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The Role of Regional Development Organizations (RDOs) in Economic Development

Regional Development Organizations (RDOs) are multi-jurisdictional, quasi-governmental organizations that provide planning and development services to their member local governments. RDOs help communities access federal and state funds in order to plan and implement major infrastructure improvements and economic resiliency and community development initiatives. Many RDOs operate with a community-informed planning process that is regional in scope, builds buy-in among stakeholder groups, and solicits input from the local and regional perspectives, including local elected officials and the private sector. RDOs can also connect congressional offices to local stakeholders and elected officials. RDOs vary in terms of roles, authorities, structures, capacity, and the range and type of services provided. This In Focus will highlight the roles and forms of RDOs, the federal funding available to support RDOs, and considerations for policymakers.

What Is an RDO?

“Regional Development Organization” refers to a broad category of organizations that includes economic development districts (EDDs), local or area development districts, councils of governments (COGs), regional planning commissions, and similar organizations. Many RDOs are governed by a body comprised of leaders from member governments. The National Association of Development Organizations (NADO) and the National Association of Regional Councils (NARC) are national membership organizations that represent the interests of RDOs and provide advocacy and technical assistance services to RDOs. According to NADO, there are over 520 RDOs in the United States. According to NARC, approximately 90% of “general purpose governments in the United States (counties, cities, townships, towns, villages, boroughs) are served by COGs and regional councils.” American regionalism scholars note that most RDOs were formed before 1974 and most states have at least one RDO. Metropolitan statistical area (MSA) designations—used by some federal programs to allocate resources—do not necessarily align with RDO boundaries, but RDOs may support jurisdictions within or across MSAs.

The Roles of RDOs

The roles and services provided by RDOs vary and may depend on their state and federal mandates, as well as the RDO’s capacity. According to the national groups, common key roles for RDOs include:

- fostering regional cooperation, economic competitiveness, and intergovernmental collaboration;
- building local capacity;

- providing technical assistance and planning services to member governments; and
- developing and implementing strategic investment plans on a local and regional basis.

Some RDOs help local governments apply for funding and administer grants. Other RDOs form regional initiatives across jurisdictions and the private sector. For instance, from 2005 to 2007 an RDO and multiple jurisdictions in Mississippi’s Pontotoc Union Lee (PUL) Alliance developed infrastructure and coordinated activities to successfully recruit a major auto manufacturer.

Some RDOs perform duties relating to administrative, development finance, or regional planning needs in addition to their economic development roles. For instance, some RDOs manage state and federal programs and administer loan funds, workforce development, environmental, emergency planning, aging, or other health and human services programs. Some RDOs serve as the regional or local transportation policy and planning boards as Metropolitan Planning Organizations (MPOs), Rural Planning Organizations (RPOs), or Regional Transportation Planning Organizations (RTPOs) that lead long-term planning and guide transportation and transit funding decisions.

Forms of RDOs

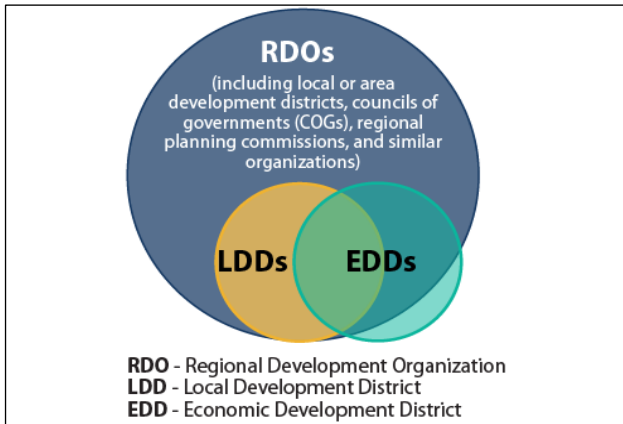
Economic Development Districts (EDDs) and Local Development Districts (LDDs) are two forms of RDOs that are connected to specific federal economic development programs. Despite varying designations, the types of organizations share similar functions.

