its business plan. In other words, the center **WOULD NOT** provide the business planning assistance, but **WOULD** provide the necessary referral service.

The center's primary concern will be to help both its users -- the communities and businesses who access the center's rural assistance program information and the service providers who receive the center's community and business referrals. In particular, businesses and communities will receive quick and accurate information regarding the services they need, so their time is not wasted looking for the appropriate assistance. The service providers will benefit from statewide marketing of their programs and the opportunity to spend more of their time providing direct services to the communities and businesses.

While the center's staff members will support its role as a clearinghouse, they will also need to contract and coordinate with the appropriate Oklahoma rural development organizations to provide much of the research, planning, development, and implementation services that will be needed to support the

Rural businesses and communities will receive quick and accurate information regarding the services they need...

necessary projects. The center will also receive substantial support from staff in all divisions at the Oklahoma Department of Commerce.

To support the center's role as a clearinghouse of rural development programs and a coordinator of projects with other Oklahoma rural development organizations, a FY 1991 budget request of \$160,000 and two FTE should be made.

Although some of the recommended actions can be accomplished by redirecting existing staff and dollars, most require new monies. Therefore, in FY 1991 the Oklahoma Department of Commerce should request \$1.475 million from the Oklahoma Legislature to fund this center and the various projects that have been recommended for expansion and/or implementation. Additionally, the center will try to identify other funding sources.

The center should begin its work in July, 1990 upon receipt of the necessary financial support from the Oklahoma Legislature during the upcoming legislative session.

Based on the conference participants' recommendations, the actions listed below should be undertaken in order to provide rural Oklahoma with the tools it needs for successful growth and development. The recommendations are separated by issue area.

LOCAL CAPACITY DEVELOPMENT

- * To better prepare the state's leaders for the challenges ahead of them, a statewide rural leadership development program should be created through the Oklahoma Cooperative Extension Service. The Cooperative Extension Service should form an advisory committee made up of local rural leaders and representatives from such agencies and groups as rural electric cooperatives, rural water districts, and rural enterprise team members. The advisory committee should review and provide suggestions regarding curriculum and program direction. A FY 1991 budget request of \$80,000 should be made for this program.
- * In order to provide more long-term, individualized planning assistance to communities, the Oklahoma Cooperative Extension Service's existing community

The center will need to coordinate with Oklahoma rural development organizations.

economic development planning efforts should be expanded. The Cooperative Extension Service should work closely with other groups and agencies such as small business development centers, substate planning and development districts, utility companies, SBA lenders and other financing sources, and rural electric cooperatives. A FY 1991 budget request of \$75,000 should be made for this program.

- * To encourage more local planning efforts, the Oklahoma Certified Cities Program, a public-private leadership and community development process, should be continued. The Department of Commerce's FY 1991 budget request for this program of \$90,000 should be supported. (This funding request is not included in the total request since it has already been submitted to the Legislature in the Department of Commerce's budget.)
- * To assist the nine existing regional economic development organizations fulfill their mission of developing regional cooperation and resource sharing, the Department of Commerce's existing FY 1991 budget request of \$270,000 (\$30,000 per region) to partially fund the organizations should be supported. (This funding request is not included in the total request since it has already been submitted to the Legislature in the Department of Commerce's budget.)

To encourage more local planning efforts, the Oklahoma Certified Cities Program should be continued.

FINANCING FOR BUSINESS START-UP AND EXPANSION

- * To help rural small business owners prepare themselves to meet the challenges they face daily, the center should be supported by an additional staff person at the Oklahoma Department of Commerce, whose primary responsibility will be to work closely with the rural assistance center in coordinating and providing small business assistance programs. Additionally, this staff person will spend much time focusing on upgrading the quality of services provided to make sure they meet the small business owners' needs. The staff person should work closely with Small Business Development Centers and the

other appropriate entities when developing these technical assistance programs. A FY 1991 budget request of \$70,000 should be made to support this program.

