The Local Innovation Unit: 
Achieving National Goals through 
Local Experimentation

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Summary

The Biden-Harris Administration should create the Local Innovation Unit (LIU) to catalyze and coordinate decentralized, city and county-based experiments focused on the most urgent and complex challenges facing the United States. Traditional “top-down” methods of policy design and problem solving are no longer effective in addressing our nation’s most pressing issues, such as pandemics, climate change, and decreasing economic mobility. The nature of these problems, coupled with an absence of tested solutions or “best practices” and ongoing partisan gridlock, demands a more agile and experimental “bottom-up” approach. Such an approach focuses on empowering coalitions of social innovators at the local level—including local governments, private-sector businesses, community-based organizations, philanthropists, and universities—to design and test solutions that work for their communities. Promising solutions can then be scaled horizontally (e.g., to other cities and counties) and vertically (e.g., to inform federal policy and action).

The LIU will be a place-based policy initiative consisting of two primary components: (1) multi-city and county experimentation cohorts organized around common problems, via which local coalitions design and test solutions within their communities, and (2) a digital platform, housed in the Department of Housing and Urban Development (HUD), that will help LIU participants connect, exchange materials and resources, help participants collect and visualize data, evaluate solutions, and publish lessons learned.

Challenge and Opportunity

When it comes to the most complex issues facing society—the fast-moving crises like COVID-19 as well as the slower-moving crises like climate change—there is no single solution that will work for every community and/or completely solve all elements of the problems. Moreover, because the best solutions to multifaceted problems are rarely the most obvious ones, progress requires experimentation, risk taking, and an acceptance of failures. These truths demand a portfolio approach to innovation, one that empowers a broad array of problem solvers to propose, iterate, collaborate on, and develop bold solutions.

Many of our nation’s most innovative problem solvers can be found working at the local level. Diverse coalitions of local actors across the United States—including local governments, private-sector businesses, community-based organizations, philanthropists, and universities—are rapidly experimenting in search of solutions to society’s most urgent problems. Whether it’s by implementing a $15 minimum wage, trialing a universal basic income, or abolishing single...

3 Mayors for a Guaranteed Income.
family zoning to increase the supply of equitable and affordable housing, cities and counties nationwide are pushing the envelope to address systemic issues for their residents.

The experimentation conducted by these bottom-up coalitions of local actors reflect a changing paradigm where cities are increasingly at the vanguard of social innovation and even the stewards of public values in the United States. Implicit in this sea change is growing recognition that “top-down”, federally driven methods of policy design and problem solving, without local partnership, are poorly suited to many of the most pressing issues facing society today. Relative to federal officials, local actors have a better understanding of what problems matter and what solutions are most likely to work in their communities. Local officials also are significantly more trusted by the public than are state governments and the federal government. This public trust gives local officials greater leeway to develop and experiment with innovative and bold ideas.

Unfortunately, bottom-up experimentation is currently constrained by fragmentation. It can be hard for local innovators to connect with those striving to address similar problems in other cities, or to secure the financial and policy support from state and federal governments needed to achieve long-term sustainability and scale. The result is an inefficient approach to social innovation in the United States. Poor cohesion and coordination across cities inhibit resource sharing, learning, and (especially) development of a robust evidence base that could be used to drive federal policy and action. Limited partnership between local actors and those working at the national level means that the considerable reach and power of the federal government to support and accelerate local solutions is highly underutilized.

For example, a variety of local housing and eviction-prevention programs have been instituted in response to the federal moratorium on eviction during the COVID-19 pandemic. Cities have experimented with distributing direct payments to renters and landlords, implementing legal-assistance initiatives, developing programs to prevent foreclosure, and suspending or modifying existing local eviction laws for eviction. Better exchange of resources and data across cities would make it easier for local actors to overcome common barriers (such as accessibility of eviction data) and to evaluate and test out promising solutions in their own communities. Moreover, the federal eviction moratorium does not yet reflect what has been working locally and can be superseded by state and local eviction-protection programs. Closer ties to local governments would make it easier for the federal government to use results from local policy experiments to inform future moratoria.

