



Grand Challenges in Public Administration

Connecting Individuals to Meaningful Work

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CONNECTING *INDIVIDUALS* TO *MEANINGFUL WORK*

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION
STANDING PANEL ON INTERGOVERNMENTAL SYSTEMS

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PREFACE

The global coronavirus pandemic has upended our economy and our traditional modes of work. What has become apparent is that there are two Americas. While many in our country have retained work that provides sufficient income, dignity and enjoyment, millions of others have not. Our immediate and urgent challenge is to create meaningful work for all Americans and create one America.

One of the more significant developments arising over the past decade, sharpened by the pandemic, is a lack of understanding of what is happening to the economy, particularly to work and workers in our society. What individuals do--their labor, earnings, purchases, and the taxes they pay--is a primary determinant of economic performance, political stability and national well-being. If we hope to develop a stronger economy as we recover from the global impacts of the pandemic, we must understand what is happening to work and intentionally strive to connect individuals to meaningful, reliable, productive work.

This paper proposes a new approach to workforce development at the national level that relies on collaboration across all levels of government and all sectors. It draws on the expertise of Fellows of the National Academy of Public Administration (the Academy), on the institutional design research on dynamics for developing cooperation by Elinor Ostrom,¹ and on research on the role of path dependencies to reset economies by Douglass North. In developing our proposals, this paper considers the role of economic development, the role of institutional design for policy change, and the implementation of intergovernmental tools needed to organize ourselves for the future. It is becoming increasingly apparent that what we are doing now is not working for majority large part of our population.

¹Ostrom, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action* (New York: Cambridge University Press)

The Role of Economic Development

It is useful to reflect on how economic development strategy in our society drives the public agenda, and how it affects the design and function of our institutions and individual and population health². Historically, economic goals were expressed in terms of growth in our gross domestic product (GDP). We measured, judged, and set policies to maximize this growth rate. The dramatic changes underway are challenging the usefulness of this goal. There is a long history of critique of GDP as a concept and especially as a measure of economic performance. For instance:

- GDP does not reliably capture critical externalities such as the impact of climate change;
- GDP fails to include important work that contributes vitally to the economy and society, such as family care and maintenance; and
- GDP counts activity that simply counters wasteful aspects of GDP, such as the costs of cleaning up the detritus of otherwise productive endeavors, so long as we spend money doing it.

In recent years, a debate has pitted two opposed sides on whether the American (and world) economy is on the verge of an unprecedented surge of economic growth -- a Fourth Industrial Revolution, as the World Economic Forum has recently characterized it³ -- or whether two centuries after the onset of the original Industrial Revolution, the economy has reached a point where future growth will almost inevitably be slower than in the past, as argued by Robert Gordon.⁴ Larry Summers sees what he calls “secular stagnation” as not so much an inevitable economic turn as a reflection of what appears to be chronic political dysfunction⁵ (which Francis Fukuyama has characterized as “institutional decay”⁶). Mark

² Marmot, Michael. 2015. *The Health Gap*. Oxford Press

³ Schwab, Klaus. 2016. *The Fourth Industrial Revolution*. Crown Business.

⁴ Gordon, Robert J. “Is U. S. Economic Growth Over? Faltering Innovation Confronts the Six Headwinds.” NBER Working Paper No. 18315. August 2012. NBER Program(s): DAE EFG PR National Bureau of Economic Research.

⁵ Summers, Larry. “The Age of Secular Stagnation.” *Foreign Affairs*. February 2016.

⁶ Fukuyama, Francis. “The Decay of American Political Institutions.” *The American Interest*, Dec 13, 2013.

Pisano suggests a sustained slowdown in economic growth because of demographic dynamics.⁷ Dietrich Vollrath offers a new twist on this debate in his book, *Fully Grown: Why a Stagnant Economy Is a Sign of Success*, which finds that not only is the pace of growth slowing because of long-term structural factors (including demographics) but that we should be grateful that it is.⁸

The impacts of the pandemic are clarifying the juxtapositions of the economy and raising the possibility that neither of the sides are right and we are measuring the wrong thing. The national goal of “increasing the GDP per capita” continues to have merit, provided we understand what GDP means and how it needs to be modified or otherwise augmented, as a measure of overall economic and societal health. The guiding question should be: what is required for a 21st-century society to sustain an increase in GDP per capita without undermining the social, institutional, and environmental foundations required to generate that development?

High-level business leaders and staff for the United States “Committee for Economic Development” (CED) have engaged this question through many studies and initiatives over several decades. One of the enduring messages of CED’s body of work is the multifaceted and changing nature of economic development over time, and its complex implications for the design and operation of institutions that undergird economic development, including

⁷ Pisano, Mark. 2017, *The Puzzle of the American Economy: How Demographics is changing our Politics and Economy*: Praeger Press.

⁸ Vollrath, Dietrich. 2020. *Fully Grown: Why a Stagnant Economy Is a Sign of Success*. Chicago: University of Chicago Press.

effective state,⁹ local,¹⁰ regional,¹¹ intergovernmental,¹² and intersectoral¹³ governance systems. The impact of the pandemic and the increasing costly effects of climate change have created the need for a more sustainable economic development approach. Resolving these conflicting demands in our growth strategy requires us to offer people work that is not only financially supportive but also meaningful to them, so a civil and functional society results.

How do we define meaningful work? Humans have an innate quest for meaning. Our jobs and our work are a principal means for fulfilling that need—they have both instrumental and intrinsic value. Instrumentally work determines how we make a living and support our families. Intrinsically work also has important implications for one's identity, with much of our self-esteem deriving from it. Meaningful work is a key determinant of health. The literature on social determinants of health notes that those with meaningful work, with a sense of control over their work, are healthier¹⁴. Work is the principal way we provide support and service to others and create the interdependence among the population of the country essential to creating a shared civil society. When meaningful work is not present, societal dysfunction arises that undermines our civil society. The rise in opioid abuse, homelessness, and withdrawal from the labor force are signs that this dysfunction is growing, increasingly disabling to individuals

⁹ *The New Economic Role of American States: Strategies in a Competitive World Economy* (1991); *Leadership for Dynamic State Economies* (1986); *Modernizing State Government* (1967).

¹⁰ *Public-Private Partnership in American Cities: Seven Case Studies* (1982); *Education for the Urban Disadvantaged: From Preschool to Employment* (1971); *Training and Jobs for the Urban Poor* (1970); *Modernizing Local Government* (1966)

¹¹ *Reshaping Government in Metropolitan Areas* (1970).

¹² *Improving Management of the Public Work Force* (1979); *An Approach to Federal Urban Policy* (1977); *Improving Productivity in State and Local Government* (1976); *Effective Management as a Precondition of Effective Decentralization* (1976); *Improving Federal Program Performance* (1971); *Making Congress More Effective* (1970).

¹³ *An America That Works: The Life-cycle Approach to a Competitive Workforce* (1990); *Demographic Change and the American Future*. Pitt Series in Policy and Institutional Change (1990); *Public-Private Partnership: An Opportunity for Urban Communities* (1982); *Social Responsibilities of Business Corporations* (1971.);

¹⁴¹⁴ Marmot, Michael, *The Health Gap*. 2016. Oxford University Press.

and communities,¹⁵ and could ultimately become prohibitive to human civilization.¹⁶ Even more dangerous, the absence of meaningful work has resulted in two Americas and is the major cause of the inequity in incomes and lack of opportunities, particularly for our racial and ethnic minorities.

A driving force behind the current dynamic is the changes that are occurring in the age distribution of the nation's population, particularly the age of working age population. In 1990, Scott Fosler and others noted that the boom in the economy's growth was due to a substantial increase in the working-age population. They further cautioned that the nation should capitalize on that current boom and prepare for the challenge of the next century when there would be an increase in the elderly and a decrease in working-age population.¹⁷ This early warning of the impact that changes in the age characteristics of the population would have on economies and public finance was not heeded until 2017 by another Academy Fellow, Mark Pisano. He noted that [critical demographic changes](#), both the halving of the fertility rate of women over the past three decades and the increase in longevity by over seven years over the same period, have a greater impact on our economy than our fiscal and monetary policies combined.¹⁸ Historian, Jared Diamond observed that these two factors have never happened simultaneously in recorded history.¹⁹

When considered with the slowing of growth in the labor force population, it is no wonder that the rate of growth of the nation's economy during the longest recovery in the nation's history has averaged only 2.3% over the past decade, down significantly from the 3.6% of the 1980s and the 4.3%

15 Case, Anne & Angus Deaton. 2020. *Deaths of Despair and the Future of Capitalism*. Princeton, NJ: Princeton University Press

16 Pope Francis, *Laudato Si: On Care for Our Common Home* (Vatican City: Vatican Press, May 24, 2015)

17 Fosler, R. Scott, William Alonso, Jack A. Meyer, and Rosemary Kern. 1990. *Demographic Change and the American Future*. Pitt Series in Policy and Institutional Change. Published for the Committee for Economic Development by the University of Pittsburgh Press. Pittsburgh: University of Pittsburgh Press.