- * To help rural lenders better understand Oklahoma's diversifying economy, and prepare them for the new industries they will be servicing, the center should be supported by an additional staff person at the Oklahoma Department of Commerce, whose primary responsibility will be to work closely with the rural assistance center in coordinating and providing technical assistance programs for rural lenders. The staff person should work with the Community Bankers Association, the Oklahoma Bankers Association, and other appropriate entities when developing these technical assistance programs. A FY 1991 budget request of \$70,000 should be made to support this program.
- * In order to fill the business financing gaps existing in Oklahoma's rural markets, the center should be supported by an additional staff person at the Oklahoma Department of Commerce who would research and develop, in cooperation with the appropriate service providers, a series of public/private financing partnership programs; and identify financial support for these programs. A FY 1991 budget request of \$70,000 should be made to support this program.
- * Since many Oklahomans perceive that the regulatory banking environment and the restrictions on public funds are too strict, the center, in cooperation with the Oklahoma State Chamber of Commerce and Industry, the Oklahoma Bankers Association, and the Community Bankers Association, should review and recommend changes to the state's regulatory environment which will continue to protect the public's funds, while removing any unnecessary restrictions that stifle the flow of capital into the rural business arena. Additionally, the center should work with the Governor's Task Forces on the FDIC and FSLIC and the Oklahoma Congressional Delegation to identify

possible changes in the federal regulatory environment which will increase the flow of capital into the rural business arena.

PUBLIC WORKS AND HIGHWAYS DEVELOPMENT

- * To address the need for better and more public works planning on the local level, the Oklahoma Cooperative Extension Service should expand its existing public works planning assistance programs so more on-site, in-depth public works planning assistance can be provided to rural communities. The Cooperative Extension Service will work closely with personnel in the Department of Health, Department of Transportation, substates, medical schools, and other agencies in providing technical assistance to rural communities. A FY 1991 budget request of \$100,000 should be made to expand this program.
- * In order to meet the overwhelming demand for public works planning assistance, the substate planning districts public works planning assistance program should be expanded. The Department of Commerce's existing FY 1991 budget request of \$150,000 to expand this program should be supported. (This funding request is not included in the total request since it has already been submitted to the Legislature in the Department of Commerce's budget.)
- * To encourage more comprehensive and long-term planning by local communities, the center should review and develop, in cooperation with the Oklahoma Municipal League, substates, and appropriate entities, public/private public works assistance partnerships, such as a public works assistance circuit rider program based on the current city manager circuit rider program model. A FY 1991 budget request of \$200,000 should be made to support this program.
- * The center should support a joint OU-OSU research and extension program to collect and provide better public works research data from state and local sources, and to conduct in-depth studies on public works issues affecting Oklahoma's communities. As the coordinating agency, the Oklahoma Department of Commerce should

To address the need for better and more public works planning on the local level, the Oklahoma Cooperative Extension Service should expand its public works planning assistance programs.

work closely with the two major research universities to fulfill this need. Also, one additional FTE at the Department of Commerce should be dedicated to this area. A FY 1991 budget request of \$350,000 should be made to support the efforts of the joint OU-OSU research and extension program. (This funding request is for this action and the next two.)

- * The center should require that the OU-OSU research program identify and develop public/private partnership programs and/or regulatory changes which address public works financing gaps in Oklahoma's rural markets. This research team would work with state agencies involved with public works to identify and measure public works needs. Some of these team members include the Water Resources Board, Department of Health, Department of Transportation Farmers Home Administration, and Economic Development Administration.
- * While federal and state government contributions make up a substantial part of the current public works financing structure, the center should work with the university personnel to research and identify ways to increase communities' ability to finance their local or regional public works needs.
- * To have a more coordinated and comprehensive public works planning system across the state, the center should coordinate a statewide capital improvements planning process. This effort should also be coordinated with the joint OU-OSU research team. An additional FTE at the Department of Commerce should be dedicated to this area. A FY 1991 budget request of \$300,000 should be made to support this effort.

***Support a joint
OU-OSU research
and extension
program to collect
and provide better
public works
research data.***

CHAPTER III. WHAT'S NEXT?

The decisions and needs of rural Oklahoma communities and their citizens must be this strategy's guiding force.

