

The Potential to Reframe Regional Policies and Institutions in Ways that Improve Governance and Address Disadvantage

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An important opportunity to reform regional governance exists now. Some critical problems facing industrialized nations, especially that of encouraging economic growth while ensuring broad access to a high-quality life and environment, require improved regional governance. The necessary linkages and tradeoffs among public and private sector actions can neither be made consistently and effectively by current regional governance systems, nor can they be made solely at the state or national level.

Several reform efforts are underway in the United States and Europe, but they have rarely been analyzed. Little understanding of how to initiate and support successful reforms has been developed. Fortunately, more sophisticated theories are available now than during previous rounds of efforts to reform regional governance, but to develop an overall understanding of how regional governance can be improved, elements must be drawn from several bodies of theory and pulled together into a synthesis or new formulation.

Regional Governance

The major challenge confronting regional governance has long been providing a system within which decisions on regional problems can be addressed. Over time, the regional problems identified have included efficient delivery of basic municipal services, fiscal equity, reversing environmental degradation, and economic prosperity. The enduring goal of reformers has been to overcome perspectives and interests that were narrower than the region as a whole, whether in political geography (e.g., smaller local governments), functional focus (e.g., air quality), economic self-interest (e.g., a dominant, but declining industry), or race and social class (e.g., residential areas reflecting race and income).

Only very infrequently do the boundaries of general-purpose governments, such as states, cities, or counties, coincide with the boundaries of regional policy choices. Efforts to create metropolitan governments, a common prescription through the 1970s, rarely succeeded and

are now known to have been ill-advised, as larger governments are typically more expensive deliverers of municipal services and less responsive and accountable to their citizens than smaller governments (Erie, Kirlin, and Rabinovitz 1972). In the face of this failure and pressing regional problems, two additional approaches developed: the creation of single-purpose regional entities, each focused on a single regional issue, and regional councils of government (COGs), largely fomented by the national government, which provided them with some planning powers and limited financial support.

The explicit or implicit theories underlying these three reform strategies to improve regional governance are respectively: integration by organizational hierarchy (metropolitan governments), reliance on technical expertise (functional agencies largely isolated from politics), and cooperation based on rationality. When created, which occurred rarely, metropolitan governments suffered the efficiency and responsiveness penalties of larger bureaucracies. Isolated functional agencies sometimes addressed specific problems but often failed to achieve complex goals, and COGs have limited scopes of authority and few resources. While previous reform efforts have not been very successful, reforming regional governance is of critical importance now, and several developments make it more likely than at any time previously that more significant reforms will occur in at least some regions.

Three factors make improved regional governance important, and all will strengthen over the foreseeable future. Each of these factors is outlined below.

- Pressing problems must be addressed in regional contexts, including balancing economic and demographic growth with environmental quality;
- Regions are emerging as critical units in global economic competition; and
- Fiscal stress of national and state governments has required many regions to finance their own responses to problems that once received more national and state funding.

Second, substantial reforms to improve regional governance are underway in the United States, falling into four patterns.²

- Reliance on strong, function-specific regional entities under some form of direct metropolitan control;
- Guidance of regional policy-making within the context of a state-wide planning process;
- Establishment of a regional politics and policy-making capacity; and
- Establishment of a new kind of integrated regional planning process that emphasizes regional performance standards, but not service delivery or regulatory activities, which are left to existing agencies and governments.

Third, at least four interesting frameworks for analysis and/or theoretical treatments of regional governance are available.

- From the public choice perspective, which emphasizes arenas for collective choice and service delivery industries (Advisory Commission 1987, A-109);
- Integrating regional policy-making within a state-level process that builds upon traditional land-use planning processes (DeGrove 1984);
- Including issues which are amenable to negotiation among critical stakeholders (Susskind and Cruikshank

1991, 31-53 and Levitt and Kirlin 1985); and

- Shaped and constrained by deeply embedded civic communities (Putnam 1993).

In short, the need for improved regional governance is pressing and growing. Reforms are being initiated, and more powerful theoretical frameworks that served as foundations for earlier reform efforts are available. In combination, these developments suggest that reforming regional governance is necessary, that political energy is being expended to initiate such reforms, and that improved theoretical tools for guiding action may be sufficient to the challenge. Improved conceptualization of the strategies available is needed if reformers are to be more successful today than in the past. Examination of what is happening in California provides a concrete context in which these ideas can be further developed.

