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Reaching Spanish speaking clients:

The problem of "sweat equity"

By Darrick Price, Yamhill Community Development Center executive director

Many organizations avoid overuse of jargon and acronyms in their marketing and informational materials. However, some jargon has become popular and has obtained standard use. Jargon can become problematic when translated to serve English second-language populations. In this article, Darrick Price examines one such term, "sweat equity" in-depth, and discusses challenges and possible solutions to better assist Spanish speaking clients.

Simple phrases, complex problems

There is no way around it — sometimes, communication is a difficult task, ripe with complexity and problematic even in simple situations.

The process can worsen when individuals of disparate cultures communicate, even when they know each other's language. Understanding why communication is so tricky and why it is so difficult, is tougher to ascertain.

Yamhill Community Development Corporation (YCDC) is well-acquainted with such communication challenges. YCDC is a nonprofit organization that builds homes for income qualified families. In its program, YCDC recruits individuals and families to participate in constructing their homes. These individuals work together to do much of the labor and build equity into their homes. For much of YCDC's history, the organization has depended heavily upon technical jargon established by several partnering government agencies. However, during the past several years, YCDC has made an effort to move away from technical terminology and has worked to find simple, common phrases that can be used to intuitively express the core principles of the program. In pursuit of more effective communication, the phrase "sweat equity" has been used in marketing materials to better convey the program's general aim. Yet, the concept of sweat equity is not easily translated into Spanish. A literal translation of the term seems to create confusion for native Spanish speakers, and it is unclear whether a Spanish idiom exists that equates to the English understanding of sweat equity.

By and large, the term has been well received and has successfully communicated YCDC program's core concepts. Consequently, the term has become more than simply a marketing message; it has worked its way into the culture of the company and is used in both literature and conversation to explain procedure, policy and process throughout the organization's operation.

However, to better communicate the mission of the organization and more fully appreciate the ways Spanish speakers may conceptualize sweat equity, the author recently conducted a research project to develop marketing language that better engages Spanish speaking clientele. The project employed an open-ended interview strategy to explore conceptual links that exist for non-native English speakers who confront the term and worked to identify Spanish language idioms, which may equate the English term. The data that emerged from this project provided language that YCDC may employ in translating the term, and highlighted areas for future research for other organizations that also may struggle with complexities of cross-cultural communication.

> *For communication to be successful, concepts must be accurately encoded in language by the sender and then, accurately decoded by the receiver.*

The difficult task of cross-cultural communication and idiomatic expressions

As the project began, it became evident that the researcher's first task must be to understand the complexities at work in efforts to communicate the meaning of an idea such as sweat equity between English and Spanish speakers. The researcher asked: How does communication work? What problems confront those communicating across cultural boundaries? What does sweat equity mean to the English speaker? Does the term hold meaning for the Spanish speaker? If it does, is the meaning similar to that intended by the English speaker?

To understand communication, we must examine language. Here, we use language as defined by D. C. Thomas, "a symbolic code of communication consisting of a set of sounds with understood meanings and a set of rules for constructing messages"[1] Thomas proposes that the particular meaning attached to any given word is arbitrary, but that culture, over time, establishes commonly held definitions for its members. As a result, words and language are more than their strict definitions. Another author asserts that language is encoded with meaning, impressed upon it by culture, which must be interpreted to be fully understood [2]

However, confusion often results as individuals from different cultural contexts may interpret language quite differently.[3] This is problematic because interpretation is at the heart of communication. In fact, as Thomas explains, communication is "the act of transmitting messages, including information about the nature of the relationship, to another person who interprets these messages and gives them meaning." Thus, in the communication process, both sender and receiver play crucial roles. For communication to be successful, concepts must be accurately encoded in language by the sender and then, accurately decoded by the receiver. To put it another way, for communication to be effective, information must be transmitted and the receiver must understand it, with meanings intended by the sender received intact.

Figure A: Simple Communication Process Model

A simple model helps demonstrate the communication process. (See *Figure A*.) This basic model notes three rather complex processes that must occur for individuals to communicate: encoding, transmission and decoding. At each step along the way, the system may be confounded. For instance, once an individual has formed an idea she wishes to communicate to another, she must encode the idea within language. However, the language chosen may be unclear to the listener and may be decoded in a way that gives rise to misunderstanding. Confusion may also arise if the encoder accurately relays the intended message, but the listener lacks the precise language, background or shared experiences required to accurately decode the message. In either case, a message may be

1 Thomas, D. C. (2008). *Cross cultural management: Essential concepts* (2nd ed.). p. 119. Thousand Oaks, CA: Sage

2 Hooker, J. (2003). *Working across cultures*. Stanford, CA: Stanford University Press.

3 Zuñiga, J. (1995). Hermeneutics in ordinary language expressions. *Philosophy and Rhetoric*, 28(4), 365-376.

conveyed, but the interpreted meaning may be quite different from the meaning intended.

These types of problems can be further exacerbated when groups that speak a different language from each other, including Spanish and English speaking groups, interact with one another. To fully understand the meaning of language, one must do more than merely define specific words and phrases; one must analyze the culturally coded meaning attached to language as it is used in a particular context to completely comprehend the nuance and possible levels of embedded meaning.[4] Culturally specific subtleties attached to certain words are learned over time. As a child matures in a particular culture, he learns the understated meanings attached to certain words and phrases. However, for individuals not raised in a particular culture, but who enter later in life, it is often quite difficult to understand the meaning intended by certain uses of language, even if precise definitions are known to the newcomer (Hooker, 2003).

The literal definitions of the words that make up the phrase sweat equity are quite distinct from the intended meaning of the phrase.

