

Beyond Programs

Transforming Governance Institutions
to Improve Societal Outcomes



A Report from a Working Group of
the National Academy of Public Administration

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September 2026

A Report by a Working Group of the
National Academy of Public Administration

Beyond Programs: Transforming Governance Institutions to Improve Societal Outcomes

Fellow Working Group: Transforming Governance Institutions

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Abstract

Beyond Programs: Transforming Governance Institutions to Improve Societal Outcomes

Governments and public sector professionals are in a period of transformation, perhaps neither expected nor desired, yet unrelenting. Analysts of long-term changes in societies and political systems flag this as a period of turbulence. In critical areas, including infrastructure, weather resilience, disaster recovery, health, housing, K-12 education, and providing opportunities for success, societal outcomes in the US lag those of peer nations and our own history. The dominant institutional design of multiple federal programs and agencies related to a policy issue, often mirrored in similar state and local agencies, fails to deliver desired societal outcomes, while increasing transaction costs, diffusing responsibility, and increasing opacity for citizens. Success in single organizations and programs does not translate into societal success. Moreover, when future liabilities for pensions and health care are included, the federal and state governments are in deep fiscal strain, with forecast constraints on future tax revenues. Returning to the past and even improving current programs and public agencies is insufficient. Institutional transformation is required, including shifting focus from federal organizations and program outputs to societal outcomes for people in substate areas, mobilizing elected leaders, and creating incentives that energize private initiative and financing. Seven cases of transforming public governance institutions provide strategies for future action. The Academy's Extreme Weather Resilience Hub is a step toward leading this transformation.

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Abbreviations and Acronyms

The Academy	National Academy of Public Administration
BATNA	Best Alternative to a Negotiated Agreement
BRTF	Blue-Ribbon Task Force
CBO	Congressional Budget Office
EIFDs	Enhanced Infrastructure Financing Districts
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FGC	Fish and Game Commission
GAO	Government Accountability Office
MLPA	Marine Life Protection Act
MLPAI	Marine Life Protection Act Initiative
MOU	Memorandum of Understanding
MPA	Marine Protected Area
NFP	Nurse-Family Partnership
NWS	National Weather Service
NOAA	National Oceanographic and Atmospheric Administration
OECD	Organization for Economic Cooperation and Development
OTR	Over-the-Rhine
PPP	Purchasing Power Parity
RDA	Redevelopment Development Plan
RSGs	Regional Stakeholder Groups
RCT	Randomized Clinical Trial
SAT	Science Advisory Team
TMDL	Total Maximum Daily Load
VA	Veterans Affairs
VHA	Veterans Health Administration
VISNs	Veterans Integrated Service Networks
WRN	Weather Ready Nation
3CDC	Cincinnati Center City Development Corporation

Introduction

Governments and public sector professionals are in a period of transformation, perhaps not expected nor desired, but unrelenting. Inadequacies in governance institutions¹ - the “...humanly devised constraints that shape...” authoritative collective choice and action (North 1990) – are increasingly visible. Transforming governance institutions, not merely marginal program improvements, is required, and transforming initiatives are available as possible models. Public administration professionals and scholars are both participants in and architects of governance institutions. This document was developed by a Working Group of elected Fellows of the National Academy of Public Administration (the Academy), which began work in July 2025. The Academy should lead this transformation. Their “Extreme Weather” initiative is a valuable start.

The analysis begins with illustrations of past consequential institutional changes in the United States, then assesses criteria for successful governance institutions, considers the advantages and challenges the United States faces in transforming institutions, identifies practices that support transformation, analyzes seven specific transformation cases, and concludes with next steps.

Institutional Impacts

The 250th anniversary of the Declaration of Independence celebrates the radical values of individual equality and liberty, achieved through the genius of a constitutional republic structured by the US Constitution. Constitutions at the national and state levels are enduring but also evolve through amendments or court decisions that address ambiguities and contested constructions of meaning. Governance institutions also

¹ “Governance institutions” here refers to public institutions, not to governance of corporations, nor to uses of “institutions” as socially defined, such as churches or Friday night high school football.

include substate governments, such as counties and cities. The number of governance institutions grows even larger when the impacts of significant public policies on “shaping collective choice and implementation” are acknowledged. This shaping is recognized in discussions and research on “path dependency,” for example, in a focus on disease treatment and insurance tools in US “health” policies (Jencks and Schieber 1991; Campbell and Sheppard 2020; Hammond, Johnson, and Serna 2025). The Affordable Care Act (2010) built on the policy choices and implementation tools established in Medicare and Medicaid (1965), as predicted by path dependence research. In most significant issues, similar path dependence exists in public policies.

Some analyses of governance emphasize implementation (Organization for Economic Cooperation and Development [OECD] 2025a) or focus explicitly on executive branches and bureaucracies (Fukuyama 2013). As policies made by elected officials provide the authorities, fiscal resources, and legitimacy that undergird implementation, elected officials are included in this analysis. This inclusion is critically important for analyzing transformations in governance institutions and for developing strategies to that end. As illustrated by the cases analyzed below, institutional transformation often requires changes to legislation or budgets and is usually championed by an elected official.

Other examples of consequential governance institutions include the Administrative Procedure Act (1946), the 1964 Civil Rights Act, and the Environmental Protection Act (1970), as significant federal laws, and *Loper Bright v. Raimondo* (2024), a consequential Supreme Court decision. At the state level, California voters approved Proposition 13 (1978), which affected California's public finances and spurred tax limits in many states. Several federal policy initiatives provided important infrastructure and

opportunities to individuals before World War II. Those included five major acts (1879,1880,1917,1923,1928) (U.S. Army Corps of Engineers 2025) establishing the analytic, authorizing, and financing structures to allow the US Army Corp of Engineers to control floods and improve water transportation in the Mississippi River drainage (approximately 41 % of the continental United States), providing land grants, loan subsidies, rights of way, and natural materials for construction of railroads (Pacific Railroad Acts of 1862 and 1864), the Homestead Acts (1862) transferring ownership of lands in the federal public domain to private owners, and the Morrill Land Grants program (1862, 1890) to create institutions of higher education in states. Procurement in WW II created institutions that served as hubs of industry, technical competence, and research at several locations across the nation (Hooks and Bloomquist 1992; Gross and Sampat 2020; Garin and Rothbaum 2025).

Some actions also had consequential negative and tragic impacts. The Mississippi River dams have adverse ecological effects, including habitat loss, reduced sediment, and wetland degradation (Toberman and Miller 2023). The Railroad Acts and the Homestead Act accelerated the displacement of Native Americans from historic lands and land uses (White 1947; Allen and Leonard 2025). These examples illustrate the importance of looking broadly for effects.

Table 1 below previews practices that inform transformations, in contrast to current practices and expectations.

Table 1: List of current practices and their form once transformed. Table created by the Working Group.

From Current	➡	To Transformed
Professionally initiated	➡	Seek elected champions
Programs	➡	Institutions
Program output measures	➡	Societal outcome measures
Muddled authority	➡	Clarify decision rights
Accept existing geographical boundaries	➡	Match boundaries to the desired societal outcome
Universal design with waivers	➡	Empower people and places
“Fund” with public revenue sources	➡	“Finance” with private sources, including benefit capture, and public funds
Design fully, implement, defend	➡	Analyze, test, learn, act, adapt, socialize
Use of normal policy and implementation capacities	➡	“Extraordinary” processes to support policy choices and novel implementation options

Successful Governance Institutions Perform Three Functions in Democracies

1. Governance institutions make authoritative policy (including fiscal) choices through legitimate and trusted democratic institutions, characterized by civil liberties, competition, and accountability, and that adapt and endure under stress (Dahl 1971; Freedom House 2026; Kirlin 1996; OECD 2024; Ostrom 1990).
2. Governance institutions constrain governmental power to protect individuals, treat them impartially, and minimize corruption, including through constitutional provisions (e.g., free speech, due process), judicial independence, laws, and merit-based public employment (OECD 2025a; Rothstein and Teorell 2005; World Bank 2025).
3. Governance institutions actually implement authoritative decisions, requiring administrative and fiscal capacity, and incentives for private investment and other nongovernmental actions advancing desired societal outcomes, including property rights, effective courts to resolve disputes, and reasonable transaction costs, all conducive of exchange, innovation, and broad prosperity (Acemoglu and Robinson 2012; Fukuyama 2013; Mann 1984; North 1990; Rothstein and Teorell 2005; Skocpol 1985; World Bank 2025).

These three functions integrate research, analyses, and theories from several disciplines and professions. Though intentionally applicable to many nations, they provide a valuable template for assessing governance institutions in the United States. Most sources cited focus on the nation-state, with Elinor Ostrom as a notable exception, focusing on the governance of common-pool goods (mostly natural resources), then analyzing governance without formal government authority or through substate special

districts and local governmental authorities created under permissive state government authority. Ostrom very usefully identifies the critical issue of matching the geographical boundaries of authority created to the functional boundaries of the desired societal outcome. This factor arises in many issues.

The United States Innovates

The founding principles of this nation provide a foundation and impetus for understanding the dynamics of institutional change in the economy and in governance (North and Weingast 1989; Acemoglu, Johnson, and Robinson 2001; Chetty, Hendren, Kline, and Saez 2014; Skowronek 1982). Moving toward realizing the fundamental principles is neither immediate nor as easy as the Civil War illustrated, and more progress is always possible.