Clearly, this strategy is a result of the hard work and dedication of many rural leaders, those who attended the focus group meetings and the conference. They told us what issues had to be addressed now, and how to address them. This strategy belongs to them, not the Department of Commerce, the Extension Service, or the Conference Planning Committee.

Many organizations must be involved in strategy implementation. The various state and non-profit rural service providers need to help design the center and implement its projects. The decisions and needs of rural Oklahoma communities and their citizens, as they have identified for us, must be this strategy's guiding force.

The strategy will soon be presented to the Governor, the Oklahoma Legislature, Oklahoma Futures, and the Oklahoma Congressional Delegation. Each of these has an important role to play in the strategy's implementation. More important, though, is the role of Oklahoma's rural communities and citizens:

THEY must envision their own future -- a future that takes into account their dreams and hopes. THEY must decide they want to change and what they want to become. And, then, THEY must decide how they are going to guide themselves toward that vision. Only then can outsiders -- state and non-profit service providers -- provide the appropriate assistance needed by the communities.

Over the next months the Department of Commerce, the Extension Service and the Conference Planning Committee will work with the Governor and the Oklahoma Legislature to receive adequate funding for the rural assistance center and these necessary projects. With proper funding, the center should begin its work in July, 1990.

These same organizations will also work with the Oklahoma Congressional Delegation to assist them with their on-going rural development efforts.

As this strategy indicates, many things must be done to help Oklahoma's rural communities turn around and face a brighter future. This process -- rural revitalization -- will take a long time, **BUT** the first vital steps have been taken. With everyone working together, heading in the same direction, Oklahoma's rural communities will eventually arrive at their envisioned future -- one that encompasses their hopes for a healthy and prosperous life for all.

This process -- rural revitalization -- will take a long time, BUT the first vital steps have been taken.

APPENDIX I. CONFERENCE BACKGROUND

ODOC emphasized the need to work with active rural business development organizations to plan the conference and write an effective strategy.

Overcoming the problems and taking advantage of the opportunities facing Oklahoma's rural businesses is a central focus of the Oklahoma Department of Commerce's (ODOC) business development efforts. While searching for ways to improve the economic health of the state's rural communities and businesses, ODOC learned that the National Governors' Association (NGA), through support from the W.K. Kellogg Foundation, had money to support state rural development projects.

ODOC submitted to NGA a grant application, which proposed that ODOC conduct a rural business development conference and develop a rural business strategy from the conference recommendations. NGA awarded the grant to ODOC in mid-April, 1989, and informed them that the National Cooperative Extension Service had funds which could complement NGA's grant. The Oklahoma Cooperative Extension Service joined ODOC in this project, approached the National Cooperative Extension Service for the funds, and was awarded a grant to co-sponsor the conference with ODOC.

In its NGA grant proposal, ODOC emphasized the need to work with active rural business development organizations to plan the conference, and write an effective and realistic strategy. Keeping this in mind, a thirty-one member conference planning committee was formed. Because of their invaluable assistance, all the conference planning committee members are listed in Figure 2.

Recognizing the importance of rural business leaders participation in the design of the conference, four rural focus groups were sponsored to find out what issues Oklahoma's rural leaders would like to concentrate their attention upon at the conference. These focus groups identified three issues -- Local Capacity Development, Financing for Start-Up and Expansion, and Public Works and Highways Development -- as the most important currently facing rural Oklahoma.

Because of the guidance provided by these rural leaders, the planning committee was able to design a conference that met rural Oklahoma's primary needs and concerns. Key to the conference's success was providing a substantial amount of time for participant discussion and recommendation drafting.

On November 2, 1989, the first Rural Business Development Conference was successfully held in Stillwater, OK. With 174 participants from over 50 rural Oklahoma communities, the conference was extremely successful, and rural Oklahoma was well represented. Figure 3 graphically shows the distribution of communities and contains a list of the communities represented at the conference.

After compiling all of the participants' recommendations, ODOC and the Extension Service, in cooperation with the conference planning committee, wrote this document, the state's first rural business development strategy. It will soon be formally presented to the Governor, the Oklahoma Legislature, Oklahoma Futures, and the Oklahoma Congressional Delegation for the necessary action. (See the "What's Next" chapter for more implementation information.)

