



WORKING PAPER

State Workforce and Economic Development

Opportunities for Collaboration

Lauren Eyster

Amanda Briggs

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Contents

Contents	iii
Acknowledgments	iv
State Workforce and Economic Development: Opportunities for Collaboration	5
Current State Workforce and Economic Development Actors and Activities	7
Overcoming Challenges to Coordinating State Workforce and Economic Development Activities	12
Differences in State Agency Structures	12
Differences in Perspectives on Workforce and Economic Development Goals and Activities	14
Differences in Funding Mechanisms	16
Differences in Performance Accountability and Metrics	18
Strategies That Foster State-Level Collaboration between State Workforce and Economic Development	20
Supporting Collaboration between Employers and Education Providers to Build Workers' Skills	20
Developing Sector Strategies for Joint Planning and Programming	24
Coordinating Funding to Achieve Workforce and Economic Development Goals	29
Using Technology and Data to Connect Employers and the Workforce	35
Next Steps to Facilitate State Workforce and Economic Development Collaboration	40
Appendix A. Case Studies	42
Arkansas Career Pathways Initiative Case Study Interview Questions	42
California's Sector and Deputy Sector Navigators Case Study Interview Questions	44
Pennsylvania's Industry Partnerships Program Case Study Interview Questions	46
EARN Maryland Grant Program Case Study Interview Questions	49
Step Up Grant Program Case Study Interview Questions	51
Nevada Governor's Office of Economic Development Case Study Interview Questions	54
Mississippi's State Longitudinal Data System (LifeTracks) Case Study Interview Questions	57
Notes	61
References	63
About the Authors	66
Statement of Independence	67

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State Workforce and Economic Development: Opportunities for Collaboration

State workforce and economic development interests naturally align. At the state level, economic development staff can support new and expand current industries that produce jobs. State workforce development staff can help ensure a supply of skilled workers to meet employer demand. When state workforce and economic development policy and practice align, state leaders can be better prepared to help achieve economic prosperity for businesses and residents of the state.

However, little is known about how state workforce and economic development agencies collaborate. The literature on this subject focuses mainly on local and regional workforce and economic development collaboration. By examining examples of collaboration at the state level, this paper aims to identify opportunities for state leaders to better align their workforce and economic development activities through joint planning and programming, policy, funding, and data sharing.

The strategies this paper discusses are:

1. Supporting collaboration between employers and education providers to build workers' skills
2. Developing sector strategies for joint planning and programming
3. Coordinating funding to achieve workforce and economic development goals
4. Using technology and data to connect employers and the workforce

It provides several examples for each of these strategies and identifies key takeaways for state leaders who may want to implement these strategies. These examples may be useful for states as they implement the Workforce Innovation and Opportunity Act of 2014 (WIOA), the federal legislation that governs many of the state workforce development programs. WIOA includes economic development agencies as key partners in planning and implementing workforce programs and services.

This paper reviews the existing literature and highlights examples of workforce and economic development collaboration, based on interviews with state and local practitioners in workforce and economic development. The paper first discusses the differing roles and structures of state workforce and economic development and why alignment and collaboration can be difficult. It then highlights where some state and local efforts have had success in more closely aligning economic development

and workforce development activities to support their mutual goals and highlights the lessons drawn from those efforts for all states. The paper concludes with ideas for next steps that state workforce and economic development leaders can take to build collaboration into their efforts moving forward.

Current State Workforce and Economic Development Actors and Activities

State governments fund agencies that implement state policies and support local activities for workforce and economic development. Most often, these entities are separate agencies, but some states have combined the functions of workforce and economic development under one agency. Staff members within state workforce and economic development agencies implement a common set of activities (box 1).

BOX 1

Summary of State Workforce and Economic Development Activities

- State workforce development activities^a
 - » Providing policy guidance, funding, and technical assistance to local/regional public workforce systems
 - » Helping laid-off workers upgrade their skills and find new employment (e.g., WIOA, Trade Adjustment Assistance, Employment Service, Rapid Response)
 - » Setting up and overseeing systems for performance accountability for federal reporting and training providers
 - » Conducting labor market analysis to inform state and local workforce strategies
 - » Coordinating state workforce development initiatives (e.g., sector partnerships, apprenticeship, community college programs)
- State economic development activities (Francis 2016b)
 - » Supporting existing businesses
 - » Encouraging entrepreneurship
 - » Recruiting new businesses
 - » Coordinating economic development activities of their local governments and other local economic development agencies

^a For a library of resources detailing workforce development activities, see the US Department of Labor's Employment and Training Administration (ETA) Workforce GPS tool, accessed September 19, 2016, <https://www.workforcegps.org/resources>.