Just as cross-cultural dynamics complicate the process of communication, terms such as sweat equity confuse efforts at encoding and decoding because of the complex nature of metaphor, slang, jargon, idiom and colloquialism. These attach much greater depth of meaning, the nature of which generally is quite detached from the literal definition of a word or term. Idiomatic phrases such as “kick the bucket,” can be quite overt, and the listener is likely to assume that the intended meaning of the speaker has nothing to do with buckets. Often however, idiomatic usage is quite subtle and difficult to catch. Consider the English word "bachelor." Simply defined, it refers to an unmarried man. However, for the English speaker, the term is ripe with subtle meaning regarding the potential lifestyle, activities and perspectives of that man. Yet, if the listener has been raised in a different culture and speaks English as a second language, the more subtle meanings of the term may not be understood and may be lost in the decoding process.

Fundamentally, then, multi-cultural communication is considerably more demanding than that within a single culture because individuals from different cultures will have less common information (Thomas, 2008). Consequently, communication across cultures requires a translator to find ways to generate meaning for the listener that is similar to the meaning intended by the speaker. Thus, decoding meaning in such a way that the listener receives an interpretation similar in meaning to the intended message generally requires more than simply rendering language literally because "rarely can colloquialisms be translated literally and yet retain the same meaning" (Zuñiga, 1995, p. 373).

Sweat equity — Definitions and idiomatic usage

What does the English speaker mean by the phrase sweat equity? And, is sweat equity an example of idiomatic expression?

The literal definitions of the words that make up the phrase sweat equity are quite distinct from the intended meaning of the phrase. For English speakers, the term is often used in an idiomatic fashion that transcends the literal definitions of the words comprising the term (Hughes, 2007; Garskof, 2008; Merriam-Webster).[5] Furthermore, English speakers are comfortable with the common use of the term to denote increased value in real estate holding created by personal labor. They also are quite flexible in their application of the term to include a broad range of work investments to create gains, both real and potential, in everything from real estate and real property to less

4 Hooker, 2003; Zuñiga, 1995.

5 Hughes, A.R. (2007). When sweat equity is the only way home. This Old House, 12(7), 116-123.

Garskof, J. (2008). Essential tools to build sweat equity. Money, 37(12), 62-62.

http://www.merriam-webster.com/dictionary/sweat%20equity - retrieved 4/12/2010 concrete concepts such as relationships and future business dealings (*Consumer Reports*, 2009; Morias, 2009).[6]

The researcher designed a study to conceptualize the way in which individuals for whom Spanish is the primary language understand the term sweat equity.

However, for individuals for whom English is a second language, the term is likely to cause confusion and miscommunication as the meaning encoded by the English use of the term may be quite difficult for individuals from other cultures to accurately decode.

Research study structure

The researcher designed a study to conceptualize the way in which individuals for whom Spanish is the primary language understand the term sweat equity. Results of the study will be used to determine its viability in marketing and other organizational materials for YCDC. Moreover, the study was structured so that should the research determine the term creates confusion across cultural divides, alternate language for use in Spanish materials would emerge.

The central question this research sought to answer was: Does the English term sweat equity bear the same embedded meaning for non-Native English or Spanish speakers that is carried for English speakers? To find an answer, the study was limited to individuals whose income was 80 percent, or less than area median income. This reflects the income demographics of YCDC's clientele. During a two-week period, 17 non-native English or Spanish-speaking individuals were interviewed. The interviews consisted of seven questions that were originally written in English and then were translated with a multi-translator approach to ensure, to the greatest degree possible, that the translation was accurate and suited for the purposes of the study. The interviews were semi-structured, allowing the interviewer to follow up with questions that may expose interesting areas for further research. Before the actual interviews, the questions were tested outside the experiment to ensure clarity, and flexibility enough to allow for exploration into unforeseen theoretical constructs.

Research findings

The transcription of each interview was divided into thematic vignettes based on the interview questions. These vignettes were examined across the full range of interviews to find common themes regarding their understanding of the term and recommendations for Spanish language equivalents.

The data is summarized in the following chart, labeled *Figure B* and a Pareto Chart analyzing suggested alternatives for sweat equity is provided in *Figure C*. Note that due to the open-ended nature of the questions, in some cases, respondents may have provided more than a single response.

Recommendations for use of the term sweat equity in Spanish materials

As the data clearly shows, participants did not recognize the English term sweat equity. Hence, it should not be used in Spanish language materials. In similar fashion, the literal translation, equidad sudor is not only unrecognizable as a Spanish idiom, it is also confusing, and for some, mildly offensive as the term "equidad" was confused with the Spanish word for equal, connoting for some participants the idea that one must sweat to be considered an equal. Consequently, equidad sudor should be avoided in Spanish language materials.

