

December 5, 2024

How to get rural American communities back in fighting shape

By Bob Hellman

The residents and elected officials of rural "left-behind" communities face significant challenges as they play economic catch-up to more prosperous cities and suburbs. The rise of remote work in the wake of the pandemic means more families should find the low-cost lifestyle and low crime rates these regions can provide attractive.

But bringing small left-behind rural towns back from the brink and getting them growing again will require creative approaches to funding and developing the infrastructure they need for 21st-century prosperity.

There's a well established <u>correlation</u> between infrastructure investment and economic development. Traditional infrastructure elements such as roads, bridges, and schools are important, but the infrastructure for digital connectivity and health care access are crucial to unlocking the potential of left-behind regions.

The very thing that makes a community "left behind" is often the chronic underinvestment by both the public and private sectors. That's the result of tapped out government coffers and also the lack of a viable economic model for things like rural broadband service.

But millions of people in the U.S. still live in these regions, with significant unmet needs that go beyond just local employment opportunities.

Take high-speed internet access, for example. Up to 12 million schoolchildren in the U.S. live in homes <u>without</u>, leaving them at a severe educational disadvantage. And on the economic development front, the vast majority of jobs today require broadband access.

But too many left-behind rural communities still don't have it, leaving them unable to attract remote workers or new businesses that could hire local residents. And students — the future of these communities — can't access the resources they need to succeed academically.

Health care access presents similar challenges. In recent years, hundreds of rural hospitals have closed, leaving millions of people without local health care services, such as OB/GYN care, mental health resources, dental services, and drug rehabilitation centers. This gap in health care is particularly concerning for the roughly one third of veterans who live in rural areas.

A lack of banking access causes similar problems. A U.S. Federal Reserve Bank study found that more than 12 million people in the U.S. live in "banking deserts" with no access to a physical bank branch in their community. That makes it harder for individuals to participate fully in the economy and puts another obstacle in the path of business growth and investment.

The harsh reality is that companies can't justify the cost of building modern infrastructure to serve these regions. Laying fiber optic cables for high-speed internet in rural areas costs tens of thousands of dollars per mile. For a community with only a few hundred homes, the return on investment for an internet provider simply isn't there.

The same economic constraints <u>explain</u> why health care companies are reluctant to invest in new facilities in sparsely populated areas, and why companies like UPS have <u>scaled back services</u> in certain rural locations.

So if traditional models aren't working, the key to helping left-behind communities will need to come from rethinking the economics. This is what private infrastructure investors are starting to do. Without the burden of historical constraints faced by government and large corporations, private infrastructure can formulate new solutions.

Cable and phone companies won't take on unprofitable rural build-outs, but that doesn't mean rural students there should be condemned to doing their homework in a McDonald's parking lot 15 miles away. Private investors can instead fund fixed wireless towers, providing high-speed broadband to thousands of homes at a fraction of the cost of traditional infrastructure. A \$3.5-million investment in a fixed wireless tower can provide access to 50,000 homes in a rural area, dropping the cost per servable home to a fraction of what a fiber optic network would be.

The availability of high-speed wireless internet can then open up access to other critical services, creating a domino effect of new possibilities. Universities can provide remote learning with skill-building workshops and continuing education for rural citizens, enhancing their career prospects without requiring them to relocate.

Regional medical centers can provide telehealth consultations and access to specialist physicians that were once out of reach. Health care providers can also deploy broadband-connected mobile clinics to provide needed services without the overhead of a permanent facility.

And though banks may not invest in rural physical branches, internet access enables mobile banking, allowing people to manage their finances remotely.

As each of these 21st-century infrastructure issues is addressed, families are more likely to consider relocating to these areas. Businesses find it easier to establish a foothold. More economic opportunities are created, and soon enough, the promise of these communities is restored.

The willingness of private infrastructure investors to think outside the box is key to revitalizing left-behind rural regions where traditional approaches have failed communities. Out-of-the-box approaches to providing modern necessities can transform millions of lives and help struggling regions rejoin the economic mainstream.

Bob Hellman has spent his career developing private infrastructure solutions. Bob is the CEO of American Infrastructure Partners, a firm that brings together public infrastructure funding needs with private investors.