California as an Example of Contemporary Reform Efforts

The California Context

This is a particularly challenging time for California, beset by a persistent recession, governmental budget crises, and the recent riots in Los Angeles.

While the national economy is beginning to improve, California lags behind, with an official unemployment rate of 9 percent and estimates that the actual rate is 14 percent. Eight hundred thousand jobs have been lost in this recession, and there is little doubt that the economy of the state is undergoing a substantial restructuring. For the fourth

consecutive budget-making cycle, California governments again face daunting fiscal difficulties. Governor Pete Wilson's 1993-94 budget proposed an actual decrease in nominal dollar spending. The adopted budget shifted nearly \$3 billion in city, county, and special district property taxes to state purposes, which merely shifted fiscal strain. The 1994-95 state budget again shifts funds from local governments to state purposes and includes "triggers" that cut appropriated funding if revenues fall short of projections.

The Los Angeles civil unrest of April 1992 has been labeled a rebellion. It was more widespread geographically, involved more diverse populations, caused more destruction, required more security forces to quell, and most tellingly, the destruction was more focused on particular targets, than in any other civil unrest in this nation (Johnson and Oliver 1992). Some see this level of conflict as the future of the region. In a generally pessimistic article, *The Economist* quoted a well-known historian of California, Kevin Starr, as saying, "Los Angeles will become the Yugoslavia of American cities, disestablishing itself into a murderous mosaic of warring parts" (Meanwhile 1992, 25-26).

Reforming Regional Governance

At the same time, some hopeful ferment is visible, with various reforms being attempted. The future of California need not be bleak. Perhaps these crises provide opportunity for changes not otherwise possible. Regional reforms underway in Southern California offer the hope of improved regional governance

and, possibly, the hope of addressing causes of the disadvantage which contributed to the Los Angeles riots of 1992.

To begin analyzing the reforms being attempted in Southern California, understanding the regional governance system that developed in the period after World War II and through the 1980s is necessary. Rapid growth, water shortages, the need for improved transportation systems, and severe air quality problems overwhelmed the capacity of local governments acting individually. Largely bereft of effective state or national responses, government and business leaders in the region addressed problems as they became crises—one at a time. The results of these dynamics in the Southern California region, encompassing six counties (Ventura, Los Angeles, Orange, San Bernardino, Riverside, and Imperial), with a combined population of 14 million—nearly half that of the State of California, are seen in Table 1.

This table shows the finances of most of the major regional entities of Southern California, and leads to the accompanying observations:

- Significant resources are devoted to regional issues, on the order of \$5 billion annually. For perspective, Los Angeles County expended \$6.5 billion in 1989-90.
- Single-purpose agencies predominate. Only the Southern California Association of Governments (SCAG) has a broader role, and it controls less than one-fifth of one percent of the expenditures identified.
- Each of these entities has dedicated revenue sources, usually controlling a combination of special taxes and

fees which isolates it from the normal, general fund budgeting process.

- None of these entities is directly accountable to the citizens of the region. In each case, the governing board is appointed by a combination of elected officials.
- Each of these entities was developed indigenously, i.e., hammered out among government, business, and civic leaders of the region, sometimes using available state and national policies as part of the approach.

Given this existing system of regional governance, a major issue becomes the integration of diverse policies. As they are made in separate arenas, how are transportation, air quality, and economic development policies to interrelate? In practice, they have often conflicted. Also apparent are the weaknesses in political accountability. Each entity has a limited arena of action and can rightly claim that it has neither legal authority nor competence to address issues beyond its domain, ensuring that no organization is responsible for the whole of the region functioning effectively. Equally, of course, no official can be held accountable, because officials are placed in office indirectly. The riots of April 1992 add a third concern to this evaluation of regional governance: How are concerns of specific communities, especially disadvantaged communities, accommodated in the system? The suspicion is—not well.