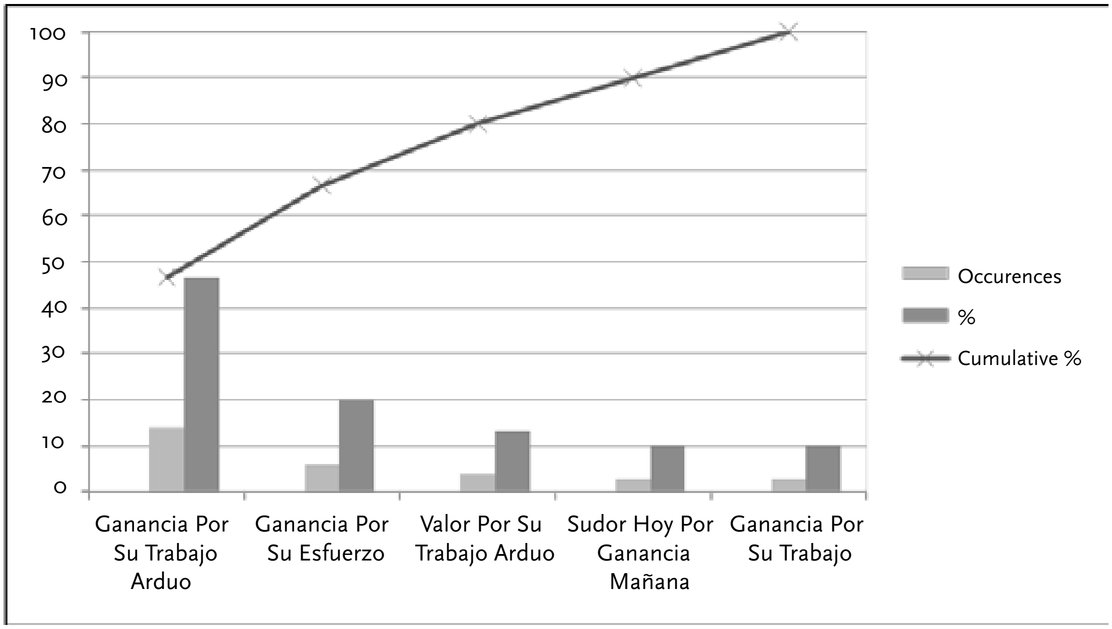
Nevertheless, the responses to question six, regarding feelings attached to the core idea intended by English speakers using the sweat equity, were overwhelmingly positive. This indicates to the researcher that the theme could be used in Spanish language materials with the caveat that sweat equity and equidad sudor not be chosen to attempt to encode intended meaning. Fortunately, question seven did point to several possible substitutions for the term. As *Figures A and B* show, "ganancia por su trabajo arduo" and "ganancia por su esfuerzo," translated as "gain for your hard work" and "gain for your best effort,"

6 Sweat Equity. (2009). *Consumer Reports*, 74(5), 47-47.

Morias, R.C. (2009). Sweat Equity. *Forbes*, 184(3), 74-74.

	Figure B		
	Question	**Responses**	**Frequency of Response**
1.	Are you familiar with the English phrase sweat equity?	No I have heard the word "Equity"	17 1
2.	If you are familiar with the term, what does it mean?	It's not familiar	17
3.	Does it have a positive feeling, negative feeling or no feeling?	No Feeling Positive Perhaps Positive	15 1 1
4,	Are you familiar with the Spanish phrase Equidad Sudor?	No Does Equidad Mean Equal?	17 3
	Follow Up: Are you familiar with the term Sudor (Sweat)?	Yes	17
	Follow Up: Are you familiar with the term Equidad (Equity)?	No It means Equal	14 3
5.	Does "Equidad Sudor" have a positive feeling, negative feeling or no feeling?	No Feeling If "Sweat to be Equal" — Negative Positive Feeling	13 3 1
6.	In English, when someone fixes up their house and makes it worth more, this is called Sweat Equity (Equidad Sudor). Does this have positive feelings, negative feelings or no feelings for you?	Positive Feeling Equidad is still very confusing	17 5
7.	In English, when someone fixes up their house and makes it worth more, this is called sweat equity. We have translated this as equidad sudor. Can you think of a better way to describe this in Spanish?	Ganancia Por Su Trabajo Arduo Ganancia Por Su Esfuerzo Valor Por Su Trabajo Arduo Sudor Hoy Por Ganancia Mañana Ganancia Por Su Trabajo	14 6 4 3 3
	Follow Up: Are any of these phrases confusing or awkward?	Valor Por Su Trabajo Arduo	4
	Follow Up: Which of these phrases would most likely be used in a song or poem?	Ganancia Por Su Esfuerzo	6

Figure C



respectively, do provide Spanish language alternatives for the term.

Furthermore, in a follow up question, it was suggested that ganancia por su esfuerzo may be the alternative which best lends itself to idiomatic usage as the term esfuerzo is often used to transcend the simple meaning of "best effort" and sometimes conveys notions of force, courage, stamina, vitality and spirit. Moreover, the term esfuerzo was noted in the interviews as more likely to be used in a song or poem, thus suggesting to the researcher that the word may be more likely to transcend its literal definition for the Spanish speaker. However, the notion of esfuerzo did not arise until later in the research study and it must be noted that the term requires more testing to ensure that its idiomatic usage is relevant and helpful in working to provide an understanding of the core notion of sweat equity.

Discussion and concluding remarks

More research should be conducted to determine whether ganancia por su trabajo arduo or ganancia por su esfuerzo is the better option. Once determined, the findings of this project could be used by organizations with products and clientele similar to YCDC. The researcher is unaware of geographic limitations within the U.S.

Rural policy matters:

Rural issues, concerns, challenges and recommendations

By Dr. Florine Raitano, RCAC board of directors president

This opinion piece was initially written for the April 2010 Senate Democratic Rural Policy Forum held in Washington, DC. The piece has been adapted to better fit RCAC's Rural Review format. Raitano touches on several issues and their impact on rural communities, including community development, federal programs, new energy, broadband, transportation and more. She draws liberally from Colorado examples, as she is based in Colorado.

Issues with impact on rural community development

"If you've seen one rural community … you've seen one rural community."[1] Admittedly, it is difficult to generalize about rural communities in the West, however, some observations cross-cut a significant number of small, underserved, often poor, rural places. Statistics, as useful as they may be, often work to the disadvantage of rural places. For example, consider successful rural communities — those with high amenities and demand for access to public recreation such as skiing, hunting, fishing, rafting, camping, and other outdoor, tourism-driven activities. These are resort communities where statistics indicate median incomes well above the national average. Unfortunately, the numbers are skewed by wealthy second, third, sometimes fourth homeowners who may only spend two weeks a year in their mansions on the hillsides, whereas middle class professionals, including teachers, nurses, public safety personnel, and certainly service industry workers, struggle to find affordable housing in an inflated economy. In this case, statistics disadvantage those communities, making them look great on paper, while they are not so great in reality. Many times those communities are ineligible for funding to help their struggling citizens, because the community median household income is too high.

