

Richmond Fed

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# Investing in Rural America

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Since joining the Richmond Fed in 2018, I have visited small towns all across our District, from the coasts to the mountains. Some of these communities are [thriving](#)—perhaps they’ve been able to capitalize on natural endowments, or they’ve partnered with neighboring towns, or they’ve found a creative source of funding. But other communities are struggling. They’ve lost employers, residents, or both; their infrastructure is in poor repair; or they’re isolated, geographically and digitally, from necessities like banking or health care.

At the Richmond Fed, we’re committed to learning from the towns that are making it work so that we can help those that are facing challenges. That’s the goal of our third annual [Investing in Rural America](#) conference, which brings together community leaders and local and national experts in rural development. This year’s event takes place on March 30 in Greensboro, N.C., and features a virtual attendance option as well. The conference is one of the many ways—along with [Rural America Week](#), our [Community Conversations](#), and our ongoing [research](#)—that we learn about and share promising strategies for improving economic outcomes in smaller towns.

We’re in a unique moment. While COVID-19 continues to exacerbate the challenges many communities face, small towns also have unprecedented opportunities to invest in their future. Multiple pandemic relief bills, combined with the recent [Infrastructure Investment and Jobs Act](#), have made billions of dollars available for investments in broadband, transportation, health care, climate resilience, and more. But many towns don’t have the human or technical capacity they need to apply for grants or distribute funding, which is why building that capacity will be the subject of our afternoon plenary at the upcoming conference.

Physical infrastructure is crucial, but it’s not the only place we need to invest if we want smaller communities to realize their potential. We must also invest in their workforce. [Community colleges have a key role to play](#). They are the first college experience for many low-income students. They provide the skills people need to land good jobs and can connect students to employers, or they can help students prepare for a four-year degree. They also offer certificate programs that can deliver new skills in a relatively short period of time. Unfortunately, community college enrollment has been declining slowly for years, and the pandemic [exacerbated these declines](#), especially for students of color. I fear that a generation of workers is passing on the opportunity to build their skills. So I’m looking forward to our conversation at the conference with community college leaders from our District about how we can support these institutions and the people they serve.

Another key area for investment is early care and education. It's well known that early education is critical for children—and the pandemic has underscored how critical it is for parents, especially [mothers](#), to be able to participate in the workforce. Even beyond pandemic-related issues, child care centers face a challenging cost structure, which can make them especially difficult to open and operate in smaller towns. Nearly 60 percent of rural communities meet the definition of a “child care desert.”<sup>1</sup> Adults in rural areas are more likely to work during non-standard hours, which can make it hard to find care that meets their needs. And even where child care is available, it's often unaffordable for families. That's why strengthening our early care system will be the subject of another of our panels, with child care experts from throughout the region.

We'll also address housing. High-quality housing that's affordable for lower- and middle-income workers is in short supply in rural areas, for a variety of reasons. These include older housing stock, less multifamily development, and the increasing cost of construction, among other factors. Communities end up stuck in a vicious cycle: People don't move to rural areas because they can't find housing, but developers don't want to invest without potential buyers and renters. This in turn can influence employers' location decisions, because they aren't going to set up shop without a workforce to draw from. We'll hear from rural leaders about how nonprofits, lenders and community organizations can lead to the development of quality, affordable housing for the rural workforce.

Finally, we'll talk about how we can support aspiring entrepreneurs and small business owners in rural areas. It's true that most small businesses don't grow into the next Google or Amazon—but it's also true that a business doesn't have to be one of these “unicorns” to benefit a community.

Overall, more sole proprietorships and small businesses in an area are associated with [more job growth and better overall economic health and resiliency](#). Prior to the pandemic, startup rates had been declining for decades—but we've seen [an encouraging burst](#) of startup activity recently. I'm optimistic that communities will be able to take advantage of this moment to help build thriving entrepreneurial networks.

We hope you'll be able to [join us on March 30](#), either in person or online, for rich discussions about investing in our small towns—for their sake, and for the economic health of our country as a whole.

<sup>1</sup> Center for American Progress, [“America's Child Care Deserts in 2018,”](#) Dec. 6, 2018.