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10 Spivak, C. (2020). In the Midst of All This, Cuomo Put Out Another Executive Order. Curbed, November 4.
Experts have demonstrated\(^\text{12}\) that effective innovation does not occur in isolation, but rather is cumulative (relying on many little improvements made over time), collective (involving continuous input and refinement from diverse stakeholders), and imaginative (often originating from those overlooked in traditional policymaking processes). The Biden-Harris Administration should pave the way for a national experimentation ecosystem that embodies all three of these traits. By catalyzing and connecting decentralized, local experimentation, the Biden-Harris administration can:

- Accelerate development of novel and effective solutions to problems of national importance.
- Build an evidence base to inform federal policy and action around the Administration’s top priorities.
- Generate a multiplier effect by fostering a national culture of experimentation.

The foundation for a national experimentation ecosystem already exists. Philanthropic organizations like Bloomberg Philanthropies, nonprofits like the Centre for Public Impact, and member networks like the National League of Cities are supporting numerous cohort-based accelerator programs\(^\text{13}\) to build innovation capabilities of local governments,\(^\text{14}\) connect innovators working on common problems, and improve use of data and evidence in decision making.\(^\text{15}\) At the federal level, a key pillar of the Obama Administration’s innovation agenda included identifying and scaling evidence-based solutions to address priority social issues.\(^\text{16}\) And programs like the Economic Development Administration (EDA)’s “Strong City, Strong Communities” initiative and HUD’s “Promise Zones” program\(^\text{17}\) offer a model for federal-local partnership in spurring place-based innovation targeted at multifaceted economic and social problems.\(^\text{18}\)

What is missing is a cohesive national approach to experimentation: one that vertically connects federal priorities with decentralized local experimentation, while also horizontally connecting cities and counties working on common problems to share resources, capture data, and evaluate impact. The Biden-Harris Administration can fill this gap.


\(^{13}\) National League of Cities; Stanford Legal Design Lab. (2020). *The Eviction Prevention Cohort: Highlights from the Five-City Pilot*.


Plan of Action

The Biden-Harris Administration should create the Local Innovation Unit (LIU) to foster a national experimentation ecosystem across the United States. The LIU would be a new entity housed at HUD and designed to catalyze and coordinate decentralized experimentation among cities and counties. LIU will do this through multi-city and county experimentation cohorts that will engage in rapid experimentation to generate place-based solutions to our nation’s most pressing social problems. Participating cities and counties will benefit from grants, peer learning, technical assistance, and access to a digital platform that will be used to capture, visualize, and share data. The place-based solutions and evidence generated through local experiments, and captured on the digital platform, will be used to inform and drive federal policies and action.

Below, we outline the LIU’s proposed structure, describe how the multi-city and county experimentation cohorts would work, offer details on the digital platform, and discuss anticipated benefits and outcomes.

Structure

The most pressing problems facing our country are interdisciplinary in nature and require behavioral, political, social, and technological solutions. The LIU should therefore be housed at a department experienced in convening and collaborating with multiple departments and agencies to address interdisciplinary social problems. We suggest that LIU be located in the Department of Housing and Urban Development (HUD) given HUD’s experience administering previous place-based programs addressing complex social problems. As the federal lead for the Obama Administration’s “Promise Zones” program, HUD collaborated with 13 other agencies to provide resources and support for the program designees. LIU will adopt a place-based policy approach similar to the one used in the Promise Zone program, emphasizing federal-local collaborations and targeted investment from multiple agencies in cities and counties.

There will be three main groups of LIU stakeholders: (1) core federal staff, (2) teams based in participating cities and counties, and (3) external, expert coaches engaged to support LIU’s activities. The core staff will be responsible for providing administrative oversight, program-management, communication, and tech services to the LIU. Like the staff of the General Services Administration’s 18F,\(^\text{19}\) LIU staff will be fully remote. This will allow the LIU to maintain minimal overhead costs and to recruit a diverse team from across the country that is representative of many different geographies and backgrounds: a team that is capable of effectively engaging local communities in many different areas of the United States. City and county-based teams will participate in the experimentation cohorts and will serve as the primary participants in LIU’s programming. External coaches will be engaged to provide expert support and guidance to the multi-city and county experimentation cohorts as they design, test, and implement their solutions.