The focus of existing rural development policy, to the extent that there really is one, remains centered on communities that are failing to thrive, ignoring the lessons to be learned from successful rural communities that against all odds do manage to survive, and occasionally thrive. Furthermore, the success of the region in which such communities exist is dependent upon these successful communities, so

1 Miller, M. K, F. L. Farmer, and L. L. Clarke. Rural Populations and Their Health. *In Rural Health Services*, eds., J. E. Beaulieu and D. E. Berry, pp. 3-26. Ann Arbor, MI: AUPHA Press Health Administration Press, 1994.

their viability and sustainability is critical to developing a comprehensive rural community development strategy.

Problems with federal programs

Federal programs are largely uncoordinated, too-narrowly focused and too rigid to have long-term and large-scale value to rural communities.

Federal programs are largely uncoordinated, too-narrowly focused and too rigid to add long-term and large-scale value to rural communities. New initiatives are undertaken at the federal level while existing programs are increasingly starved for funds, even when a program has demonstrated a positive impact in rural communities. Lack of coordination among multiple federal programs presents a daunting and confusing landscape of programs for rural communities seeking to capture opportunities and address critical needs. And nowhere is there an effort to consider what the elements of a rural comprehensive community development focus might encompass. Such consideration should examine what program elements should be included, what delivery mechanisms and potential nonprofit partners, intermediaries and service distribution channels might exist, and how we might realistically measure the success of such an endeavor.

Currently, only U.S. Department of Agriculture's (USDA) Rural Community Development Initiative has a mission to identify, develop, implement and assess comprehensive community development strategies for rural America. However, the maximum grant size is $300,000 over three years and it is targeted to the smallest and poorest communities, in lieu of a more regional approach.

Numerous rural housing programs exist, though many are underfunded, unfunded or misallocated. For example, there are more than 400,000 units of Section 515 rural rental housing in rural areas. The average annual income of the occupants is less than $10,000. Most of these units are more than 20 years old, and most of the owners are ready to exit the program. Unfortunately, USDA Rural Development appears to have no money to redevelop these properties or affect a transfer to a local nonprofit that might upgrade these much-needed units.

The Rural Utility Service water and waste funding currently provides about one-third grant and two-thirds loans to rural communities. Rural communities need a greater percentage of grants to effectively deliver affordable quality service.

USDA Rural Housing Service did not obligate all of the 502 direct loans this year. In part, this was a function of competing demands for staff attention as a result of American Recovery and Reinvestment Act (ARRA) funding, but one of the primary reasons is the antiquated process for approving and entering such loans in UNIFY, the approval system. Congress needs to evaluate this process and commit to its modernization.

A lot of noise has been made about pricing of the low-income housing tax credits. In rural areas, the pricing is not a problem, there is simply no market. Congress renewed the exchange for this fiscal year. It needs to happen for next fiscal year, or no rural rental housing will be produced.

Economic development considerations

Logically, this should be a cornerstone of comprehensive community development, but it is most often considered separately. Many states have a robust, or at least a small economic development agency. This may be housed in a governor's office, or within a state Department of Commerce, but typically, such an entity focuses on international trade, business attraction and/or retention, and working with larger metropolitan regions to capture cluster opportunities such as aerospace, bioengineering or alternative energy manufacturing and technology. Small rural communities usually do not, and often cannot compete in those arenas. Many times they are left to try to figure it out on their own. Venture capital entities rarely, if ever, entertain proposals from rural entrepreneurs, citing distance to market, lack of support infrastructure or most often, lack of understanding of rural endeavors of any kind. Consolidation of the banking industry has exacerbated the problem of rural access to capital. Loan officers are often hundreds or thousands of miles away and have no knowledge of rural business function and needs let alone how to properly value rural assets.

Investment in microenterprises is a valuable, but overlooked strategy for rural economic development.

Yet successful rural communities continue to give rise to entrepreneurs who in turn drive their economies. Or perhaps profitable entrepreneurs create successful rural communities in the first place. What is clear is that rural business most often falls into the small business category, with fewer than 50 employees, and more often with only one or two employees. These are the businesses that should be given more tax breaks and tax incentives, because if they could double their demand for their products, they would in many cases double their employment, creating local jobs.

Promotion of small business is an essential strategy for rural economic development. Large and mid-sized businesses are more likely to be located near urban centers. Promotion of small businesses assists all economic strategies, but because small businesses are a larger segment of most rural economies, the promotion of small businesses has a proportionally greater impact on rural areas. Federal income tax relief for small businesses, say those grossing less than $1 million annually, will promote rural jobs and economies. Federal payroll taxes, primarily FICA and SECA taxes, are burdensome for all employers, but especially so for small businesses — those with 10 or fewer employees. Payroll tax relief for small employers would be a boon to many rural businesses.

The federal government provides seed funding for revolving loan funds that lend to small businesses. These loan funds are successful in some parts of the country and less successful in others. There should be an effort to understand why this is the case, and to discern what makes one program successful, while others fail. This seed money could be managed at the intermediary level and those intermediaries could provide training and technical support to small, rural, local revolving loan funds. Those federal seed dollars could then be leveraged to attract state, regional and local monies to grow the loan fund and keep the access pool refreshed and robust. A note of caution though, too rigid a structure with mandated "quotas" for matching state, regional and local funds could impede what might prove to be successful programs because some local resources may be so thin that they prevent an ability to make a match.

Perhaps it also is time to consider alternative yardsticks for measuring economic development in rural communities other than jobs created. Too often, this singular focus on jobs, jobs, jobs results in communities competing against each other to provide the largest tax incentives, or deals to attract industry/jobs to those rural locations. The incentives give back or forgive up front revenues that the communities can ill-afford to lose, but without the incentives, industry chooses to place those jobs in other locations. This competitive cycle also sets up the "Deals on Wheels" phenomenon, bringing external companies, with no cultural, historic or familial ties to a community, into the community. Then, once the tax incentives have been fully realized, there is little reason for the industry to remain, so it moves on down the road to the next location willing to offer up the next round of incentives. Instead of jobs, we should focus on wealth generation and net wealth import for the community.