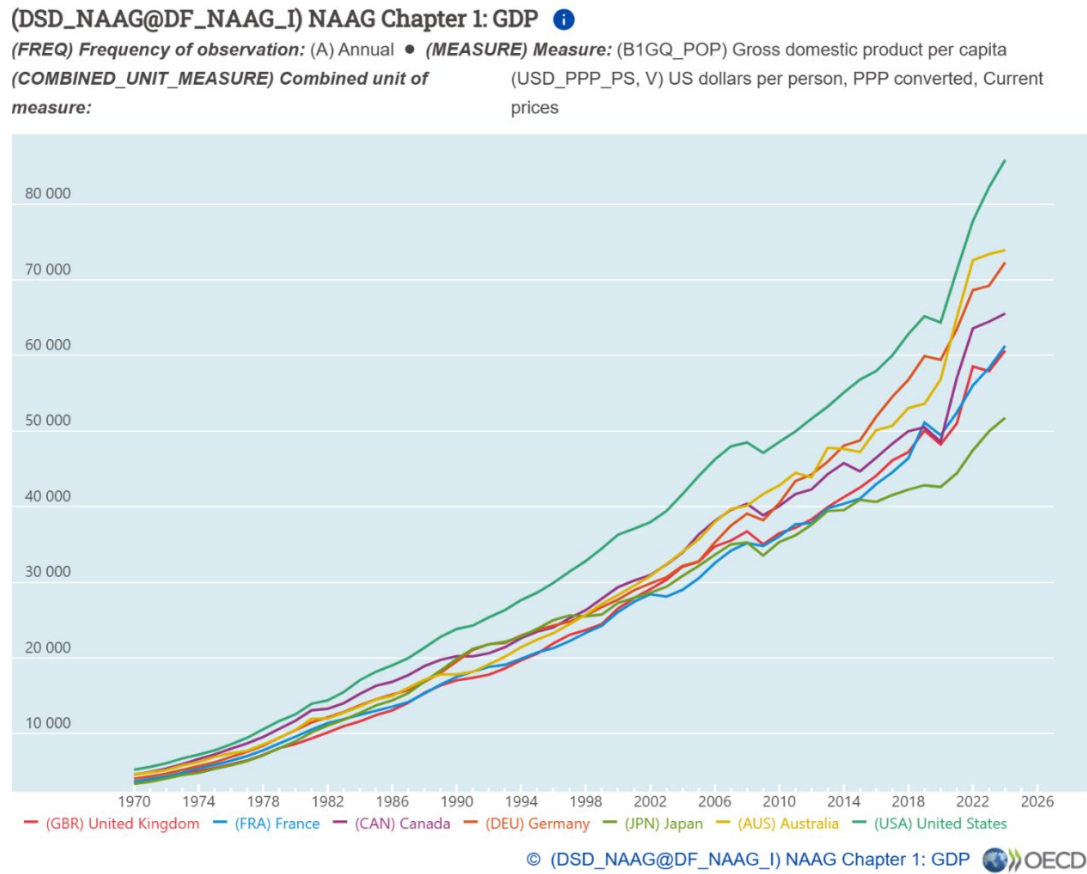
By comparison, the institutions of the United States have performed very well economically. Figure 1 compares GDP per capita for the US and selected peer nations in

Table 2: Purchasing Power Parity of select nations 2024

<i>Nation</i>	<i>U.S. Dollars - 2024</i>
United States	85,832
Australia	73,922
Germany	72,295
Canada	65,533
France	61,258
United Kingdom	60,620
Japan	51,673

US dollars, adjusted for Purchasing Power Parity (PPP), 1970-2024 (OECD 2025b). Table 2 shows the values for Figure 1 in 2024, sorted from largest to smallest.

Figure 1: GDP/Capita US and Peer Nations, 1970-2024



The strong economic performance of the United States receives attention, seen in Luhnow and Fairless's (2025) arguments that "Europe is Losing" with its finding of nations that have fallen "far behind" in economic dynamism, technology, and economic and diplomatic influence and in a European Commission Report (2024) chaired by Mario Draghi, former Prime Minister, Italy, and President, European Central Bank, on policies to address falling behind. However, the United States has not done as well on intergenerational social mobility as several other nations, including France, Germany, Sweden, Canada, Norway, Finland, and Denmark (Issacs 2016).

Six Challenges Facing the United States

While the nation enjoys the advantages of strong founding principles and institutions, it faces six challenges that provide the impetus for the transformation of governance institutions.

1. The first large challenge to transforming governance institutions is the decline in trust of other institutions in the nation, eroding a common understanding of how to be responsible citizens. Brady and Kent (2023) provide this summary of an extensive analysis:

Except for the military and science, confidence in most American political and nonpolitical institutions has fallen precipitously over the past fifty years. Declines in trust are partly the result of dissatisfaction with governmental and institutional accountability and concomitant skepticism about the competency and responsiveness of institutions. Declines are also the result of a polarization in trust in institutions...

In addition to a decline in trust, participation in non-governmental institutions has declined. Church attendance declined from 42% (2004), to 38% (2014), to 30% in Gallup polls (2024). Putnam (2000) reported that attendance at public meetings on town or school affairs fell from 22% in 1973 to 13% in 1993. These declines reduce the mediating effects of regular interactions with others in groups noted by Tocqueville (1835) and Almond and Verba (1963).

Constructing a widely shared understanding of our governance institutions could greatly contribute to public trust in those institutions' capacity for success.

2. President Trump's actions are highly visible and often challenged in court, but similar tensions in peer nations suggest broader forces at play. Indeed, five analyses of long-term dynamics in societies (Dalio 2021; Friedman 2021; Goldstone and Turchin 2020; Howe 2023; Huntington 2016) project this time to

be especially perilous for modern nations (Mehlman 2025). Foment and instability are visible in many nations, suggesting that the United States will face challenges regardless of who is president.

3. Despite increased federal involvement and spending, the United States is falling behind peer nations and past performance on critical societal outcomes for [economic opportunity](#), [K-12 education](#), [health](#) (as measured by life expectancy), and [housing affordability](#), as discussed below.
4. Current institutional designs to address domestic issues have evolved to typically include multiple federal programs and agencies, illustrated by 27 means-tested housing programs. Including related state and local agencies, dozens of federal, state, local, and special district public bureaucracies typically exist for any significant societal issue. Multiple siloed agencies increasingly fail to deliver desired societal outcomes, increase transaction costs, diffuse responsibility, increase opacity to citizens, and reduce accountability.
5. When future liabilities for pensions and health care are included, [federal](#) (Congressional Budget Office 2024, Congressional Budget Office 2026, Truth in Accounting 2025b) and state (Truth in Accounting 2025a) governments are in deep fiscal strain, with severe constraints on future tax revenues forecast. An expectation of “solving” issues with increased expenditures is misplaced, and devising successful institutions and policies with reduced revenues is imperative.
6. While the United States has been a hegemonic power since the end of World War II, globally dominant economically, culturally, and militarily, that status is now contested. China is a manufacturing powerhouse, actively expanding its military assets, pushing the frontiers of science, investing in dual-use infrastructure in

many nations, and publicly aspiring to greater influence. The historian Ferguson (2025) developed a quantitative measure based on Kennedy's (1987) analysis of the relationship between a nation's fiscal management and military conflict. He argues that when net interest outlays surpass defense outlays, a nation will decline as a great power, analyzing examples from the 15th to the 20th centuries. The United States first exceeded this ratio in 2024, and the Congressional Budget Office (CBO) 2026 projections show interest payments continuing to grow through 2036.

These six challenges should inform efforts to transform governance institutions. In order to make an effort successful, it requires the following:

1. Creating shared commitments to principles and understanding of the current context and options for action,
2. Addressing tensions arising from crimped economic opportunities and paralyzed political systems,
3. Reversing failures to achieve desired societal outcomes in economic opportunities, health, K-12 education, and housing,
4. Escaping constraints of siloed, expensive programs,
5. Finding institutional designs, policies, and implementation processes that succeed within reduced fiscal resources, and
6. Managing the transition from hegemonic power in a world with significant military threats.

Multiple calls for institutional transformation are being advanced. Some focus on the use of Artificial Intelligence, as illustrated by advocacy for agentic algorithms that link

individuals to public services for which they are eligible (Hodas 2026). Others are sector-specific, such as the transformation of military doctrine, particularly evident in the Ukraine-Russia war, where air, land, and sea robots combine with systems of sensors, communications, and the integrative management of real-time theater-wide intelligence (Petraeus 2026), or in the criminal justice system (Almanza 2024). Pahlka and Greenway (2024) emphasize institutionalized, government-wide process requirements, as illustrated by restrictive procurement or personnel systems, which slow and impede program implementation. This analysis focuses on “governance institutions,” including those that affect policy-making through path dependency and those that shape policy implementation.

Why Focus on Governance Institutions?

The speed with which President Donald Trump, in his second term, has changed policies and institutions long championed by the public administration community, including the Senior Executive Service and Inspectors General, has revealed unanticipated fragility and has startled and alarmed many public administrators and scholars. He has also challenged the expected separation of powers between the Article 1 legislative and Article 2 executive branches by abolishing agencies, halting or diverting the use of Congressionally appropriated funds, and declaring emergencies to impose tariffs on nations. These actions involve direct questions of constitutionality, with the Supreme Court ruling against use of emergency authority to impose tariffs (*Learning Resources v. Trump* consolidated with *Trump v. V.O.S. Selections, Inc.* 2026) and affirming a President’s power to terminate employees of independent agencies (*Trump v. Slaughter*

2026), with a limit on that power over members of the Board of Governors of the Federal Reserve System (*Trump v. Cook 2026*).