\(^{19}\) General Services Administration. (n.d.). 18F.
Core costs of the LIU will include staff salaries, grant support to individual city and county teams for experimentation, and external contractor funding. LIU would follow the Social Innovation Fund\(^ {20} \) in requiring that federal funds granted to cities be matched by private and other non-federal sources, such as local philanthropies.

We expect that an initial version of LIU could be launched within six months and that the program would be refined and expanded over time.

**Multi-city and county experimentation cohorts**

LIU’s experimentation cohorts will enable local actors in one city and/or county to connect with local actors tackling similar issues in other cities and counties, and to support one another in developing and testing promising solutions tailored to their respective communities. Cohort participants will learn from peers, build core innovation capabilities and cultures, and establish local and national networks of similarly minded colleagues. Moreover, participation in a federally endorsed, nationally recognized program will give cities the political cover and “risk capital” needed for bold experimentation.

LIU’s multi-city and county experimentation cohorts will work in a four-step process:

**Step 1: Problem identification**

The LIU will focus on solving problems that are (1) priority problem areas for the Biden-Harris Administration and (2) ripe for local experimentation. Candidate problems will be solicited from federal departments and agencies. For example, the Department of Transportation might suggest that the LIU examine how to boost public-transit ridership in the wake of COVID-19 and to meet the Administration’s climate goals. Expert staff at the LIU will then review candidate problems and select those that are best suited to local experimentation. Questions that could be considered in the selection process include:

- **Local Demand.** Have multiple cities and/or counties identified the problem as an urgent issue of practical relevance to their residents?
- **Uncertainty.** Is there a dearth of obvious solutions or existing “best practices” to address the problem?
- **Solution Diversity.** Will solutions likely need to be tailored based on factors like resident demographics and location?

**Step 2: Cohort recruitment**

Cities and counties will be able to indicate their interest in participating in specific cohorts by completing a brief application and submitting a letter from their government’s executive (e.g. mayor, city/county manager) expressing support for their city’s participation in the program and identifying the solution (e.g., a technology, policy, or program) that they are interested in testing. Individual cities and county teams will be encouraged to build diverse coalitions (e.g., including

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representatives from local governments, private-sector businesses, community-based organizations, philanthropists, and universities) interested in working on and helping test and implement the solution. Participating cities and counties will be selected based on their strength of their application and the need for cohort diversity (e.g., with respect to geography, population size, racial and ethnic makeup, and financial resources). Participating cities and counties will receive federal grant funding to support solution experimentation. Following the example of previous federal programs, such as the Social Innovation Fund, federal funding will be matched by private and other non-federal sources, such as local philanthropies.

Step 3: Experimentation
Participating cities and county teams, guided by LIU staff and expert coaches, will develop and test their proposed solutions via a two-phase structured experimentation process.

- **Phase 1: Problem research and experimental design.** Teams, led by the applicable local government, will be formed to focus on key aspects of the problem and potential solutions. Teams will engage residents and other stakeholders to explore the problem from multiple angles and to understand competing perspectives and interests at play. Teams will then work with LIU’s external coaches to outline and develop rigorous experimental protocols for testing their solution. Protocols will define (1) the solution’s target population(s), (2) the specific solution (e.g., a product, policy, or program) to be tested, (3) the outcome measurement(s) that will be used to assess impact of proposed solution, and (4) the comparison group(s) that will be used to measure changes in outcomes, if applicable.

- **Phase 2: Prototyping and testing.** Teams will execute their experimental protocols, collect data and feedback on solution efficacy, and iterate. Teams will be required to share results with others in their cohort and incorporate feedback into new versions of the proposed solution and testing method. Teams will also be encouraged to engage in rapid experimentation, prototyping and testing over the course of a few months, not years.

Teams will receive the following supports throughout the experimentation process:

- **Financial support.** LIU will provide direct grant funding to each team to support experimentation. Teams will be able to use these funds to cover staff time, testing materials, community participation incentives, and other costs related to development and implementation of the proposed solution. Participating cities and counties will be encouraged to partner with philanthropic organizations to leverage and augment federal support.

