

Success in the Global Economy

Regional Organization Adds a Competitive Edge

How do regions organize themselves to choose strategies? And how do they mobilize funding to address common problems and become better places in which to live and invest? Decisions that determine strategy and funding are the key elements of regional governance.

These decisions about a region's future affect the decisions of governments regarding location, timing, and capacity of critical infrastructure such as roads, water systems, and educational and cultural facilities. They also influence the decisions of businesses about location and size of their investments. When communicated broadly, these decisions also can influence citizens regarding where to live and how much money to invest in their property and in the education and training of household members.

In Central Indiana, decisions to emphasize the life sciences as a key component in the region's future have influenced governmental allocations to universities, the decisions of philanthropic organizations, the structure and strategies of economic development groups, the investment decisions of businesses, and the decisions of individual citizens.

Decisions about a region's future are made in governmental and nongovernmental arenas. The Indianapolis region has comparatively less regional governmental capacity and devotes fewer resources to addressing regional issues through public entities. However, a comparison with the Sacramento region shows that the Indianapolis region has more important nongovernmental entities that address regional issues such as economic development, including the Central Indiana Corporate Partnership (CICP) and the Indy Partnership.

In any region, decisions that shape the future are commonly driven by perceived problems. As reflected in the decisions they make to pursue economic development and the emphasis on life sciences, leaders in Indiana are concerned about long-term eco-

nomics competitiveness. Strategies that deal with economic transformations, such as the decline of manufacturing, are a common stimulus for efforts to improve regions. In other contexts, the most pressing problems arise from how to handle population growth.

Typically, if a governmental entity is regional, it was established to address regional transportation or regional infrastructure issues that cross county and city boundaries. These entities look forward to the future, but they also address problems arising from growth and economic transformation. Recent surveys reveal that Central Indiana residents are increasingly concerned about congestion, suggesting that there is increased pressure to address development issues in the region. In Hendricks County, 57 percent of respondents strongly agreed or agreed with the statement: *The streets in my community are congested because of all the new development.* The comparison percentages were 46 percent in Johnson County and 43 percent in Hamilton and Marion counties.¹

The range of issues addressed by nongovernmental regional organizations can appear to be broader, often including economic development, arts and culture, and environmental concerns. This impression is not necessarily accurate, however, as nongovernmental regional entities tend to have narrower missions and fewer resources than governmental entities.

Not surprisingly, there is rarely unanimous agreement in a region about what issues are most pressing. Because nongovernmental organizations are easier to create than governments, more variety is seen in the numbers of organizations and missions pursued. We can see common themes across regions. Environmental quality is a common focus, and efforts to enhance economic competitiveness are seen in all regions.

In this report, we begin by examining the structures and expenditures of governmental entities that are charged with making regional decisions in nine regions. Unfortunately, the informa-

There are no reliable secondary sources for the data analyzed in this report. The data reported here are largely from primary sources, such as official descriptions of structure, budgets, and work plans. While almost certainly incomplete, these are the best data now available.



tion that we have been able to gather about nongovernmental organizations, such as economic development or civic betterment associations, is fragmentary—however we present preliminary information on the numbers and missions of such organizations. To further illuminate the roles nongovernmental organizations play in regional governance, we have analyzed the Indianapolis and Sacramento regions in somewhat greater depth.

Important differences in how regions organize and fund future-oriented activities are found in two areas. Regions vary in the ways in which their governmental and nongovernmental efforts are structured and in the funding committed to those organizations. Although less evidence is available, it also appears that regions vary in the resources expended through governmental versus nongovernmental organizations.

Regional Governance Capacity Is Important

Regions do not just “happen” solely as the result of the actions of individuals, businesses, nonprofit organizations, or governments. People and organizations make conscious choices and investments to satisfy collective needs such as transportation, water, and waste systems—three important services that are sometimes undertaken directly by governments, sometimes by private businesses, and sometimes by a mixture of the two. In all cases, however, governments make critical decisions about location, timing, and (often) financing. Other critical choices and investments must be made in areas such as educational and cultural facilities. These decisions and investments are sometimes made in anticipation of privately financed growth and development, and they sometimes follow substantial private actions to develop or change the land use of an area. Initial construction always must be followed by operation, maintenance, and periodic new investments to address changing demand, technology, or safety standards.

*As discussed in *Regional Comparisons Reveal Strengths and Challenges for Central Indiana* (Kirlin, 2004), this analysis is one of several comparing the Indianapolis region to eight other regions, including four in the Midwest and four more distant regions in the nation.*

The key challenge to regional governance is the mismatch of boundaries and organizational competencies with the needs of the region, a mismatch even more dramatic when making decisions for the region’s future some decades hence. This mismatch is especially true of governments, but also commonly true of civic associations and nonprofit organizations.

For example, in the Indianapolis region, the boundaries and competencies of Marion County encompass 53 percent of the population of the nine-county MSA as defined in 2000. In the new, 2003, definition of the MSA as ten counties, Marion County encompasses 56 percent of the total MSA population. That redrawing of MSA boundaries by the U.S. Census Bureau added Brown and Putnam counties and dropped Madison County.

