

RURAL SERVICE STRUCTURE CHARACTERISTICS

Rural Development Philanthropy Learning Network

Community Strategies Group

The Aspen Institute

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Rural Service Structure and Characteristics: Six Community Foundation Models for Covering Rural Territory

Introduction and Users Guide

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Rural Service Structure and Characteristics: Six Community Foundation Models for Covering Rural Territory is a tool to help community foundations that serve large rural territories explore a range of rural coverage structures and compare the characteristics and pros and cons of each structure.

Rural Service Structure and Characteristics is a product of and for the Rural Development Philanthropy Learning Network (RDPLN), managed by the Community Strategies Group of The Aspen Institute. It was developed as a resource for the Learning Network's peer-exchange workshop Covering Rural Territory: Affiliate and Alternative Structures for Rural Development Philanthropy (January 2002).

Use, distribution and duplication of *Rural Service Structure and Characteristics* is encouraged!

Please visit the Learning Network website for companion materials that may help your foundation use this matrix as a discussion and decisionmaking aid for your board and staff. And, consider contributing to and learning from an on-line peer-exchange among community foundations about rural structures at *Talkin' RDP!*

Tips and Caveats

This chart explores the implications as they might evolve from a community foundation choosing a *specific structure* to reach out to and serve a *rural territory*. The primary focus is *covering geographic areas*, rather than rural program areas or audiences—like rural youth, arts, or education.

Rural Service Structure and Characteristics is organized as a matrix, comparing an array of six prevalent community foundation rural service structures to each other on more than a dozen characteristics. The characteristics focus on how each structure may affect the *operational implications* for management, staffing, governance, endowment building and program strategies.

That said, please keep in mind the following tips and caveats as you use the *Rural Service Structure and Characteristics*:

- *The matrix does not explore every possible community foundation service structure.* Instead, it attempts to identify a set of generally apparent structures—useful abstractions or models derived from the most common practices at work within the field today, depicting the field’s most common and distinct coverage strategies.
- No structure is completely pure! Many community foundations have developed in ways that combine or include multiple structures, and some elements within each structure may be mixed and matched.
- Aspects of several structures may exist within single divisions of a community foundation. For example, regional divisions within a federation may also include area funds.
- Structures sometimes *but do not have to* evolve from one into another.
- The matrix does not assign value to particular rural coverage strategies. No one structure is more “ideal” than another. Community foundations choose structures based on local context.
- In general, certain goals and catalysts tend to drive community foundations toward particular rural service structures strategies. See *Rural Service Catalyst: At A Glance*.
- This matrix seeks to help establish a useful and distinct vocabulary for the field. Every attempt has been made to use terms that are as generic and objective as possible. For example, the term affiliate has not been used, because it tends to mean different things to different community foundations.

Definition of Terms

Here are definitions for other terms used on the chart:

- **Autonomous vs. Advisory:** *Autonomous* refers to boards or whole organizations that are distinct 501c3 entities and boards with fiduciary and legal responsibility over a foundation. *Advisory board* refers to volunteers that represent the service area and interests of area funds/divisions but do not possess legal authority. Community foundations give advisory boards varying levels of advisory and decisionmaking responsibility, which must then be reviewed and approved by central organization's board
- **Central vs. Local:** *Central* refers to the autonomous lead foundation that often, but not always, initiates the rural coverage strategy or structure. *Local* may describe an entity, fund, division, advisory board or sponsored foundation that is situated within the subdivided rural service area
- **Foundation vs. Fund vs. Division:** *Foundation* is used to mean a distinct 501c3 with an official and legally responsible board of directors. *Fund* represents one component fund that may or may not have an advisory committee. *Division* represents a local, subdivided entity with the full complement of component fund options and community foundation services but without its own 501c3 status
- **Costs vs. Benefits:** *Costs* include all resources (financial, human and otherwise) committed to the rural coverage strategy/structure. *Benefits* refers to the depth and breadth of dedicated rural service, representation and program activities that occur on the local level. *Return on central organization's investment* refers both to the balance between costs and benefits and the likelihood that the central organization will reap financial and public relations "returns" because of this structure. *High/medium/low* is meant to describe a relative level (compared to other structures) of cost, benefit and return on investment; these are generalizations, but are given more depth when reviewed along with the "pro's" and "con's" listed for each structure.