18 <https://www.youtube.com/watch?v=OuPbwuXiksc>

19 Personal conversation with Jared Diamond

of the goldilocks decade of the 1990s.²⁰ This demographic shift began in 2001 and reached full effect in 2011 with the aging of the Baby Boomers; it will continue for decades. We must explicitly consider these critical demographic trends if we hope to develop an effective economic policy that will guide our nation out of the economic crisis induced by the coronavirus pandemic.

The Importance of Institutional Design and Redesign in Policy Change

One lesson that comes out of our experience with institutional design is just how central institutions are to economic growth and how they create path dependencies for successful economic performance.²¹ Successful institutions are rarely simple to design, usually difficult for people to understand, almost always hard to implement, and require sustained, top-level leadership and management to operate. Institutions require regular maintenance and repair to correct deficiencies and periodic updating to keep pace with the constant change associated with a dynamic economic system and rapid technological development.²² These are not simple tasks and require a kind of institutional support infrastructure that does not seem to warrant much favor today, certainly not as much as in the latter 20th century.²³

Furthermore, even if the need for major institutional reform is recognized, an appropriate design offered, with leadership willing to take up the cause, and successful implementation achieved, that does not mean that all of this cannot be quickly undone in the absence of sustained support – not to mention outright opposition and hostility. A case in point is the Academy’s successful engagement with the Senate Appropriations Committee in fashioning a national emergency management system that included all

²⁰<https://www.forbes.com/sites/davidmarotta/2020/01/21/longest-economic-expansion-in-united-states-history/#66cfdaf162a2>

²¹ North, Douglass. 1990. *Institutions, Institutional Change*. Cambridge Press.

²² Roberts, Alasdair. 2019. *Strategies for Governing: Reinventing Public Administration for a Dangerous Century*. Cornell University Press.

²³ Reflections of Scott Fosler on this work.

levels of government and all key sectors of society.²⁴ Here, there *was* a “client,” and advocates and leaders who took responsibility for putting the new institutional structure into place and making it work. However, succeeding administrations which had a different political and ideological agenda, dismantled the new institutional structure.

The Academy drew on all of this wide-ranging experience in the 1990s, and consciously fashioned a governance framework to direct its work on institutional innovation and improvement. That framework started by asking “what is the public purpose”; identified appropriate institutional roles and strategies for accomplishing those purposes; enumerated the performance capacities required to undertake those institutional roles and strategies; and then laid out the means of implementing those changes with ongoing monitoring, assessment and correction to get the performance required to achieve the public purposes.²⁵

The Academy’s work on the intergovernmental and related inter-sectoral fronts encouraged “top-down” leadership from the federal government to help create, implement and manage needed institutional reforms throughout the intergovernmental system. It also looked for “bottom up” approaches to integrating national and local organizations across sectors.²⁶

Another approach the Academy has taken that may hold lessons appropriate to the current moment, is how to mount institutional

²⁴ National Academy of Public Administration. 1993. *Coping with Catastrophe: Building an Emergency Management System to Meet People’s Needs in Natural and Manmade Disasters*. For the U. S. Congress and Federal Emergency Management Agency (FEMA). Washington, DC: National Academy of Public Administration. <https://pdfs.semanticscholar.org/9736/ca304b5e76cd75f784a4f38604d32e3363a9.pdf>

²⁵ Fosler, R. Scott. “A Framework of Governance: Guiding the National Academy of Public Administration,” *Administrative Theory and Praxis*, November 1, 1999, Vol. 21, No. 4. pp. 516-519.

²⁶ Fosler, R. Scott. 2001. *Working Better Together: How Government, Business, and Nonprofit Organizations Can Achieve Public Purposes Through Cross-Sector Collaboration, Alliances, and Partnerships*. New York: The Conference Board. A Collaborative “Three Sector Initiative” of The Conference Board, Council on Foundations, Independent Sector, National Academy of Public Administration, National Alliance of Business, National Civic League, and National Governors’ Association

improvement at different levels of government and in places and situations that do not depend on, or are otherwise comparatively insulated from, unsupportive national leadership. If such spots can be identified and strategically selected for action, they might reflect the broader intergovernmental system, so that the investment may have broader implications, and hence leverage opportunities, for a greater part of the intergovernmental system. Current examples include:

Innovative state initiatives, such as the Oregon Option, which attempted to integrate social services across functional lines by developing performance objectives that tested a results-driven approach at all levels of state, county, and municipal government;²⁷

Innovative regional initiatives, such as the Negotiated Investment Strategy,²⁸ an idea that is periodically revived because it makes good sense, and repeatedly rejected because it is hard to implement and sustain; and

Initiatives that cobble together existing parts of systems that might together constitute the design of an entire public system. The Academy's Alliance for Redesigning Government used this approach, called a "design lab," to construct a model performance budget system. The project consulted government budget offices around the country that had improved particular components of their budget systems using performance-based approaches, and then brought all of those components and their practitioners together to fashion a model performance budget system that integrated the complementary components into a working whole.²⁹

What value might such experience hold? In the vein of the old sales adage, "remember what you know", we should learn from experience. Don't waste time reinventing institutional forms that have already been invented. Learn why some succeeded, and others did not, as well as whether some

²⁷Alliance for Redesigning Government. 1996. *The Oregon Option: Early Lesson from a Performance Partnership on Building Results-Driven Accountability*. National Academy of Public Administration. With support from the Annie E. Casey Foundation.

²⁸ Bardwell, Lisa V. "Case Study #4: Malden Negotiated Investment Strategy." pp. 121-126 In Crowfoot, James E., and Julia M. Wondollett. 1990. *Environmental Disputes: Community in Conflict Resolution*. Washington, DC: Island Press.

²⁹ Brizius, Jack and the Design Team. 1994. *Deciding for Investment: Getting Returns on Tax Dollars*. Alliance for Redesigning Government, National Academy of Public Administration.

tweaks and different circumstances could spell the difference between success and failure.

A Path Forward

The Academy named as one of twelve Grand Challenge in Public Administration, “Connecting Individuals to Meaningful Work,” and defined meaningful work as work that provides both dignity and an adequate income to all Americans. Linking all Americans with meaningful work, with its multiple impacts on people, our health, and our current economic and social condition as described above, is one of those “wicked” complex issues where a consideration of institutional design could inform development of a strategic solution to the challenge. We do know that this is a challenge we have been struggling with for decades. The pandemic and the lack of opportunity for racial minorities have thrown a spotlight on the urgent need to address this complex problem.

There is no simple policy or program that can be initiated to deal with the challenge. Institutional and policy designs for more effective intergovernmental and cross-sector efforts that create opportunities for meaningful work address what Alasdair Roberts describes as “large forces” central to the work of public administration.³⁰ An executive order from the President or even Congressional actions alone cannot develop a path that will address this goal. Rather, it will take a concerted alignment of multiple organizations working within and across our society. The lessons that the CED and previous Academy work on processes for successful change offer could inform current initiatives by drawing on successes and avoiding past failures and pitfalls.

In this spirit, the Academy’s Standing Panel on the Intergovernmental System developed “tools for effective intergovernmental action.” This framework identifies, for societal problems that cannot be solved at a single level of government, solution components found in related and successful cases to be essential in driving a more effective intergovernmental and

³⁰ Roberts, Alasdair, 2013. *Large Forces: What’s Missing in Public Administration*. North Charleston, SC; Create Space.

intersectoral approach.³¹ This framework, posted on NAPA's website, is described in Appendix 1.³²

The following discussion describes how applying this toolbox to the challenge of "Connecting Individuals to Meaningful Work," along with case studies and their learning lessons can forge an effective intergovernmental solution. A fundamental assumption going forward in addressing this and other challenges is that there is no single analysis or policy that, if put in place, would offer the entire solution. Rather, new ways of doing business, new ways of putting the organizations in our society together, and new behaviors must be learned. This will require change, especially in the way we address very complex and "wicked problems"³³ created by "large forces." This is best done by experimenting, observing successes, and addressing unresolved issues. Problem-solving efforts going forward may require modification and improvement in our "tools for effective intergovernmental action." The narrative below is only the first round of applying the "tools for effective intergovernmental action" in assessing and proposing a strategy for dealing with "Meaningful Work" and the economic challenges of social and economic inequity facing the country that have been magnified by the coronavirus pandemic.

1. Motivate: *Encourage continual evidence-informed improvement of outcomes using well-designed financial and non-financial incentives.*

The global change in our economy, the historic demographic changes, the technological changes of the digital age, and now the artificial intelligence advances, are causing us to think and act differently. When policy does not recognize changes of this magnitude over long periods, the consequences create dislocations that can cause political and economic dysfunctionality. Stagnating wages and the failure to develop higher paying jobs for much of our population have caused parts of the middle class to disappear. Labor

³¹ "Tools for Action" were developed by a working group of the Intergovernmental System Panel of NAPA. Members were Rich Callahan, Shelley Metzenbaum, Mark Pisano, Marilyn Rubin, Barry VanLare.

³² Joe Mitchell is the staff director for NAPA leading the development of the Grand Challenge at NAPA and contributed to the development of this effort.