Fragmentation of policy arenas and greatly disparate levels of information make participation in regional policy-making extremely costly. Effective participation requires understanding of the

Table 1: Finances of Southern California Regional Functional Entities^a

	FY	Assets ^b	Revenues ^b	Expenditures ^b	Capital Expenses ^b	Personnel	Expenditures (% Total)
Transportation							
Los Angeles Airport	88-89	2,764	200	164	375	1,400	3.07
Burbank-Glendale-Pasadena Airport	89-90		23	23	9		0.43
John Wayne/Orange County Airport	89-90	410	72	112	5		2.10
<i>Subtotal, air</i>		3,174	294	298	441	1,400	5.59
Los Angeles Co. Transportation Commission	91-92		2,311	2,311	1,761	520	43.32
San Bernardino Associated Governments	90-91		64	33	24	14	0.61
Riverside Co. Transportation Commission	90-91		55	68	51	11	1.27
Ventura Co. Transportation Commission	90-91		1	1		4	0.01
South California Rapid Transit District	89-90		837	837	272	8,088	15.69
<i>Subtotal, surface</i>			3,268	3,249	2,107	8,637	60.90
Los Angeles Harbor	89-90	850	175	167	87	831	3.13
Long Beach Harbor	89-90		127	222	164		4.16
<i>Subtotal, ports</i>		850	3202	389	251	831	7.29
Total, transportation		4,024	3,864	3,936	2,799	10,868	73.78
Water							
Metropolitan Water District	89-90	3,707	655	586	112	1,900	10.99
Total, water		3,707	665	586	112	1,900	10.99
Environment							
South Coast Air Quality Management District	90-91		101	101	6	1,138	1.90
<i>Subtotal, air quality</i>			101	101	6	1,138	1.90
LA County Flood Control District	89-90		171	190			3.56
LA County + Districts, Sanitation	90-91		191	191	36		3.58
Orange Co. Sanitation—14 Districts	89-90		316	316	140	571	5.92
Ventura Co. Sanitation	89-90	16	17	14			0.27
<i>Subtotal, flood and sanitation</i>		16	695	711	176	571	13.33
Total, environment		16	796	812	181	1,709	15.23
Southern California Assoc. of Governments	90-91		10	10		95	0.18
Total, All Entities		7,746	5,325	5,334	3,092	14,477	

^a Adapted from The 2000 Partnership. Financing Regional Governance. Los Angeles, September 1991.
^b millions of dollars.

impacts of policy choices couched in technical language and the ability to pursue one's interest across multiple arenas. For example, regulations of the South Coast Air Quality Management District can move whole industries out of Southern California, as is happening with furniture manufacturing. The Los Angeles County Transportation Commission has adopted a \$130 billion capital improvement plan that will dramatically alter transportation opportunities and costs in that county, including major construction projects through many specific neighborhoods.

The impacts of these policies will be great in most neighborhoods in Southern California, but disadvantaged communities are likely to find it particularly hard to represent their interests effectively. For example, the furniture industry employs many Hispanics, but their job losses and future prospects were not considered in policy choices encouraging furniture-making to leave the region. Information, access, and improved processes for making regional policies are needed.

State efforts to reform regional governance appear stalled as none of the four major legislative proposals developed since 1988 passed. Governor Wilson released his *Strategic Growth* report (Office of the Governor 1993) in January 1993, two years after its original target, in the midst of another fiscal crisis that overshadows the proposals (Landis 1993, 83-126). In the absence of state action, regions are proceeding with their own efforts. In response to an advisory vote on Measure C, San Diego local officials negotiated empowering their existing council of governments, the San Diego

Association of Governments (SANDAG), to undertake integration of major plans affecting the region, operating under a unanimity rule. In the San Francisco Bay Area, Bay Vision 2020, a civic organization, proposed consolidation of three significant regional entities (Bay Area Air Quality Management District, Association of Bay Area Governments, and the Metropolitan Transportation Council). The legislative bill embodying this approach failed.

The most interesting effort to reform regional governance is being undertaken SCAG. It is the most interesting partly because this is the largest, most complex, and fastest-growing region in the state. As noted earlier, the region encompasses six counties and approximately 14 million very diverse inhabitants (projected to grow to 20 million by 2010). Indeed, this region is among the most dynamic in the world.

In terms of reform strategies, the SCAG approach will simultaneously:

- Change the manner in which existing plans of regional impact are developed by integrating them into a Regional Comprehensive Plan based on Memoranda of Understanding among cognizant agencies;
- Empower subregions (anticipated to number more than a dozen, but formed among geographical communities of interest from the bottom up rather than imposed from the top) to make the significant specific decisions concerning land-use plans in conformance with regional policy goals and outcome measures; and
- Create a more vital regional politics by expanding the SCAG Executive Council, though it will remain based

on peer selection among local elected officials.

