
Implementing ARRA Framing Paper

Implementing ARRA: Innovations in Design in Metro America

July 2009

EXECUTIVE SUMMARY

America does not possess a single national economy. Instead, prosperity flows from a network of 366 diverse metropolitan economies.

Which is why it is hugely important that creative urban and regional leaders across a number of U.S. regions are currently working to make the most of the unprecedented resources that have been made available by the American Recovery and Reinvestment Act of 2009 (ARRA).

Varied in their efforts, these implementers, abandoning business as usual, are laboring to fashion high-impact, creative approaches to stimulus spending to stabilize and revitalize their metros. The success of their efforts will help drive America's recovery from the current recession.

But there is a problem: ARRA is an imperfect instrument for metropolitan stimulus and empowerment.

Assembled in haste last winter in the face of deteriorating economic conditions, the sprawling recovery act unfortunately reflects many of the standard operating procedures and rigid delivery systems of five decades' worth of "legacy" federal government. Because of the need to intervene quickly, the package relies heavily on existing federal-state-local spending mechanisms, subject to existing laws, formulas, and guidelines.

ARRA also reflects existing federal policy's generally neutral, or even hostile, stance toward creative metro-scale action. Rapid spend-down requirements threaten efforts to build for the long haul. The use of existing programs works against interdisciplinary solutions. Inflexible formulas and strict guidelines frustrate integrated problem-solving. Siloed money flows may preclude market-catalyzing partnerships. And likewise, ARRA's many accountability provisions—with their heavy stress on curbing waste, fraud, and abuse—may discourage useful experiments and more meaningful performance assessment.

This report first reviews the challenges that ARRA poses for would-be innovators, and probes the nature and early progress of a number of the most creative implementation efforts in metropolitan America.

Ultimately, the brief makes several recommendations of near-term federal actions that might help more urban communities carry out creative, high-impact strategies for leveraging the resources of ARRA.

The pages that follow find that:

1. **The most intriguing efforts to draw down and put recovery act resources to work creatively embody one or more of five key traits of 21st-century high-performance organizations and initiatives, as identified by Brookings' *Blueprint for American Prosperity* effort.** In this regard, each of the innovative ARRA initiatives surveyed in this report reflects one or more of the following characteristics:
 - ***Reflects a (long-term) regional vision or goals.*** ARRA's urban innovators frequently have a focused strategy that reflects a long-term vision of success.
 - ***Adopts multi-jurisdictional or multi-sectoral approaches.*** The emerging ARRA innovations transcend narrowness.
 - ***Embraces integrated solutions.*** Overcoming programmatic stovepiping is crucial for realizing multi-dimensional problem-solving.
 - ***Catalyzes market and private investment.*** Some of most creative urban ARRA implementation projects employ creative use of private-sector partnerships.
 - ***Employs information management, data, and benchmarking to maximize performance.*** Many of ARRA's most sophisticated urban/metro implementation initiatives are intensely focused on using information to optimize performance.

2. **Looking across the innovators, it appears that the presence of a preexisting regional vision or plan, strong leadership and institutional capacity, and a spirit of collaboration all contribute to local creativity.** Certainly, creative design activity has clustered around those ARRA programs—such as the Energy Efficiency and Conservation Block Grant (EECBG) program or the Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP2) program—that encourage it with either flexible rules or an explicit call for collaboration or integrated proposals. But beyond that it appears that:
 - ***Places that tend to innovate are innovating again.*** Creativity breeds creativity, it seems, when it comes to innovative ARRA implementation schemes. For example, Seattle and the Puget Sound have long been innovators when it comes to sustainability issues, with dedicated public offices to address environmental concerns and a regional culture primed to embrace new green initiatives. Now they offer compelling ARRA responses.
 - ***Grounding recovery projects in long-run visioning and planning advances creativity by providing a framework for aligning activities.*** Given ARRA's complexity and breadth, having a regional strategy in place helps local leaders to prioritize. When ARRA came down, it helped that Seattle, Chicago, and Flagstaff already had in place plans focused on energy efficiency that allowed them to move adeptly to design ways to effectively deploy stimulus funds.
 - ***Strong leadership matters—and it can come in multiple forms.*** Dynamic individuals played a key role in Kansas City's Green Zone, Puget Sound's New Energy Solutions, and Memphis' City of Choice initiatives. Also metropolitan planning organizations (MPOs) in Kansas City, Puget Sound, and Chicago, are proving catalytic by serving as forums for regional planning and sources of institutional capacity, multijurisdictional project-management, and experience with federal grant applications.