³³ Kettl, Don. 2006. "Is the Worst Yet to Come?". *Annals of the American Academy of Political and Social Science*. March. pp. 273- 287

has fared so poorly that 60% of Americans in the three middle quintiles have lost income in real terms over the previous several decades.³⁴

Given the transformations occurring in the economy, described above, we conclude that a change in the economic base of the economy has led to changes in the income of workers. This change can be seen by looking at the total number of jobs added to the economy over the past ten years: low income jobs paying \$18.00 per hour/\$37,000 per year and less grew by 49 %; over a half million middle income jobs, paying \$38,000 to \$87,000, actually disappeared; and the remaining jobs paid \$87,000 or more. ³⁵ Many migrated into the upper-middle class, a positive result of decades of policy and of the eleven-year economic expansion. But in the lower three quintiles, most of the population have not made progress. Why?

The age demographic transformation that is occurring is a critical factor here, and likely will be for the next three decades. The working-age population growth rate has declined by 30% since the turn of the millennium. The pool of those aged 18-65 is growing 30% slower due to the halving of the fertility rate, and two-thirds of all population growth in the nation is from those sixty-five and older who are living longer.³⁶ We can trace the historically low unemployment rate of the expansion more to this decline in workers than to a fast-growing economy. Normally, with low unemployment, wages would be expected to rise, and it should be easier for our economy to create meaningful work. Yet, for the past five years prior to the pandemic, we were seeing only modest wage increases; wage increases averaged between 2% to 3%, lower than the 4% per year average of the 1990s and the first decade of the millennium. In constant dollars, the purchasing power of the American worker has not increased since 1974.³⁷ We would also expect high inflation to occur with low unemployment, but that has not been the case. This “unexpected” condition can in part be explained by the slow growth of both the population of workers and their income, resulting in a slowing of

³⁴ <https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/>

³⁵ Source: US BLS Occupational Employment Statistics.

³⁶ Ibid, Pisano

³⁷ <https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/>

consumption growth. When those who make the most income, consume the most, and pay the most taxes are not as a group growing as fast, particularly relative to older populations, the result is what we are experiencing. When two-thirds of all population growth in the country occurs in the population over 65, who earn less, spend less and pay less taxes, the economy has less demand, prices are deflated, and tax revenues and public expenditures are reduced. These demographic changes occur slowly and are only seen in the aggregate; they have occurred without being much noticed. Fortunately, we have several extraordinarily large data bases which, if used correctly with the new tools of pattern analysis, enable us to understand these changes

At same time, the average household's costs for major expenditures -- housing, health, and education--have risen dramatically, reducing most Americans' standard of living and creating significant social and political disruptions. We see that it is not enough to use only a salary formula to identify the working poor. We must also understand the cost of living in each geographic area and what constitutes a living wage. The United Way's ALICE Project³⁸ is making important headway in this area by emphasizing consideration of the "cost of living" in a specific geographical location by determining how much money is needed to survive. United Way includes in its "cost of living" index basic needs like housing, childcare, food, transportation, health care, and a phone. There can be little doubt that the number of working poor will grow, given the damage caused by the coronavirus pandemic that has disproportionately impacted low income racial and minority populations.

The wage and income picture is made more complicated when we observe a significant decline in the labor force participation rate, (63.7% in 2020, three percentage points less than the highs of the 1990s).³⁹ The participation rate would be even lower if adjusted for the significant number of older workers who are staying on the job longer to deal with inadequate pensions and rising living costs. The rapid job changes prevalent in today's market and challenging childcare arrangements have also limited workforce participation particularly for women, whose labor participation rate is declining. Those who have given up on work altogether--the long-term unemployed, those with penal records, those

³⁸ (www.UnitedWayALICE.org)

³⁹ <https://tradingeconomics.com/united-states/labor-force-participation-rate>

disabled by a national epidemic of opioids and drug abuse, and those who simply do not want to be part of the workforce—further deplete the active worker population. The actual number of Americans who do not have a job is substantially higher than the official count of the unemployed population. Some estimate that the number of working age people who are not working exceeds 100 million when all these factors are taken into consideration.⁴⁰ The pandemic has generated over 32 million new unemployment claims from February to July 11 of 2020,⁴¹ resulting in an economy that has 131 million full-time workers and 27 million part-time workers.⁴² The result is that the share of workers as a percentage of the slow-growing working age population has fallen to 44.8%, comparable to the late depression and pre-WWII levels and insufficient to grow the economy.⁴³ Our current policies, practices and behavior related to work for our population have resulted in an economy that is performing similarly to our late depression economy. Clearly, the economic path of the country was not working for everyone, even during a long period of sustained economic growth.

The impacts are being felt differently across the country—with states in the Midwest, Great Plains, and the South, most at risk of losing jobs to automation—and across different demographic groups. Even in regions with high economic growth, stagnant wages coupled with a high cost of living create significant population segments who are unable to maintain their desired lifestyle (standard of living). California is an example of this, where 60% of all jobs created over the past ten years, compared to a national average of 49%, paid \$18.00 an hour or less, and middle-class jobs declined by over 200,000.⁴⁴ It is not surprising that, with the high cost of living-- particularly for housing--homelessness is rising in the state.

⁴⁰ <https://www.thebalance.com/labor-force-participation-rate-formula-and-examples-3305805>

⁴¹ <https://www.dol.gov/ui/data.pdf>

⁴² <https://www.bls.gov/cps/cpsaato8.htm>.

⁴³ <https://realinvestmentadvice.com/the-bull-is-back-markets-charge-as-economy-lags-06-05-20/>

⁴⁴ Source: California Employment Development Department, The Occupational Employment Statistics (OES) survey.

The economic picture been significantly complicated by the ongoing coronavirus pandemic. The mitigation policies, physical distancing, self-isolation and dramatic reduction in economic activity are leading to economic disruptions that will have dramatic effects for years to come. While we may not understand the full extent of these disruptions for some time, we do know that the industry sectors that have been hit the hardest, service and entertainment, are those that employ lower skilled, less educated, and lower paid workers. Lance Lambert wrote in Fortune that the unemployment level in April reached 20.6%, the highest since 1934. Those primarily impacted are women, older workers, those with less education, and those who are lower skilled, many of whom are racial and ethnic minorities.⁴⁵ What is apparent from these initial assessments is that the current and dramatic impacts are aggravating the income inequalities in the country and are affecting racial and ethnic minorities disproportionately. The pandemic has brought the longest economic recovery in our history to an end. Shaping an effective recovery will require us to honestly and comprehensively identify the underlying conditions driving a disconnection of individuals from meaningful work activities. These include: a lack of skills for existing jobs that leads to decline in productivity for whole sectors in our economy; economic sectors that that pay well, like construction, housing, and advanced manufacturing, are in decline; an increasing older population that is not working; a growing number of individuals unable to find work that covers their cost of living or unable to secure affordable child care; and a sudden pandemic-induced shift in the economy that eliminated large swaths of service industry positions overnight.

2. *Prioritize:* *Work collaboratively across boundaries to prioritize problems and select interventions using shared evidence-based knowledge.*

What strategies should be forged to address the needs of a growing share of the population that does not have meaningful work? Addressing this goal in a time of slow growth in the economy, with slow increases in productivity, stressful fiscal conditions at all levels of government, and political fragmentation and stalemate, will be an extraordinary challenge. It is clear that our current economic strategy is not working. If we could not

⁴⁵ <https://fortune.com/2020/04/23/us-unemployment-rate-numbers-claims-this-week-total-job-losses-april-23-2020-benefits-claims/>

address the challenge of creating meaningful work in the longest recovery in our history, then how will we do it now? How do we change the economic path in the country so that more people benefit? Addressing this challenge in the confluence of the “perfect storm” that we now face requires us to identify high priority actions and strategies to craft new paths.

David Brooks observes that one of the reasons for the decline in our productivity is our overemphasis on research and development in high performing sectors and our lack of priority for lower performing sectors. Steven Denning, author of the *Age of Agile*, suggests that broader societal assumptions, and not just narrow measures like productivity, are behind our overall decline in economic and income growth. He argues that we need to look at the root causes of why the participants in our economy are not advancing. By focusing on ways to create flexibility and improved organizational, institutional and *agile* arrangements, growth can be restored. Denning also suggests that we use this thinking to change the dominant forces in our economic system.⁴⁶ This thinking led the Academy to create an Agile Government Center to assist government agencies with formulating the strategies to drive this change throughout our society and create new, flexible structures of collaboration among the various sectors and entities that drive our economy.

Looking at the factors that enabled much of our population to make substantial gains in the past several decades, education and employment in high performing sectors quickly rise to the surface. We see that our focus on higher education and high technology economic sectors brought significant benefits to many in our society. One strategy to increase meaningful work opportunities now could be to extend this approach to other segments of our population and other economic sectors. STEM (science, technology, engineering, and mathematics) educational programs and funding are a highly visible priority and focus of our educational system from high school to post-secondary and graduate education. Additionally, the acknowledged objective of our primary and secondary educational system is preparing all to go to college. But only 40 % of our population seeks education beyond the high school level. Career and Technical Education (CTE) is barely recognized as an important branch in

⁴⁶ <https://www.forbes.com/sites/stevedenning/2017/09/18/economists-on-the-defense-three-steps-to-fix-a-broken-economy/#379199524df7>

our educational and career development world. There are 79 distinct career paths in this field, ranging from advanced manufacturing to welding, including chefs and many other technical careers.⁴⁷ These are the fields that provided most of the support to build and maintain our society and our built environment. Half of all workers participate in these professions. A strong argument can be made that equal or greater emphasis should be expended on career education and training to develop the labor force that staffs the economic sectors that are experiencing low productivity gains and low wages. Intentional development of the labor force, combined with technology improvements that would bring these sectors into the data and digital world, could drive productivity gains in these sectors that would be the precursors to wage and salary increases for workers in those sectors.