Making It Better...

These structure models and the relationships and distinctions among them are a piece of basic “intellectual capital” the community foundation field can use to inform and improve Rural Development Philanthropy. In developing and sharing this matrix, we are not advocating, but rather hoping to surface useful distinctions and constructive questions that will improve thought and action among community foundation leaders who want to serve their rural areas well.

We expect and sincerely hope that you will help amend and improve *Rural Service Structure and Characteristics*. We invite you to offer any comments, edits or criticism on this draft to CSG staff by contributing to *Talkin’ RDPI*, the on-line Learning Network peer-exchange, or by e-mailing CSG directly at rdpinfo@aspencsg.org.

Rural Service Structure Characteristics	
Structure:	Definition:
Consolidated Service	Single community foundation serving region that includes rural or is totally rural.
Area Funds	Single community foundation with individual discretionary fund(s) dedicated to a particular rural area (county, community or region) and advised by local volunteer advisors.
Federation	Central community foundation with one or more mini-CF divisions—central foundation and divisions perform most or all standard CF functions.
Service Bureau	Following start-up, central community foundation serving primarily as “back-office” (admin, finance, accounting, capacity building, coordination) to local mini-CFs that generate most program/fundraising locally.
Incubator	Autonomous community foundations sponsored, incubated and spun off by lead community foundation, private foundation or RAG.
Partnership	Two or more autonomous community foundations agreeing to jointly serve a rural area (often an overlapping region) through a shared area fund or division.

RURAL SERVICE STRUCTURE CHARACTERISTICS

STRUCTURE:

YOUR GOALS/RATIONALE:

CONSOLIDATED SERVICE

1. Accessible and holistic service throughout region.
2. A single organization promoting a broad regional vision.

AREA FUNDS

- 1, 2 plus:
3. Expanded, deeper and targeted rural services, relationships and participation.
 4. Single development message and “entry point” for community foundation.

FEDERATION

- All but 4, plus:
5. Rural stakeholders have local access to full range of community foundation resources/services.
 6. Locally driven organizations with access to regional vision and expertise.
 7. Balanced local, regional representation, vision and input.

SERVICE BUREAU

- All but 4, plus:
8. Economies of scale and overall efficiency—that which can be better done locally is done locally and that which can be centralized is centralized.
 9. Central organization achieves reduction in program costs.

INCUBATOR

- All but 2, 4 and 7, plus:
10. Rural services and relationships incubated but not necessarily sustained by lead foundation.
 11. Non-competitive approach to overlapping territory.
 12. Reduced risk for both local community foundation and lead foundation.

PARTNERSHIP

- All but 2 and 10, plus:
13. Expanded rural service to a self-identified region that crosses otherwise arbitrary borders.

Rural Service Structure Characteristics	
Structure:	Rural Stakeholders Identify With:
Consolidated Service	Central foundation.
Area Funds	Both local fund and central foundation—depending on function or activity.
Federation	More often the local division, but sometimes central foundation.
Service Bureau	
Incubator	Local foundation.
Partnership	Both local entity and the more proximate foundation.

Rural Service Structure Characteristics	
Structure:	Governance/Representation:
Consolidated Service	Single Regional/Statewide Board.
Area Funds	Regional/Statewide Board advised by local Advisory Boards (some advisory board members may also serve on regional/statewide boards).
Federation	
Service Bureau	<p>Single Regional/Statewide Board advised by local Advisory Boards; central organization provides 501c3 and other reporting and administration.</p> <p>Structure may be initiated by central foundation starting new divisions or by existing local foundations consolidating to form a central 501c3 as a Service Bureau.</p>
Incubator	Both lead foundation and sponsored foundations are governed by autonomous, fully functional and legal boards; structure could also apply to CFs with supporting organizations (requiring some shared board members).
Partnership	All collaborating foundations governed by independent, fully functional boards; a joint committee may oversee the partnership at each foundation's board level; local advisory board often binds the partnership together.