Some RDOs apply for designation by the Department of Commerce’s Economic Development Administration (EDA) as an Economic Development District (EDD). According to the EDA, EDDs are “multi-jurisdictional entities that help lead the locally-based, regionally-driven economic development planning processes with public and private sectors to establish a roadmap for collaboration”—notably the Comprehensive Economic Development Strategy (CEDS). EDA’s Partnership Planning program funding helps EDDs develop and implement the regional CEDS and related economic development activities. According to the EDA, 391 RDOs were designated as EDDs in FY2018.

Three federal-state-regional commissions partner with RDOs, which they term Local Development Districts (LDDs). In the regions of the Appalachian Regional Commission (ARC), Delta Regional Authority (DRA), and

Northern Border Regional Commission (NBRC), LDDs develop projects, administer grants, conduct outreach, and provide other support. LDDs may receive the EDA’s EDD designation for the LDD’s service area (see **Figure 1**).

Figure 1. RDOs Include LDDs and EDDs



Source: CRS.

State RDO Designations and Roles

States may designate planning, workforce, transportation, or economic regions and subregions, which may be led by RDOs and may be the same as EDD regions. A recent study notes that 44 states have legislation that enables or prescribes the establishment of RDOs, such as regional planning commissions. States may also provide partial funding for RDOs. States may engage RDOs in the review of local plans and funding decisions for some programs. In some states, nongovernmental statewide organizations provide training, advocacy, and other services to member RDOs. For instance, the Tennessee Development District Association is a state network comprised of individual RDOs across the state.

Federal Resources for RDOs

The federal government supports RDOs in a variety of ways, depending on their mission and program goals. The two main sources of federal funding for RDOs include EDA’s Partnership Planning grants and funding from three of the federal-state-regional commissions (ARC, DRA, and NBRC). These sources provide partial funding for RDO operations in their regions. Other federal funding options for RDOs are listed below.

- The Federal Highway Administration and the Federal Transit Administration in the Department of Transportation provide some planning funds to states for Metropolitan Planning Organizations (MPOs), Rural Planning Organizations (RPOs), or Regional Transportation Planning Organizations (RTPOs), which are matched by state or local funds. According to the National Association of Regional Councils, “Nearly half of MPOs operate as part of a Regional Council or Council of Governments serving the same general geography.”
- RDOs may receive funding for planning or other activities through the Department of Housing and Urban Development, Community Development Block Grant

(CDBG) program. RDOs may also receive funds to administer CDBG awards for local governments.

- Grant programs through the Department of Agriculture, Rural Development may provide funding or technical assistance to RDOs to support their involvement in planning, broadband, and infrastructure projects. Programs include the Rural Community Development Initiative, the Rural Economic Development Innovation Initiative, the Economic Impact Initiative Grant, and others.
- Regional initiatives, including workforce development and human service programs, provide administrative funding for implementing or coordinating federal programs. For instance, RDOs may receive funding from the Department of Labor for workforce development and other activities.

RDOs may also receive funding from state governments, membership dues, fees for administering awards for local governments, fee-for-service consulting or technical assistance, and other sources. One-time state and federal grant awards may fund planning, technical assistance, or implementation projects.

Considerations for Policymakers

Since the 1960s federal funding for regional planning, regionalism, and RDOs has been episodic. Congress may seek to consider continued or expanded roles for RDOs as they develop regional policies for transportation, housing, workforce, environmental, entrepreneurship, and similar issues. These interests may warrant the following considerations of the advantages and limitations of RDOs.

Policymakers interested in federal economic development, and place-based strategies in particular, may consider an expanded role for regional program strategies and RDOs. As conveners, RDOs can bring leaders together from the private sector and from across geographies and political affiliations to develop regional approaches to complex issues. Some economic development professionals note that RDOs with some degree of state support—either financial or political—may have expanded impact and influence on planning and implementation efforts.

However, RDOs may be restricted by the type of legal authorities provided to them to tax, regulate, and implement policy. Researchers note that RDOs have the ability to establish processes, develop visions, and coordinate plans, but many are limited in their legal authority to implement them as a regional entity on issues that are typically controlled by local jurisdictions. Additionally, RDOs vary in size, structure, scope, roles, and the extent of services offered. As such, the capacity of individual RDOs to plan and implement coordinated, regional strategies varies greatly. Limited funding for the provision of these services may constrain RDOs ability to develop and lead initiatives on an ongoing basis.

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