Economic development also should be considered a strategy to encourage and foster the development of regional economic clusters. Not every commodity-based rural community can use vertical integration, which requires a sufficient supply of labor and materials. The supply may need to come from as far away as 100 miles, so only one community in that 100 mile radius will really benefit from that strategy. For instance, many times raw materials are limited. A corn ethanol plant requires a certain amount of corn to produce enough ethanol to provide a return on investment on the ethanol facility. That facility depends on corn delivered from the surrounding area. Not every small town in the area can support an ethanol plant — there just isn't enough corn.

The most recent ARRA Broadband Initiative included several elements that do not promote progress in rural communities.

However, if a region of communities works together to identify cluster opportunities, more communities could benefit from that strategy. Such clusters should be self-organizing. To impose a cluster strategy on a rural region, without having that region self-identify which cluster makes sense, will most likely result in failure.

The approach should be to encourage and support entrepreneurial efforts at cluster development that are locally driven, not externally imposed. Given decades (in some cases a century or more) of competition between these communities, overcoming that competitive drive is not easy, but it is beneficial. While competition can be good in some instances, in this case, the competition drives down the prices; only one community benefits from securing the industry jobs and it does so at the reduced rate. Lessening the competition through a cluster strategy would benefit all the communities in the region. Industry could be an important driver to help accomplish this goal.

Broadband concerns

The rural broadband conversation has been going on for far too long — since at least the early 1990s, and we still have little to show for the effort. The most recent ARRA Broadband Initiative included several elements that do not promote progress in rural communities. Once again, the targeted communities were those least likely to be able to respond to a Notice of Funding Availability (NOFA) due to its complexity and the grant to loan ratio was far too low to truly benefit those communities with the greatest needs.

The application process needs to be streamlined and should include a separate process for small rural communities. USDA Rural Development should be given a new mandate with more grant funds and less loan money, to develop a program much like the self-help housing technical assistance program to assist applicants. The focus should be on communities, not incumbent local exchange carriers and rural telecommunications associations. However, the telecommunications industry has proven resistant to the concept. Good initiatives have been funded. Pilot projects have been conducted in states, including Colorado's Multi-use NeTwork (known locally as the MNT) project, which awarded a contract to QWEST and partners to provide a fiber connection to every county seat in the state (there are 65 of them). Another example is the Beanpole Project, which provided demonstration funds to actually implement broadband access for citizens, schools, libraries, health care facilities and other local government offices in rural communities. Other pilots in other states could provide insight for USDA Rural Development to use as a guide to devise, implement and evaluate a successful rural broadband initiative. USDA Rural Development should be required to consult with those who have already devised successful programs. Identifying regional or multi-state partners that provide technical assistance and training for such an initiative is critical. A number of Rural Community Assistance Partnership (RCAP) members are more than eager to provide that assistance across the rural landscape of the U.S., indicating that there are other providers that could help beyond the intermountain West. We should ensure that all of rural America is covered.

Rural transportation factors

The continued delay in the reauthorization of the Transportation Funding Bill (formerly known as SAFETEA-LU) is having ripple effects on rural roads. The increasing uncertainty over federal funding of the Highway Trust Fund (HTF) and reliance on an annual appropriation from the General Fund to keep the HTF solvent is making it extremely difficult for state Departments of Transportation (DOTs) to predict available funds and to determine how much funding will be available for rural transportation projects after the metropolitan planning organizations (MPOs) get their share. Congressional reluctance to move forward with earmarks (perhaps rightfully so — it does tend to skew the overall funding) makes competing impossible for rural communities dependent upon state DOT funding.

Rural communities are forced to compete, while urban areas are given guaranteed funding.

The allocation structure U.S. DOT (USDOT) has mandated for state DOTs is a major impediment to successful rural transportation planning and implementation. MPOs are given a set aside — direct allocation from each state's USDOT formula. Whatever is left over goes to the state DOT to distribute on a competitive basis amongst the rural transportation planning regions. Rural communities are forced to compete, while urban areas are given guaranteed funding. Likewise, ARRA gave the National Communications and Information Administration, a funder of primarily urban projects, 100 percent grant. On the other hand, USDA, the primary funder of rural projects, received similar money, but as 50 percent grant and 50 percent loan. In addition, USDA was mandated to work in all un-served areas.

Congress should establish concomitant Rural Planning Organizations (RPOs) and then require USDOT to provide funding for transportation planning staff at each RPO in each state. Such personnel should be housed in the region itself, perhaps with an existing regional entity like a Council of Government (COG) or Economic Development District (EDD) that shares the geographic boundaries of the RPO. Funding for the RPOs would then be managed by the state DOT and distributed on a predictable and equitable, non-competitive basis. Additionally, the state DOT should have the ability to designate specific corridors of strategic significance that qualify for a similar type of dedicated funding. Such corridors should be required to meet specific qualifications, such as multi-jurisdictional or multi-county, to be eligible for designation and have an existing entity that could manage personnel and funds (such as a COG, EDD or a coalition with nonprofit status).

State DOTs are recognizing that gas tax revenues are in decline. Fuel efficiency and all-electric vehicles will continue to erode this revenue source and given the present state of mind of most voters, meaningful increases in state gas taxes are seen as unattainable. While some rural advocates oppose supplementing or replacing the gas tax with a mileage-based user fee, in Colorado, rural drivers are already contributing more than their fair share to the state Highway User Trust Fund and federal HTF. According to the Colorado Department of Transportation (CDOT), rural drivers average 44 miles driven per day, while urban drivers average only 11 miles driven per day. The Colorado population is largely urban. Roughly four million residents live in urban areas and one million residents spread across the rural landscape. Doing the math renders the following interesting fact — rural drivers account for 50 percent of gas tax revenues, while urban drivers account for the other 50 percent.