Currently, workforce training and investments for productivity are viewed as the responsibility of the firms in these sectors. This differs from the higher technology sectors where there are educational and research investments by the government that provide support. If this approach works for 40% of the population, we could consider extending the same strategy for our entire population and all the sectors in our nation. Edward Leaser's comparative analysis of the U.S., Germany, and France generates an important insight that begins to shed additional light on the subject. He suggests that the U.S. educational system, particularly in high schools, does not develop real labor skills for those who do not go on to college. Vocationally trained German workers perform better, have higher productivity and earn more than their American counterparts.⁴⁸

Developing a high-performing labor force is a part of the prioritization process, but it is insufficient as a strategy if there are no jobs for those well-trained workers. To be effective, we must simultaneously orchestrate initiatives to create these opportunities. America needs to motivate integrated investment activity that could use the skills of our entire labor force. Given the backlog of infrastructure projects and the urgent need to

⁴⁷ "Who Will Build It: The Promise and Problems of Skilled Trades Education in America's High Schools," Lisa Soricone, Research Director, Pieta Blakely, and Raymond Barbosa, JFF, Support from the Schmidt Foundation, (to be published in April 2020)

⁴⁸ <https://www.wsj.com/articles/mind-the-productivity-gap-to-reduce-inequality-11557181134>

upgrade these systems to deal with climate and energy transformation and sustainable development, our nation will require a dramatic increase funding for infrastructure programs to the levels of the last century when we spent an average of 4.8% of our GDP in those areas. Most estimates show that we will need even higher levels of funding to deal with refurbishing our energy grid and water supply systems, and with the resiliency requirements to respond to the impacts of climate change.

Similarly, the majority of our nation's housing stock was built over forty years ago and is now in need of refurbishment. For the past decade, the United States has not kept up with housing needs, building only half the number of new units of previous decades, leading to price escalation of units and a growing homeless population. The transformations that are underway and the impacts of the pandemic are altering many of the spatial development patterns of the past, remaking our assumptions on density and use of transit. Many urban spaces such as large shopping malls and office buildings will need to be repurposed. Considering the geography, the infrastructure, and the people of the left-behind areas of the country, both rural and urban, we can create a more decentralized and less dense regional development pattern for the nation. This is just a beginning litany of the sustainability and resilience issues we could undertake that could create opportunities for a skilled labor force. The people who can do this meaningful work are already here. These jobs occur here; these are the jobs that build our communities. We need the will and the capacity to fund the investments that will create the opportunities. Since many, if not most, of these initiatives are public goods and rely extensively on the public sector for funding, the fiscal stress of governments at all levels is a major impediment to mobilizing these initiatives. Finding ways to organize and fund this approach to rebuilding our nation that utilize the benefits of this rebuilding is essential. Otherwise, the fiscal issues of the day will limit our ability to solve several of our challenges: creating meaningful work, rebuilding our communities; and launching an economic recovery.

To realize these possibilities, we will need evidence-based decision-making that leads to new ways of arranging the organizations in our society and new ways of bringing the resources of multiple sectors together in new and more efficiency ways. The gridlock over the past decade reflects more than ideology, special interests and a fractured political process. How we overcome this gridlock which is at the core of this Grand Challenge is addressed in several of the following tools.

3. Solve Problems: *Engage agility, efficiency, respect for scale economics and geographical variance in surge demand, when problem solving at the level closest to the problem, and with accountability sorted accordingly within and across levels of government and among all stakeholders.*

Organizing to create new work opportunities

Developing both the skilled workers and opportunities for their employment requires that we alter the way our governments at all levels and our sectors work. We need a new partnership of the organizations in our society that will work together differently to realize this goal. How should government leaders think and act in these circumstances, and under what governance systems?

The process of creating meaningful work for everyone happens locally, driven by leaders who make granular decisions but who also need help from all levels of government and from all sectors and types of organizations to be successful. Getting the necessary collaboration and cooperation in the increasingly complex and complicated political dynamics of today will require new arrangements and partnerships. Unfortunately, our fragmented approach to organizing ourselves does not create spontaneously the arrangements needed to put all the parts together. Our governmental approach to problem-solving has used the model of the industrial revolution; we break the problem into parts and develop a solution to each part. At the federal and state levels, our legislative policymaking has established individual programs and funding streams that are supported by interest groups and constituencies. Our legislative and executive organizations at both levels of government are organized to support this behavior. This has led to problem-solving and investment approaches at the local level that are program- project- and grant-driven in separate departments, and even separate units within these departments. The complex problems of today require integrated approaches involving multiple agencies and departments, made possible by shared data and information systems and integrated funding and financing structures. This translates into new governance structures for our societal organizations.

The top-down approach of developing federal guidance to direct national action to address these transformations has serious limitations and can potentially be counterproductive. “Tools for effective intergovernmental action” provide a starting point for acting on a new pathway, as do initiatives that several states have launched over the same time frame. One

new approach, “New ERA-Economic Revitalization Accelerators,” calls for partnerships that are formed in rural and urban regions to address the left behind places in our nation.⁴⁹ This new approach assumes that partnership is the operating principle, for organizing at the geographical level most appropriate to address the issue and creating the funding and financing structure to implement the investment program. Numerous parties must bring their authorities and capacities to the table. Fiscal capacity is not constrained by the government budget but is determined by arranging partnerships so that beneficial use systems can be maximized. Benefits from investment and increased wealth created can be captured if we organize ourselves differently, (See # 6 below). The approach calls for the governments of the country to work together differently to develop the organizational capacity and funding needed to address the infrastructure investment crisis facing the country. Recognizing that no level acting alone can deal with the fiscal stress confronting all levels of government, this approach includes three crucial new elements: a **National Investment Board** that serves as coordinator of federal programs and resources and **Cooperative Agreements** that provide vehicles for entering into partnerships with new state and local **Investment Authorities**. The operating principle relies on the strength of American democracy--a federal system that relies on local implementation and individual involvement that is supported by state and national government laws and authority, programs and resources, facilities and land. Federal and state actors become partners with **Investment Authorities** that can be at any scale from community to megaregional, including inter-state megaregions with cities, counties, regions and states in between. Investment decisions which integrate all the necessary elements to produce outcome-orientated results are the foundation to solving the fiscal and organizational problems we face.

Cooperative Agreements are the operational tool that can be used to develop the partnerships with the federal and state governments. The essence of the arrangements is to enable the constitutional foundation units of government to become investment partners with the governmental units that are charged with the use of the spatial land of the nation; and bring together all the parties needed, including the civic units needed to solve the nation’s development, environmental and equity issues.

⁴⁹ This framing is contained in a paper authored by Ed DeSeve, Mark Pisano and Matt Horton to be published fall of 2020.

We will need new governance structures to integrate the programmatic approach to problem-solving that has developed over the past seventy years. The “New ERA-Economic Revitalization Accelerators” approach calls for separate governmental entities that can bring general purpose and special purpose governmental organizations together to form new governmental entities to invest in all of the infrastructure, economic development, and environmental projects needed to address the goals of the state and communities. The Boards of these authorities should be comprised of the governmental units that bring resources or the capacity to raise resources along with members of the civic entities, including those who previously have been excluded, into the decision-making process. These new governmental entities will have flexible authority to enter into contractual partnerships with private and non-profit activities. With the financial participants on the board of the Authority, the operational principle is building investment business plans the will fund and finance all needed investments in the state or region. These Boards have two primary functions: (1) develop the fiscal resources needed; and (2) provide accountability and transparency to both the public and to the financing community since debt issuance is a critical part of the financing structure.

Over the past several years, these entities have been formed and investment programs established throughout the nation.⁵⁰ These new structures are able to bring together funding streams (further described below) that are used to issue debt. This new governance structure needs federal involvement and participation to provide credit enhancement of the debt issued, and to assist in dealing with regulatory simplification and inter-state boundaries issues. A national scaling of this effort will create the critical mass of opportunities needed to mobilize efforts nationally to expand meaningful jobs.

Organizing for worker skills and improved productivity

A similar level of experimentation in creating new collaboration and partnership opportunities is underway in the human resource development and educational dimensions of this challenge. The Workforce and Innovation Opportunity (WIOA) Act, signed into law in 2016, establishes a partnership between the educational and the business communities in

⁵⁰ These statutes, SB 365 and AB 313 were enacted in 2016 and 2017 and were called Enhance Infrastructure Distrusts (EIFD’s). Many other States have developed similar authority, the Empire State Development Authority in New York, (I will expand this list)

geographical areas throughout the country. Using WIOA's new authorities, many cities and regions across the country are reforming how they fill gaps and shortcomings in existing workforce development programs. These efforts coordinate the employment needs and the educational and skills gaps in each area covered by a Workforce Investment Board, which has membership of both the business and educational organizations of that area. [A summary of WIOA case studies](#)⁵¹ undertaken in communities in several states explains how these authorities could be used.