The frequent focus of public professionals and public administration scholars, historically and today, on improving programs and organizations is inadequate for the contemporary challenges. We share a similar problem identification with Pahlka and Greenway (2024, p. 1) that negative results and incapacities in public administration delivery “...are not the result of lack of diligence by our nation’s public servants. Our administrative structures, processes, and ways of working are simply no longer fit for the job that we need them to do.” The transformation of governance institutions is required, rather than improved organizational or programmatic approaches.

It is important to recognize the extent and variety of institutions and policies included to avoid oversimplification. To illustrate at the federal level, 17 independent regulatory agencies (e.g., Board of Governors of the Federal Reserve System, Securities and Exchange Commission, Consumer Financial Protection Bureau) are listed by name at 44 U.S.C section 3502(5), and over 55 permanent independent agencies and government corporations are identified in the United States Government Manual (National Archives and Records Administration 2025). The Administrative Procedures Act applies to a much broader range of agencies. Wherever the Supreme Court approves changes in pre-2024 institutions, the issue of new institutions arises. If agencies cannot be “independent,” what transformations provide for marshaling professional expertise to make effective decisions (including formal regulations) that provide sufficient stability to support needed decisions by firms and individuals? Existing independent agencies will each have histories of earlier reforms, litigation, and relationships with interested

parties, which will shape how they change if required. Similar issues arise in agencies not considered independent.

Simply reinstating the past, including reversing President Trump's initiatives, is not a good strategy for the future for three reasons. First, dynamics beyond any single president are forcing change. Second, a simple reinstatement of past practices may be challenged in specific contexts where interests seek advantageous changes in congressional committees, subcommittees, and agency processes. Third, it misses the opportunity to assess agencies and policies from the perspective of contribution to meeting desired societal outcomes in education, health, and economic opportunity, among others. The failures in these four critical areas are daunting.

1. Forty years after Gardner's *America at Risk* (1983) spurred additional federal action on K-12 education, achievement gaps by place, race, and poverty remain high, US students lose ground in international comparisons as they progress through grades, and waves of reform in curricula, standards, and more, had modest effects, despite a larger national role and tripled inflation adjusted expenditures per child (Bowen, *et al* 2023).
2. Opportunities for households to improve their economic status have atrophied in parts of the nation (Chetty, *et al* 2014, Jetty, *et al* 2022, Collier, 2024), and participation in the labor force declined from 67% in early 2000 to 62% in August 2025 (Federal Reserve Bank of St. Louis 2025a), with a steeper decline for men (75% to 68%) (Federal Reserve Bank of St. Louis 2025b).
3. The United States spends \$13,442 per capita on health care, compared with the \$7,393 average for comparable nations (PPP-adjusted). However, "The U.S. has

experienced stagnant life expectancy growth for decades. Life expectancy at birth is 4.1 years shorter than in comparable countries, and the gap between men and women is wider in the United States” (Rakshit and McGough, 2025).

4. Housing stock, composition, and price are the result of federal, state, and local actions, and the current result is more expensive housing. While the [Consumer Price Index](#) – which measures price changes for a broad range of consumer goods and services – rose 22.8% overall between September 2019 and September 2024... [the] Federal Housing Finance Agency’s state-level house price indices have increased ...from 22.6% (D.C.) to 82.3% (Maine) between the second quarters of 2019 and 2024 (Pew 2024). Lee and Yoo (2025) conclude that the “...cohort born in the 1990s will reach retirement with a home ownership rate roughly 9.6 percentage points lower than that of their parents' generation.

The primacy of governance institutions is evident when assessing progress toward critical societal outcomes in these four areas of education, economy, health, and housing. In each area, multiple levels of government make relevant policies, with hundreds or thousands of public organizations involved in K-12 education. Improving a single organization or a single relevant program benefits those affected, but scaling to societal impact is a much higher threshold of success, requiring the transformation of governance institutions.

Possible changes should also be assessed for how they address pressing fiscal constraints. The Congressional Budget Office (2026, p 3) states: “Deficits are large by historical standards. The deficit totals \$1.9 trillion in fiscal year 2026 and grows to \$3.1 trillion in 2036. Relative to the size of the economy, the deficit is 5.8 percent of

gross domestic product (GDP) in 2026 and increases to 6.7 percent in 2036. Deficits averaged 3.8 percent of GDP over the last 50 years.” Separately, fraud and improper payments should be addressed. The Government Accountability Office [GAO] (2025) reports the “...federal government loses between [\\$233 billion and \\$521 billion](#) annually to fraud, according to the Governmental Accountability Office’s government-wide estimates based on data from fiscal years 2018 through 2022. Additionally, federal improper payment estimates have totaled [about \\$2.8 trillion](#) since FY 2003—and the actual amount may be significantly higher...”

Transformative Action is Needed

Specific to the United States, former Comptroller Walker (2025a) offers a succinct statement of challenges consistent with the analyses above. “The federal government has grown too big, promised too much, subsidized too many, undercut states’ rights, and has lost control of the budget. It lacks a comprehensive strategic plan despite a law requiring one, does not have a set of key national outcome-based indicators, has many outdated systems, processes, and controls, and is not managed to achieve specific outcome-based results. As a result, it is bloated, flying blind, in growing mountains of debt, and without a modern instrument panel. This is a prescription for disaster.”

The current decline in the public perception of positive versus negative assessments of career civil servants, falling from 61%-39% in 2018 to 52% - 46% in 2022 (Pew Research Center 2022), is a prompt to self-examination for public administration as a field. The strategy of improving societal outcomes to reverse negative assessments of citizens and falling trust is well-framed in Yang and Holzer (2006 page 123) who argue program focused performance measurement should be improved to measures outcomes citizens

really care about, “[taking] a rich, integrated view that attends to government-wide (as opposed to single-agency) evaluation, political responsiveness, institutional design, and citizen input.” Relatedly, Rothstein and Teorell (2008) argue that social capital norms of reciprocity and generalized trust in others are determined by the quality of government institutions rather than the other way around. At the national level, this is illustrated in the work of the OECD (2017), which argues trust is built around “... two fundamental building blocks: competency and values. A competent government provides accessible, efficient, and citizen-oriented public services ... A competent government ... ensures a high degree of reliability and predictability, minimizing uncertainty in the economic, social, and political environment of its citizens. A government is values-based when it promotes integrity by aligning public institutions with broader standards of conduct and undertakes to safeguard the public interest, mitigate corruption, and ensure fairness in both the processes and outcomes of public policy. [It] ... demonstrates a high degree of transparency and inclusiveness.”

Consistent with the literature, most analyses to date have been at the national level. There is strong support for ensuring that national policies provide the stable structural elements for action by citizens, firms, and state and substate governments. These institutions provide important, permissive incentive structures (e.g., rights to vote, property rights, First Amendment) that simultaneously are constraints on actions of governments and provide the scaffolding for laws, statutes, and ordinances which provide both opportunities and constraints, such as provisions for different forms of business organization, and contracts which empower and bind parties. Recognizing those structural elements, much institutional transformation must occur at the state and

substate levels. At those levels, opportunities for wealth creation are required to address inequities in opportunities experienced by people and to generate finances needed for action when government funding is very constrained.

Wealth Creation in Places as a Goal, Addressing Inequities in Opportunities

Shifting from a national perspective on income and taxation to one that facilitates wealth creation in sub-national places is important for transforming public institutions. The shift addresses the reality of very constrained public finances based on taxes, incentivizes governments to develop strategies that increase wealth, the basis of opportunities for citizens, and provides financial resources (including, but not limited to, taxes) for public action. In important ways, it acknowledges the reality that most of the dynamism in the nation's society and economy originates in cities and becomes expressed in the different trajectories of regions in attracting capital and people (Jacobs 1984a; Hall 1998). Acemoglu & Robinson (2012) found that democratic, inclusive institutional designs establishing private property rights at the national level provide the context for growth or decline, which still could vary among regions of the nation depending on sub-national institutions, work that was awarded the Nobel Prize for Economics in 2024.

Wealth is not simply the aggregation of individual incomes, national GDP, measures of state or regional economic output, or levels and patterns of capital investment. In earlier work, the World Bank (1997) concluded that governance institutions contributed to economic and societal development. The World Bank (2021) defines wealth as "...net economic assets, and human, and natural, capital." For the economy, the conceptual shift is from current economic activity to economic assets (capital) that can be allocated

in the future. Human and natural capital are also factors of wealth. Human capital includes overall demographics (size, working-age fraction, fertility rates) and skills (education, on-the-job training) (Becker 1975). Effective governance institutions are critical factors in wealth creation. Wealth creation is a dynamic, sustainable goal and a foundation for addressing wicked problems to improve societal outcomes in education, income, health, and housing.

Growth and wealth creation are not just economic challenges but governance challenges. Many left-behind places in both rural and urban areas have not prospered over the past several decades due to rigid systems and a lack of openness, which has reduced their capacity to address problems such as homelessness and economic disparities. Even when they do make progress, it seems narrow and short-lived.