One million rural drivers X 44 miles per day = 44 million miles per day. Four million urban drivers X 11 miles per day = 44 million miles per day. Then again, considering that rural drivers favor less fuel efficient farm vehicles, trucks and SUVs, and understanding that the largest numbers of hybrids are in urban areas, rural drivers may pay more than urban drivers. As the number of hybrids and all-electric vehicles increase, so too will the rural underwriting of the HTF. Rural drivers generate at least 50 percent of the revenues supporting transportation infrastructure, but rural highways do not see anywhere near that level of maintenance or investment in upgrades. This fact alone makes the above argument for RPOs logical.

Rural residents often lack choice when it comes to public transit over driving. Many rural communities can barely support efforts at providing transit for seniors and access to health facilities, let alone meaningful inter-regional/inter-city bus transit. Particularly out West, where there's a lot of dirt between light bulbs, the expense of implementing mass transit is beyond the reach of regions, and individual communities. Federal support for rural transit is meager. State DOTs do not have additional funding available. Colorado did not even authorize the use of state transportation funds for any sort of transit until 2006 and then in 2009, it eliminated the source of those funds altogether. It did, however, retain the authority for CDOT to invest state funds in transit and a measure of on-going funding. CDOT helped establish the newly legislatively authorized Division of Transit and Rail, which could prove valuable for rural transit efforts statewide.

A little bit of federal investment would go a long way toward bringing the New Energy Economy benefits to rural America.

While it is laudable that Congress has directed USDOT, U.S. Environmental Protection Agency and U.S. Department of Housing and Urban Development to establish a program aimed at supporting strategic growth and development using Transit-Oriented Development and integrated land-use and transportation planning, that initiative is aimed squarely at urban centers, with little relevance to rural communities. The densities required for transit-oriented development are not found in and are not applicable to rural communities. Instead, a similar initiative exploring regional capacities and a transportation hub concept should be developed to serve rural needs.

Examining the New Energy Economy

In Colorado, which has been attributed with giving rise to the term and the concept of the New Energy Economy, to date most of the benefits of this phenomenon have accrued to urbanized areas. If implementation of this economic construct is not carried out thoughtfully and in a planned, deliberate manner, the end result will be yet another extractive industry reaping the benefits from rural locales leaving behind environmental and aesthetic disasters for rural communities. As in the past, and as with any earlier form of "cheap" energy, the headlong rush toward garnering the economic benefits outstrip all efforts at deliberate, informed and intelligent analysis of both the real costs (including life-cycle analysis and cost of procuring raw resources and manufacturing processes) and the real benefits — local as well as broader societal. Do we really know what the long-term impacts of thousands of wind turbines killing hundreds of thousands of birds and bats will be on the ecosystem — natural, agricultural and man-made? For reference, the Feb. 15 issue of the *High Country News* contains a provocative article that draws interesting links between the lack of an alpha predator such as wolves, and the declining health of the aspen forests in the Rocky Mountain west. The problem with the new energy economy is that we don't know what we don't know! That said, the state of Wyoming has opted for an extraction tax on wind turbines. This is a significant advance, especially if it shares the revenue with the local communities that generate the energy.

In the meantime, rural communities are asking themselves how they can be better environmental stewards, reduce their carbon footprints and use less energy. But there are not a lot of resources yet available to help them work through this discussion. It would be immensely helpful if Congress and federal agencies identified a way to help those communities help themselves, and in the process, potentially create new economic opportunities for entrepreneurs and existing businesses alike. Colorado has the benefit of serving as home to iCAST — the international Center for Appropriate and Sustainable Technology. This nonprofit has been around since 2001, developing local workforce training programs in the field of energy conservation, energy efficiency and small scale renewable energy use. One of its efforts resulted in the development of an entrepreneurial for-profit subsidiary (it was the only way the business case made sense) called NESCO. NESCO is committed to working with smaller, mostly rural, communities and regions, to develop community energy plans and a roadmap to implement those plans. A small business start-up like NESCO could benefit from a partnership with larger regional intermediaries like RCAC and the other RCAPs, but there must be some degree of federal investment in the program as well. RCAC and other RCAPs may not specialize in energy; however, they would likely be able to assist a small start-up with other technical assistance to build the organization's capacity. RCAC cannot cover the costs to its staff time and resources, and a start-up like NESCO cannot cover those costs either. A little bit of federal investment would go a long way toward bringing the New Energy Economy benefits to rural America.

State Rural Development Council challenges

State Rural Development Councils (SRDCs) are one of the most creative attempts undertaken since the development of the Extension Service to address rural community needs. The National Rural Development Partnership (NRDP) and its remaining 27 SRDCs still present a unique opportunity to realize their potential, which has been ignored by Congress for two decades. While the NRDP and its member SRDCs have been authorized in both the 2002 and 2008 Farm Bills, there has been no accompanying appropriation made to USDA Rural Development to adequately support the operations of these 27 SRDCs and establish the full complement of 50 SRDCs. At its peak, the NRDP (with the use of minimal USDA Rural Development funds) supported 40 state councils across the country from Maine to Hawai'i and Florida to Alaska.

Federal support did not provide the state councils any meaningful ability to supply technical assistance to rural communities for broadband development or much else.