Unigov partially joined the city of Indianapolis and Marion County in 1970, but did not include the other seven counties of the MSA. In 1970, in contrast, 71 percent of the population of the MSA lived in Marion County. In this analysis, we make comparisons among the MSAs using the older definitions, as defined before the most recent revisions, because the institutions discussed in our analysis were created to address regional issues captured by the regions as defined at that time.

The boundaries of areas served by associations and nonprofit organizations often do not match the MSA boundaries of the region. The United Way of Central Indiana, for example, serves the counties of Boone, Hamilton, Hancock, Hendricks, Marion, and Morgan, but not Madison and Shelby. The Indy Partnership, now encompassing nine counties of the MSA (Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby), grew out of the Indianapolis Economic Development Corporation which only encompassed Marion County in 2000. Other organizations reach beyond the boundaries of the MSA. In fact, Center research finds that 24 of 36 definitions of the Central Indiana region encompass more than the nine counties included in the MSA (Sapp, Payton, Lindsey, and Kirlin, 2000).

While some regions have successfully created civic association and nonprofits that cover an entire MSA, and some also have created governmental bodies that encompass an MSA, these entities usually have limited decision-making or resource-allocation powers. Instead, they are much more likely to collect information, serve as venues for discussion, facilitate creation of regional visions or plans, or advocate for economic development or environmental quality in the region.



Metropolitan Planning Organizations and Councils of Governments

The Intermodal Surface Transportation Efficiency Act (ISTEA, 1991), administered by the U.S. Department of Transportation, requires each MSA in the nation to establish a metropolitan planning organization (MPO) which develops information on existing transportation systems and projected transportation demand. This is intended to provide an informed basis for decisions about constructing and enhancing roads and transit systems in the region.

While ISTEA requires MSAs to establish MPOs, government regulation does not require MSAs to establish Councils of Government (COGs). Rather, COGs are organized under state-enabling legislation to perform varied functions. Their responsibilities often include planning, data analysis, and facilitation of decisions that affect the region. Many COGs are also designated as the MPO for their region. In addition, some COGs undertake direct service responsibilities in areas such as services to older populations or pass-through grants for homeland security. For example, in the Kansas City area, the Mid-America Regional Council budgeted almost \$23 million for such activities in 2003 (MARC Budget, 2004; Draft, October 2003, page 2).

We found three different approaches to the use of MPOs and COGs in these nine regions (see Table 1 on pages 6 and 7):

1. One region has only a MPO (Indianapolis).
2. Three regions have both a MPO and a COG, but the two organizations are separate (Austin, Nashville, and Raleigh-Durham).
3. Five regions have a combined MPO and COG (Cincinnati, Cleveland, Columbus, Kansas City, and Sacramento).

The Indianapolis region is the only region of the nine that has only a MPO and no COG, and its MPO is embedded within the Department of Metropolitan Development of the city of Indianapolis. Although located administratively in a city department, the Indianapolis MPO handles transportation planning for the Metropolitan Planning Area which encompasses all urbanized areas of the MSA along with those areas anticipated to be urbanized by 2020, and extends beyond the boundaries of the city of Indianapolis. All of Marion County and portions of Hamilton, Boone, Johnson, and Hendricks counties are included. The MSA encompasses nine counties, so parts of five counties and all of three counties are excluded from the MPO's Metropolitan Planning Area. The MPO does not make decisions directly, but presents its

work to the Indianapolis Regional Transportation Council, a voluntary, intergovernmental body. Its Policy Committee consists of heads of local governments and public agencies within the Metropolitan Planning Area. The Policy Committee endorses all plans and recommendations before they are presented to the Indianapolis Metropolitan Development Commission, which has never contradicted its actions, making the Policy Committee a de facto decision maker.

The Indianapolis MPO has a 2003–04 budget of \$1.9 million and a staff of eight. It contracts with third parties for significant work related to its responsibilities, showing more than \$500,000 for such contracts in its 2004 Annual Budget.²

In the next category, regions with both a MPO and a COG that are separate, the MPOs in these regions typically encompass fewer counties. For example:

- In Austin, the Capital Area MPO encompasses three counties (2002–03 budget of \$2.4 million and 12 staff), while the COG, the Capital Area Planning Council, encompasses ten counties (2002–03 budget of \$15.4 million and 46 staff).
- The Nashville Area MPO encompasses five counties (2002–03 budget of \$2.0 million and 6 staff) while the COG, the Greater Nashville Regional Council, encompasses thirteen counties (2002–03 budget of \$5.5 million with no information on staff levels).
- Raleigh and Durham/Chapel Hill, North Carolina, have separate MPOs (Capital Area MPO of Raleigh, encompassing a single county, with a 2002–03 budget of \$2.4 million, and the Durham-Chapel Hill-Carrboro MPO, encompassing all of one county and portions of two, with a 2002–03 budget of \$2.6 million and 12 staff). Both are encompassed within the seven-county area of the Triangle J Council of Governments (2002–03 budget of \$8.6 million and 30 staff).

In the five regions where the MPO functions are performed by the COG, three include fewer counties than the MSA in which they are located (Cincinnati, Cleveland, and Kansas City) while the Columbus and Sacramento COGs include more counties than those in their MSA.