The existing WIOA structure coordinates the activities of an educational community with surrounding businesses that can provide training and educational services to their business community. The Schmidt Foundation and its flagship program, Harbor Freight Tools for Schools, have driven critical innovation in this area. Their work concluded that individuals who participate in Career and Technical Education (CTE), involving 79 individual skills and trades, are a vital source of future trade workers in our economy, particularly in those sectors that could employ workers who are not part of the STEM workforce or college-focused educational sectors. Since the CTE track is often not a priority of the educational community, the corresponding skill development has not been a priority for the national WIOA effort. There is an evolving network of organizations, primarily non-profits, that are focusing on teaching excellence in the 79 skill categories. These organizations are partnering with the educational community in innovative new ways like the Partnership to Advance Youth Apprenticeship (PAYA) that combines high school course work with apprenticeship opportunities. New partnerships like these are evolving between industries and academic institutions on a local level and offer great potential to scale to future systemic approaches.⁵²

Developing a partnership network of non-profits and foundations that are mobilizing the CTE effort in the nation, particularly at the high school level,

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https://www.napawash.org/uploads/Workforce_Development_and_Participation_case_20190228.pdf

⁵² Apprenticeships Data and Statistics. https://www.doleta.gov/OA/data_statistics.cfm

could drive nation-wide change. While federal programs create forums for job development and educational interest, they lack seamless integration in communities between businesses and local high schools that provide the on-ramp for job training and education. Participants in CTE programs in high school build the excellence in skill levels they need to access well-paying and fulfilling careers. CTE in high schools also helps meet employer demand for skilled workers in sectors of our economy that have low productivity and need to grow.

It will be necessary to coordinate the many existing educational programs to create a continuous ladder of worker development from high school to graduate school. A report prepared by Jobs for the Future (JFF) for the Schmidt Family Foundation outlines the evolution of this training and education ladder. JFF's research also identifies the income expectations at every skill level, and demonstrates that workers in these skill areas have the potential to earn at middle to higher income levels.⁵³ The Schmidt Family Foundation enlisted the University of Chicago (NOR Center) to undertake an attitude survey of parents, students, and educators on this approach to education, developing skills for excellence in technical education. Their findings provide overwhelming support for this approach.⁵⁴

Organizing the geography of the country to support a needed change in the economic base

Up to this point, we have primarily looked to the supply chain for efficiencies in bringing goods to market, but they could be used to alter production processes so that the import substitution that Jane Jacobs describes in *Cities and the Wealth of Nations*⁵⁵ becomes possible. Jacobs argues that regions increase their wealth by addressing the investment needs of the region and by attracting new products developed in their surrounding areas to allow the entire region to raise its standard of living.

⁵³ *Ibid.*, JFF

⁵⁴ "Skilled trades in high schools: what voters, parents and students want from policymaker and educators, University of Chicago NORC Center, supported by the Schmidt Foundation, (to be published in April 2020)

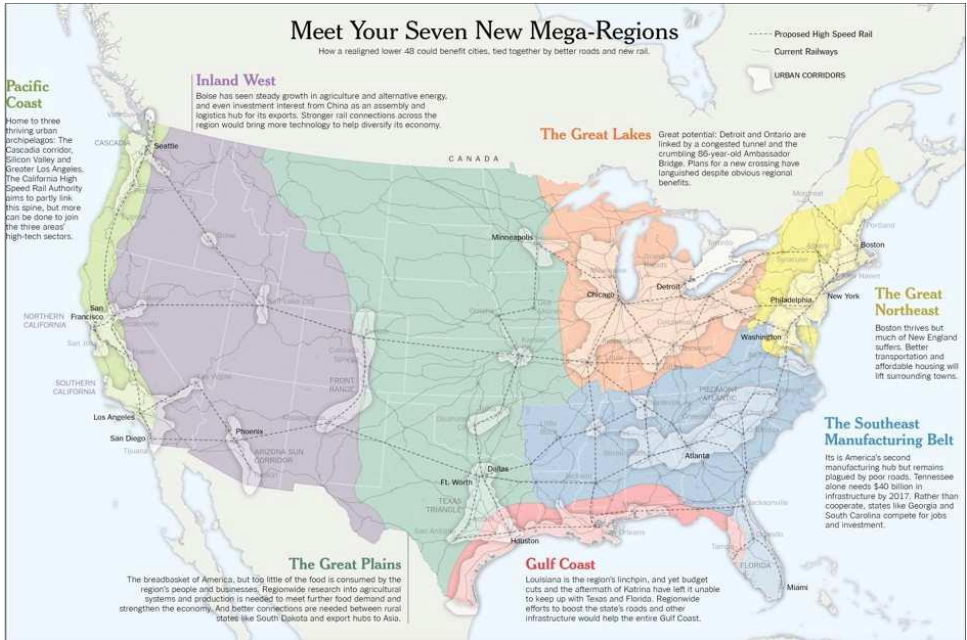
⁵⁵ Jane Jacobs, 1985, *Cities and the Wealth of Nations*, Knopf Doubleday.

The emergence of megaregions, coupled with the efficiencies of the supply chain, could enable broad-based import substitution, even in a global trading world.

A critical issue in economic competitiveness is moving freight across regions for both production and retail consumption. As the coronavirus pandemic has reminded us, simply moving products from an international marketplace to consumers for just-in-time consumption does not create a balanced, resilient economy. Supply chain operations for both production and distribution are central to modern business strategy. When companies are making long-term decisions about where to invest and hire, the quality of supply chain infrastructure plays a role in their decision-making process. It can determine whether a U.S. firm can meet global prices and compete in the market. Driven by considerations of supply chain speed and reliability, company decision makers are working in an area where defects in goods movement infrastructure cannot be easily or quickly corrected given the country's lack of an integrated strategy to invest in logistic systems over the past century. Investments in logistics have been made mainly by private investors, with large externalities and bottlenecks left unattended.

Effective supply chains require an intergovernmental decision-making process. They cross state boundaries and involve all our transportation modes acting in an integrated system with local and regional/megaregional economic development investments and decisions. The historical separation between systems that support regional economic development and growth planning and those that support logistics system production and distribution planning and investment prevents the nation from developing a robust economic strategy. This has also kept us from developing a national economy that can address the rapid increase in economic inequality and accelerate the growth of our economy. The map below, a composite of the **Department of Commerce** logistic system megaregions and the **America 2050** economic megaregions, offers a startling portrait of these two planning regimes. Throughout the nation, there are areas that have been left behind, where incomes and opportunities are so sparse that the individuals who live there find themselves in poverty. Their incomes do not meet their basic needs and leave them without meaningful work. We need new strategies in both job creation and workforce development to increase opportunities for meaningful work. Integrating supply chain investments with regional growth investments is essential to deal with both the rural and urban left-behind regions of America.

Composite Map of Supply Chain and Economic Megaregions



4. Focus on Outcomes: *Maintain attention on best outcomes that minimize undesirable side effects and unintended consequences and increases employment.*

Investment in the physical development of the built environment throughout the nation is stalled, in part, because we are not able to address conflicts in our singular and stove-piped programs and agencies. Addressing the Academy's twelve Grand Challenges in Public Administration, including connecting individuals with meaningful work and building resilient communities, requires the complex integration of multiple separate stove-piped programs to generate the necessary investments. The fact that programs are undertaken by separate levels of government with separate legislative goals and objectives complicates this dynamic. Undertaking the realignment and partnership approach described above in the **Investment Authorities** would put this issue on the table and provide the opportunity to create integrated investment portfolios that achieve our national goals. The **Investment Authorities** approach would not remove this assessment or safeguard, but rather would create a governance structure that can enable the development of integrated investments to achieve outcomes while still keeping needed

mitigation as part of the financial plan. The structure and financing options available to the **Investment Authorities** allow investments in infrastructure, economic development, and housing projects and simultaneously allow funding of environmental mitigation projects. One of the most difficult hurdles in our current infrastructure development process is finding this funding. Our inability to solve this constraint has resulted in lawsuits preventing investments. Additionally, the need to seek separate grants in the intergovernmental financing process to implement the mitigation identified has stretched implementation timelines that added ever more costs to the projects.

