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# State must encourage rural philanthropy

By Gerry Roll

Gov. Steve Beshear has attempted one more time to work magic over a state budget that, like most other states, seemingly will require divine intervention to balance. It's been a long time since we heard anything new proposed, and the divisions over gaming revenue and tax restructuring seem to get wider and wider.

I'd like to take a brief timeout from bickering over what our governments are going to do to fix things and begin to think about how the rest of us can come together on a permanent plan to move our communities toward a sustainable future — building and focusing our philanthropic capacity on long-term strategies for community development.

Since the early part of the last century, philanthropy has played a huge role in shoring up metropolitan areas. Historically urban-centered, wealthy people have created legacies directed at specific regions or institutions, or coveted areas of individual passion.

But there aren't many examples of such magnitude devoted to comprehensive community development. They are rarely in rural areas, and certainly not in the rural counties of Kentucky.

And that is where much of our state's resources, like Medicaid, are going. It is also often the place that keeps this state on the bottom of all the lists that we don't want to be on.

A relatively new national movement in Rural Development Philanthropy is a promising model for helping community foundations and other community-based initiatives engage in convening, fund-raising, endowment-building, grant-making and other community-building opportunities to strengthen and supplement the limited resources provided through state and local general funds for education and other services.

Most important, it intentionally engages a broad range of institutions and individuals — especially those historically not engaged in community building and economic development — in endeavors which will build stronger, healthier communities.

In Perry County, where I live, we started a philanthropy initiative last year. Our community foundation is building an endowment, making grants and working with the community to create ways to improve our schools, our environment, our health, our housing and our culture.

But we have a long way to go to build an endowment sizeable enough to move our non-profit and educational institutions from teetering on the edge of disaster with every

annual budget to being good partners and stewards in combining state and local funds. A long way to go, but we are determined to get there.

A recent study on the transfer of wealth conducted by Murray State University through the Office of Regional Stewardship and Outreach for 18 counties in Western Kentucky documented almost \$6 billion that will transfer from one generation to the next within 10 years.

The problem is that those poised to inherit this wealth mostly do not live in those counties or even in this state. If we are not set up to provide opportunities for families to consider leaving a portion of their estate or to provide a living legacy, this money will be lost.

If our counties have the appropriate infrastructure for people to contribute to the communities they love, and we create reasonable incentives for them, they will make those contributions. Capturing just 5 percent of the wealth that will be transferred would net \$300 million in an endowment that could provide \$15 million in additional resources, according to the study.

In 2006, Iowa passed legislation to stimulate local endowment building. Every one of its counties has an endowment today, and they are growing exponentially. Kentucky can pass similar legislation that could be enacted now and has the potential to capture millions of dollars to support all of the things we know we need to do but don't always have the public resources to implement.

We can begin building, rather than draining precious local resources.

The governor ended his budget address with a story about a note of kindness and a \$200 check sent from a citizen of this commonwealth to help preserve the state she loves. I'd bet there are thousands more out there just like her. That's the power of philanthropy — and it would be a shame to squander it.

*Gerry F. Roll is executive director of the Community Foundation of Hazard and Perry County, Inc.*