- Eight counties of the twelve in the MSA are included in the Ohio, Kentucky, Indiana Regional Council of Governments centered on Cincinnati (2002–03 budget of \$11.9 million and 62 staff in 2002–03).
- Five counties of the six in the MSA are included in the Northeast Ohio Areawide Coordinating Agency centered on Cleveland (2002–03 budget of \$5.2 million and 48 staff).



- Seven counties, one in addition to the six that are in the MSA, are included in the Mid-Ohio Regional Planning Commission centered on Columbus (2002–03 budget of \$7.5 million and 72 staff).
- Eight counties of the eleven in the MSA are included in the Mid-America Regional Council centered on Kansas City (2000–01 budget of \$7.8 million and 95 staff in 2002–03).
- Six counties, three more than comprise the MSA, are included within the Sacramento Area Council of Governments (2002–03 budget of \$9.6 million and 50 staff).

Table 1 also shows the total combined budgets and staffing levels for MPOs and COGs in the nine regions and the expenditures per capita and staffing levels per 100,000 residents. The Indianapolis region commits notably less funding for governmental entities that address regional issues than do the other regions. Indianapolis spends 18 percent (\$1.15 per capita) of the nine-region average (\$6.35 per capita) and has 16 percent of the average staff per 100,000 residents (0.5 staff members versus the nine-region average of 3.11). There is wide variation in resources devoted to governmental regional governance activities in the nine regions. The Cleveland and Kansas City regions spend approximately twice as much per capita as does the Indianapolis region, and they have four to ten times as many staff per 100,000 population. The Nashville region spends five times as much per capita as does Indianapolis, but has essentially the same number of staff per 100,000 population. The Austin and Raleigh-Durham regions spend by far the most, approximately double the nine-region average per capita, and the staffing level of Austin is half again as large as the nine-region average, but that of Raleigh-Durham is only slightly greater than the average.

Nongovernmental Organizations Are Common and Most Focus on Development

Comparable information to that just discussed on governments regarding the existence, mission, and resources of nongovernmental regional organizations is not available across these nine regions. Nongovernmental organizations can be formed relatively easily. Many wither away in a few years, and available national data sources are incomplete. These organizations, sometimes characterized as civic betterment, sometimes regional development, and sometimes as business development organizations, typically are structured as nonprofits. They typically receive support from businesses and philanthropic organizations and focus on creating visions of the future of the region and mobilizing private and public resources to achieve

that vision. Such organizations exist in all of the regions analyzed here, but public information about their operations is incomplete.³

Given these limitations, we were still able to develop some understanding of the scope and mission of nongovernmental regional organizations from their Web sites and other documents obtained by the Center. These sources provide broad patterns, but little fine detail to draw definitive conclusions.

On average, in each region we identified three dozen nongovernmental organizations. We identified nearly twice that many such organizations in the Indianapolis region. This certainly may reflect our greater familiarity with Indiana, but it also suggests that there are in fact a greater number of these regional nongovernmental organizations in the Indianapolis region. The organizations reflect a variety of forms in terms of scope, mission, and leadership. In our review, the four most common forms of these organizations, in descending order of frequency, were:

- organizations led by government, business, and civic leaders and focused on betterment of the region—Valley Vision in the Sacramento region is an example;
- nonprofits that are focused on their own mission and led by a board, but impacting the region—United Way of Central Indiana, for example;
- organizations led by leaders from two sectors (business leaders and either civic or government leaders) and focused on betterment of the region—the Central Indiana Corporate Partnership is an example; and
- nonprofit or philanthropic alliances focused on the region and led by representatives of member nonprofits and philanthropies—the Triangle Community Foundation of Raleigh-Durham is an example.

In comparison with other regions, Indianapolis appears to have more betterment organizations led by civic and business leaders and more nonprofit/philanthropic alliances.

“Development” is a common purpose of these regional nonprofit organizations, seen in six times as many instances as the other missions we identified. Those other missions, all seen in roughly equal frequency, are focused on regional governance as a process, social and education issues, or the environment. However, these organizations pursue development for their regions in many different ways. General economic development of the region is most often their mission. Moreover, they are often devoted to specific geographical portions of the region (neighborhood and community, or downtown and urban, for example) and to specific issues and policy areas (such as housing or the environment).



The contributions of nongovernmental organizations to regional governance are primarily in shaping visions and influencing investment decisions of businesses and governments. In this regard, they are similar to the vision-shaping roles of Councils of Governments. In contrast to the Councils of Governments, however, they can change organizational forms, geographical reach, and governance rapidly. For example, the Metropolitan Growth Alliance, a business and higher education group formed to be a catalyst for regional cooperation in the Cincinnati region, existed for only five years (1997–2002) before disbanding. The expectation was that two organizations, the Partnership for Greater Cincinnati and the Ohio River Corridor Initiative, would continue its work and “provide the best way to accomplish regional development goals.”⁴ The former was based in the Greater Cincinnati Chamber of Commerce and supported by more than 200 businesses and governments. The latter transformed in 2003 into a new nonprofit organization, the Ohio River Way, which had the same CEO as the Ohio River Corridor Initiative but was governed by a different 44-person board consisting of business, government, civic, and higher education leaders.