While there is retrospective evidence of substantial, lasting impacts of federal initiatives on regions though World War II and the National Interstate and Defense Highways Act (1956) is recognized as having transformative effects (Boarnet and Haughwout 2000; Shatz *dis.*, 2011), more recent initiatives are siloed and often implemented by at least ten public agencies, and almost always require state and local government actions for success. A national shift has occurred from infrastructure that created opportunity, such as railroads, flood control, and navigable rivers, or permissive policies, for example, homesteads or land grants, to less effective national policies that targeted narrower goals and combined grants and regulations. Turner *et al.* 2021 reviewed 33 federal place-based policies launched between 1965 and 2017 (ten now inactive), finding that “bridging across multiple policies poses significant challenges,” “programs invite community input but generally have not aimed to build community power,” “few ... have

advanced comprehensive systems change,” and “evidence about place-based programs’ impacts and effectiveness is weak.”

The proliferation of programs with limited impacts had broader, institutional effects. The silos created by the proliferation of policies, departments, independent agencies, and quasi-governmental entities (Congressional Research Service 2011) set a dysfunctional institutional matrix for achieving desired societal outcomes (Hecl 1978; Skocpol 2004; Pahlka 2023). The programs concentrated power nationally, increased transaction costs, and introduced rigidities that are a barrier to change. Jacobs (1984a, 1984b) argues that large, older cities benefit as policies intended to improve disadvantaged places and people require increased regulations, contracts, and oversight, benefiting from “transactions of decline.”

In the absence of promoting wealth creation, federal agencies pursued narrower policies, often creating barriers to change. Path-dependence on certain technologies, as Unruh (2000) argues in the case for fossil-fuels, or for certain policy approaches, seen in a focus on disease-fighting medicines and insurance finance tools in US health policies (Jencks and Schieber 1991; Campbell and Sheppard 2020; Hammond, Johnson, and Serna 2025), or for industry-altering regulations to engage “super-wicked” problems of global climate change (Levin, Cashore, Bernstein, and Auld 2012), constrain future choices, and dramatically increase political effort required for change.

Breaking these patterns requires developing new strategies, securing political support, and then sustaining effort. Starting points for this effort can be found in recent work by economists. Jetty *et al.* (2022) find that governance design at the geographic level determines individuals' future economic and social well-being, thereby highlighting the

importance of locations with effective institutional design in increasing governance capacity. Chetty *et al.* (2014) provide empirical evidence supporting Jacob's (1984a, 1984b) critique of targeted support for disadvantaged substate places with realistic evidence of what outcomes to typically expect. The beneficial effects include intergenerational opportunities for the young, with improved human capital, who leave and migrate to areas with robust economies (Parker *et al.*, 2022).

Substate Transformations Result from Permissive State Policies

It is important to recognize that substate institutional change is already underway in the United States. Especially important is state permission to create local governance institutions with the capacity to act at the scale and design boundaries that fit current needs. These substate entities need both authority and access to financing sources. It is self-defeating to accept the counsel of despair, such as concluding that there are no possibilities for addressing wicked problems (Levin *et al.*, 2012). An example of where political systems make decisions in these contexts, seeking the best knowledge on which to act, can be found in California's statutory standard for science to inform decisions: "best readily available scientific information." (CA Fish & Game Code § 2856 (2024))

The arc of creating new substate institutional forms, as shown in Table 1, illustrates the effectiveness of permissive state provisions that allow joint authority and financial capacity to act. States allow the creation of municipalities or equivalents, a wide variety of special districts, and Joint Powers Agreements, among others, all with specifications regarding geographical boundaries, requirements for decision structures, powers of action, and financing instruments. States similarly create permissive authority for a variety of debt instruments for use by created units, ranging from general revenue to

revenue-specific debt instruments. Multi-Functional Special Districts and Enhanced Infrastructure Financing Districts (EIFDs) are a logical extension of this arc. EIFDs are designed for the essentials of setting political and jurisdictional boundaries to fit one or more goals, granting authority to make decisions related to those goals, and providing broad access to revenue sources and instruments of finance.

Table 3: Growth in Types of Substate units, 1970s-2020s.

	Municipalities	Special districts (not including education)	"Other" multi- function special districts	Home Owner Associations	Business Improvement Districts
1970s	18,517	23,885	122	10,000	
1980s	19,076	28,588	785	36,000	
1990s	19,279	31,555	1,044	130,000	
2000s	19,429	35,052	1,627	240,000	404
2010s	19,519	38,266	4,188	323,600	1,001
2020s	19,491	39,555	5,227	362,000	2,000
% change, 1970s- 2020s	5.26%	65.61%	4184.43%	3520.00%	395.05%

Not shown in Table 3 are counties and equivalents as their numbers are effectively unchanged (1950=3103; 2020=3143). Note the differences between the growth in traditional general-purpose municipalities and more specialized units.

- Municipalities plateau (5.26 %)
- Special districts increase (65.61 %)
- “Other” multi-function districts explode (4128.43 %)
- Home Owners Associations increase nearly as fast (3520 %)
- Business Improvement Districts increase substantially (395.05 %)

Dynamics of Transforming Institutions

Efforts to improve and reform government institutions are very common, ranging from those initiated without public notice by individual public managers to presidential initiatives (e.g., the Government Performance and Results Act) to major Supreme Court Decisions (Loper Bright v Raimondo).

“Transformation” is often used as an aspirational goal in public administration.

Examples include the National Performance Review (1993) seeking to transform the performance culture of government, as part of a pattern identified as the “tides of reform” initiated by varied presidents (Light 1997), advocates of a social equity perspective (Frederickson 1990), of the promise of collaboration (Torfing and Ansell 2014), or of beneficial impacts of data, evidence and Artificial Intelligence (Goldsmith *et al.* 2021). Transforming intends to address the challenges facing society that governance institutions, policies, programs, and individuals must respond to and address to achieve impact.

Institutional transformation can also have negative impacts, as evidenced by two analyses of the effects of the extensive growth in the number of federal agencies. Skocpol (2004) found that the growth of federal programs and agencies transformed civic organizations from local, community-focused, and volunteer-run to national organizations run by professionals and narrowly focused on a single issue reflected in a federal program. Hecl (1978) argued that “issue networks,” dominated by technical professionals, are critical to the functioning of the federal government and pose a barrier to effectiveness and change. Agencies compete for advantage in an issue network, keeping potentially simple-to-solve issues complex instead, primarily to gain

power and influence by virtue of their specialized expertise, which is supported by narrow interests. Agencies thrive by continuing to differentiate and by focusing on processes of talking rather than actions. Through their regulations, program designs, and grants, fragmentation and conflicts cascade down to state and local governments, policies, and programs. These two assessments of the dysfunctions show the long-standing trend resulting from the multitude of federal agencies with overlapping authorities that are required to participate and inform efforts to transform public institutions.

“Institutionalization” is widely recognized as providing continuity, but with the possibility of change (Peters and Pierre 1998, Cloutier *et. al.* 2015, U.S. General Accountability Office 2019), and that institutions can also include cultural norms of behavior (Selznick 1984). The attraction of reforms that are “institutionalized” is the expectations of both continuity and greater impact, which plausibly increase as reforms are institutionalized at an increasing scale of impact, from agency to policy to governance institutions.

Case Examples and Tools for Institutional Transformation

Identifying opportunities for transformation, implementation efforts, and systematic learning will be facilitated by developing a framework for the actual “doing” of transformations. Table 4 offers a starting point, which should be modified as learning accumulates. The columns are the three functions of governance institutions introduced above, with two subdivisions, and the rows are possible tools for transformation actions developed from analyses of the seven case studies below, along with professional experience and the research literature cited. Case numbers in cells suggest evidence of tool use.

Two cases are at the federal level; one is a federal/state effort; two are state efforts; one is state-local; and one is a local government transformation. Note that both national cases involve direct service delivery, which is a small fraction of federal programs and agencies. As seen in the case-number entries in Table 4, none of the cases constrain public power, nor did any erode any of these critical values. Such transformations have occurred, with the landmark 1964 Civil Rights Act cited earlier as an example. In the function of making authoritative policy, all the cases enlisted elected officials (or high-level political appointees) as champions, specified an identifiable societal goal, and focused on places and people. There is greater variation in the clarity of value propositions for all actors, in assessing and managing risks, in the availability of sufficient financing tools (versus reliance solely on public appropriations), in goals vs. process standards, in think/test/learn, in adapting strategies, and in the use of extraordinary processes. The greatest variation occurs in the capacity to implement policy functions, with only three cases (Weather Ready Nation, Enhanced Infrastructure

Financing Districts, and Cincinnati Center City Development Corporation) providing incentives for private actions in support of the desired societal outcome.

Table 4: Tools to Transform Public Governance Institutions, by Function. Created by the Working Group.

Functions	<u>Make Authoritative Policy</u>	<u>Control Public Power</u>	<u>Capacity to Implement Policy</u>	
Proximate goals	Capacity and incentives to make effective policies, including permissive	Three proximate goals in text	Public entities have needed legal authority, fiscal resources, boundaries	Incentives for private actions - private property, courts, low transaction costs
Tools				
Enlist champion(s) elected official(s) in relevant jurisdiction(s)	1, 2, 3, 4, 5, 6, 7		1, 6, 7	1, 7
Identify and specify desired measurable societal goal	1, 2, 3, 4, 5, 6, 7		2, 3, 6	1, 6
Policies and program design focused on place & people	1, 2, 3, 4, 5, 6, 7		1, 4, 6, 7	1, 6, 7
Clear value proposition(s) to all actors	6, 7		2, 6, 7	1, 6, 7
Incentives for actors to achieve societal goal	1, 2, 6, 7		1, 2, 7	1, 6, 7
Clarify and simplify decision rights	5, 6, 7		1, 5, 6, 7	1, 6, 7
Sufficient financing tools, including wealth creation and benefit capture	7		6, 7	6, 7
Goal vs. process standards for action and compliance	7		1, 4, 6, 7	1, 6
Where needed, assess and manage risks to success	6, 7		6, 7	6, 7
Think, test, learn, act, assess, adapt strategy	5, 7		1, 5, 6	1, 6
Selective use of "Extraordinary" processes to act on wicked problems	5			

The following sections provide additional information on the seven case examples and their institutional transformation tools.