For state workforce agencies, federal legislation and funding creates the structure for state workforce development policies and activities, often called the public workforce system. Workforce development programs are generally governed by federal legislation—specifically WIOA, which provides \$3.5 billion annually to states to support state and local infrastructure for employment and training services (DOL 2016b). The WIOA infrastructure includes state and local workforce development boards (WDBs), which provide oversight and direction for implementing programs and services.¹ The majority of board members must be employers or industry representatives and economic development agencies (EDAs) may be represented. State workforce agencies also provide policy guidance and accountability while supporting the state and local workforce activities. Other federal funding for workforce development that goes to states includes state Unemployment Insurance and Employment Service operations (\$3.6 billion) and Trade Adjustment Assistance (\$775 million).²

State workforce development activities as a field goes far beyond the confines of federal legislation and the “public” system. At the regional and local level, workforce systems serve a range of functions, and include different types of organizations implementing various workforce strategies that meet local needs (Eyster et al. 2016). Figure 1 shows the key functions of a local workforce system, which includes activities such as supporting human resource needs of employers, screening candidates, and offering incumbent worker training and job retention services. The public workforce system often supports these activities, but this broader definition encompasses the efforts of all organizations in a local area or region that may coordinate with one another. Organizations within a system may also collaborate to ensure that individuals who want to succeed in their job or training can access supports such as child care or transportation. These systems attempt to connect the dots, sometimes more successfully than others, to ensure the successful matching of workers and employers in ways that support access to employment for the individual and a stronger economy.

FIGURE 1

Functions of a Local Workforce System



Source: Eyster et al. 2016. For link to interactive version of this graphic, see: <http://www.urban.org/policy-centers/income-and-benefits-policy-center/projects/local-workforce-system>.

Economic development has many definitions. At its core, state or local economic development investment increases the economic vitality of a region by inducing growth—in wages and profits for workers and businesses, increased revenues for local governments, and increasing the value of land in a state (Bartik 2009). Unlike state workforce development activities, economic development activities that support and foster industry and business growth have historically been overseen at the state and local level, with limited direct federal involvement (Eberts and Erickcek 2002). Although the federal government provides funding and assistance through economic development grant and loan programs, the provision of economic development services or programs is primarily a local activity, guided by state, regional, and local policies.

As shown in box 1, economic development activities at the state level are housed within state EDAs, the structure of which varies across states—from a standalone agency or an economic development department within another agency to a state-supported nonprofit (Francis 2016b). Of the \$4 billion

budgeted by state EDAs in 2016, most investments can be organized by one of the following three categories: 1) marketing the state and attracting new businesses; 2) entrepreneur development; and 3) expanding and retaining existing businesses (Francis 2016b). States provide most of the funding for state EDA operations.

The federal government, through agencies like the US Small Business Administration, the US Department of the Treasury, and the US Economic Development Administration, provides grants to state and local governments and nonprofit organizations and directs financing through local banks to promote economic development. According to the US Economic Development Administration's Fiscal Year 2014–2015 report, approximately \$238 million was invested in fiscal year 2015 to support locally driven economic development projects across the 50 states (Economic Development Administration 2016, 4). This focus on locally-driven economic development projects aligns with the federal EDA's investment policy, which is targeted at "sustainable job growth and the building of durable regional economies throughout the United States" (6).

While the role of state EDAs in furthering these activities has been traditionally outward-facing, there has been a shift over time, in which states have begun to focus inward, to prioritize the development of regional partnerships and collaborations at the local level around in-demand occupations. Recent research suggests improving local business conditions and activity produces a greater increase in employment than recruiting outside companies (Mazerov and Leachman 2016). Local government entities play a large role in economic development by utilizing their expertise of local infrastructure needs to direct funds to support local businesses and partnerships to support job creation for residents.

Most economic development strategies, whether stemming from federal, state, or local initiatives, have historically emphasized the production of new jobs or increasing the quality of jobs to further economic growth. This focus on labor demand policy and the creation of new jobs (and thus greater economic expansion) has often meant less of a focus on labor supply strategies, which emphasize investing in the workforce labor supply in order to improve the local labor supply, leading to productivity gains and the attraction of better talent to an area (Bartik 2009). Ideally state and local areas would coordinate responses to labor market demand and supply issues, by aligning increased demand for skilled workers with a readily available supply of prepared job candidates.

The passage of WIOA in July 2014 signaled a new emphasis on workforce development agencies and staff collaborating with economic development agencies to support economic prosperity (Eyster 2015). The WIOA purpose statement includes economic development as a "system" that should be

aligned with the public workforce systems, whereas the legislation supplanted by WIOA only had a broad call for enhancing productivity and prosperity (National Association of State Workforce Agencies 2014). WIOA also specifically calls for the alignment of workforce development and economic development policy and programs in developing the state WIOA plan and sector partnerships for addressing employers' workforce needs. The following section focuses on the barriers to collaboration that exist between state workforce and economic development agencies.