Additional Dimensions of Regional Governance in Indianapolis and Sacramento

Most regions in the nation have long histories of efforts that were intended to enhance the region or address specific problems. These commonly involve nongovernmental organizations, as well as governments. While the Indianapolis region lags the eight comparison regions in organization, funding, and staffing of governmental entities that have regional roles, it has a number of nongovernmental organizations that contribute to regional governance. Indeed, it may have more such organizations than the comparison regions. Considered over time, it also appears that the focus or mission of regional improvement efforts may have shifted from attempts to improve general regional governance capacity to more focused efforts to stimulate economic development.

A comparison of the Sacramento and Indianapolis regions illustrates these patterns. As shown in Table 1, the two regions differ in governmental organizations addressing regional issues and in resources provided to those organizations. Indianapolis, as we noted, has only a MPO, and its MPO has a budget of \$1.9 million and a staff of eight. In contrast, the Sacramento Area COG combines the transportation functions of a MPO and the functions of a COG in a single organization with a budget of \$9.6 million and

a staff of fifty. The governmental budget and staff devoted to regional issues in the Sacramento region are approximately six times as large as those seen in the Indianapolis region.

In 1990, voters rejected a proposal to consolidate the city of Sacramento and the county of Sacramento, a measure advocated partially to improve regional governance. Like the creation of Unigov which combined elements of the city of Indianapolis and Marion County, that action would not have encompassed much of the Sacramento region as defined by its MSA boundaries.

A closer look at these two regions reveals how nongovernmental organizations contribute to regional governance.

A few nongovernmental organizations focus on improving the Sacramento region, and three of the most visible illustrate these attempts. **Valley Vision** and the **Great Valley Center** have broad missions, while the **Sacramento Area Regional Technology Association** has a narrower focus.

Valley Vision “intends to serve as the leader and catalyst for the creation of a world class vision for the future of the six-county Sacramento region.” Its expenditures for the year ending in 2001 totaled \$280,034.⁵ It is governed by a 19-person board which included four representatives of nonprofit organizations, four professionals (e.g., attorneys), three representatives each from business and government, two from news organizations, and one from a public university-based health system.

The Great Valley Center’s mission is to “support activities and organizations that promote the economic, social and environmental well being of California’s Central Valley.” Its expenditures for the fiscal year ending in 2002 totaled \$5,358,834.⁶ It is governed by a 16-person board that includes seven individuals from business and three from government. The Great Valley Center defines its area of interest to include the 19 counties commonly identified as the great central valley of California, bordered on the east by the Sierra Nevada and on the west by coastal hills. The three counties of the Sacramento MSA and the six encompassed by the SACOG and Valley Vision are included, and the Sacramento region is the most populous in the Great Valley. The Great Valley Center has issued analyses of the region, runs leadership development programs, and makes grants to organizations. Its analyses address a number of regional economic, resource, and demographic issues, and its grants are directed to community enhancement efforts throughout the region. The Great Valley Center was launched with substantial awards from three large California foun-



Table 1: Regional Governance Structures

MSA	Population 2000 ¹	Counties in MSA/CMSA ¹	Metropolitan Planning Organization			
			Name	Counties included (whole/partial)	Budget, 2002–03	Staff 2002–03
Indianapolis, IN	1,613,092	9		1 whole; 5 partial	\$1,855,078	8
Austin, TX	1,264,930	5	Capital Area Metropolitan Planning Organization	3	\$2,411,163	12
Cincinnati, OH (CMSA)	1,650,222	12	Ohio, Kentucky, Indiana Regional Council of Governments (OKI)	8	\$11,827,150	62
Cleveland, OH (CMSA)	2,250,991	6	Northeast Ohio Areawide Coordinating Agency (NOACA)	5	\$5,200,000	48
Columbus, OH	1,545,958	6	Mid-Ohio Regional Planning Commission (MORPC)	7	\$7,533,700	72
Kansas City, MO	1,782,231	11	Mid-America Regional Council (MARC)	8	\$7,764,992	95
Nashville, TN	1,236,300	8	Nashville Area MPO	5	\$1,966,166	6
Raleigh-Durham, NC	1,197,283	6	Capital Area MPO of Raleigh, NC (CAMPO)	1	\$2,385,141	N/A
			Durham-Chapel Hill-Carrboro MPO (DCHC)	1 whole; 2 partial	\$2,601,705	12
Raleigh-Durham, 3 Organizations combined						
Sacramento, CA (CMSA)	1,639,003	3	Sacramento Area Council of Governments (SACOG)	6	\$9,600,000	50

Average, nine regions

Indianapolis as a percentage of the average

Notes: ¹ These are "old" MSA and CMSA boundaries and associated population, to match other data in table. These MSA boundaries were changed in 2003. The Kansas City MSA includes seven Missouri counties and four Kansas counties.

Sources

Indianapolis: Indianapolis Metropolitan Planning Organization, Department of Metropolitan Development, city of Indianapolis. 2003. Unified Planning Work Program, Indianapolis MPO. January 6, 2003, from www.indygov.org/indympo/ (accessed October 31, 2003). Budget calculated by summing work plan elements, pages 3, 8, 15, 21. Staff level reported page vi.