Rural Service Structure Characteristics	
Structure:	Management:
Consolidated Service	Central organization's operating, administration, and financial management is inclusive of rural coverage expenses.
Area Funds	Central organization's operations, administration, financial management can be separate from rural efforts, but most often, area funds' operations and expenses are integrated into central operations.
Federation	Central organization's operations, administration, financial management is separate from rural efforts; central organization has final say in divisions' overall operations, but allows divisions freedom in day-to-day management.
Service Bureau	Central organization has authority in operating, administration, financial management, but divisions have freedom in day-to-day management, program and fundraising activities.
Incubator	At first, lead organization offers incubated foundations a range—from all to none—of administration, operating, financial management. Over time, as local assets/capacity increase, the management (and governance) shifts entirely to sponsored foundation.
Partnership	Each partner contributes operating and management resources.

Rural Service Structure Characteristics	
Structure:	Staffing:
Consolidated Service	Most often, staff is integrated into other community foundation services; rarely, separate or exclusive staffing assigned to rural areas.
Area Funds	Often staffing is incorporated into central organization, but may have targeted staff for development or program work of area funds.
Federation	Staffing may be incorporated into central organization or hired and stationed locally; decision to hire local staff reflects maturity, assets and preferences of division.
Service Bureau	Staff often stationed locally, but may be hired by and integrated into central organization; early on, staff may focus primarily on developing local funds and building the division's capacity—program/grantmaking often emerge after funds have been raised.
Incubator	Lead foundation often provides initial staffing; decision to hire local staff depends on capacity, assets and goals of sponsored foundation.
Partnership	Staffing is often absorbed by each partner's operations, but may be donated by more mature partner or funded equally by the partnership.

RURAL SERVICE STRUCTURE CHARACTERISTICS

STRUCTURE:

ENDOWMENT BUILDING:

CONSOLIDATED SERVICE

- No structural distinction between rural endowment building and non-rural endowment building.

AREA FUNDS

- Funds are sometimes “seeded” by a single donor or matching funds.
- May be raised according to the “many donors-single fund” model.
- Especially amenable to challenge/matching program.
- Offers opportunity for grassroots fundraising strategies.
- Lends itself to a nonprofit campaign model.
- Central foundation and area funds agree on who and how to approach shared donors.

FEDERATION

- Divisions' operating funds are sometimes “seeded” by a single donor or matching funds.
- Full complement of community foundation endowments tied to region are raised and managed locally, but often legally held and invested by central foundation.
- Central foundation and divisions make agreements about who and how to approach shared donors.

SERVICE BUREAU

- For new divisions, operating funds may be “seeded” by single donor or a challenge grant from central foundation.
- For divisions that merge after having been separate organizations, a range of endowment funds and assets may exist.
- Each div. offers full complement of CF funds as long as regionally focused.
- Funds often raised and managed locally, but legally held and invested by central fdn.
- Central foundation and divisions agree on who and how to approach shared donors.

INCUBATOR

- Operating endowments for sponsored foundations often seeded by donor/private foundation through the lead foundation.
- Full complement of community foundation endowments held by local foundation but lead foundation gives fundraising, management and investment assistance.
- Lead foundation and sponsored foundations agree on who and how to approach shared donors to avoid competition and confusion.

PARTNERSHIP

- May be structured as area funds or as divisions.
- Fund(s)/operations shared by two or more foundations depending upon the side of border a donor or grantee lives.
- Fundraising practices and donor relationships are made very clear to avoid competition and confusion.