Resolution of the conflicts dealing with port expansion and movement of goods required to support and expand the logistics sector in southern California is one of the most intractable of all the issues facing the region and has eluded solution for five decades. And yet, the logistics industry is one of the industry sectors that could create meaningful jobs for workers in the region. Southern California in 1980 had one of the highest GDP per capita ratios in the nation; it is now 24th out of 28 large regions in per capita GDP. Enhancing the performance of the ports can address the environmental conflicts and lawsuits that limit employment opportunities in an industry that creates meaningful jobs in surrounding low income communities. The investment program envisioned here, along with deliberate workforce reskilling, could enable the logistic system to support our current market distribution strategy and also grow an import substitution advanced manufacturing strategy to build the zero-emission technologies.⁵⁶

The “New ERA” approach is being used to address this wicked problem by establishing an **Investment Authority** in the Ports of Los Angeles and Long Beach to develop a zero-emission investment program for moving goods out of the ports and through the region. The emissions generated by the commercial ports and goods movement comprise the largest part of the inventory for both health-based pollution and greenhouse gases in California. The Infrastructure Funding Alliance (IFA),⁵⁷ funded by Edison International Foundation has developed a [*White Paper: Freedom*](#)

⁵⁶ Ibid., IFA

⁵⁷ The IFA is a non-profit whose mission is to bring private capital to assist in resolving public good issues and was instrumental in the development and passage of the EIFD statutes.

Villages,⁵⁸ that spells out a strategy that includes developing new technologies and innovations that will enable the resolution of conflicts among labor unions, between labor and the ports, between environmental and communities and the ports and create new industries in the region. The effort has three goals--environments, employment, and equity--that result in achieving zero emissions and reducing the movement of trucks on a freeway system that is overwhelmed with a crush of traffic that it was not designed to handle. The investment program integrates zero-emission technologies with electricity transmission and grid storage supporting a total reliance on renewable energy for the sector.

5. Work Across Silos: *Build networks and advance trusted professional relationships by negotiating and problem-solving with respect for the interests, capacities, and constraints of others.*

Achieving zero-emission goods movement is made possible by the development of an investment/business plan that integrates transportation, energy, air quality, and land use and economic development. The issue was identified but not resolved in a 1976 Air Plan that was created to address a path-breaking lawsuit against the US EPA. After three decades, an approach was adopted in the 2008 Regional Transportation Plan of the Southern California Association of Governments (SCAG) but was removed from the plan in 2013 because no entity was willing to undertake the leadership and financial responsibility for the initiative. Today's problems cannot be solved by single purpose focused organizations, exemplified by the unwillingness of regional and state transportation agencies to undertake implementation of a strategy that involved multiple programmatic areas and the need to have a public and private joint implementation. Integrating transportation, particularly a multi-modal project that includes energy and economic development, requires a flexible structure and multiple funding streams.

How the statutory authority works and how a completely integrated structure could work is described in the white paper. A team that included union leaders, researchers from Edison and the University of Houston, engineers from business, environmental leaders, and goods movement leaders in the actual design of the strategy was able to build a new consensus. The strategy now forms the basis of the financing plan that is

⁵⁸ <http://www.ifalliance.org/wp-content/uploads/2020/05/Freedom-Villages-White-Paper-Mark-Pisano.pdf>

required to create the **Investment Authority**. The legislation includes a provision that members of the civic institutional structure be included as members of the board of the Authority. Including the representation from the left behind community civic infrastructure on the decision-making authority of this economic revitalization effort, particularly racial and ethnic leadership is an important step in rebuilding trust in the effort.

The **Investment Authority**, a separate governmental entity responsible for providing the initiative leadership, develops the financing plan, procures the services of both public and private elements of the project, issues debt, and will be responsible for the project oversight and implementation. This methodological change enabled integration of the separate investments (stovepipes) in the zero-emission goods movement strategy. Establishing goals and outcomes, developing an integrated set of strategies using new technologies, and evaluating the benefits and revenue streams enabled the development of a business plan. Now, each of the technology innovations required to achieve the zero emissions goal generates revenues that support the needed investment. The **Investment Authority** supports the financial plan by integrating the separate parts of the strategy and combining the revenue streams to amortize its debt.

6. Remain Mindful of Finances: *Integrate changing costs and resource capacities continually into decisions and actions to advance best outcomes.*

Over the past seventy years our country has relied on the intergovernmental finance system to provide the funding to meet our infrastructure investment needs. This system is now strained and projected to be even more constrained given the fiscal pressures resulting from the pandemic. Numerous reports over the past decade estimate that the backlog of deferred infrastructure maintenance alone exceeds \$4.8 trillion, without accounting for meeting growth needs and changing requirements. Governments at all levels are facing fiscal stress that limits our ability to develop innovative strategies and plans. Raising taxes as the primary means of developing the funding streams has only generated about half of the needed revenue.⁵⁹ We need new approaches that bring private capital and the participation of individuals to new market roles, coupled

⁵⁹“It’s Time for States to Invest in Infrastructure,” Elizabeth McNichol, March 19, 2019

<https://www.cbpp.org/research/state-budget-and-tax/its-time-for-states-to-invest-in-infrastructure>

with public revenue sources to create the fiscal capacity to undertake an investment program of sufficient scale to address the challenges the nation faces.

An **Investment Authority** can receive funding from fees, tolls, assessment, contracts, partnership arrangements, and tax increment (value capture) from both property tax and sales tax. It can receive federal, state, and local grants, licenses, and other authorities. It also has the option to capture a portion of the wealth creation that zoning, and investment generate. It does not have the authority to levy taxes but can issue debt. In a period of low interest rates, debt financing can improve public investment productivity by integrating planning decision-making, financing, and implementation and is more cost effective than our current policy of pay-as-you-go.⁶⁰ **Investment Authorities** can change the way we organize and design our institutions so that new funding approaches add to our existing tools and could provide a path forward to address the funding needs of the nation in spite of the fiscal stress facing governments at all levels.

The existing approach to planning and decision-making assumes that the allocation of funding through separate programmatic and political decision-making will enable plans to be implemented. This approach actually causes fragmentation in thinking and acting, and adds to the current deficit in investment, particularly for large projects. The extension of the time of completion for projects is actually contributing to our financing deficit since time is costly. A significant innovation in public goods thinking and acting brings fiscal considerations and financing directly into planning as part of the analytical process. For the issuance of debt based on the business and financing plans of the **Investment Authority** to be operational, the initial planning must be based on the revenue assumptions derived from the investment and project development. Thus, project and financial planning must be done together. For publicly funded projects, in most cases, a project is developed, environmental work is undertaken, and then funding plans seeking funds through the intergovernmental system are developed. Each step takes time

⁶⁰ Chapter 3. Is it Time for an Infrastructure Push? The Macroeconomic Effects of Public Investment, IMF

<https://www.elibrary.imf.org/view/IMF081/21398-9781498331555/21398-9781498331555/ch3.xml?language=en&redirect=true#relatedDocsWidget>

and the process of waiting for funding through the budgeting and intergovernmental political and funding process is very time consuming.

This approach is similar to private investment planning and financing, complemented by a new set of financing assists from government to deal with externalities, spillover effects and equity considerations. Tools like tax credits, Buy America Bonds, credit enhancements that lower interest payments, and tax-exempt public financing can provide significant financial contributions, particularly when the life cycle cost of projects are used to assess the full cost of the project. A good listing of these approaches was developed by the Performance Infrastructure Review Committee (PIRC), a group of interested parties from business, labor, financial advisors, and the Academy.⁶¹ Coupled together, these tools when viewed from a life-cycle perspective of an investment program, create a substantial partnership investment.

When we plan and zone land, we create wealth. The same is true when we invest in infrastructure and when we improve the environment and provide social amenities. Capturing a part of this wealth through mechanisms such as tax increment and beneficial use streams allows this wealth creation and beneficial use to be part of the funding and financing system. The zero-emission initiative is using this approach. Each of the strategies generates benefits, which are captured by the institutional design of the approach. The **Investment Authority** structure allows for partnerships to be created that facilitate their implementation. Finally, the structure allows for public debt to be issued that is credit enhanced, reducing the cost of capital and reducing the life cycle cost of the strategy.

Advances in information and technology allow us to measure these benefits, with the potential to consider return on investment (ROI) in the decision-making process. This approach facilitates the use of pricing of the good in both the decision-making and implementation of the investment. This “congestion pricing” approach is used extensively in water and energy investments and is now being demonstrated in transportation. This entire process encourages planning to be part of the funding decision-making process, signals to users how much of the public goods will be consumed and creates a rationing process for their use.

⁶¹ David Selzer, “Using Tax Credits to Encourage Infrastructure Investment” Cornell Policy Review, May 3, 2019

Adding enterprise financing to the current practice of intergovernmental financing does not replace our current planning processes; rather it complements them. We have implemented both practices separately in the past, but seldom have we brought both financing paradigms together. The **Investment Authority** provides an integrated approach to funding all infrastructure, economic development, housing, and environmental mitigation projects, provided there is a public purpose. This capacity allows users to mobilize the creation of the investment activity needed to create opportunities for meaningful jobs. The Ports goods movement program offers a current example of how to use these authorities to create a funding and financing program that relies exclusively on the enterprise funding authorities.

7. Build and Share Knowledge: *Look for and collect data, conduct analytics, and access well-designed measured trials to inform decisions and actions within and across levels of government.*

The Grand Challenge to “Connect Individuals to Meaningful Work” is a complex, wicked problem that requires the use of large databases and a system approach to solve. We must develop new analytical capacity and new data sets in order to see and implement new solutions. Consider the reach of this problem, which will require infrastructure improvement, environmental considerations, spatial impact analysis, labor force and demographic analysis, educational and training understanding, and financial costs and financing data. Following are some of the most difficult areas encountered in this case.