Austin: Capital Area Metropolitan Planning Organization (CAMPO). Unified Planning Work Plan. Budget Summary-CAMPO's FY 2003 UPWP from www.campotexas.org/pdfs/2003upwp.pdf (accessed November 24, 2003). Budget is total shown. Description and staff levels from www.campotexas.org/about.php (accessed November 15, 2003). Capital Area Planning Council (CAPCO) description from www.capco.state.tx.us/About_CAPCO.htm (accessed November 14, 2003). Budget from www.capco.state.tx.us/CAPCOBudget.htm (accessed November 14, 2003). Staff level calculated from www.capco.state.tx.us/CAPCOTelephonestlist.xls (accessed November 15, 2003).

Cincinnati: Ohio Kentucky Indiana Regional Council of Governments (OKI). Description from www.oki.org/overview/overview.html (accessed November 14, 2003). Staff levels from www.oki.org/contactus/staff.html. Budget level via personal communication from OKI.

Cleveland: Northeast Ohio Areawide Coordinating Agency (NOACA). Description, staff, and budget from OWP News, March 2003, "Draft FY 2004 Work Program," www.noaca.org/soo4owpnews.pdf (accessed November 12, 2003).



Councils of Governments				Total MPO and COG			
Name	Number of counties included	Budget, 2002-03	Staff 2002-03	Budget	Staff	Budget per capita	Staff per 100,000 population
none				\$1,855,078	8	\$1.15	0.50
Capital Area Planning Council (CAPCO)	10	\$15,438,538	46	\$17,849,701	58	\$14.11	4.59
Ohio, Kentucky, Indiana Regional Council of Governments (OKI)	8	\$11,827,150	62	\$11,827,150	62	\$7.17	3.76
Northeast Ohio Areawide Coordinating Agency (NOACA)	5	\$5,200,000	48	\$5,200,000	48	\$2.31	2.13
Mid-Ohio Regional Planning Commission (MORPC)	7	\$7,533,700	72	\$7,533,700	72	\$4.87	4.66
Mid-America Regional Council (MARC)	8	\$7,764,992	95	\$7,764,992	95	\$4.36	5.33
Greater Nashville Regional Council (GNRC)	13	\$5,451,100	N/A	\$7,417,266	6+	\$6.00	0.49
Triangle J Council of Governments	7	\$8,581,491	30	\$10,966,632	30+		
				\$11,183,196	42+		
				\$13,568,337	42+	\$11.33	3.51
Sacramento Area Council of Governments (SACOG)	6	\$9,600,000	50	\$9,600,000	50	\$5.86	3.05
						\$6.35	3.11
						18%	16%

Columbus: Mid-Ohio Regional Planning Commission (MORPC).
Description, staff, and budget via report on FY 2002 activities from www.morpc.org (accessed November 10, 2003).

Kansas City: Mid-America Regional Council (MARC).
Description from www.metrodataline.org/mt_maps.htm
Staff level from www.marc.org/marcstaff.htm
Budget level: MARC Budget, 2004; Draft, October 2003, page 2.

Nashville: Nashville Area MPO. Description, staff, and budget from www.nashvillempo.org/ (accessed November 15, 2003).
Greater Nashville Regional Council description, staff, and budget from www.gnrc.org (accessed November 14, 2003).

Raleigh-Durham: Capital Area MPO of Raleigh, NC (CAMPO).
Description, staff, and budget from www.raleigh-nc.org/campo (accessed November 24, 2003).
Durham-Chapel Hill-Carrboro Metropolitan Planning Organization (DCHC-MPO).
Description and budget from www.dhc-mpo.org/dhcOverview.htm (accessed November 15, 2003).
Staff level via personal communication from Felix Nwoko, November 18, 2003
Triangle J Council of Governments
Description, staff and budget from www.tjcog.dst.nc.us/whatis.htm (accessed November 14, 2003) and Triangle J Council of Governments, Annual Report 2001-2002, from www.tjcog.dst.nc.us

Sacramento: Sacramento Area Council of Governments (SACOG).
Description, staff and budget from www.sacog.org/about/home.htm (accessed November 14, 2003).



dations, and it relies on contributions from philanthropies, businesses, governments, and members.

The **Sacramento Area Regional Technology Association** (SARTA) was created in 2001 as a public-private partnership focused on building a stronger technology industry in a nine-county region (Sacramento, Placer, Yolo, El Dorado, Nevada, Solano, Sutter, Yuba, and Butte). It seeks to attract and facilitate investment capital to the region. SARTA has developed a “Technology Index” based on 44 leading firms headquartered in the region (software, 21 firms; life science, 7; hardware, 7; semiconductor, 3; medical device, 2; manufacturing, 2; and energy and telecommunications, 1 each). In a 2003 compilation, these firms reported \$1.7 billion in revenue in their most recent year, employment of 13,800, and having raised \$215 million in equity capital between 2000 and 2003.⁷ The Sacramento region is already an established locale for electronics manufacturing, design, and support, with a recent report showing approximately 15,000 employees in this sector, including 6,000 for Intel and 4,500 for Hewlett-Packard.⁸