Rural Service Structure Characteristics	
Structure:	Investment Policies:
Consolidated Service	No distinct rural investment policy.
Area Funds	Area fund advisory boards are offered investment options similar to any other donor to the central organization.
Federation	Divisional funds may be invested according to central organization policies or may be allowed to use local investment managers/options.
Service Bureau	Divisional funds may be invested according to central organization policies or may be allowed to use local investment managers/options.
Incubator	Lead foundation may offer guidance or even manage investments at start-up; once incubation period is over, sponsored foundations develop their own investment policies.
Partnership	Based on agreement of partners; most often, investments handled by foundation that holds individual funds; some funds may be managed locally.

RURAL SERVICE STRUCTURE CHARACTERISTICS

STRUCTURE:

PROGRAM (NON-GRANTMAKING):

CONSOLIDATED SERVICE

- No structural distinction between rural program and non-rural program.
- More emphasis may be placed on regional/statewide issues.
- May act as neutral regional convener or as a natural partner to other regional/statewide program and policymaking organizations.

AREA FUNDS

- Local advisors may act as conveners or sponsors for grassroots events or decision-making.
- Advisors also able to report on needs and assets of their communities in ways that might help steer policy (both of central foundation and of other entities).
- Local advisors may take less active role on regional/statewide issues.
- Central foundation often plays role in building leadership and capacity of divisions as a community-building program.

FEDERATION

- Local advisors act as conveners, sponsors for events and local decision-making.
- Advisors report on needs/assets of communities to help steer policy (both of central foundation and other entities).
- Divisional and central boards/staff may take role in statewide/regional decisions, programs etc. either separate from or in collaboration with each other.
- Central foundation often plays role in building leadership and capacity of divisions as a community-building program.

SERVICE BUREAU

- Local advisors act as conveners and sponsors for events and local decision-making.
- Advisors report on needs/assets of communities to help steer policy (both of central foundation and other entities).
- Divisional and central boards/staff take role in statewide/regional decisions, programs etc. separate from and in collaboration with each other.
- Central foundation often plays role in building leadership and capacity of divisions as a community-building program.

INCUBATOR

- Each sponsored foundation may act as convener or sponsor of grassroots events or decision-making with lead fdn. taking more prominent role early in incubation process.
- Each advises others on the community needs/assets and helps steer policy.
- Sponsored foundation boards and staff take role in statewide/regional decisions, programs, either separate from or in collaboration with lead foundation.
- Central foundation often plays role in building leadership and capacity of divisions as a community-building program.

PARTNERSHIP

- Partners/local advisory board may convene and sponsor grassroots events or decisionmaking when addressing issues of interest to all.
- Each can advise larger regional foundations on the needs, assets of the shared region.
- Each also has convening and sponsoring activities separate and distinct from the partnership.

Rural Service Structure Characteristics	
Structure:	Grantmaking:
Consolidated Service	<ul style="list-style-type: none"> ■ No structural distinction between rural grantmaking priorities and process and non-rural grantmaking priorities and process.
Area Funds	<ul style="list-style-type: none"> ■ Local advisory boards review and recommend local discretionary grants. ■ Local advisory boards may or may not have discretion to develop grantmaking priorities and process. ■ Grant applications and awards are administered and filed by central organization. ■ In best case, pass-thru or re-granted funds are available to enable immediate local grantmaking.
Federation	<ul style="list-style-type: none"> ■ Discretionary grantmaking by committee of divisional boards. ■ All local grants reviewed and recommended on local level. ■ Divisional board has discretion to develop grantmaking priorities and process. ■ Administration of advised, discretionary, designated and scholarship grants done locally or with central organization. ■ In best case, pass-thru or re-granted funds are available to immediately make local grants.
Service Bureau	<ul style="list-style-type: none"> ■ Central community foundation cedes all discretionary grantmaking (as well as local-level advised, scholarship, designated grantmaking) to divisions. ■ Central foundation typically performs only region-wide grantmaking and only through donor directed (non-discretionary) funds.
Incubator	<ul style="list-style-type: none"> ■ Some grantmaking activities may be done collaboratively with lead foundation staff or support. ■ Often, grantmaking priorities, process, decisions and administration of discretionary, advised, designated and scholarship grants are done at the local level as funds allow.
Partnership	<ul style="list-style-type: none"> ■ Could offer a range of grantmaking programs, depending upon whether the advisory board and partnership function as an area fund or as a division (federation/service bureau model).