1. Weather Ready Nation (2011)

This federal initiative of the National Weather Service (NWS) was conceptualized in a strategic plan (2011) to increase user understanding, partner intergovernmentally, and accelerate local action in response to forecasts of dangerous weather events. The transformation is expanding NWS's focus on accurate, timely forecasts of dangerous weather, a program output, to include the societal outcome of reducing human deaths from those severe storms, to become a "Weather Ready Nation" (WRN). Measures of success moved from program outputs to societal outcomes: "Success cannot just be measured by the accuracy of forecasts, but by the societal response to those forecasts and ultimately, the societal outcome." (NWS 2026, p. 1). After key elements of the WRN were in place in 2015, fatalities from dangerous weather events were dramatically reduced (Uccellini and Ten Hoeve 2019). As context, the NWS FY 24 annualized CR budget was \$1.4 billion, and it employed about 3,400 people in 2025, down 600 from the prior year. The economic value of its forecasts and services is calculated as over \$100 billion annually (NOAA Science Advisory Board 2025).

The value of the NWS forecasts is widely recognized, and between 1989 and 2000, \$4.5 billion was invested to modernize and restructure the NWS. New observational systems (satellites and sensors) and computational systems (computers) were brought online, field offices were upgraded, and the workforce was restructured (National Academies 2011). However, increased forecast accuracy did not reduce deaths from extreme events. In April 2011, "...over two days in Mississippi, Alabama, and neighboring states [tornadoes] resulted in over 300 lives lost" (NWS 2026, p.1), despite accurate, timely forecasts of severe danger.

During the period when the WRN strategic plan was developed, there was significant controversy about NWS's reallocation of funds among programs without Congressional Approval (U.S. Congress, House 2012) and turnover in top leadership (Cohen 2012). A period of leadership stability emerged with the appointment of Louis Uccellini as Director, NWS, in early 2013, who served nearly nine years. He gave the highest priority to implementing the WRN strategic plan, building on two reports: "After developing the NWS strategic plan to build a Weather-Ready Nation, the NWS contracted two National Academy reviews of the NWS: a study by the National Academy of Sciences (NRC 2012) and a study by the National Academy of Public Administration (2013). Both studies validated the Weather-Ready Nation strategic outcome and strongly encouraged NWS to evolve to meet the changing weather, water, and climate needs of the Nation. The Academy report specifically noted the best place to start in this evolution was to reform NWS's budget structure, Headquarters organization, and business processes as essential building blocks to future change, as these had not changed appreciably since the 1990s." (Uccellini et al 2018 page 2) In two years of intense work "from 2013 to 2015, the NWS planned and implemented an ambitious restructuring of its Congressional budget, reorganization of its Headquarters, and development of a new governance to define core business processes, all within existing resources..." (Uccellini et al 2018, page 15).

The changes included the provision of Impact-based Decision Support Services to emergency managers, water resource managers, and other public safety officials at every level of government, from local and state officials to national agencies. The recruitment and nurturing of "Ambassadors," organizations that were committed to the Weather Ready Nation outcome and served as a bridge between responders and other interested

parties, along with the private sector weather forecasters, has been a success in providing a more consistent communication in the face of an oncoming event and contributed to a more coordinated response.

While the Ambassadors are an NWS-led effort, communications of weather warnings rely on a fully integrated and multi-faceted dissemination system that includes social media outlets, National Oceanographic and Atmospheric Administration (NOAA) Weather Radio, and several direct communication systems that include the Integrated Public Alert and Warning System, a Federal Emergency Management Agency (FEMA) responsibility, where some NWS Wireless Emergency Alerts are automatically triggered. FEMA is also the lead in broader community disaster readiness, a role formally recognized by NOAA/NWS (National Weather Service, 2026).

Bipartisan, bicameral committee work over several years resulted in unanimous Senate and House approval of the Weather Research and Forecasting Innovation Act of 2017 (Public Law 115-25), which provides a stronger legal framework for WRN. In the House, Lucas (R) and Bonamici (D) were among the champions, as were Thune (R) and Shatz (D) in the Senate. As an example of institutionalizing WRN, the Act requires the NWS to designate at least one employee (warning coordination meteorologist) in each of the established 122 weather forecast local offices to focus on the regional area covered by that office to work with local officials, media, and other channels to maximize the usefulness and effectiveness of emergency communications.

The new approach is captured in Figure 3 (Uccellini and Ten Hoeve 2019, page 1938).

Figure 2: A Weather-Ready Nation Graphic from Uccellini and Ten Hoeve 2019, page 1938



2. Veterans Health Administration (VHA) “Vision for Change” (1995)

This federal case was advanced by Undersecretary for Health, Dr. Kenneth W. Kizer who reengineered the VHA, including organizational restructuring (e.g., decentralized, regional network-based management), universal primary care, implementation of performance management and quality improvement, a first-of-its-kind systemwide electronic health record, and a capitated resource allocation methodology, (Kizer, *Prescription for Change*, 1996) with substantial positive effects (Jha et. al. 2003; Kizer and Dudley 2009). The reforms occurred in the context of oversight pressure from Congress, complaints of poor service in Veterans Affairs (VA) hospitals, the general

pursuit of government reform in the Clinton Presidency, and with the strong support of Jesse Brown, Secretary of the Department of Veterans Affairs.

The VA Office of Inspector General (2025, page 1) summarized the initiative: “In 1995, the VHA organized 173 independent medical centers and over 400 clinics into 22 Veterans Integrated Service Networks (VISNs), networks defined by specified geographic regions comprised of the medical centers, outpatient clinics, and vet centers. VHA established VISNs to centralize planning, budgeting, and oversight; align resources; enhance patient access to care; and ‘better meet local health care needs.’ The selection of 22 VISNs was a point-in-time pragmatic decision based on criteria specified in the *Vision for Change* plan; it was expected that the number of VISNs would change as the system evolved in accordance with strategic objectives enumerated in its sequel, *Prescription for Change* (1996), among other documents. ...In 2002, VHA merged VISNs 13 and 14 to create VISN 23.... Then in 2015, VHA initiated a VISN realignment that included decreasing the number of VISNs to 18, which remains in place as of January 2025.”

The 1995 reforms included the use of program output process measures empirically linked to patient outcomes. An example is “annual measurement of glycosylated hemoglobin” for outpatient patients with diabetes, where poor control is a reading > 9% (lower is better). (Oliver 2007, p 12). Jha et. al. (2023) concluded, “The quality of care in the VA health care system substantially improved after the implementation of a systemwide reengineering and, during the period from 1997 through 2000, was significantly better than that in the Medicare fee-for-service program. These data suggest that the quality-improvement initiatives adopted by the VA in the mid-1990s were effective.” While performance measurement and quality improvement are now

widely embraced throughout healthcare, these were novel developments in the 1990s. The demonstrated success of VHA's methods was heralded by the Institute of Medicine of the National Academy of Sciences - now the National Academy of Medicine (IOM, 2008) and dozens of peer-reviewed research reports have memorialized the improvements catalyzed by the VHA reforms initiated in the late 1990s.

The 1996 Veterans' Health Care Eligibility Reform Act, brokered by Kizer with Senator Alan Simpson, then Chairman of the Senate Committee on Veterans Affairs, broadened and simplified eligibility criteria and allowed VHA to contract with private providers for services when or where VHA needed to do so to facilitate access to care, changes supportive of implementing the reforms. In response to an increase in demand for VA services from veterans of the Iraq and Afghanistan conflicts and crises of ballooned wait times, the Veterans Access, Choice, and Accountability Act (2014) expanded access to services from private providers (aka "community care"). Demands on the VA, challenges in performance (including implementation of EHR systems), and conflicts regarding policy design continue, spurred substantial changes in the VA Mission Act (2018), which institutionalized a hybrid public-private system, and a large expansion in eligibility to include exposure to toxic materials and listing more than 20 medical conditions presumptively caused by military service (PACT Act 2022). In the current 119th Session of Congress, 27 VA-related reauthorization bills are under consideration in the House, and 25 VA-related bills are under consideration in the Senate. The overall foundation of the modern VA healthcare system, launched by the 1995 reforms, endures, but with significant changes.

3. Chesapeake Bay Program (1983-2024)

The initiating factor here was nutrient pollution, which resulted in declining fisheries, including shellfish fisheries. Passage of the Clean Water Act (1973) provided a legal basis for federal/state action. The first formal compact, the 1983 Chesapeake Bay Agreement, included the Environmental Protection Agency (EPA), the states of Maryland, Pennsylvania, and Virginia, and the District of Columbia as a science-driven, largely voluntary federal-state partnership seeking specific nutrient reductions by 2000.