Because of the guidance provided by rural leaders, the planning committee was able to design a conference that met rural Oklahoma's primary needs and concerns.

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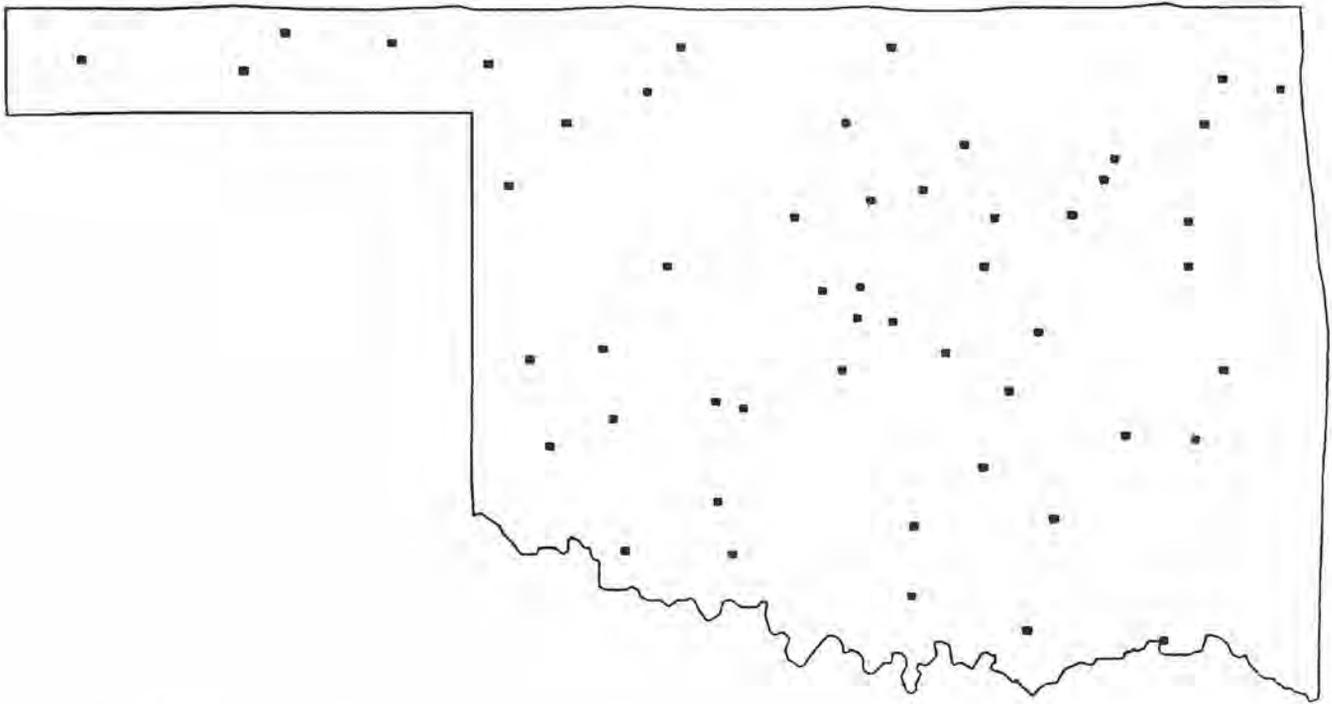
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Figure
2



RURAL BUSINESS DEVELOPMENT CONFERENCE		
<u>COMMUNITIES</u>		
Ada	Fort Gibson	Pawnee
Adair	Frederick	Piedmont
Alva	Garber	Sapulpa
Anadarko	Grant	Sayre
Ardmore	Grove	Shawnee
Arnett	Guymon	Stigler
Beaver	Hobart	Stillwater
Blackwell	Hooker	Stroud
Boise City	Laverne	Thomas
Burns Flat	Lawton	Tulsa
Choctaw	Mangum	Vinita
Coalgate	McAlester	Wagoner
Cushing	Mulhall	Walters
Davis	Muskogee	Waynoka
Drumright	Newcastle	Wewoka
Durant	Okemah	Wilburton
Edmond	Oklahoma City	Woodward
Fort Cobb	Owasso	

Figure
3