As suggested earlier, the Indianapolis region is home to many nongovernmental organizations that seek to improve the region. As in other regions, limited information is available on many of these organizations. In contrast to the Sacramento region, there appears to be currently no nongovernmental organization addressing the future of the region in the broad terms seen in the missions of Valley Vision or the Great Valley Center. However, there have been broad efforts in the recent past that were similar to those in Sacramento. In the 1990s, the Greater Indianapolis Chamber of Commerce supported the efforts of the **Metropolitan Association of Greater Indianapolis Communities** (MAGIC). MAGIC undertook several initiatives, focused on business climate (such as a benchmarking report and a regional summit in 1998), regional transportation (it introduced and successfully lobbied for creation of Regional Transportation Authority legislation in 1997), and created the Coalition on Monitoring Public Efficiency and Tax Expenditure (COMPETE) Project (a report issued in 1999). MAGIC also commissioned analyses of the region’s public finances and its export performance, among others.⁹

Two subsequent visioning efforts yielded reports in 2001 and 2002. The **Central Indiana Regional Citizens League** (CIRCL) issued *A Citizen Vision of Central Indiana for 2020* (June 2001), presenting a vision developed through a community visioning process across nine counties (Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby).

Manufacturing, international trade, and high tech were featured in discussions of jobs and industry, and an auto community, community of villages, and transit community were featured in discussion of housing, living, and mobility. The CIRCL is now quiescent.¹⁰

The **Indianapolis Economic Development Council, Inc.** (2002), supported by funding from U.S. Economic Development Administration, Indiana Economic Development Council, Inc., Central Indiana Corporate Partnership, Metropolitan Indianapolis Board of Realtors, and the Indy Partnership/MINE, undertook an 18-month process of analysis and dialogue across the same nine counties that resulted in *Midwest Portal: Comprehensive Economic Development Strategy for Central Indiana*. This report compares the region to others and develops strategies around six “portals”—physical, virtual, entrepreneurial, learning, cultural, and “green”—intended to make the Indianapolis region stand out as a Midwest leader. This effort was staffed by the IEDC, the Central Indiana Regional Citizens League, and Hudson Institute.¹¹

The nonprofit **Indy Partnership** is now the most visible advocate of general regional economic development, with a mission focused on business recruitment. The Indy Partnership serves nine counties (Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby), with a mission “to serve as a catalyst for increased capital investment and quality job growth in the Indianapolis region.”¹² It offers services relevant to business recruitment in three areas: information, location decision, and business services, focused on public financing programs such as tax abatements, training funds, and infrastructure improvements.

The Indy Partnership is governed by a 75-person board, comprised of business leaders and ex-officio representatives of county economic development organizations, and it has a staff of 17. The county economic development organizations are often also structured as nonprofit public-private partnerships, though with much public financing. For example, the Hendricks County Economic Development Partnership has ten business representatives and seven government representatives on its board and received 59 percent of its revenues from governments in 2002.¹³ The Indy Partnership also continues efforts to attract silicon/information-based high technology to Central Indiana which were the earlier focus of other organizations such as the Indianapolis and Central Indiana Technology Partnership and the Indiana Technology Partnership.¹⁴

The **Central Indiana Corporate Partnership** (CICP) is playing a substantial role in creating a vision for the region and har-



nessing resources. It promotes the life sciences in the region, but it also has addressed education and community development in some smaller communities surrounding Indianapolis. The CICIP is a nonprofit “alliance of business and research university leaders coming together to foster long-term prosperity for the region. CICIP is dedicated to the proposition that the public, private and academic sectors must plan and invest strategically to build a competitive, 21st century economy in Central Indiana. CICIP is not an economic development mechanism or a trade association.”¹⁵ Its members advocate policy directions and collaborate to address the broad issues facing the Indianapolis region such as expanding capital formation, encouraging high-growth, high-wage economic clusters, and maximizing Indiana’s intellectual resources. CICIP has 47 members—42 business leaders and 5 leaders of universities.

CICIP has commissioned and released analyses of the region (e.g., *Nurturing Central Indiana’s Pillar Industries for 21st Century Midwestern Pre-eminence*, 2000; *Life Sciences: A 21st Century Economic Driver for Central Indiana*, 2002). Its strategies focus on development of three critical industry clusters: advanced manufacturing, life sciences, and information technology.