Local elected officials participating in SCAG's 1992 annual General Assembly approved beginning the Regional Comprehensive Planning Process, established subregions to participate in that process, and expanded the Executive Committee to seventy members and renamed it the Regional Council. This latter change is intended to increase participation by local elected officials. Sixty-three of the members are selected from districts of approximately 200,000 residents each. Seven are county supervisors, one from each county with the exception of Los Angeles, which has two members. Districts of 200,000 can be reasonably representative of the various communities in Southern California. Placing significant decision-making powers in the subregions further devolves power downward from the region as a whole. How these processes will develop over time is the unanswered empirical question which will determine the access of communities, including disadvantaged communities, in regional governance processes.

To summarize, the following three goals of SCAG's reform of regional governance have been identified.

- Overcoming the problem of functional fragmentation, measured by the effectiveness in integrating regionally significant plans into a comprehensive plan which guides actions of the governments with implementation responsibilities;
- Overcoming the political vacuum at the regional level, measured by success in developing accountable policy-

making in which access is widely shared; and

- Overcoming the lack of understanding of the effects of regional decisions upon specific communities, especially disadvantaged communities, measured by the evidence that such effects are visible not only to policy-makers but also to the affected communities.

Ensuring Attention Is Paid to Disadvantaged Communities

The Los Angeles riots and the continued demand to address problems of disadvantaged communities also provide strong rationales for continuing efforts to reform regional governance. The current system of addressing regional problems, reliant upon single-focus agencies each devoted to addressing one problem, definitely harms disadvantaged communities. No effective regional attention is paid to jobs, education and training, housing, or personal safety—all issues of critical importance to disadvantaged communities.

Indeed, the actions of regional agencies have hastened the exodus of better-paying jobs from the crescent of minority communities south and east of downtown Los Angeles, both by regulations imposed upon those industries³ and by making it possible to locate jobs in locations far-removed from the older sections of the region (Southern California Edison 1991, 14). Some of the traditional manufacturing jobs lost in these areas in such industries as automobile manufacturing were replaced with lower-wage jobs in the apparel, jewelry, and furniture industries.

The first two of these hire more women than men, changing the composition of the labor force. The furniture industry is threatened by regulation of emissions from finishes.

Reformed regional governance systems could help disadvantaged communities in three ways. First, making the economic health of the region and the quality of life of its inhabitants important values in development of regional policies should balance the narrow focus of currently dominant regional agencies, none of which focus on these goals. Second, the subregional structures provide arenas in which disadvantaged communities can both take more control over what occurs in their neighborhoods and participate on a more equal footing in regional policy-making. They no longer must have decisions imposed upon them by the central offices of regional entities to which they have little access.

Third, the emerging understanding of the importance of clusters of economic activity in the vitality of a region provides justification for policies that should benefit these communities. From this perspective, globally competitive industries (such as business services, aerospace, and entertainment—the three largest clusters in Southern California) are dependent not only on the visible large firms that export products most effectively outside the region (such as Lockheed or Disney) but also on a large set of “linkage industry” and “responsive economic foundation” firms. Linkage industry firms provide components, raw materials, and services, and an even larger number of responsive economic foundation firms provide technology research

and development, information and communications, or physical infrastructure (Henton 1992).

These latter two sets of firms, typically small to medium in size, can be located throughout the region, including in disadvantaged communities, or can provide employment to residents of these communities. In the aggregate, they employ more people than the large, export-oriented firms, but they are particularly vulnerable to negative impacts of regulation, as they are more likely to lack technical expertise and financial resources to comply. Similarly, these firms can often benefit from improved access to more productive technologies and training for their employees. Recognition of the critical contribution these firms make to the regional economy should encourage their nurture, rather than indifference or hostility that has too often occurred in the past. ☀

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Notes

¹ This article is adapted from a concept piece prepared for Michael Lipsky of the Ford Foundation, 1993; portions are used in a paper pre-

pared for the National Academy of Public Administration, 1994.

² Examples of the four types which follow are seen respectively in the Metropolitan Council of the Twin Cities Area, Florida or New Jersey, the Portland Metro, and the reformed Southern California Association of Governments. Additionally, federations of regions are a common suggestion for dealing with ethnic and other conflicts around the world (witness what used to be Yugoslavia), and regional authorities are important in many European nations and may come to have direct relationships with the commission of the European Union.

³ For example, the estimates of total job losses because of air quality regulation range from 90,000 to 1.4 million in the South Coast Air Basin.

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