The work of the Schmidt Foundation in assessing both the significant labor gaps in the trades and the meaningful career opportunities they offer raises important questions about how well, if at all, our education system prepares young people to enter these careers. The Schmidt Foundation’s initial research demonstrated just how little we know about this potentially vibrant part of the nation’s talent pipeline. Their data shows that the current educational system’s ability to prepare future trades workers seems slim at worst and uneven at best. Most state education departments do not even reliably collect basic information that could tell students, staff, parents, employers, and policymakers how many young people enroll in and complete skilled trades programs in high school, let alone illuminate their journey to careers and further education after graduation. To mobilize this strategy with all the partners acting in concert, we will need much more, and better, data and communication.

To develop the granular strategies needed for the port goods movement strategy, the Infrastructure Funding Alliance (IFA)⁶² used proprietary data of the logistics industry that Robert Leachman, a researcher at University of California, created to develop an understanding of how the logistic industry operates. This understanding enabled the IFA to integrate investment strategies for goods movement to with transloading and distribution investments along with electrical transmission that are based on Return on Investment (ROI) calculations. Using logistics and import substitution in advanced manufacturing will require increased education for workers so that data and information systems can create the productivity improvements. Granular implementation strategies that integrate functions developed using business plan (ROI) investment strategies work only if user behavior is understood through data and translated into a willingness to pay. The allocation of resources process of enterprise funding and decision-making requires that public goods decision-making operates with the same rigor as market-good decision-making, using data to understand market behavior and translating this information into revenue streams. We must ensure that local governments and regional partnerships can collect and analyze complex data in the ways that these sophisticated financing mechanisms require if we hope to build the case for investments that can create meaningful work opportunities.

What makes the complex multi-party structures at all levels of government and sectors work is the digital and data rich world of the 21st century. It is the foundation of evidence-based decision making that brings separate functions together, of the return on investment (ROI) debt financing, and of the communication process that involves all the state holders described below.

⁶² The Infrastructure Funding Alliance is a non-profit whose mission is to develop alternative financing approaches for infrastructure.

8. Communicate: *Transmit and receive information in ways that support all levels of governments to identify, define, choose, and explain problems, strategies, results, and causal factors and to determine next steps.*

The Latin and Greek roots of the word “communication” translate into “common action”. Developing a communication strategy that generates results in today’s complex environment may be the most difficult of all the tools. One must first identify the stakeholders that need to be part of the intergovernmental and cross-sectoral process, using the desired outcomes as a starting point. Stakeholders, defined as those involved in the process, may include elected political and executive leaders, impacted and involved interest groups, and civic constituencies. Identifying these participants requires specifying the boundaries of both geography and content. This raises another set of questions around the issue to be addressed, the subject matter, and the design of the institutional structure.⁶³

For example, if the issue is water, the boundary may be a river basin or water body. If the issue is air quality, the boundary will likely be an air basin; if economic development, the project area. If the issue is meaningful work, the area could be the economic base and the jurisdictions that make up the economic base. Given the dynamics of today’s networked economies, and with logistics systems areas as large as megaregions, it can be difficult to define a competitive economic base. When the boundary areas of an economic region are overlaid on our political subdivisions, including those defined in our Constitution, the difficulty of getting geographical boundaries and subject matter boundaries right is increased. This difficulty often prevents us from correctly identifying who needs to be part of the intergovernmental dialog that can lead to action. The **Investment Authority** construct described above as a possible decision-making as well as funding structure for infrastructure, environmental mitigation, and economic development will need to be implemented at all possible levels: community, city, county, multi-county, and multi-state. As an example, the California statute is totally flexible on the boundary chosen for the **Investment Authority** within the state. However, the megaregions in California extend beyond the state, as do many other economic regions in

⁶³ The formulation of the stakeholder, boundary and function communication process was derived from a conversation with John Kirlin a NAPA fellow who has led multiple complex problem-solving efforts in the nation.

the country, and so federal approval will be needed to create a **National Investment Board** to replace the current Congressional Compact approach, with authority to use **Cooperative Agreements** to deal with cross-boundary adjustments as administrative-level decisions.

Once the geographical issue is settled, the organizational structure and board composition will need to be defined so that representatives of jurisdictions can be identified. Then, those representatives can undertake intergovernmental dialog and decision-making in a credible and trust-building way that is both legally and politically defensible, and that brings together existing public funding streams with new funding streams created through beneficial use and private capital that is amortized by beneficial use.

Structuring the intergovernmental dialog is only the beginning of the process, though. The most important and difficult part of this institution design step will be developing the political support needed to put the intergovernmental dialog together so that decisions and actions are perceived as viable.

Deciding who needs to be part of the process, having a strategy for how the information is presented, and using information tools and techniques is the next step. These situations and decisions are complex, data intensive, and can be difficult to understand. Our usual communication vehicles and public participation processes are not well suited to generate sufficient public understanding of these complicated choices that could then lead to effective action. However, Beverly Cigler has experimented and deployed a convening process called “Confabs” that have proven useful in building public consensus on complex topics. Confabs are structured to provide leaning lessons for policy leaders from the multiple interests needed to create action and implementation. They are structured, interactive conversations designed to reach elected officials and gather their understanding and support.⁶⁴

Web-based data clearinghouse that serve the broad audience that must be engaged to improve, and restructure programs offer another useful communications tool. This web-based approach provided information to participants in the policy and implementation of Welfare Reform

⁶⁴ Based on presentation to the Intergovernmental System Panel of the National Academy of Public Administration

Legislation of 1996. The Welfare Information Network (WIN), was a foundation-initiated effort to support state and local officials in the implementation of the 1996 welfare reform legislation. The initial five funders committed to providing \$1,000,000 per year for three years.⁶⁵ That commitment continued over an additional seven years and several other foundations, and the Department of Health and Human Services joined the initial funders. The approach targeted information to all the stakeholders in the process. By its conclusion, WIN authored over 200 publications and its website had been accessed over 5,000,000 times. The National Journal named WIN the most valuable resource available to those working to implement welfare reform, demonstrating the utility of web-based information as a crucial communication tool.

9. *Equity:* *Account for impacts on all affected when goal setting, determining policy and selecting strategies for execution in order to generate net positive impact for all. Meaningful Work for all Americans means working under the assumption that no one is disposable.*

Connecting individuals to meaningful work could complement our existing safety net programs. The dramatic demographic change in the declining working-age population will limit the nation's ability to grow the economy, especially in the wake of the coronavirus pandemic, and to provide the public investment described in this paper. We saw the early effects with historic low unemployment right before the pandemic began. With births still declining and immigration nearly frozen, our best approach appears to be a strategy where "no one is disposable" if we are to achieve our economic and societal goals. Growth in our economy, particularly GDP per capita, will rely on our mutual interdependence. Overall success depends on contribution to the economy from every individual.

Two-thirds of our annual GDP growth historically has been generated by increasing the number of workers and increasing their skills. The basic driving force that increased income and consumption relies on attracting those not in the labor force and those earning lower incomes increase their skill levels and have opportunities to earn higher incomes and become

⁶⁵ The five foundations were: Ford, Annie E. Casey, Edna McConnell Clark, Charles Stewart Mott and the Foundation for Child Development. Over time they were joined by the David and Lucille Packard Foundation, the Woods Fund of Chicago, the U.S. Department of Labor and the U. S. Department of Health and Human Services.

consumers. Thus, increasing labor force participation is the starting point for addressing this issue. Increasing skills and developing opportunities for higher incomes for the almost 100 million people of working age (44.8% of the working age population) not engaged in labor force and the 40% of the workers earning \$18.00 per hour or less-an additional 60 million people is the focus of this paper.

The strategy we have described here is to undertake deliberate development of the human skills and funding approaches to create opportunities for employment in higher income jobs, principally in the trades. Such an approach would be focused on the populations who have been left behind in our economic recovery and who are suffering especially as a result of the economic impacts of the coronavirus pandemic. According to the JFF study, jobs in the trades are in the three middle quintiles of incomes,⁶⁶ and driving job growth complimented by intentional workforce development in these sectors could assist in moderating the growing income inequality in the country.

We can also reframe our economic development and logistics system to mobilize import substitution strategies, advanced manufacturing, and rebuilding the built environment to meet our environmental challenges, thereby providing economic opportunities for left-behind areas in our rural and urban regions. Throughout the nation, there are areas where incomes and opportunities are so sparse that the individuals who live there find themselves in poverty. They have incomes that do not support their existence and leave them without meaningful work. New strategies are needed in both areas to alter opportunities for more meaningful work. Integrating the enterprise approach of supply chain investments with regional growth is an option to deal with the left-behind regions of America that we have not focused on for decades. Germany not only has focused on skill development but on logistic support for their advanced manufacturing sector to develop this industry sector. Similarly, the growth regions in American will be able to develop more balanced economies. These strategies were described in tool # 3 above.