Failures to meet nutrient-reduction goals led to the 1992 amendments requiring action at the tributary level and the 2000 Agreement to include ecosystem restoration goals and integration of habitat, fisheries, and water quality actions. This is the transformation: creation of a multi-unit program to pursue ecosystem-level strategies to achieve specified water quality goals. As context, the Chesapeake Bay is the nation's largest estuary, providing over \$100 billion annually of economic value (2009), in terms of "...air and water filtration, agriculture and seafood production, property valuation, and flood and hurricane protection." Completion of the proposed Chesapeake Bay Program was projected to increase annual economic value by over \$20 billion (Chesapeake Bay Foundation 2014).

As the Bay remained impaired after 25 years of effort, an expanded set of Bay jurisdictions (Delaware, Maryland, New York, Pennsylvania, Virginia, West Virginia, and the District of Columbia) asked the EPA to develop Total Maximum Daily Load (TMDL) regulations for the Bay. The TMDL also fulfilled consent decree commitments in Virginia and the District of Columbia dating back to the late 1990s and was a keystone of a federal strategy to meet President Barack Obama's [Executive Order 13508](#) to restore and protect the Bay.

On December 29, 2010, the EPA established the [Chesapeake Bay Total Maximum Daily Load](#) (TMDL), a historic and comprehensive “pollution diet.” The TMDL is the largest ever developed by EPA, encompassing a 64,000-square-mile watershed. The key institutional consideration is the shift from collaborative agreements to the 2010 EPA TMDL, which imposed enforceable nitrogen, phosphorus, and sediment limits and required state Watershed Implementation Plans ([US EPA](#) 2026).

In the EPA (2018) “Midpoint Assessment” (toward 2025 goals), wastewater treatment is the clearest success, having already achieved the 2025 goals. Agriculture was making uneven progress on fertilizer and sediment runoff, including from Concentrated Animal Feeding Operations, a pattern also seen in urban/suburban land uses, where bans on fertilizer and separate storm water systems were used as tools. Implementation monitoring occurred in two-year milestone cycles, with three levels of EPA oversight (ongoing oversight, enhanced oversight, backstop EPA action) in the four areas of agriculture, urban/suburban, wastewater, and trading/offsets for each of the six states and the District of Columbia. No subsequent summary assessment was found, and the available state-by-state reports did not discuss the three levels of oversight.

Funding is a central tool because the Bay strategy depends heavily on capital projects, agricultural conservation payments, local stormwater management, wastewater upgrades, and monitoring systems. The Office of Management and Budget 2024 Crosscut documents annual financial flows from seven federal agencies (Agriculture, Defense/non-Corps of Engineers, Commerce, Homeland Security, Interior, Environmental Protection, and Army Corps of Engineers) to the six states and the District of Columbia.

The Chesapeake Bay project is a partially successful governance experiment: strong at science, monitoring, and point-source regulation; weaker at nonpoint pollution, agricultural incentives, land-use control, and full accountability across federal, state, and local governments. The best official assessment available, from the Scientific and Technical Assessment Committee (STAC 2023, page v) of the Chesapeake Bay Program, concludes: “Three overarching conclusions emerged from these evaluations. First, achieving pollutant reduction and water quality improvements is proving more challenging than expected. Second, the Bay system faces permanent and ongoing changes in land use, climate change, population growth, and economic development that will challenge notions of restoration based on recreating historical conditions. Third, opportunities to meet these challenges exist, but efforts require changes and new approaches to implementation, planning, and decision making. Specific findings of this evaluation supporting these conclusions and associated policy implications are summarized here.”

This report is sobering in three institutional dimensions. First, the current institutional design cannot achieve nutrient reductions at the scale required, as it cannot effect sufficient change in nonpoint land uses. Second, the TMDL-driven strategy based on the legally powerful Clean Water Act, focuses on single factors (e.g., dissolved oxygen) which are of variable relevance to living resources, including fish and invertebrates. Other factors, such as structural aquatic habitat, nearshore habitats (e.g., wetlands), and water temperature and salinity, may be limiting factors or areas for more cost-effective improvements in these living resources. Third, current adaptive management processes are inadequate, reliant on deterministic models of limited variables, incapable of providing insights into needed policy responses to “permanent and ongoing changes in

land use, climate change, population growth, and economic development.” (STAC 2023, page x) The impacts of climate change, temperature, precipitation, tidal wetland erosion, and sea levels also make achieving program targets more challenging, requiring increased nutrient reduction as one program change (Linker et al 2026).

4. Nurse-Family Partnership on At-Risk Families and Children (2016)

The State of South Carolina shifted from a program output focus of nurses working with families to an outcomes-focused project with specially trained nurses to achieve specified results for over 3,500 first-time, low-income mothers. The “pay for progress/social impact” was launched in 2016 by then-South Carolina Governor Nikki Haley and Social Finance, a philanthropic organization focused on evidence-based pay-for-success initiatives. The 2016-2020 Nurse-Family Partnership initiative was funded by \$17 million from philanthropic sources (Pay for Success Social Impact Bond) and \$13 million through a 1915(b) Medicaid Waiver.

For context, the under-\$30 million four-year initiative is a modest project relative to the state government's \$22 billion in annual expenditures in 2016 (State of South Carolina 2016). But the initiative tripled the Nurse-Family Partnership (NFP) (launched in 2009) from “...serving 1,200 mothers in 27 counties in 2016 before [start]... of Pay for Success to serving 3,794 mothers in 32 counties over the next four years.” (Harvard Chan School 2026). At the 2009 founding and continuing, a statewide early childhood network administered by South Carolina First Steps and local parties administered the NFP. The Pay for Progress/outcomes initiative was led by the South Carolina Department of Health and Human Services through the Medicaid waiver and the Pay for Progress financing systems.

The Partnership is one of the most widely studied home visiting projects and “pay for success/social finance (Social Impact Bond)” projects in the nation. One reason is the large, randomized evaluation led by researchers from the Harvard Chan School of Public Health, Massachusetts Institute of Technology, and collaborators (Harvard Chan School 2026). A Randomized Clinical Trial (RCT) is the most recognized and powerful assessment tool, and this initiative provided the opportunity to test pilot project results of positive outcomes of nurse visits at the scale of a state-wide effort.

In the randomized design, the program enrolled 5,670 Medicaid-eligible first-time pregnant individuals, assigning about two-thirds to NFP and the balance to usual care. The designed intervention had registered nurses make home visits of 60-90 minutes, every week for the first four weeks after enrollment, then every other week until delivery. Nurses tailored activities to enrollee needs and preferences, including motivational interviews, education, health assessments, goal setting regarding prenatal health, and referrals to health and social services as appropriate. Evaluations of three birth outcomes (adverse birth events, racial subgroup differences, and prenatal care quantity and quality) in 2021, after the Initiative period, were not statistically affected by the interventions (J-PAL 2026). Evaluations of longer-term impacts such as child health and development, school readiness, and birth spacing are ongoing.

Social Finance (2021) assessed the experience as important learning: “As one of the largest Social Impact Bonds in the country—and the first focused on maternal and child health—the project was a valuable test case for the nascent Pay for Success movement. This project, like many of the other early Social Impact Bonds, has provided important insights for governments and the broader social services sector. For governments, the project highlighted opportunities to braid and leverage different sources of capital, the value of

linking performance to the provision of services, and the importance of building strong working partnerships with service providers.”

A much more positive assessment of outcomes was advanced by The Sorenson Impact Center (2023), which found an aggregate economic impact of \$5.50 for every \$1 spent. However, because the long-term assessments were not completed, this analysis relied on previous nurse-mother studies and other assumptions in a model that may prove reasonable only when long-term outcome data are available.

5. Marine Life Protection Act (1999)

The State of California Marine Life Protection Act (MLPA) statute is designed to re-evaluate and redesign the state's marine protected area (MPA) system to improve ocean ecosystem health. This effort involves two transformations. The Act is transformative, introducing ecosystem enhancements defined geographically (like zoning in the ocean) to complement/compete with a species-specific, fisheries-centered policy system based on the strongly institutionalized Magnuson-Stevens Act-created Regional Fisheries Councils. Implementation of the MLPA was also transformative, a private-public “extraordinary process” effort (Marine Life Protection Act Initiative 2005-2012) with strong Executive leadership from an Agency secretary with the Governor’s support (Kirlin et al. 2013; Kirlin 2023).

The ultimate result is a network of 124 MPAs covering 16% of state waters (within three nautical miles of the coast, 3.45 statute miles) to protect biodiversity, restore depleted populations, and manage habitat. The initiative shifted California from less than 3% of state waters protected in small, disconnected areas to a robust 16% of state waters protected, including 9.4% in high-protection "no-take" reserves (California Department

of Fish and Wildlife 2026). The resulting network of protected areas created by a state is singular globally. The California Marine Protected Area Network made history as the first ecological network to be certified under the [IUCN Green List of Protected and Conserved Areas](#) (International Union for Conservation of Nature 2025).

As context, during the implementation of the MLPA , economic analysis played an important role in reframing the policy debate. Kildow and Colgan’s *California’s Ocean Economy* (2005) estimated that California’s ocean economy generated approximately \$42.9 billion in gross state product and supported more than 400,000 direct jobs. The study found that coastal tourism, recreation, and marine transportation constituted the largest components of the ocean economy, while commercial harvesting of marine living resources represented a comparatively small share. These findings did not diminish the importance of fishing communities, but they broadened the policy discussion by demonstrating that California’s coastal and marine resources generated substantial public value through multiple pathways. In institutional terms, the economic analyses helped shift the debate from a single-sector allocation conflict toward a broader public-resource stewardship framework, creating political space for ecosystem-based marine management. Also important to the success of the MLPAI effort, new Lidar-based seafloor mapping made ecosystem-based marine reserve design operationally feasible (Kvitek 2012).