Rural Service Structure Characteristics	
Structure:	Cost/Benefit Comparisons:
Consolidated Service	<ul style="list-style-type: none"> Localized Service: Low. Central Costs: Low. Return on Central Organization's Investment: Low.
Area Funds	<ul style="list-style-type: none"> Localized Service: Medium. Central Costs: Medium. Return on Central Organization's Investment: Medium.
Federation	<ul style="list-style-type: none"> Localized Service: High. Central Costs: Initiation High; Maintenance Medium to High. Return on Central Organization's Investment: High.
Service Bureau	<ul style="list-style-type: none"> Localized Service: High. Central Costs: Initiation High; Maintenance Low to Medium. Return on Central Organization's Investment: Medium.
Incubator	<ul style="list-style-type: none"> Localized Service: High. Central Costs: Initiation High; Maintenance Low. Return on Central Organization's Investment: Varies: may be higher in PR; lower in fees, fund development, etc.
Partnership	<ul style="list-style-type: none"> Localized Service: High. Central Costs: Medium. Return on Central Organization's Investment: Medium.

RURAL SERVICE STRUCTURE CHARACTERISTICS

STRUCTURE:

OVERALL PROS:

CONSOLIDATED SERVICE

- Single board requires no “integration” for making decisions, performing advocacy or regional/statewide programs
- By design, all commitments, relationships are consolidated and represent and promote regional/statewide identity.
- Fewer relationships to maintain.

AREA FUNDS

- Central org. provides 501c3 and other reporting, admin. and marketing support.
- Effective system for targeted discretionary rural funds and grants using local knowledge.
- Allows deeper/expanded relationships with rural leaders/communities.
- Cooperating orgs allow for a standing collaboration—both as new program opportunities arise and when at a crisis or decision-making moment for one area or the region/state.
- Raises rural awareness of community foundation.
- Single message offers easier entry point in communities.
- Central message and control.
- Empowers rural communities by allowing them to bring assets to rural dev. table.
- Grassroots fundraising and program work build local ownership, fosters community econ. dev.

FEDERATION

- Central org. provides 501c3, reporting, admin., marketing so local divisions can focus on grantmaking/development.
- Empowers rural communities by allowing them to bring assets to rural dev. table.
- Vehicle for grassroots participation, increased fund development, local leadership.
- Cooperating orgs allow for a standing collaboration—both as new program opportunities arise and when at a crisis or decisionmaking moment for one area or the region/state.
- Central fdn has trained ambassadors and community partners in service region.
- All funds raised in divisions contribute fees and increase pooled invested assets of central foundation.
- If divisions are viable, rural communities do not drain central foundation's grant resources.

SERVICE BUREAU

- Central org. provides 501c3, reporting, admin., marketing so local divisions can focus on grantmaking/development.
- Cooperating orgs allow for a standing collaboration—both as new program opportunities arise and when at a crisis or decision-making moment for one area or the region/state.
- Central org. avoids expense of discretionary grantmaking.
- Empowers rural communities by allowing them to bring assets to rural dev. table.
- Vehicle for grassroots participation, increased fund dev. and local leadership.
- Central foundation has trained ambassadors and community partners in service region.
- All funds raised in divisions contribute fees and increase pooled invested assets of central foundation.

INCUBATOR

- Lead organization provides 501c3 for “incubation period.”
- Cooperating organizations allow for a standing collaboration—both as new program opportunities arise and when at a crisis/decisionmaking moment for one area or the region/state.
- Autonomy of fdns. allows maximum local control, while still less risky than usual start-up.
- Local foundations can be distinguished from lead organization, but can also jointly market.
- Guaranteed spin-off allows lead fdn. an “exit strategy.”
- Empowers rural communities by allowing them to bring assets to rural development table.
- Once local CFs become viable, rural communities don't drain lead fdn's oper. grant resources.
- Lead fdn. resources are not drawn away from its own primary service area.