- ***Institutional collaboration is vital.*** Achieving any degree of integrated recovery solutions requires extensive cooperation among multiple institutions from multiple sectors. In Memphis, the Blueprint for a City of Choice effort needed to bring together city, county, and school district officials, as well as area business leaders to address its broad suite of 12 economic development priorities.
 - ***Sometimes new institutions and mechanisms are necessary.*** Weaving together disparate programs into integrated responses may require new ways of doing business. On Cape Cod, public and private leaders across 15 towns—concerned about the vulnerability and limitations of their local broadband system—have created a new 501(c) 3 non-profit corporation to oversee the build-out, operation, and maintenance of a robust new regional digital communications network that will draw on ARRA funding for initial deployment.
 - ***States can be productive partners, or create hurdles to innovative implementation.*** In California, the Business, Transportation and Housing Agency (BT&H) invited each California region to develop its own Economic Recovery Workplan to help the state identify the best prospects for expending ARRA resources efficiently and effectively—a process fully embraced by the Bay Area.
 - ***Innovation seems to thrive when participation is not forced or mandatory but voluntary, incentivized, and established with a lot of outreach to build buy-in.*** For example, Puget Sound Regional Council’s ARRA Clearinghouse and other organizing efforts are purposefully designed to encourage bottom-up organizing without adding a layer of top-down bureaucracy.
- 3. In view of these dynamics, the White House, federal agencies, and the philanthropic community should work to support creative design, disseminate best practices, and clear away obstacles to their spread.** Numerous statutory, regulatory, and administrative reforms will be needed to better enable local innovation (to be the subject of future briefs). For now, three modest initial responses would do a lot to nurture, empower, and multiply the best sort of creative, high-impact implementation:
- ***The White House and cabinet agencies should explicitly promote innovative local implementation.*** The first response is simple. Words and gestures matter; so does moral support. Therefore, the Obama administration should employ its bully pulpit to explicitly and prominently affirm the value of creative, integrated, regionalist implementations of ARRA. A presidential statement, Office of Management and Budget directive or a concerted effort by the administration to identify and highlight exemplary local innovation would help catalyze more of it.
 - ***The Obama administration, Congress, and the philanthropic community should foster creative implementation with additional support for organizing efforts, effective management, and active technical support.*** Crafting integrated, catalytic, performance-oriented ARRA projects is hard. Weaving ARRA’s rigid, disparate programs into something coherent requires much more time and administrative effort than simply executing single programs mechanically. And yet, little or no stimulus resources are now available to support the organizing efforts needed to work out new, more catalytic responses. Therefore, modest added resources should be mustered to help local collaboratives defray some of the research, project planning, grant application, and start-up costs associated with creative implementation. Such a provision could come from Congress, agencies’ discretionary resources, or the

philanthropic community. In any event a modest pool of support-funding or gap-financing for leading-edge ARRA projects would complement moral encouragement with material support.

- **The administration, grantmakers, and other relevant organizations should facilitate network building to disseminate learning and innovation in a structured way.** Finally, the White House, federal agencies, grantmakers, and the private sector should collaborate with metro innovators to create a physical and virtual metro innovations forum among urban and regional communities, local officials and federal agencies. Aimed at maximizing the impact of ARRA, the new forum could be tasked very specifically with fostering innovation in metro areas; identifying and disseminating best practices in ARRA implementation; identifying needed policy adjustments; and forging a new model of governance and partnership between the federal government and metro areas. At present, much creative work is going on in isolation. By bringing online a focused metro innovations network, the cause of recovery would gain a potentially powerful learning community that could at once build local capacity, spread innovation, and educate the federal government on needed change.

* * *

Bottom line, the success of the recovery act will depend on how well it helps leaders in American metropolitan areas respond to the pain being visited on communities by the current recession.

Supporting and multiplying the cadre of creative and determined metropolitan leaders working to deploy recovery resources in high-impact ways should be a top priority of federal recovery implementation going forward.