Finally, we need a national strategy that coordinates our safety net programs with the implementation of these longer-term actions. Individuals and families should have access to meaningful work and a secure personal livelihood. Safety nets should be provided, and those who

⁶⁶ Ibid, JFF

are willing and able to go to work should not be disadvantaged by their employment status. Work offers dignity and should not disqualify people from needed assistance. This will require:

- Examination of our tax system and reform to the minimum wage credit so that anyone who falls below a living wage should be provided a tax credit. As it currently stands, an individual making more than \$14,400 is not entitled to the \$500 credit.
- Elimination of non-compete clauses in contracts with the working poor. For example, Princeton economists have estimated that "no-poach agreements", which prevent moves between companies and even between franchises of the same company, affect employees of 70,000 restaurants in the U.S. Some of these restaurants have been challenged, and as of as August 2018, Applebee's, Church's Chicken, Five Guys, IHOP, Jamba Juice, Little Caesars, Panera Bread, and Sonic had all agreed to remove these non-compete clauses from their contracts.
- Regulation of our banking system to allow the working poor access to savings accounts, checking accounts, and loans so that they are not forced to go into alternative sources such as payday lenders that take advantage of their shortage of resources. According to a 2014 Federal Deposit Insurance Corporation report, 25 million Americans had no bank account at all. Another 68 million are "underbanked:" they have bank accounts, but also rely on alternative financial services. It is not that people are simply unbanked, but that banks are becoming too prohibitively expensive for many people to use them. The Federal Reserve Bank of Saint Louis encourages policymakers and other to promote economic resiliency not only through cash payments but by helping to build families' wealth among the less-educated, younger Black, Hispanic and white working-class Americans.⁶⁷ (See Appendix 3.)

⁶⁷ From Ricketts and Bokhara, Federal Reserve Bank of St Louis, May 1, 2020, https://www.stlouisfed.org/publications/in-the-balance/2020/families-most-vulnerable-to-income-shock?utm_source=Federal+Reserve+Bank+of+St.+Louis+Publications

10. Lead: *leaders step up, are designated or agreed upon who focus all on shared objectives and best outcomes. Leaders guide deployment of knowledge, skills, resources, authorities, and relationships to advance collaborative and whole-of-community responses that support realization of best outcomes.*

Leadership will need to be different for this approach to governance is to be successful. The characteristics needed for leadership in this approach to governance were first described by John Gardner in his book *On Leadership*. Leaders in this networked organizational structure must have a clear understanding that status, power, and authority are not the dictates that will move them to success. Rather, the capacity to extend their reach with their partners and with those that they are serving, and the capacity to see the longer term and bigger picture will make their venture successful. Listening, mobilizing and communicating for complicated initiatives are imperatives. Willingness to experiment and learn from mistakes is critical.⁶⁸

One of the most difficult problems in mobilizing agile government approaches is overcoming the tendency of the leaders, particularly in the public entities at the policy and staff levels, to focus on turf control. The top-down intergovernmental hierarchical pattern of the past is a major obstacle. Public agencies will have to do difficult things, including overcoming an unwillingness to change, being willing to share control and experiment, and giving up adherence to the status quo. Leaders will have to lead and manage to overcome programmatic and legal mandates, including regulations that frame the way the intergovernmental system operates. But, it can be done.

Launching the zero-emission effort required that the County of Los Angeles be willing to set up the district and start a new approach. Supervisor Janice Hahn and her staff were aware of the problems that decades of conflict and disappointment created, and the multiple challenges mitigating against any solution. Her willingness to move forward was conditioned on one requirement: she insisted that the unions and people involved in the effort be supportive. Involving the unions proved to be one of the wisest steps in crafting the new strategy. This involvement overcame decades of union and port conflict and is generating an environment conducive to success.

⁶⁸ John W. Gardner, *On Leadership* (New York: Free Press 1990)

Conclusion: Actionable Responses to the Challenge

These “tools for effective intergovernmental action” help us understand the complex context that surrounds the challenge to connect individuals to meaningful work and how to develop a strategy to move forward. Setting priorities for actions that create leverage in addressing the challenge is key and relies on a data-driven, evidence-based decision-making process. The actions identified in this paper do not pit the interest groups in our fractured society against one another. Rather, they are action steps that combine objectives and goals to leverage the interests of factions and groups, and encourage a collaborative, agile government approach. We know we have to rebuild old and dangerous parts of our built environment, and we have to change how we invest to solve new problems that are rapidly changing. We also know that many in our population do not have meaningful work. Applying the “tools” to this challenge provides an approach that puts all the parts together to identify a feasible, integrated intergovernmental and cross-sectoral strategy tied to funding. This strategy becomes possible if the organizations in our society can work differently in the future. Communication strategies that involve the necessary stakeholders, and political leaders who boldly forge a new path forward, can enable us to address our most serious challenges: connecting individuals to meaningful work. Only then can we address income inequality and racial inequity, revitalize our economy, and build a sustainable and resilient built environment.

Appendix 1

10 Tools for Effective Intergovernmental Leadership⁶⁹

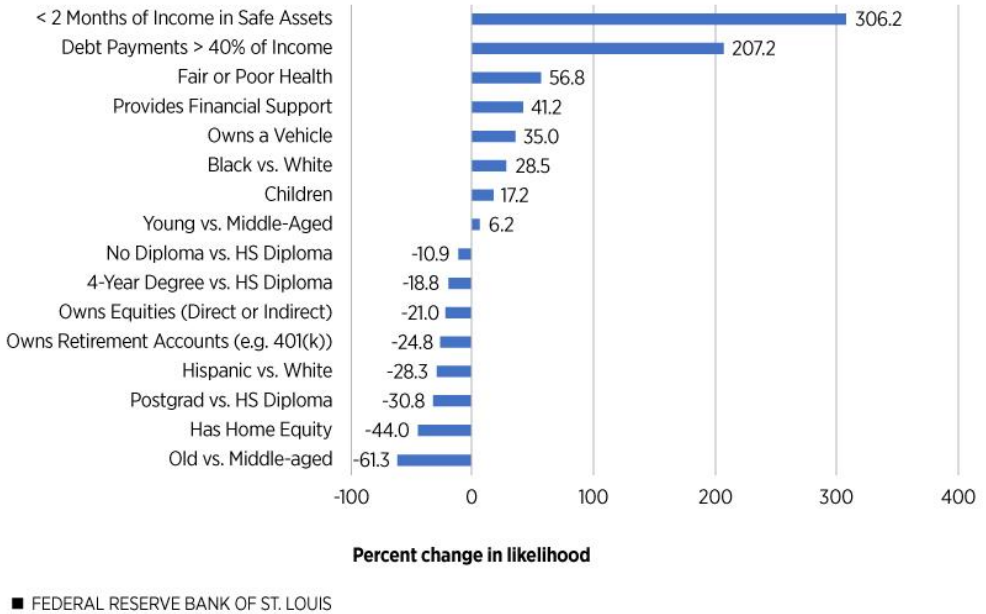
1. **Lead:** Leaders step up, are designated or agreed upon who focus all on shared objectives and best outcomes. Leaders guide deployment of knowledge, skills, resources, authorities, and relationships to advance collaborative and whole-of-community responses that support realization of best outcomes.
2. **Focus on Outcomes:** Maintain attention on best outcomes that minimize undesirable side effects and unintended consequences.
3. **Address Equity:** Account for impacts on all affected when goal setting, determining policy and selecting strategies for execution in order to generate net positive impact for all, without favor or bias.
4. **Communicate:** Transmit and receive information in ways that support all levels of governments to identify, define, choose, and explain problems, strategies, results, and causal factors and to determine next steps.
5. **Prioritize:** Work collaboratively across boundaries to prioritize problems and select interventions using shared evidence-based knowledge.
6. **Build and Share Knowledge:** Look for and collect data, conduct analytics, and access well-designed measured trials to inform decisions and actions within and across levels of government.
7. **Solve Problems:** Engage agility, efficiency, respect for scale economics and geographical variance in surge demand, when problem solving at the level closest to the problem, and with accountability sorted accordingly within and across levels of government and among all stakeholders.

⁶⁹ The tools are patterns, some call them concepts are the element that can be used for problem solving in our complex, intergovernmental world. They are not expressed in any order and may not exist in all situations. It is intended that as new cases and problems are explored, they are to be modified as we learn by doing.

8. **Work Across Silos:** Build networks and advance trusted professional relationships by negotiating and problem-solving with respect for the interests, capacities, and constraints of others.
9. **Motivate:** Encourage continual evidence-informed improvement of outcomes using well-designed financial and non-financial incentives that do not tempt gaming and/or other perverse consequences.
10. **Remain Mindful of Finances:** Integrate changing costs and resource capacities continually into decisions and actions to advance best outcomes.

Appendix 2

Who Is More Likely to Fall Behind?⁷⁰



⁷⁰ The bar chart shows the percent change in the likelihood of serious delinquency. Each bar compares two groups. For example, in the sixth bar from top, we see that, on average, black families were 28.5% more likely to be seriously delinquent than white families, after controlling for the other variables shown here. Effects related to survey year were also included in the model with year 2001 omitted. Of these years, 1992, 2010 and 2013 were statistically significant. Families surveyed in 1992 were 23% less likely to be seriously delinquent than those in 2001. In contrast, families surveyed in 2010 and 2013 were 45% and 27% more likely to be seriously delinquent, respectively, than those surveyed in 2001.

