



## MetroPolicy for a MetroNation

The current economic downturn forces us to confront America's ability to compete in a global economy. We expect that the next president and Congress will turn their attention immediately to bolstering our nation's economic health, and they should focus not just on easing short term pain, but also on setting our nation on a sustainable track for prosperity. The purpose of the *Blueprint for American Prosperity* is to ensure that our leaders are focused on those assets that drive national prosperity and those places where the assets are overwhelmingly concentrated—America's 363 metropolitan areas. The *Blueprint's MetroNation* report has already made the case for the economic and demographic primacy of metropolitan America in the face of withering global competition. Its companion piece, *MetroPolicy*, provides an integrated policy agenda to meet that challenge. Simply put, national prosperity hinges on metropolitan prosperity. The strategies below can achieve both.

### We Are a MetroNation:

- Metro areas are America: The 100 most populous metropolitan areas range from huge conurbations like New York City and Los Angeles, with 19 million and 12 million residents, respectively, to Lancaster, Pennsylvania and Lansing, Michigan, with populations that don't quite reach 500,000. Every state in the nation is home to at least one metropolitan area.
- Metro areas are the economy: The 100 largest metropolitan areas generate two-thirds of U.S. jobs and three-quarters of the nation's output.
- Metro areas are society: 65 percent of the population lives in the 100 largest metros, including 85 percent of the nation's immigrants and 77 percent of its minority residents. They are urban, suburban, and even rural—more than half of all the nation's rural residents live within the nation's 363 metropolitan areas.
- Metro areas are the locus of the four drivers of national prosperity: **innovation, human capital, infrastructure, and quality places.**

### We Need a MetroPolicy:

- No matter how much metropolitan area leaders focus and innovate, they do not have the resources or powers to "go it alone." And they shouldn't have to. The forces affecting metro areas are the same ones that are buffeting our nation in aggregate, including the global movements of talent and capital that drive innovation, the cross-boundary nature of infrastructure networks, and the drift of carbon emissions across, city, state, and even national boundaries.
- A rapidly changing world demands that the federal government serve as a strategic, flexible, and accountable partner so that leaders in metro areas can address their central problems, realize their places' full potential and, in so doing, resolve our most pressing national challenges.
- Policymakers inside the Beltway too often ignore the fact that metro areas are the key to solving national problems. So Washington is absent where it should be present, leaving a leadership void on national issues. Additionally, Washington is present where it should be absent, stifling local creativity with outdated, intrusive rules and ways of delivering services. The federal government is underperforming, outmoded, and cumbersome, rather than the capable, nimble partner metro leaders need today.

## What a MetroPolicy Should Look Like:

MetroPolicy must focus on the four—overwhelmingly metropolitan—assets that drive prosperity: innovation, human capital, infrastructure, and quality places. In bolstering these assets, the federal government needs to work with metropolitan areas to **lead** where it must, **empower** where it should, and **maximize** performance across the board.

**LEAD:** *The federal government should **lead where it must** because the big challenges transcend parochial borders and require national vision, direction, and purpose.*

■ **LEADERSHIP ON INNOVATION** - The federal government should create a single point of leadership for its innovation efforts by establishing a **National Innovation Foundation (NIF)**. NIF would unite and amplify existing, fragmented federal efforts to boost commercial innovations in precision manufacturing, information technology, clean energy and the environment. A bill to create NIF was introduced in June 2008 by Sens. Susan Collins (R-Maine) and Hillary Clinton (D-N.Y.). (See “Boosting Productivity, Innovation, and Growth through a National Innovation Foundation” at [www.blueprintprosperity.org](http://www.blueprintprosperity.org).)

■ **LEADERSHIP ON HUMAN CAPITAL** - The federal government should expand and modernize the Earned Income Tax Credit to help an estimated 8.4 million tax filers in the nation’s 100 largest metropolitan areas. Targeted expansions to the credit and a method to help workers receive EITC payments throughout the year rather than once at tax time would contribute meaningfully to more economically inclusive growth in metropolitan America. (See “Metro Raise: Boosting the Earned Income Tax Credit to Help Metropolitan Workers and Families” at [www.blueprintprosperity.org](http://www.blueprintprosperity.org).)

■ **LEADERSHIP ON INFRASTRUCTURE** - The federal government should develop a national transportation vision with two components, a **Strategic Transportation Investments Commission (STIC)** and a **National Infrastructure Bank (NIB)**. STIC would identify, map, and prioritize the nation-shaping projects that require federal investment, breaking radically from our current pork-barrel practices and focusing instead on maintenance of interstate highways, a national freight agenda, and a plan for inter-metro passenger travel. NIB would serve as the financing authority to identify, evaluate, and help fund infrastructure projects of substantial regional and national significance, perhaps eventually replacing the existing dedicated highway and aviation trust funds. (See “A Bridge to Somewhere: Rethinking American Transportation for the 21st Century,” at [www.blueprintprosperity.org](http://www.blueprintprosperity.org).)