- **Coaching and technical assistance.** LIU participants will receive guidance from expert coaches in designing, running, and evaluating experiments. In addition, engaging in effective experimentation requires skills, relationships, and mindsets that are often underdeveloped in public-sector organizations. LIU participants teams will build these
capabilities both by “learning through doing” and through coaching from experts in innovation and culture building.

- **Digital platform.** LIU’s digital platform (detailed further below) will enable centralized communication among the multi-city cohort, LIU staff, and expert coaches. The platform will be used to share materials, collect and visualize data, facilitate evaluation, and exchange lessons learned. Aspects of the platform will be open to the public so that interested citizens can track how projects are progressing and the data and insights being collected.

**Step 4: Learning and evaluation**
Teams will use quantitative and qualitative data to assess effectiveness of cohort-developed solutions. LIU will support the teams of each cohort in collaboratively developing a final, publicly available report summarizing the outcomes of the implemented experiments and lessons learned throughout the process. These reports will provide the federal government (and other stakeholders) with evidence documenting what does and doesn’t work to advance federal priorities. LIU and the Administration will be able to use these reports to inform development of federal policy initiatives and further financial support. The reports will also constitute a “playbook” that other cities and counties can follow to conduct their own experiments.

**Digital platform**
LIU’s digital platform will enable centralized collaboration among all LIU stakeholders. The platform will have two primary features: (1) a streamlined user interface designed to share resources and facilitate communication among teams, collaborators, and the broader public, and (2) dynamic visualizations to enable teams to compare research findings. The platform will have a distributed structure\(^\text{21}\) that affords each participating team ownership over its own experiments and data. Each team will be able to access real-time updates of data collected at their own experimental site(s), in addition to aggregate metrics from the other cities and counties. This will enable efficient learning, resource sharing, and iteration to the designed experiments. Public pages will enable participants to share findings with citizens and civic leaders. During the initial build of the platform, LIU’s technical staff will also design a framework to standardize data collected by participating cities and counties.

**Anticipated benefits and outcomes**
By funding, connecting, and coordinating decentralized, local experiments, LIU will create a first-of-its-kind national experimentation ecosystem across the United States. The result will be a proliferation of innovative, tested solutions to our nation’s most urgent problems. The Administration will be able to use evidence collected through the LIU to help translate proven local action into multi-agency federal policy initiatives and to maximize the impact of federal funding spent on urgent national problems. Participating cities and counties will build core

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innovation capabilities and cultures that support continued experimentation even after their participation in the LIU concludes.

Finally, establishing the LIU will signal explicit federal endorsement of, and support for, local innovation. This in turn will catalyze a national culture of experimentation, empowering communities to become active participants in a new paradigm in public problem solving. This paradigm will be primarily characterized by a belief that progress is best achieved through experimentation, continuous learning, and collective problem solving.

Conclusion

The United States has long been known as a nation of experimenters and tinkerers. Indeed, for all its tragic consequences, the COVID-19 pandemic has once again demonstrated the capacity of our nation’s local problem solvers to innovate in the face of crisis and build their communities back better. The LIU will channel this powerful creative energy into a national network of decentralized, local coalitions: a force with the capacity to solve America’s most complex issues and capture the opportunities of the future.

The Biden-Harris Administration has made unity a central tenet of its governing philosophy. With its call for collective experimentation, local solutions, and cooperation among cities and counties, LIU is an initiative that Americans of all political stripes can get behind.

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22 The Innovators Forum. (n.d.) *Making the Most of Lockdown: Contact Tracing Apps and City Improvements*. City Innovators.
Frequently Asked Questions

How would LIU differ from Challenge.gov?

Existing prize challenges and solution competitions, such as those organized through Challenge.gov, are focused on stoking a “battle of ideas” that results in only one or a handful of solutions receiving funding for further development. These competitions can be extremely valuable in generating attention, excitement, and specific solutions, but do not necessarily foster a culture of collaboration. LIU plays a complementary role by focusing on cooperation-based (rather than competition-based) problem solving. In addition, because the most complex issues cannot be fixed by one solution alone, LIU aims to create a “portfolio approach” to innovation: one in which a diverse array of local problem solvers experiment to generate multiple solutions tailored to different contexts.

