

**The Brookings Institution Metropolitan Policy Program
Grounding the Economic Recovery for Short- and Longer-Term Prosperity
February 2009**

The \$790 billion federal economic recovery package—replete with investments in infrastructure, human capital, clean energy and tax cuts for working families and businesses, now moves from plan to implementation. All eyes are now on state and local implementation of those funds, with concerns already emerging on the extent to which these funds will be spent wisely or wastefully. The administration's commitment to "transparency and accountability" in tracking all spending, if fully implemented, could help the general public and public officials measure such outcomes. Meanwhile, if states target the bulk of their investments to metro areas, which generate the vast majority of the nation's productivity, then innovative local and regional leaders will likely use the economic recovery dollars in ways that are not merely fast but also strategic and catalytic.

This massive federal investment plan also provides an opportunity to examine how state and localities experience the flow of federal dollars, likely exposing the flaws of existing federal programs and formulae (as preserved by the economic recovery plan) in promoting local and regional innovation and decision-making. Ultimately, we can "learn" from this moment and identify some key federal reforms beyond the stimulus, including new forms of governance, to empower cities and metro areas to better implement their regional visions and thus advance national prosperity.

To leverage this moment, the Brookings Metropolitan Policy Program proposes to undertake the following activities over the next two-years: (1) help federal and state governments design a robust policy of transparency and accountability, including the systems to support it; (2) where possible, track and map the size and spatial distribution of infrastructure spending from the economic recovery package for all 50 states; (3) launch a new "Metro Monitor" that will regularly report on the economic performance—and recovery—of the nation's 100 largest metro areas; and (4) work with leaders in select metro areas to highlight local innovations in implementing economic recovery dollars while extracting lessons for future federal reforms.

Furthermore, the Brookings Metro Program proposes to hold a series of convenings during this period. This will include a major summit in Chicago in the fall of 2010 that will reveal findings and local success stories from the first 18 months of the economic recovery plan and unveil a new federal-metro "compact" or partnership to achieve long-term prosperity.

By undertaking these activities, we will be able to help the federal government and her metropolitan partners make economic recovery a success and lay the foundation for a better federal-metro partnership in the years ahead.

Proposed Activities

In advance of the Chicago summit in 2010, we would undertake a few strategic research and policy activities to maximize the opportunity to learn and identify reforms from this unprecedented federal investment, and set the stage for the 2010 event. This would include:

1. Help the federal government design a robust system of transparency and accountability

The economic recovery plan's commitment to a high level of transparency and accountability of all the federal, state, and local spending —while laudable—still require considerable fleshing out. The underlying Office of Management and Budget (OMB) systems to track federal spending are in various states of disarray due to inattention and underinvestment. Because of our unique expertise in federal information systems and our existing relationships with OMB staff, Metro hopes to guide OMB and federal agencies in improving and integrating these tracking and transparency systems, especially those required by the recovery act. Proposed efforts include preparing a policy brief with recommendations to improve the system; engaging with OMB staff to advise on systems development; and hosting a roundtable with OMB staff and a range of stakeholders.

2. Track and map the spatial distribution of infrastructure spending from the federal economic recovery plan

We propose to track and map the location of the infrastructure investments (e.g., water/sewer, transportation, schools) provided by the federal economic recovery plan in the 50 states. Specifically, Brookings aims to: (1) show the spatial distribution of the infrastructure spending, by type, (2) assess the extent to which such investments are being made in metro areas relative to their contribution to the state's gross domestic product, and (3) assess the extent to which funds are used to maintain and repair existing infrastructure or to add new capacity. The value of this exercise is to help leaders evaluate the potential effectiveness of the investments in supporting the infrastructure of the nation's economic engines. The frequency of the updates will be contingent upon the quality and geographic level of data provided by states and the federal government.

3. Launch a new series, the Metro Monitor, that will regularly report on the economic performance—and recovery—of the nation's 100 largest metro areas

Federal leaders and opinion-makers will begin monitoring the impact of the federal investments. The Metro Program proposes to launch a new series, the "Metro Monitor," that will regularly report on the economic conditions of the nation's 100 largest metro areas. We propose to issue on a quarterly basis, a report that depicts, through charts and maps, the economic conditions of metro America, using such indicators as employment, by sector, wages, productivity, layoffs, home prices, and foreclosures. These quarterly reports will include brief trends analyses and possible targeted narratives that will look more closely at particular issues of interest (e.g., specific sectors like auto). Throughout, we would be careful in drawing direct conclusions of the link between federal recovery investments and metro area economic performance. The goal is to use the Metro Monitor to remind leaders and the public that the economy is inherently metropolitan and that economic conditions vary across the country.

4. Work with leaders in select cities and metro areas to highlight local innovations in implementing recovery dollars while extracting lessons for future reforms

A number of states and metro areas are already organizing themselves to strategically plan for and implement the massive infusion of recovery dollars coming to their communities. We propose to form a small network of leaders (including state and local "recovery czars") from the most innovative regions (e.g., Chicago, Seattle, Denver, Philadelphia, Memphis) that will serve as a laboratory for: (1) identifying best practices on how cities and regions are using federal

recovery dollars and other federal funds in truly strategic, catalytic ways; and (2) extracting lessons on the ways existing federal programs reward or inhibit integrated solutions, creative investments, public-private partnerships at the state and local level to bring about short- and long-term prosperity. Specifically, over the course of the next two years, we hope to explore the following types of activities with these metro innovators:

- Help metro area leaders learn from their peers about the best ways to prepare, organize, and implement federal recovery investments, including ways to prioritize spending for the wide array of needs in their regions
- Determine ways to showcase best city and metro innovations in implementing federal recovery dollars and other federal funds that support regional vision and priorities
- Explore the feasibility of tracking and mapping key federal investments (e.g., infrastructure, housing, education)—and their impact—within metro areas, perhaps using a basic template across these metro areas for optimal cross-comparisons. One goal of this exercise would be to demonstrate how federal dollars, as currently designed, are highly siloed, flow to a multitude of public and private sector entities, and often flow at odds to where the problems or assets are concentrated.
- Determine how best to capture concrete, short-term observations about the barriers in implementing the federal recovery dollars to inform likely course-corrections that the Administration and Congress will have to make to deliver on stated job-growth and spend-down goals over 18 months
- Identify ways to learn from these metro areas to collect recommendations for federal reforms beyond the stimulus package (e.g, administrative and regulatory reforms, opportunities in future authorizations and appropriations, etc.) that address the core of the federal-state-local relationship. These recommendations would provide metro areas with maximum flexibility, enable integrated approaches, promote interjurisdictional collaborations, and empower public-private partnerships.
- Identify meaningful ways to engage states as partners to metro areas in short- and long-term economic success; relatedly, identify federal reforms to help bi-state and tri-state metro areas address the challenges in working with multiple states.

In short, the hope is this partnership with select metro areas will help us use this recovery moment to advance a range of fundamental regulatory, administrative and governance reforms, including the creation of new “federalist institutions,” that will empower regional and state action and prosperity for the long haul.

Convenings

The Brookings Metropolitan Policy Program proposes to hold two major convenings during this period. First, there will be a conference in the summer/fall of 2009 that will bring together metro area leaders and select members of the Administration to review the early lessons and observations from the economic recovery plan. Second, we will convene a major summit in Chicago in the fall of 2010 that will reveal findings and local success stories from the first 18 months of the economic recovery plan and unveil a new federal-metro “compact” that will solidify a formal partnership between the federal government and its economic engines to achieve long-term prosperity.