**EMPOWER:** *Our federal government should **empower metros where it should** by being flexible enough to reflect variation in the nation, smart enough to enable integrated solutions, and assertive enough to ensure that cities and suburbs work together to resolve their common problems.*

■ **EMPOWERMENT ON INNOVATION:** The federal government should empower metros to foster innovation by enabling them to nurture local industry clusters through a flexible, collaboration-oriented **CLUSTER** (Competitive Leadership for the United States through its Economic Regions) **investment fund** initially funded at \$350 million over three years. This fund would promote business-led regional cluster initiatives and help them undertake market-expanding initiatives on job training, product and service innovation, networking, and global marketing. Direct federal support would go only to cluster initiative programs run by metropolitan, statewide, or multi-state organizations. (See “Clusters and Competitiveness: A New Federal Role for Stimulating Regional Economies” at [www.blueprintprosperity.org](http://www.blueprintprosperity.org).)

■ **EMPOWERMENT ON INFRASTRUCTURE:** The federal government must empower major metropolitan areas by giving them direct transportation funding and the autonomy to decide what kinds of transportation systems they need. Metropolitan Planning Organizations (MPOs) in major metropolitan areas should receive, through a new program, a steady stream of predictable, reliable, and flexible funding. MPOs should get about 15 percent of federal transportation funding (up from their current 6 percent allocation) because of metro areas' economic primacy and concentration of transportation assets and challenges. To ensure that states and metros can build the modes of transportation suited to their needs, the U.S. Department of Transportation must treat highway and transit projects equally, and let metro areas decide what meets their transportation needs.

■ **EMPOWERMENT ON QUALITY PLACES:** The federal government should issue a national **Sustainability Challenge** to entice metropolitan-area leaders to design and implement truly integrated transportation, land use, housing, and economic development plans aimed at promoting quality regional place-making and environmental sustainability. Significant grant money—perhaps as much as \$100 million or more for each challenge—would be awarded in a competitive process to the partnerships of states, metropolitan areas, localities, or even regional business alliances that devised the boldest inter-disciplinary proposals for improving regional development patterns or reducing carbon emissions. Winning metro areas would also gain new powers and flexibility to align disparate federal programs in support of their vision.

**MAXIMIZE PERFORMANCE:** *To ensure we use taxpayer dollars in the wisest, most efficient way, we need our national government to **maximize performance** through more reliance on public/private partnerships and market mechanisms, and more focus on evidence based, outcome driven and performance measured decisions.*

■ **MAXIMIZING PERFORMANCE ON HUMAN CAPITAL:** To maximize performance on human capital development, the federal government should much more effectively track and assess student performance across all education levels. The assessment systems the nation currently employs are highly imperfect, a weak linchpin on which to hang our entire system of accountability. By investing in the identification and development of next generation assessment, data, and accountability models the federal government could support substantial innovation in several demonstration sites or even an entire state, without jeopardizing today's important emphasis on greater accountability for schools. (See "Changing the Game: A Federal Role in Supporting 21st Century Educational Innovation," forthcoming at [www.blueprintprosperity.org](http://www.blueprintprosperity.org))

■ **MAXIMIZING PERFORMANCE ON QUALITY PLACES:** Washington should also amend the **Real Estate Settlement Procedures Act**—the federal law that regulates home-purchase transactions to ensure their transparency—to require sellers to disclose home energy costs and any energy efficiency certifications so that buyers have a better sense of the true economic and environmental costs of their purchase. The federal government should collect and disseminate far more data on energy, transportation, and emissions at the critical county and metropolitan-area level—the geographies most relevant to regional land use, housing, and transportation planning. Combined, this information could lead to a stronger market for energy efficient homes and energy efficient communities - near transit, with jobs, shopping, and services nearby. (See "Greening the American Dream: Transforming the Residential Energy Marketplace to Reduce the Nation's Carbon Footprint and Build Savings for Middle-class Families," forthcoming at [www.blueprintprosperity.org](http://www.blueprintprosperity.org))

As should be clear from these policy recommendations, a MetroPolicy is not special pleading for metropolitan areas. Instead, it's a smart strategy for an era of ferocious competition and limited resources. The simple fact is that the United States is a metropolitan nation, and if we want to create and sustain national prosperity we have to act like one.

## About the Metropolitan Policy Program at Brookings

Created in 1996, the Metropolitan Policy Program provides decisionmakers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit [www.brookings.edu/metro](http://www.brookings.edu/metro)

### The Blueprint for American Prosperity

*The Blueprint for American Prosperity* is a multi-year initiative to promote an economic agenda for the nation that builds on the assets and centrality of America's metropolitan areas. Grounded in empirical research and analysis, the *Blueprint* offers an integrated policy agenda and specific federal reforms designed to give metropolitan areas the tools they need to generate economically productive growth, to build a strong and diverse middle class, and to grow in environmentally sustainable ways. Learn more at [www.blueprintprosperity.org](http://www.blueprintprosperity.org)

### The Metropolitan Policy Program Leadership Council

The *Blueprint* initiative is supported and informed by a network of leaders who strive every day to create the kind of healthy and vibrant communities that form the foundation of the U.S. economy. The Metropolitan Policy Program Leadership Council—a bipartisan network of individual, corporate, and philanthropic investors—comes from a broad array of metropolitan areas around the nation. Council members provide us financial support but, more importantly, are true intellectual and strategic partners in the *Blueprint*. While many of these leaders act globally, they retain a commitment to the vitality of their local and regional communities, a rare blend that makes their engagement even more valuable. To learn more about the members of our Leadership Council, please visit [www.blueprintprosperity.org](http://www.blueprintprosperity.org)

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