Creating the network of 124 MPAs in California required an extraordinary process as the two efforts by the state to implement the 1999 MLPA failed. Governor Schwarzenegger’s administration, specifically Mike Chrisman, Secretary of Natural Resources, wanted to implement the MLPA. Secretary Chrisman signed a Memorandum of Understanding (MOU) with a nonprofit to create the “Marine Life Protection Act Initiative” (MLPAI),

funded largely by philanthropic sources. The Secretary appointed the chair and members of a Blue-Ribbon Task Force (BRTF) to recommend a network of MPAs to the State Fish and Game Commission (FGC), which had statutory authority to create MPAs. A “Science Advisory Team” required under the MLPA was created by the Department of Fish and Game, consistent with the Act. The BRTF retained an Executive Director who hired and managed consultants and staff, including a firm to facilitate meetings of “regional stakeholder groups” to develop valuable stakeholder contributions to the identification of possible MPAs for BRTF consideration. The deliverables specified in the MOU were met, including the BRTF's recommendations to the FGC for MPAs. The schedule of BRTF monthly meetings, established and managed by the Executive Directors, propelled the process forward. When necessary to ensure positive consideration of proposed MPAs, members of the FGC were replaced by the Governor.

From the top, this is a successful exercise of authority in a chain to bring proposed MPAs before the FGC: Governor, Secretary, BRTF, and Executive Director. The FGC is not a party to the MOU, but as the authoritative decision-making body, it considers and acts upon the recommendations of the BRTF, considering also comments and possible modifications from the Department of Fish and Game.

Critical to the success of the MLP AI was the “construction” of the BRTF's authority and the processes leading to recommendations to the FGC. From its first meetings, the BRTF self-consciously and consistently worked to establish (1) the legitimacy of the Initiative to implement the MLPA, rigorously focusing on “how” not “whether” to propose MPAs to the FGC, and (2) its authority over all elements and processes of the Initiative. In operations, BRTF meetings resembled a city council meeting (Chair

Isenberg was a former Council Member and Mayor of Sacramento), with a formal agenda, packets of resource materials, organized presentations, and an opportunity for open comment. All meetings were noticed, copies of materials were available at the meeting, and all meetings were both streamed live and available for later viewing. “Radical transparency” was the norm. Any document received was posted to the MLPAI website, and all materials produced were similarly posted.

The BRTF was also critical to the effective use of science. Formal BRTF adoption of the size and spacing guidance, and then of levels of protection for different types of MPAs, transformed Science Advisory Team recommendations into effective, authoritative science-based policy tools for development and assessment of proposed MPAs. Those determinations were carried forward to the FGC. The BRTF’s capacity to develop a proposal to send to the FGC was the “Best Alternative to a Negotiated Agreement” (BATNA) if a regional stakeholder group did not develop acceptable proposals. BRTF exhortations to every regional stakeholder group to meet science guidelines had positive effects. The goal of the MOU was to present “plausible” choices to the FGC in a specified time window. The MLPAI process succeeded when the BRTF could make recommendations that emerged from a robust stakeholder process and met the science standards. Continuing radical transparency, all regional stakeholder group recommendations and the full record of BRTF, regional stakeholder group, and Science Advisory Team meetings were available to the FGC. Kirlin et al. (2013) report that the FGC did not simply approve the BRTF recommendations but made many “marginal” changes of significance to varied interests that were consequential overall.

6. Enhanced Infrastructure Finance Districts (2016)

Any single county or combination of California's 58 counties and 483 cities can initiate the creation of an EIFD. These new entities have great discretion of purpose, in establishing geographical boundaries within which to exercise authority, and varied financing sources. The EIFD statute is a transformation of a long arc of substate areas choosing among permissive state authorities to incorporate municipalities, create single-purpose special districts, Joint Powers Authorities, or other distinct local government entities (Foster, 1999). Maryland (State of Maryland 2013) has a related initiative. For context, California has a population of 39.5 million, and its "gross state product" would make it the fourth-largest national economy in the world, behind the United States, China, and Germany, and greater than Japan.

The political process to create EIFDs began with local elected officials confronting problems for which they lacked usable tools, encouraged by a few professionals with deep experience in California local government, enlisting state legislators as co-champions. Governor Jerry Brown supported and signed the Act. The common language to move the effort for new legislation forward emerged in defining and refining the measurable societal goal sought. The "specified, measurable societal goal" of Table 4, Tools, Row 2 is to create new capacity for California local governments to address problems for which responsive policies are beyond their current geographical boundaries or financing capacity.

Examples of EIFDs created or being formed range from infrastructure for sea-level rise to support for homeless populations, each of which commonly crosses existing governmental boundaries and strains traditional revenue sources. Progress is measured

by the increased capacity of local governments to act. EIFDs have the normal operational powers of a government: to collect revenue, accept grants, expend funds, and enter into contracts. The governing body consists of representatives of participating local governments who contribute financially, and a public member of the project is selected. Their actions are structured by an adopted “Financing Plan” that details expected accomplishments and the financing associated with the activities to achieve them. Most work will be through contracts, not employees.

In this case, the parties' incentives are to craft and then use a more flexible local government entity, as described above. Cities, counties, and some special districts made active use between first availability in 1952 and elimination in 2012 of a less flexible authority to create Redevelopment Agencies (RDA), with specified powers, but access to tax increment financing. In 2012, there were over 400 RDAs and nearly 800 project areas, with an estimated \$5.2 billion in incremental revenue in the state. RDAs had statutory obligations to direct 20 percent or more of the tax increment received to the State Low- and Moderate-Income Housing Fund and to meet targets if they built new or replaced housing. In the FY2001-FY2008 period, RDAs created 63,600 new affordable housing units, of which approximately 44 percent were at very low-income levels.

The standards for action and compliance are built into the institutional design: relating money directly to actions and outcomes and involving affected parties in the decision-making process. Linking money directly to outcomes creates a decision-making process based on effectiveness, providing a basis for reporting and tracking it.

There is clear evidence of a “think, test, learn, act, assess, adapt” mindset here. The EIFD legislation (2016) was followed by a Community Reinvestment and Investment

Districts (2018) and Climate Resiliency Districts (2022), each with elements that expanded and refined authority to address issues encountered in the earlier acts. More than twenty such districts exist, and others are in the process of formation (California Association for Local Economic Development 2025). In response to the devastating 2024 fires, the County of Los Angeles worked with the Legislature to authorize disaster-focused revisions to Climate Resilience Districts (SB782, 2025), with powers including rebuilding infrastructure after disasters. The development of new districts has been through an iterative process of systemic learning, facilitated by the regional structures of the League of California Cities and well-engrained habits of articulation and cooperation within regions. One public finance consulting firm has participated in many of the districts created to date, serving as an important resource for sharing lessons learned across districts.

One obstacle to the creation of these new entities is securing financing for the startup and initial years of effort before revenues from the new investments become available. Pisano and Bartle (2017) advocate coordination of existing federal credit enhancement programs and creation of a “National Infrastructure Fund” as one promising strategy to provide access to lower interest rate debt during this period.

7. Cincinnati Center City Development Corporation (2003)

The Cincinnati Center City Development Corporation (3CDC) was created amid growing concern among civic and corporate leaders about the decline of Cincinnati's downtown and adjacent Over-the-Rhine (OTR) neighborhoods, as recommended by the Cincinnati Economic Development Task Force, chaired by City Manager Valerie Lemmie and Fifth Third Bank CEO George Schaefer (3CDC 2004). Business leaders feared that

deteriorating urban conditions threatened the region's competitiveness, weakened the city's ability to attract professional talent, and ultimately risked the loss of major corporate headquarters. As context, Cincinnati had declined from 504,000 and 18th-ranked in population in 1950 to 317,000 and the low 50s in 2003. The institutional transformation was to adopt a private-sector-led “revitalization” effort focused on retaining a vital business center, rather than relying solely on traditional municipal redevelopment programs. 3CDC was designed to coordinate investment, assemble land, and implement redevelopment projects at a scale beyond the capacity of existing public agencies. Initial capitalization came largely from approximately \$45 million in commitments previously assembled through the Cincinnati Equity Fund. This private-sector funding gave 3CDC unusual flexibility and credibility while reducing dependence on annual government appropriations.

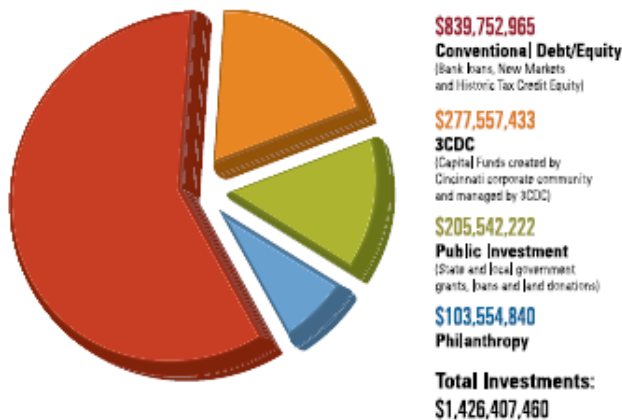
3CDC's strategy focused on creating a critical mass of investment within a concentrated geographic area. Rather than pursuing isolated projects, it sought to transform entire districts through coordinated redevelopment of buildings, public spaces, retail corridors, housing, and parking facilities. Signature projects included the renovation of Fountain Square, the reconstruction of Washington Park, the rehabilitation of historic buildings throughout OTR, support for Findlay Market, and, later, participation in major downtown office and mixed-use developments.