SRDCs have traditionally served as a conduit of information — informing federal and state agencies of specific rural needs while making rural communities aware of federal, state and intermediary programs available to help them achieve their goals and objectives. In a 1996 U.S. Government Accountability Office (GAO) Report, the GAO relied heavily on information from 15 SRDCs on efforts to bring broadband to rural America. That information was never incorporated by the appropriate federal agencies to advance rural access, and so today we find ourselves with a lack of access to robust IT networks in rural America. Federal support did not provide the state councils any meaningful ability to supply technical assistance to rural communities for broadband development or much else. Adequate funding could overcome that. One alternative mechanism would be for a large, regional or multi-state intermediary to provide oversight and assistance to multiple state rural development councils or at a minimum, a partnership arrangement to help achieve that technical assistance role, but this would require funding on Congress' part, and a long-term commitment to make the program successful. While it is not too late to help capture the value and potential benefits that the NRDP and SRDCs present, Congress does need to decide if it is willing to make the required investment in the program or not. SRDCs are struggling to maintain their relevance and value to their rural communities. It should be incumbent on Congress to help them, and their partners, get there.

Grant closeout:

When does a grant really end?

By Henry Flood, Mr. Grants Management, Inc. president

In this article, Henry Flood clarifies the do's and don'ts of grant closeout, dispelling myths, giving clear examples and citing official rules and policy. He offers tips to ensure a successful grant closeout. Flood has a master of arts degree in legal studies from Antioch University and more than 30 years experience with grant management and governance, especially related to work with tribes. Contact him at 305/332-4051 or e-mail him at HFlood49@bellsouth.net.

I asked several people working with grants when a grant officially ends and received many different answers, most of which were wrong. The range of answers I received included:

- When all of the money is spent
- When all activities are completed
- When the audit is submitted
- When the final project report is submitted
- When the grant is officially closed out

The last response in the above list is correct. A grant ends when it is officially closed out.

Technically, a grant is not really closed out until the funding source releases you from any further responsibility by sending you an official letter or memo saying that your grant is closed out.

Yet, thousands of grants stay on the books for many years because the agency awarding the grant never got around to issuing a closing letter to release the grantee from further responsibility for the funding. Without a formal document releasing you from further obligation to the funding source, you are technically still in a grant business relationship even though project activities have concluded.

The basic government-wide closeout policy for formally ending the business relationship between federal agencies and their grantees is reflected in the Common Rule on Grant Administration which applies to state and local governments and Indian tribes, while OMB Circular A-110 covers closeout obligations for nonprofit organizations, colleges, universities and hospitals. The pertinent text concerning grant closeout from these two rules is included as follows, for convenient reader reference.

A-110 Codified at 2 CFR 215	Common Rule as Codified by HHS at 45 CFR 92
§ 215.71 Closeout procedures. (a) Recipients shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award. The federal awarding agency may approve extensions when requested by the recipient. (b) Unless the federal awarding agency authorizes an extension, recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions. (c) The federal awarding agency shall make prompt payments to a recipient for allowable reimbursable costs under the award being closed out. (d) The recipient shall promptly refund any balances of unobligated cash that the federal awarding agency has advanced or paid and that is not authorized to be retained by the recipient for use in other projects. OMB Circular A–129 governs unreturned amounts that become delinquent debts. (e) When authorized by the terms and conditions of the award, the federal awarding agency shall make a settlement for any upward or downward adjustments to the federal share of costs after closeout reports are received. (f) The recipient shall account for any real and personal property acquired with federal funds or received from the federal government in accordance with § 215.31 through § 215.37. (g) In the event a final audit has not been performed prior to the closeout of an award, the federal awarding agency shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit. No © claimed for Federal regulatory text.	**§ 92.50 Closeout.** (a) *General*. The federal agency will close out the award when it determines that all applicable administrative actions and all required work of the grant has been completed. (b) *Reports*. Within 90 days after the expiration or termination of the grant, the grantee must submit all financial, performance, and other reports required as a condition of the grant. Upon request by the grantee, federal agencies may extend this timeframe. These may include but are not limited to: *(1) Final performance or progress report.* *(2) Financial Status Report (SF 269) or Outlay Report and Request for Reimbursement for Construction Programs.* *(SF–271) (as applicable).* *(3) Final request for payment (SF–270) (if applicable).* *(4) Invention disclosure (if applicable).* *(5) Federally-owned property report*: In accordance with § 92.32(f), a grantee must submit an inventory of all federally owned property (as distinct from property acquired with grant funds) for which it is accountable and request disposition instructions from the federal agency of property no longer needed. (c) *Cost adjustment*. The federal agency will, within 90 days after receipt of reports in paragraph (b) of this section, make upward or downward adjustments to the allowable costs. (d) *Cash adjustments*. (1) The federal agency will make prompt payment to the grantee for allowable reimbursable costs. (2) The grantee must immediately refund to the federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants. No © claimed for Federal regulatory text.

Note: *The Common Rule on Grant Administration is separately codified by the granting agencies throughout the Code of Federal Regulations (CFR's) but the text is largely the same from agency to agency. The HHS codification was selected for this article because it is one of the largest of the awarding agencies.*

Two government grant closeout policy similarities

The regulatory text of the two grant closeout rules may differ from each other, but the practical action requirements are quite similar. The key requirements for closing out a grant award are:

- Complete all project activities.
- Submit your final progress report and if required, a cumulative report covering the total time of the grant award.
- Submit any final financial reports.
- Submit a copy of the audit report if the grant was subject to audit and the audit is complete. Some agencies will close out grants without the audit but reserve their rights that may arise from receipt of the financial and compliance audit.
- Submit any property reports concerning property purchased with grant funds as well as federally owned property used in conjunction with your grant.
- Settle (or making arrangements to settle) any financial obligations between the grant recipient and the granting agency.

Ensure a successful grant closeout

Even if you have received specific grant closeout instructions from an awarding agency, recipients should still request formal closeout via a written letter or memo (see Exhibit 2). The request to close out a grant should take into account all of the disclosed closeout requirements. Compliance with these requirements should be documented in your closeout request with appropriate submissions attached. Recipients that believe they have met all of the conditions for closeout should explicitly say that they consider the grant closed and request a letter from the awarding agency affirming this fact.