PARTNERSHIP

- Partnering organizations offer standing regional “collaboration”
- Underserved regions gain access to community foundation services without expense or duplication of separate foundation.
- Non-competitive model allows more resources to go into service (rather than marketing, etc).
- Provides a model for regional cooperation across and despite arbitrary borders.

RURAL SERVICE STRUCTURE CHARACTERISTICS

STRUCTURE:

OVERALL CONS:

CONSOLIDATED SERVICE

- Difficult to reach as deeply or as often into rural communities.
- More difficult to identify emerging and non-traditional rural leaders.
- Challenge to develop rural funds when held by "distant" foundation.
- Potential conflict or competition between rural and metro in grantmaking, operating priorities.

AREA FUNDS

- Grassroots fundraising strategies differ from traditional community foundation culture/fundraising—more costly to develop, administer.
- Smaller, more numerous gifts add to processing expenses of central community foundation.
- Raising discretionary funds is often difficult, labor-intensive.
- Donors/stakeholders may not comprehend full range of community foundation funds and services—may only know "the part of elephant they are touching."
- Lengthy education and volunteer training process.
- Must have process for re-training volunteers as boards turn over.
- Challenging to develop rural funds when held by "distant" foundation.

FEDERATION

- Challenge to manage numerous relationships and the autonomy of divisions.
- Potential dilution of central foundation's message and resources.
- High operating costs of divisions.
- Risk of divisions reflecting poorly on central foundation and vice versa.
- Added layer of bureaucracy for grantees, donors, staff.
- Lengthy education and volunteer training process.
- Must have process for re-training volunteers as boards turn over.
- More challenging to develop rural funds by "distant" fdn.
- Investment policies (whether to handle locally/centrally) can be challenging issue.

SERVICE BUREAU

- Gives in to rural provincialism.
- Difficult to manage relationships and negotiate autonomy of divisions.
- Dilution of central foundation message and resources.
- Operational expense of divisions.
- Risk of divisions reflecting poorly on central foundation and vice versa.
- Additional bureaucracy.
- Lengthy education and volunteer training process.
- Must have process for re-training volunteers as boards turn over.
- More challenging to develop rural funds by "distant" foundation.
- Difficult to raise operating and disc. funds for the central foundation.
- Investment policies (whether to handle locally/centrally) can be challenging issue.

INCUBATOR

- Gives in to rural provincialism.
- Lead foundation incurs expense of incubating local foundations but loses fees and pooled assets.
- Exit strategy and relationships may be difficult to negotiate.
- Education and volunteer training process is lengthy.
- Population level, donor support and community support may not be present to support autonomous fdn. when incubation ends.

PARTNERSHIP

- Challenge and expense of managing a partnership.
- Risk of "tragedy of the commons"—region/partnership may suffer benign neglect.
- Stakeholder confusion over partners, local entity.
- Difficult to manage relationships and negotiate autonomy of local entity.
- May be band-aid, not cure for underserved regions.

Rural Service Structure Characteristics	
Structure:	Examples:
Consolidated Service	<ul style="list-style-type: none"> Vermont Community Foundation Greater New Orleans Foundation
Area Funds	<ul style="list-style-type: none"> Maine Community Foundation South Dakota Community Foundation East Tennessee Foundation
Federation	<ul style="list-style-type: none"> New Hampshire Charitable Foundation Arizona Community Foundation
Service Bureau	<ul style="list-style-type: none"> North Carolina Community Foundation Nebraska Community Foundation
Incubator	<ul style="list-style-type: none"> Community Foundation of the Ozarks (MO) Humboldt (CA) Area Foundation Greater Memphis (TN) Community Foundation Lilly Foundation GIFT program (private)
Partnership	<ul style="list-style-type: none"> Upper Valley Community Foundation (New Hampshire Community Foundation/Vermont Community Foundation)