Financing relied on a layered capital structure that combined private equity, commercial lending, philanthropic contributions, money from two Tax Increment Financing

Figure 3: A Private Led Model for Revitalizing Urban Neighborhoods Graphic from Katz, Black, and Norig, page 15

3CDC'S TRANSFORMATIVE ACTIVITIES BY THE NUMBERS

Source of \$1.4 Billion in Investments (2004-2018)



Buildings Restored	166
Acres of Civic Space	14
Civic Buildings Restored	2
Apartments	1,300
Condominiums	534
Hotel Rooms	156
Shelter Beds	320
Commercial SF	1,063,91
Parking Spaces	4,680

districts established by the City, federal and state historic structure tax credits, New Markets Tax Credits (a Federal Government program), and municipal infrastructure investments. This approach enabled projects that would not have been financially feasible through market financing alone. Over time, federal New Markets Tax Credit allocations and historic preservation incentives became particularly important financing instruments.

The results were substantial. By the early 2020s, more than \$1.4 billion had been invested in 3CDC-related projects, including the restoration of roughly 166 historic buildings, the creation of more than one million

square feet of commercial space, the development of over 1,300 apartments, and major improvements to public parks and civic spaces. Importantly, Cincinnati retained a strong concentration of corporate headquarters for a metropolitan area of its size, including Procter & Gamble, Kroger, Fifth Third Bank, and Western & Southern (Katz, Black, and Noring 2019).

From a governance perspective, the most significant innovation was institutional rather than physical. 3CDC created a durable, still functioning, public-private implementation structure capable of aligning corporate, philanthropic, governmental, and community resources around a shared redevelopment strategy.

Next Steps

The imperative to transform is strong. Examples of transformations provide a reservoir of potential lessons. Figure 2 offers a framework for pursuing transformations. Pursuing transformations will result in learning. Four paths on which to start are provided here:

First, the Academy's Extreme Weather Resilience Hub , intended to integrate action and learning, is making progress and providing valuable experience in developing a "Hub."

In addition to continuing that effort, the Academy should socialize learning and invite Fellows and partners to suggest and pursue similar initiatives. As a related effort, a "Transformation Resource Center" could productively bring together interested individuals and partners for analyses of cases and practices, sharing insights widely.

Second, the cases above invite the initiation of future institutional transformations. For example, what other federal programs can identify and pursue social outcomes related to current program outputs? Can individual states extend tax-increment authority, a common tool for value capture, to the more powerful EIFD? Can health and human services design outcome-focused initiatives consistent with the [Social Impact Partnerships to Pay for Results Act](#) (2016)? Alternatively, can initiatives support value-capture projects that attract non-public financing, such as the Federal Highway Administration's [Center for Innovative Finance Support](#), which includes toolkits and

case studies of “value capture” projects. Other examples exist beyond the selected cases that can inform action. For example, the Base Realignment and Closure (BRAC, 1988, 1991, 1993, 1995, and 2005) process has been the primary means by which the Department of Defense and Congress determine how to dispose of military infrastructure. In 1988, Congress established an alternative legal mechanism for the closure or realignment of military installations by granting temporary authorities to an independent commission for the review and approval of basing changes recommended by the Secretary of Defense. Recommendations of the Commission must be rejected by the President and Congress in total, or closures proceed on a set schedule. (Congressional Research Service 2025). This is an “extraordinary” process, noted as a tool in Figure 2 and seen also in the MLPA case.

Third, the currently suggested transformations can be advanced. Two examples are available in proposals by Walker (2025a, 2025b) and Moynihan (2025). Walker (2025a) focuses on avoiding a major debt crisis as “current fiscal and monetary policies are unsustainable,” with a recommendation for “Better planning, transparency, accountability, and results orientation, combined with citizen education and engagement, are essential elements to achieving the needed major transformational changes.”

In the conceptual framework of Figure 2, Walker’s societal outcome goal is a sustainable fiscal system for the United States Federal Government, and a summary outcome measure is national debt. In the first tool of “enlisting champions,” some individual elected officials appear interested. For example, Senators Warner (D) and Chambliss (R) led a “Gang of Six” that mobilized 45 senators to push for a “responsible fiscal plan” in

2025 (Warner 2025). The challenges to addressing the politics of budgeting are illustrated by the Congressional passage of the “Social Security Fairness Act (2024),” which extends social security benefits to state and local employees previously excluded and shortens the time until the Social Security Trust Fund is exhausted by approximately six months (Committee for a Responsible Federal Budget 2025). The bill passed the House 327-75 and the Senate 76-20 and was signed by President Trump. Until political leaders effectively engage with the issue of budget sustainability, little progress will be made. Walker (2025a) has proposed the following policies:

- Stop the Bleeding - Reduce the Fiscal 2025 Spending Base
- Streamline and Transform Government – Implement a government-wide strategic plan:
- Stabilize the Patient - Statutory Fiscal Sustainability Commission– Fiscal Commission Act
- Cure the Disease - Federal Fiscal Responsibility Amendment through a Convention of States to Propose Amendments
- Elevating societal outcomes over program outputs is central to Walker’s call for a strategic plan.

Though not as succinctly presented as Walker’s suggestions above, five changes in critical incentives to public organizations can be extracted from Moynihan’s blog (2025a). Across all governments, the changes would be transformative, as they would require substantial revisions to existing formal policies to shift incentives toward societal outcomes.

Reverse proceduralism (see also Moynihan 2025b):

- Increase competence to achieve societal outcomes
- Build trust among citizens by succeeding in achieving desired societal outcomes (illustrated with the VA, one of the few direct services of the federal government)
- Focus accountability on societal outcomes
- Understand participation processes give an advantage to interest groups, so use them judiciously to avoid agency capture

These five changes are now statements of desired results, and specific actions for achieving them must be developed, including possibly within the Academy. Elected officials must be enlisted to champion this initiative.

Fourth, each of the tools in Figure 2 requires competencies of individuals and of organizations for successful use. Public sector professionals can self-assess their comfort and proficiency in each. A necessary competence is identifying paths and successfully bringing possible decisions to authoritative choice and then implementing those decisions. The making of authoritative decisions was conceptualized by Kingdon (2003) as “multiple streams” of problem definitions, potential policy solutions, and political support, often facilitated by policy entrepreneurs, resulting in decisions made within constrained windows of opportunity. This occurred in each of the seven cases, but in different ways. VA Secretary Brown had a 26-year employment history with Disabled Veterans of America, including five years as Executive Director, providing him with deep experience in the need to make the Veterans Health Administration more effective at a time when shortcomings were well known, and the Clinton administration was

advocating reforms. In the MLPA, advocates for the creation of Marine Protected Areas (MPA) pushed strongly for passage of the Act, through education on the concept and alliances with conservation-oriented groups, and continued to push for implementation. Here, they were greatly assisted by Mike Chrisman, appointed Secretary of Natural Resources, whose previous service on the FGC and as Chair of its Marine Subcommittee made him a strong supporter of MPAs. As noted in the EIFD case, local government officials who needed access to tools to match geography and financing to problems were advocates for developing new tools, incubating ideas with experts in public finance, and then mobilizing additional advocates to finally gain support from Governor Brown, whose previous experience as Mayor of Oakland gave him an appreciation of the needs and limitations of current tools. Two general observations are that political leaders can use transformative strategies “opportunistically,” responding to local pressures to act that cannot be addressed with current approaches with a transformative initiative, and changing technologies may provide opportunities for transformative initiatives. The EIFD is an example of a response to local pressures, and Lidar-based seafloor mapping was critical to the successful design of MPAs in the MLPA case.

Others suggest additional relevant competencies, as illustrated in Paul Collier’s (2024) strategies for addressing “left behind” places worldwide. He calls for skills that challenge powerful path dependencies and failures of centralized policies that undercut local problem-solving. He advanced five strategies, each requiring competencies:

1. Devolve authority and capacity to the place level,
2. Adopt “case-led” adaptive policy making,
3. Invest in the social foundations of productivity (individual skills and institutional trust),

4. Build state capability where needed, and
5. Establish moral and political leadership to coordinate common purpose and overcome fatalism.

Conclusion

The complexity and range of challenges in health, education, economic opportunity, housing, and other complex social problems exceed the capacity of current institutions to effectively address. In democracies, successful governance institutions perform three functions: authoritative policy making within the constraints of legitimacy, constraining the use of state power, and authoritatively implementing democratic decision making. In the United States, as a federal system, institutional innovation can be found at varied levels of government. The need for institutional innovation is driven by six contemporary challenges in the United States that can be addressed through new designs of governance institutions. The transformation of institutions needs to accomplish wealth creation in places for people to address inequities in economic opportunities. Seven case studies suggest a pattern of dynamics and tools for transforming institutions. Furthermore, a set of administrative competencies can be developed to support institutional transformation.

Much work is ahead. Nevertheless, opportunities and responsibilities to transform governance institutions to better serve citizens before the nation's 300th anniversary. Focusing on improving societal outcomes for people in places, rather than on program outputs, is the first step.

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