Some awarding agencies are very business-like and efficient with grant closeout. The Environmental Protection Agency (EPA) and the Economic Development Administration (EDA) are examples of excellence in the closeout process. Many awarding agencies have a decidedly mixed record when it comes to closing out grants even if recipients fulfill their part of the process. In fairness though, many recipients disappear once the money is spent and the final reports are tendered.

It need not be this way. There are ways to rationalize and control the closeout process so that these activities are properly documented. A proper closeout policy assigns responsibilities and tasks so that management can do its job to close out the grants it receives.

Even in the absence of a written closeout policy, action step checklists can ensure that your organization properly closes out its awarded grants. Exhibit 1 is a two-part checklist. Part I of the checklist is a self-assessment to determine if you are really ready to request closeout of a grant. Part II is a series of action steps and tasks to ensure that a grant is closed out based on current grant closeout requirements, the typical closeout instructions tendered by awarding agencies and practical common sense.

[Exhibit 1]
Grant and Contract Closeout Checklist

Award # ______________________ Award Date: ___________ CFDA # ____. _____

Awarding Agency: ____

___ Grant ___ Contract ___ Cooperative Agreement ___ Single Year ___ Multi-Year

Project Period Dates: ______________________ to __________________________

Budget Period Dates: _____________________ to __________________________

Department: ____

Person Completing This Form: ____

Phone: __________________ Email: _____________________________________

Part I Closeout Readiness

Q#	Topic	Yes	No	N\A
1	Have all project activities been completed?			
2	Are all project funds spent or otherwise obligated?			
3	Are there no un-drawn funds?			
4	An A-133 Single Audit is not required			
5	A Single Audit is required and ___ available ___ not ready yet			
6	The Single Audit disclosed no compliance or financial findings			
7	Any compliance or financial findings are officially resolved			
8	There are no delinquent progress reports			
9	There are no delinquent financial reports			
10	There are no delinquent property reports			
11	There are no unresolved environmental issues			
12	The project is in good standing [i.e. not suspended]			
13	Did we receive or request closeout instructions?			
14	We have reviewed and understand all closeout requirements			

Note: Part I assesses your readiness to begin closing out a grant. In most cases, a "No" answer to any question means that you have unmet obligations and are not ready to close out the project for which you are responsible. Do not proceed further without management permission if you answered "No" to any of the 14 readiness questions. All "Yes" answers? Go to Part II.

Part II Project Closeout Steps

Q#	Topic	Yes	No	N\A
1	All project activities have been completed.			
2	All project funds spent or obligated and will clear within authorized budget period.			
3	All audits are complete and all findings if any are resolved.			
4	Audits are pending or in process: Request Conditional Close			
5	A final progress report has been prepared.			
6	A final financial report has been prepared.			
7	Property disposition reports are prepared if required.			
8	We have complied with any closeout regulations or guidance.			
9	If we owe a funder any money, a check is tendered or arrangements to pay have been made.			
10	If we are due any funds at closeout, we have received the funds or arrangements to receive funds have been made.			
11	This is not a closeout for ___termination or ___convenience? (Mark one or the other above.)			
12	If #11 is no, explain terms and conditions in closing memo.			
13	A formal project closeout memorandum has been prepared.			
14	Any required submittals are referenced in the closeout memo and attached to that memo.			
15	The head of the grants management function or administrator has reviewed the proposed project closeout package.			
16	Any corrections or revisions to the closeout memo and attachments have been made.			
17	Duplicate originals of the closeout package have been prepared and signed off by a designated management official.			
18	An executed original and one (1) copy of the closeout package are in the project file.			
19	We have proof of delivery of the closeout package to the funding source.			
20	The funding source provided us with a closeout letter.			
21	If #20 is “No,” request letter again and indicate that we consider the project officially closed unless the funding source objects in writing.			

Project closed by ____

Signature: _________________________________ Date: ______________________

[Exhibit 2]

TO: Department of Health and Human Services
Indian Health Service
Grants Administration

FROM: Snoqualmie Indian Tribe
Snoqualmie, WA 98065

RE: Closeout of TMG Grant # ___________

DATE: September 1, 2009 [SAMPLE—NOT A REAL LETTER]

In accordance with 45 CFR 92.50 and any grant closeout instructions received by the Snoqualmie Indian Tribe, we are submitting a closeout package to officially close out the Tribal Management Grant (TMG) # ___________ awarded May 15, 2007 and ending on July 15, 2009.

In support of this request, we submit the following documents:

1. One full set of our quarterly progress reports for years 1 and 2 and a cumulative summary of project accomplishments for both grant years.
2. A final financial report on Standard Form 269 together with an accounting ledger showing that all grant funds have been expended.
3. A Draw-Down report summary showing that all awarded funds have been drawn down from the HHS Payment Management System.
4. A single audit pursuant to OMB Circular A-133 for the year 2007 has been completed. This grant was not selected for audit review and is not a major award requiring audit review. No financial or compliance findings have been identified that are associated with this grant for the year 2007. The 2008 audit is not complete, but is in process.
5. No loaned federal property is associated with this grant. No property valued at greater than $5,000 was purchased with Federal TMG funding. One laptop computer valued at $1,200 was purchased with TMG funding. The net present value of this computer is $700.00. Title is automatically vested in the tribe and the laptop will continue to be used within the Health Department and other federally funded health programs.

We now, therefore, request that the Indian Health Service (IHS) close out this grant subject to any reservation of rights that might arise from the 2008 or 2009 audits. Contact our tribal administrator at 425/000-0000 if you have any questions or objections to closing this grant.

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Rural Community Assistance Corporation (RCAC) provides technical assistance, training and financing so rural communities achieve their goals and visions.

RCAC program areas include environmental infrastructure assistance (water, wastewater and solid waste), affordable housing development assistance (single and multi-family), financing (for affordable housing, community facilities, and water and wastewater systems) and comprehensive community development (leadership development and economic development).

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