CICIP joined with Indiana University, Purdue University, the city of Indianapolis, the Indiana Health Industry Forum, and Eli Lilly and Company to found the **Central Indiana Life Sciences Initiative** in 2002. In October 2003, this effort changed its name to **BioCrossroads** and narrowed its focus to supporting start-up and emerging companies in areas such as “cancer treatment, biosensors, protein analysis, evidence-based medicine, ag-biotech, neurosciences, cardiovascular and sports-center life sciences.”¹⁶

Regional improvement efforts for the Indianapolis region are now structured largely through CICIP and the Indy Partnership, both nonprofits, and both led mostly by business leaders with participation of university leaders and the city of Indianapolis. The two organizations are more clearly focused on economic development missions than are those in the Sacramento region and they have more resources at their disposal. The **Marion County Tax Alliance**, a business and civic leader coalition effort of the Greater Indianapolis Chamber of Commerce, analyzed fiscal and governance issues of Marion County. These analyses include interactions with other counties in the region. The Chamber continues to support legislative action on recommendations of the Alliance.¹⁷

In addition to nonprofit organizations whose mission is explicitly regional betterment, nonprofit arts and cultural organizations and philanthropic institutions also make important contributions

to the quality of life in a region. Such contributions are recognized as important to the region’s long-term attractiveness and competitiveness. There is no doubt that the Indianapolis region is much better endowed with these resources than the Sacramento region. Table 2 provides information on recent expenditures and assets of selected institutions in the two regions. Sacramento has nothing similar to Lilly Endowment Inc. (2002 assets, \$10 billion) as a philanthropic organization, nor is it the headquarters of large private firms. Both factors contribute to the differences seen in Table 2.

Regional Governance Capacity May Affect Regional Performance

Sorting out the effects of different approaches to regional governance is not easy. One challenge is that most previous analyses of regional governance focus only on governmental structures and do not include nonprofit civic improvement organizations. Given the roles played by CICIP and The Indy Partnership in Central Indiana, and the evidence of substantial roles by similar organizations in the other eight regions, that is unwise.

Miller (2002) summarized the work in this field and developed the most sophisticated quantitative measure of governmental structures yet provided. He calculated his Metropolitan Power Diffusion Index (MPDI) by analyzing the expenditures of all governments in a region in 19 service areas (e.g., fire, health, libraries, police, and welfare). By this measure, the Kansas City and

Table 2: Arts and Cultural Organizations, Indianapolis and Sacramento

Organization	Indianapolis		Sacramento	
	expenditures	assets	expenditures	assets
Art museum	\$20,381,163	\$507,059,073	\$3,046,403	\$5,743,281
Symphony	\$10,541,109	\$108,872,017	\$508,434	\$85,885
Opera	\$2,165,617	\$911,518	\$814,478	\$85,062
Children's museum	\$24,218,335	\$298,455,553	\$1,462,601	\$689,528
Zoo	\$16,855,044	\$78,771,215	\$3,462,192	\$2,515,846

Sources: Guidestar reports of IRS 990 forms from www.guidestar.org accessed February 18, 2004. Indianapolis Museum of Art, 2001; Indianapolis Symphony, 2002; Indiana Opera Society, 2002; Children’s Museum of Indianapolis, 2001; Indianapolis Zoological Society, 2001. Crocker Art Museum, 2002; Sacramento Philharmonic Orchestra, 2002; Sacramento Opera Association, 2002; Sacramento Museum of History, Science and Technology, 2002; Sacramento Zoological Society, 2001.



Cincinnati regions are super decentralized, the Cleveland, Columbus, Indianapolis, Sacramento, and Nashville regions are highly decentralized, and Raleigh-Durham and Austin are slightly decentralized. However, Miller's MPDI emphasizes governmental services and does not appear to include a full accounting of public infrastructure investments, which are important to regional success. Miller (2002, p. 101) describes four forms of regional governance (limited to formal governments):

1. coordinating (e.g., through the plans of MPOs or COGs),
2. administrative (e.g., transfer of functions to special districts or from municipalities to counties),
3. fiscal (e.g., regional cultural asset districts), and
4. structural (e.g., annexation or city-county consolidation).

In these terms, Indianapolis has minimal coordination of regional governance through its limited MPO, while Sacramento has somewhat more coordination through SACOG, the COG also performing MPO transportation planning. There is limited transfer of service functions to counties in each case, but neither has any fiscal regionalism.

Using a different terminology, Savitch and Vogel (2000) would consider the Indianapolis-Marion County Unigov structure as a "consolidationist" approach to regional governance, but the fact that much of the Indianapolis MSA remains outside its boundaries suggests that such a label is not accurate for the whole of even that region.

Some analysts have explored the relationships between governmental structures and economic performance. Pagano and Bowman (1995) analyzed how ten cities approached urban development, with one finding being that city officials' image of where their city "fits" in their region and beyond influences their choices of policy tools. Paytas (2001) used Miller's MPDI as one variable in an analysis of the economic competitiveness of 285 metropolitan areas measured over the 1972–1997 period using shift-share analysis techniques. Metropolitan economic competitiveness is adversely affected by governmental fragmentation and by centralization of state authority over local governments. Metropolitan areas that are the locations of state capitals are more economically competitive. Interestingly, Paytas found that the worst scenario for economic competitiveness is "a fragmented metropolitan area within a centralized state" (page 22).

According to these analyses, the slightly decentralized Raleigh-Durham and Austin regions and the state capital regions of

Columbus, Indianapolis, Austin, Nashville, Raleigh-Durham, and Sacramento should be more likely to be economically competitive. These analyses do not include nongovernmental organizations.