Why does local experimentation need federal support?

There are already several programs and organizations that encourage and facilitate multi-city experimentation to tackle societal problems. However, the federal government has an unmatched capacity to connect, fund, and scale experimental solutions. A federally based LIU will directly local experimentation with Administration’s priorities. The LIU will also provide a much-needed mechanism for connecting local actors working on similar problems in many different pockets of the United States. Finally, establishing LIU at the federal level will send an explicit message of federal support for local innovation. This in turn will catalyze a national culture of experimentation.

Is there programmatic precedent for the LIU?

Yes. The Social Innovation Fund (SIF), a program administered through the Corporation for National and Community Service (CNCS) and enacted through the Serve America Act, combined public and private resources to make grants to local organizations to grow promising community-based solutions to social problems. Over its lifetime, the SIF disbursed over $341 million in federal grants. Under the Obama Administration, HUD created the “Promise Zones” place-based initiative to increase employment opportunities, create economic opportunities, reduce crime, and spur public and private investment in the 22 urban, rural, and tribal areas. The “Promise Zones” areas were prioritized for federal grants, assigned AmeriCorps VISTA members, and provided direct administrative support from the federal government.

What if some of the LIU’s experiments fail?

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All innovation starts with and is powered by failure. The innovation process begins when a failure is identified, and solutions are developed through trial-and-error experimentation. Not only will some of the LIU’s experiments fail, they need to fail so that imperfect solutions can be iterated on and improved, and so that ideas that are promising in theory only can be separated from those that are promising in theory and in practice. A key benefit of establishing the LIU at the national level is that the federal government can provide political cover and “risk capital” that local governments need to test out non-obvious and bold solutions.

**How will the work with existing problem-solving networks and organizations?**

The LIU will complement and leverage the important work being done by existing networks and organizations to facilitate cooperation among cities and counties on certain issues. The LIU will emphasize opportunities to work with these networks and organizations as part of the multi-city cohort experimentation process. For example, the LIU would engage organizations like C40 to support cohort recruitment and to provide subject-matter expertise on climate- and environment-focused problems.

**What types of solutions (e.g., policies, technological products, programs) does LIU hope to generate?**

All of the above. The LIU will not tell participating cities and counties what type of solution is best suited to a given problem. There are certain problems where a policy solution might be the best solution, others where a specific tech product might be the most impactful, and still others where a combination of policy, products, and programs will be needed.

**Are there examples of national experimentation ecosystems in other countries?**

Finland provides the most cogent example of a national government engaging in a purposeful approach to create a national culture of experimentation. While Finland has engaged in a number of initiatives to create a culture of experimentation, the work of The Innovation Centre at the Finnish National Agency for Education (EDUFI) to create an experimentation lab provides the most relevant example. The Experimentation Lab “supports teachers, school leaders and local education administrators to create space for experimentation and co-create local solutions to address challenges in education and to transform educational governance and inspire cultural change to better respond to complex challenges in education.”

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27 “C40 Cities,” *C40.*
About the Authors

Josh Sorin leads the Government Innovation Program at the Centre for Public Impact (CPI), a global nonprofit founded by the Boston Consulting Group. The Government Innovation team works to incubate new ideas about how innovation can be used to create more effective and legitimate governments, and then puts those ideas into action by collaborating with local governments and their partners to design, prototype, and implement solutions to their most pressing problems. Under Josh’s leadership, the Government Innovation team has worked with over 80 local governments across the country and has published multiple reports on public-sector innovation. Prior to joining CPI, Josh managed projects in KPMG’s Public Sector Advisory practice, where he supported state and local governments in transforming programs, policies, and processes to improve outcomes for underserved communities. He also served as a Fellow with the Civic Consulting Alliance, a nonprofit that leverages pro bono, private-sector resources to solve public-sector problems in the City of Chicago and Cook County. Josh currently lives in Washington, DC where he is a member of the DC Advisory Neighborhood Commission 2F’s Public Safety & Transportation committee. He holds a B.S. degree in Finance from the Kelley School of Business at Indiana University.

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