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# DODEN FOR INDIANA WHITE PAPER: REGIONAL CITIES INITIATIVE 2.0

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## Public Policy:

Regional Cities Initiative (RCI) 2.0

## Problem to Solve:

Indiana has approximately 10 regions, averaging 9 counties per region. For years, these counties competed with each other for company relocations. The regions also struggled with loss of population, declining downtowns, lack of community pride, and lack of economic growth.

## Public Policy Solution:

In 2014, the Pence Administration created the Regional Cities Initiative (RCI). RCI required that the regions form Regional Development Authority (RDA) either between at least two counties or two cities within the region in order to compete for state grant funds. The elected officials had to ratify the RDA and had to collectively appoint five private sector leaders to its board who would represent the interests of the entire region.

Upon formation of the RDA, the region created a regional development plan. The planning process varied from region to region, but had to include elements derived from studying peer cities across the nation<sup>1</sup>. Each region then pitched their plan to the Indiana Economic Development Corporation (IEDC) and an outside volunteer review committee made up of private sector leaders commissioned by the IEDC to review the plans.

The total amount to be awarded statewide was \$126MM, establishing the program as a pilot. The funds were sourced from a once-per-decade tax amnesty program. The policy team thought that to test the validity of the program, the funding could not be diluted or spread out to all participants. Therefore, only three regions would win out of the seven regions competing (\$42MM per region). In addition, the policy team felt that competition would enable better results and harder work that would benefit every region that participated regardless of whether they won the competition. Finally, if successful, the policy team felt that more money could be appropriated that would allow for more regions to win future RCI funding.

## Implementation Process (Case Study):

Seven RDAs were formed in less than 90 days. All seven regions pitched their proposal to a crowded forum that included the outside review committee. After much deliberation, the outside review committee and IEDC board felt that there were three clear winners: Northeast Indiana, North Central Indiana, and Southwest Indiana. Each region received \$42MM in RCI funding. By rule the RCI funds had to be matched with a minimum of 60% private dollars, 20% local government dollars, and 20% RCI funding.

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<sup>1</sup>Indiana Peer Cities Study, IEDC (2014): <https://iedc.in.gov/program/regional-cities-initiative/home/Download/f77f299c-34ce-6748-857a-ff0000c19905/>

## Result:

The \$126MM in state funds led to \$1.25BB+ in projects within one year. Further, the state expected to receive \$54.7MM in tax revenues generated by the new projects over the first three years, thus reducing its net investment from \$126MM to \$72MM<sup>2</sup>. Communities that refused to work together before RCI subsequently admitted that they were now working together and found tremendous value in the collaborative process. The progress for each region was highly visible leading to community pride, momentum, and additional projects<sup>3</sup>.

## TODAY –

The RCI program was phased-out during the first term of the succeeding administration, despite calls from every corner of the state to continue its funding. In 2021, the succeeding administration began using one-time Federal Stimulus dollars to start a new program aimed at supporting regional economic development.

## Doden for Governor Plan:

- If elected, the Doden administration will reinstate the RCI program and call for funding of \$200MM per year for four years. We will set a goal to achieve 80% of total investment sourced from the private sector, with 10% each from state and local government. Additionally, we will measure community pride in our top 120 cities and towns annually using the survey process developed by the Gallup/Sharecare Well Being Index.

## Desired Outcome of RCI Policy:

- Double Indiana's population growth rate (from 0.47%/year to 1.06%/year) to go from 6.9MM in 2021 to 8.0MM by 2035.
- Incentivize regional leaders to work together in both economic planning and implementation.
- Incentivize high net worth investors, foundations, and corporations to invest in Indiana rather than Wall Street and other states.
- Enhance community pride for today's Hoosiers and become a nationally competitive place to live that will attract and retain talent.
- Fix broken factories and dilapidated buildings in our historic downtowns.
- Improve small business formation and funding.
- Improve housing opportunities in both urban and rural communities.

## Projected Impact:

- Based on the RCI 1.0 results, the policy team projects that RCI 2.0 will lead to at least \$8BB worth of quality projects in 4 years. If re-elected, the Doden administration will budget an additional \$200MM per year for a total of at least \$16BB worth of projects in 8 years, or an average of \$21.7M in projects per county per year.

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<sup>2</sup>Regional Cities Initiative: Preliminary Economic Impacts, Ball State University (2017): <https://projects.cberdata.org/reports/RegionalCities-20171208.pdf>

<sup>3</sup>Qualitative Impacts of the Regional Cities Initiative, Ball State University (2018): <https://projects.cberdata.org/reports/RCI-2018-1001.pdf>