Conclusions

Capacity to make critical decisions about a region's future—to *steer* a successful course—is widely sought. All of the nine regions examined here have created both governmental and nongovernmental organizations for this purpose. In summary, this analysis leads to the following conclusions:

- The Indianapolis region has markedly less regional governmental capacity (as measured by existing organizations, budgets, or staff) than the eight comparison regions.
- In contrast, however, Indianapolis appears to have more nongovernmental capacity devoted to regional issues, although existing data are too incomplete to make conclusive comparisons. A comparison of the Sacramento and Indianapolis regions provides more detail about these patterns.
- Available information on the missions of nongovernmental regional betterment organizations suggests that many are narrowing their missions to focused economic development goals. These shifts are apparent in the Indianapolis region where efforts during the 1990s by several organizations with somewhat different strategies are now concentrated in The Indy Partnership and the Central Indiana Corporate Partnership. The Indy Partnership is focused on business recruitment, and the Central Indiana Corporate Partnership is a leader in efforts to encourage bioscience industries.
- There is no "correct" balance to the mix of institutions and missions with which a region seeks to make critical choices for its future. The balance of organizations and missions now evident in the Indianapolis region is focused on enhancing the private sector as a strategy to improve the region as a whole.
- Some evidence is available that quality of life issues related to congestion are of emerging importance to citizens of the Central Indiana region.
- Ten counties of Central Indiana have recently been designated in "nonattainment" of air quality standards by the U.S. Environmental Protection Agency. Most nonattainment regions use cross-county governmental structures to pursue traffic management and land use strategies to improve air quality. These nonattainment counties in Central Indiana are: Boone, Delaware, Johnson, Hamilton, Hancock, Hendricks, Madison, Marion, Morgan, and Shelby. These are the nine counties of the old Indianapolis MSA plus Delaware County, and the nonattainment air quality status of this region is



linked to stationary and mobile sources of pollution.

- As issues of quality of life and compliance with air quality and other environmental laws increase in importance, the Indianapolis region could learn from approaches used in

other regions that make more extensive use of Metropolitan Planning Organizations to shape transportation systems and Councils of Government to better coordinate choices across governmental boundaries.

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Endnotes

- ¹ Data collected by the Center for Urban Policy and the Environment during the Indiana Household Survey 2003.
- ² Accessed November 17, 2003, from http://www6.indygov.org/controller/budget_2004/index.htm
- ³ Although all nonprofit organizations with expenditures greater than \$25,000 annually are required to file IRS Form 990, many such reports for these organizations are missing in the publicly available dataset maintained by Guidestar.
- ⁴ *Business Courier*. (2002, September 4). Metropolitan growth alliance disbands. Accessed February 16, 2004, from www.bizjournals.com/cincinnati/stories/2002/09/02/daily25.html
- ⁵ Accessed November 17, 2003, from www.guidestar.org/controller/searchResults.gs?action_gsReport=1&npoId=3010
- ⁶ Accessed February 10, 2004, from www.guidestar.org/controller/searchResults.gs?action_gsReport=1&npoId=572745
- ⁷ Accessed February 16, 2004, from www.sarta.org/
- ⁸ *Sacramento Business Journal*, February 13, 2004, page 13.
- ⁹ Accessed February 16, 2004, from www.indychamber.com/BusinessAdvocacy/magicfinalreport/FinalReport.html
- ¹⁰ Accessed February 16, 2004, from www.iedc.org/pdfs/Vision.pdf
- ¹¹ Accessed February 16, 2004, from www.iedc.org/pdfs/Full%20Central.pdf
- ¹² Accessed February 16, 2004, from www.indypartnership.com/indypartnership.asp
- ¹³ Accessed February 23, 2004, from www.hcedp.org
- ¹⁴ Accessed February 6, 2004, from www.indypartnership.com/indypartnership.asp
- ¹⁵ Accessed February 16, 2004, from www.cincorp.com/
- ¹⁶ Accessed February 16, 2004, from www.biocrossroads.com/inthenews/release-final.htm
- ¹⁷ Accessed September 7, 2004, from www.indychamber.com/BusinessAdvocacy/MCTAreport.doc



Central Indiana's Future: Understanding the Region and Identifying Choices

Central Indiana's Future: Understanding the Region and Identifying Choices, funded by an award of general support from Lilly Endowment, Inc., is a research project that seeks to increase understanding of the region and to inform decision-makers about the array of options for improving quality of life for Central Indiana residents. Center for Urban Policy and the Environment faculty and staff, with other researchers from several universities, are working to understand how the broad range of investments made by households, governments, businesses, and nonprofit organizations within the Central Indiana region contribute to quality of life. The geographic scope of the project includes 44 counties in an integrated economic region identified by the U.S. Bureau of Economic Analysis.

Comparisons of Central Indiana with other regions can increase understanding about what is occurring in this region and inform choices for the future. For this reason, the Center for Urban Policy and the Environment is undertaking a series of interregional comparisons. This report is part of that series. Because regional differences impact economic success, this report examines the organizations and structures that support decision making for the Central Indiana region compared with eight other regions.

The Center for Urban Policy and the Environment is part of the School of Public and Environmental Affairs at Indiana University–Purdue University Indianapolis. For more information about the Central Indiana Project or the research reported here, contact the Center at 317-261-3000 or visit the Center's Web site at www.urbancenter.iupui.edu.

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Central Indiana Region



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