

LESSONS FOR THE AMERICAN RECOVERY AND REINVESTMENT ACT FROM THE NORTHWEST ECONOMIC ADJUSTMENT INITIATIVE

Jonathan Kusel

Sierra Institute for Community and Environment

May 2009

In 2002, the Sierra Institute for Community and Environment completed a study of the \$1.2 billion Northwest Economic Adjustment Initiative (NEAI). The purpose of the study was to identify what worked and what didn't with the federal government's investment in rural communities and workers. Findings from this study offer powerful lessons for the American Recovery and Reinvestment Act (ARRA).

The NEAI socioeconomic assistance program was designed to help rural communities in the Northwest respond to lost jobs and other economic challenges associated with reduced timber harvests of the Northwest Forest ("Option 9") Plan. The NEAI promised training programs for displaced workers, support for rural community diversification, and other new forms of economic assistance coupled with novel interagency collaboration to deliver that assistance.

I. Community-Scale Government Interventions:

A Mix of "Hard" and "Soft" Infrastructure Development

The NEAI relied primarily on traditional economic development, focusing on the "hard" or physical infrastructure projects like water and sewer systems, business parks, and industrial expansion projects. "Soft" infrastructure projects built human capital, the skills and expertise of workers, and social capital, processes that help people and communities work together. The soft infrastructure projects were important for short-term success, but also vital because they built local capacity necessary for longer-term success. Hard infrastructure projects are more likely to immediately generate jobs; soft infrastructure builds community capacity that helps projects succeed today and sustains community development in the long run.

Lessons:

- a. Hard infrastructure projects are important but incomplete for comprehensive community development.
- b. NEAI soft infrastructure projects focused on three categories: leadership development; community-based planning and visioning; and regional coordinating entities that provided support for and linked local communities.
- c. Soft infrastructure projects tended to be smaller, typically less than \$100,000, but these projects typically leveraged more dollars over time and contributed to the success of hard infrastructure projects. Their success led many to suggest that considerably more than four percent of all NEAI funds should have been dedicated to these kinds of projects.

Policy Recommendations

1. Successful economic development takes time. Sustained development requires investment in both hard and soft infrastructure, and in short- and longer-term projects.

2. Hard and soft infrastructure projects are more effectively advanced together, rather than treated separately, underscoring the value of and need for collaborative efforts among funding agencies.
3. To avoid generating unrealistic expectations, economic initiatives at the scale of ARRA require a coordinated communications strategy to inform the public and agencies what the programs and projects are and what they are not.

II. Successful Approaches to Worker Retraining and Assistance

NEAI was designed primarily to address recent timber industry-related dislocations and the economic effects of the Forest Plan. What it was less prepared to address, yet nonetheless had to face, was entrenched poverty and workers who had been displaced long before the launch of the Forest Plan. Retraining and employing some of these workers proved particularly challenging.

Lessons:

- a. Worker retraining was one of the great success stories of the NEAI. The Jobs-in-the-Woods (JITW) program promised workers that they would be the cornerstone of the newly emerging ecosystem worker or restoration industry (not unlike some of the “green” job promises promised under ARRA). Securing jobs for them was not a success, however: there was inadequate investment in landscape restoration rehabilitation and other natural resource sectors for which many were retrained, meaning that after training the jobs created through NEAI did not last.

Policy Recommendations

1. Displaced and unemployed workers require comprehensive support, including, among other things, basic job skills training, health and human services support, education, and retraining opportunities. Eligibility requirements for ARRA funding need to address secondary and tertiary worker needs to more effectively support worker employment.
2. A program that creates natural resource jobs or “green jobs” needs to consider how these jobs can be made sustainable through short-and long-term investment in the sectors for which workers retrain.
3. A more comprehensive and more nuanced natural resource policy that clearly ties sustainable resource management to rural community health and well-being is needed.
4. Alternative contracting mechanisms, such as best value and stewardship contracting, need to be more seriously considered and implemented on a wider scale in order to better serve workers, communities, and ecosystems.

III. Bringing Agencies and Programs Together

The NEAI was heralded as a new approach to implementing economic development across the region, and it was. The Clinton Administration’s direct involvement in the NEAI raised the profile of the effort, and lent it a weight and a drive that no single agency could achieve alone. The Administration also demanded a collaborative agency approach to economic development, challenging agencies not only to work together but to shift from individual agency program-driven priorities to a problem-solving approach anchored in the challenges and economic problems of communities.

Lessons

- a. The creation of state and regional “Community Economic Revitalization” teams provided important forums for state and federal agencies to establish effective new

interagency and intergovernmental partnerships. These and other changes fostered important new institutional partnerships that led to state and regional changes, and to new and more effective ways of implementing programs.

- b. Through its call for projects and through other means, the NEAI launched and advanced remarkable local collaboration that was effectively integrated with the states and the region.

Policy Recommendations

1. Programs at the scale of ARRA require intergovernmental partnerships, delegation of real authority to those responsible for program implementation, and financial support.
2. To sustain progress and partnerships, positive rewards and incentives tied to programs and joint work are needed for those responsible for them.
3. Additional efforts tailored to the unique needs of underrepresented and lower capacity communities are needed to assure these communities receive support. Unique needs and circumstances required specially tailored approaches.

IV. Institutionalizing Learning

The Northwest Forest Plan was one of the first federal land management plans to advance adaptive management, which made active learning a part of the plan and implementation process. Ten Adaptive Management Areas (AMAs) were established to test approaches. The NEAI also promised to learn as it progressed. Adaptive learning is conceptually powerful and unique, but unfortunately it was ineffective in both the Forest Plan and the NEAI because investment in learning, direction, and structures to do so were inadequate.

Lesson:

- a. Adaptive processes in the Northwest Forest Plan, particularly the well publicized experiments in adaptive learning—the Adaptive Management Areas, were not well articulated, nor well coordinated and monitored effectively for learning. As a result, the promise of adaptive learning (and continual program improvement) did not achieve its lofty potential.

Policy Recommendations

1. Evaluation mechanisms and feedback loops need to be built into policy design if adaptive learning, management, and program improvement are to occur systematically.
2. Local, state, and federal record keeping needs to be made consistent and accessible. (The Administration's publicizing ARRA efforts on-line is an excellent start.)
3. A separate fund for monitoring, including third-party and multi-party monitoring, is needed to assure learning takes place.
4. Program and project monitoring needs to focus not only on implementation monitoring (are the funds being spent appropriately?), but on outcome measures to assess project effectiveness (does a project do what it is intended to do?). Failure is not when a project does not meet its goals, but when we do not learn and apply the lessons.

For more information about this study visit <http://www.sierrainstitute.us/Researchpapers.html>