Developments with Intergovernmental Cooperation

A conversation about the Obama Administration’s progress on the intergovernmental agenda.

by Elizabeth K. Kellar and Robert J. O’Neill

In our article, “Now Is the Time for Collaboration,” we urged the new administration to seek honest dialogue and pragmatic solutions to the most important nondefense issues facing our nation: jobs, healthcare, education, environment, and long-term economic security (retirement, Social Security, and Medicare). We pointed out that states and local governments have a vital role to play in financing the policy and developing program strategies most likely to succeed.

What progress has the Obama Administration made on the intergovernmental cooperation agenda? We had an open-ended conversation with Donald Borut, executive director of the National League of Cities, and Raymond Scheppach, executive director of the National Governors’ Association, to discuss what is working—and what has not yet been addressed.

Recovery Initiative

All agreed that communication has been very good on the American Recovery and Reinvestment Act (ARRA). Troubleshooting has been done by an ad hoc group because the timeframe for implementation was compressed and all three levels of government share the risk of failure. People came together because they wanted to make the recovery package work, not because there was a formal structure for engagement. The additional transparency and intense public interest in the initiative were significant motivators to come together to address implementation issues.

Vice President Biden has had weekly meetings with governors and mayors. Both the vice president and the U.S. Office of Management and Budget (OMB) have worked with their intergovernmental partners in good faith. “The cooperation on the ARRA personifies what we need,” observed Borut. “We have regular, two-way communication about the issues and our federal partners are not defensive.”

Scheppach added, “The administration has made changes as we have raised issues. For example, they have made changes in the way that they are aggregating data and have given us more time to clean up the data. They have listened.”

The ARRA has been a good model because state and local governments were chosen to implement the initiative through existing programs.
“Another plus is that the U.S. Government Accountability Office (GAO) has been out in the field, checking with 16 states on their experience at the front end of the process,” said Scheppach. “The GAO has been included in discussions with the OMB, something that happened almost organically.”

Borut added, “Having knowledge of how state and local governments operate was important because there were not enough resources to carry out the administrative responsibilities required for the program.” Once GAO made those points clear, Congress adjusted the grant guidelines.

There are many positive developments regarding the process of engagement, but experts and pundits alike can be expected to criticize all levels of government once the October 2009 reports are analyzed. Certainly, good progress has been made in building a framework for reporting, though the quality of the reports rightfully can be questioned.

Healthcare Reform

Healthcare reform looms as an even greater intergovernmental challenge. It is a huge legislative bill with significant potential intergovernmental implications. Because it is the president’s signature issue, politics tend to overwhelm many other considerations. States and the federal government share the costs of Medicaid, for example, so depending on how that program is altered or expanded, there could be cost shifts to state governments.

“Early on, the administration brought Democratic and Republican governors into the discussions. As Congress looked for more ways to control federal government costs, the communication dynamic changed. States began to worry about the potential of unfunded mandates,” said Scheppach. Because state and local governments are also major employers, they are watching closely to see how any new legislation may affect their benefit plans and future compensation structures.

Homeland Security

“Having a former governor as head of the Department of Homeland Security makes it easier to address intergovernmental issues,” said Scheppach. “Secretary Janet Napolitano recognized that the former plan for Real ID could not be executed, so we have been able to discuss the issues openly and work together on needed changes.”

There have been ample opportunities for local and state governments to provide feedback to the administration on many strategies and tactics. In fact, one of the challenges is to identify which issues merit the most time and attention from state and local leaders.

Federal Agencies Show Leadership

“We’ve seen agencies take initiative to work together on issues they are passionate about,” observed Borut. “For example, the U.S. Departments of Housing and Urban Development and Transportation and the Environmental Protection Agency have developed a metropolitan initiative. They actively seek local government involvement and feedback.”

“This kind of exchange energizes local government leaders,” said Borut. “While it is too soon to know what the outcome will be, our elected officials and state league directors appreciate the process of engagement.”

A More Structured Approach

So far, the White House Office of Intergovernmental Relations has functioned similarly to those of prior administrations. It serves as an outreach and communication arm to connect with elected leaders and to promote the administration’s agenda. It has not yet taken a lead role in domestic policy development.

Last year, we encouraged the new administration to create a structured approach to engage representatives from major state and local governments, perhaps meeting quarterly to assess progress on issues requiring intergovernmental cooperation. While developing more institutional capacity to leverage these relationships has not been a priority, on certain initiatives—such as the ARRA—the administration has demonstrated model behavior for a productive relationship. As Scheppach noted, “If people want to communicate and there’s some risk for everyone, the model works well.”

We would argue that such communication should be less episodic and idiosyncratic. What’s needed is a structure that can assess the capacity and health of the intergovernmental system to be sure that it can deliver on the nation’s priorities for government services.

With the Obama Administration, the foundation of the intergovernmental partnership is being strengthened. There is still much left to address on this unfinished agenda. Now is the time to institutionalize the way conversations are held with key leaders.