Overcoming Challenges to Coordinating State Workforce and Economic Development Activities

Studies of workforce and economic development collaboration have focused on identifying the barriers to achieving mutually beneficial labor supply side strategies and efforts that have been taken to overcome those barriers in local communities and cities (Schrock 2013). There are various reasons for the lack of collaboration, including differences in state agency structures, differences in perspectives on workforce and economic development goals and activities, different funding streams, and different performance measurement and metrics of success, as seen at the local level (Harper-Anderson 2008). One implication is that over time, workforce and economic development staff may be working to solve similar issues but without coordinating, creating inefficiencies. This section explores these challenges and the potential inefficiencies at the state level in more depth. It also highlights the solutions that some states have utilized to address these barriers.

Differences in State Agency Structures

One way some states have sought to bring workforce and economic development agencies closer together is to house these agencies within a single state agency or department. Program administration and regulation of these functions is often under the purview of separate and distinct agencies. Among the 50 states and the District of Columbia, 41 states and the District have separate workforce development and economic development agencies. The very decision to streamline workforce development and economic development into a single agency may be a result of state leaders recognizing that workforce development is a key factor for successful economic development. Of the nine states³ that have combined agencies, economic development is the umbrella agency in each case, with workforce development serving as a function or component within each respective EDA. An example of North Dakota's effort to combine workforce and economic development under one agency is highlighted in box 2.

BOX 2

North Dakota

An example of a combined workforce and economic development agency in one state is the Workforce Development Division in North Dakota. Housed within the North Dakota Department of Commerce, it is responsible for implementing the workforce development programs in the state. North Dakota was the first state in the nation to require the development of a Single Biennial State Strategic Plan for workforce development, workforce training, and talent attraction.^a In 2009, the legislature passed Chapter 54-60 of the statutory code,^b which mandates an annual requirement that a variety of state agencies, including the Department of Commerce and the State Board of Higher Education must submit a report to the state's Workforce Development Council, detailing the state's workforce activities and future plans, which are used in the state's biennial strategic planning for the statewide system of workforce development. Every other year, state agencies also present workforce-related budget initiatives for the upcoming biennium, which includes how their proposed initiatives align with the Consolidated Biennial Statewide Strategic Plan, and the council uses that information to consider areas for collaboration. That commitment has been carried forward into North Dakota's Unified State Plan under WIOA.^c

^a State of North Dakota Five Year Integrated Workforce Plan, accessed September 9, 2016, <http://www.jobsnd.com/sites/default/files/Five-Year-Integrated-State-Workforce-Plan.pdf>

^b North Dakota Century Code 54-60 <http://www.legis.nd.gov/cencode/t54c60.pdf>

^c State of North Dakota WIOA Unified State Plan: <https://www.nd.gov/dhs/dvr/wioa/docs/wioa-unified-state-plan.pdf>

A key reason more states are not combining their workforce and economic development agencies is the complexity of the management and oversight needed to effectively implement state programs and policies that may have short-term goals that are too dissimilar. For example, state workforce activities are mainly governed by federal legislation, for which these agencies are held to meeting performance goals. By contrast, the federal government has historically been more hands-off in favor of local control of programs when it comes to fostering economic development (Eberts and Erickcek 2002). In addition, state EDAs are not typically tasked with implementing such large complex federal and state programs that provide direct services, as many of the programs offered by state EDAs are either passed through federal loan programs or tax incentive programs administered by the revenue department. As a result, combining or coordinating state agencies and governance can be difficult, and does not necessarily mean that staff from these agencies will coordinate and collaborate effectively. Fitzgerald (2004) notes that “putting [workforce and economic development] functions under one roof is no guarantee of success... [and that] once a departmental barrier is crossed, turf, vision, and ‘sense of urgency’ problems emerge” (8).

Some efforts have been made to change how state governments organize workforce and economic development agencies to bring them closer together. In 2013, the National Governor’s Association released a white paper describing the steps states can take to redesign—but not necessarily restructure—their EDAs to be more effective. The authors found that state leaders desiring to enhance the effectiveness of their state EDAs can employ three foundational strategies to ensure their success: engaging the private sector in partnership in the economic development process, creating mechanisms to encourage collaboration among industry clusters and government agencies, and instituting a system of quantitative measures to evaluate the state’s return on investments in economic development (Sparks and Pappas 2013, 17). Sparks and Pappas found that these changes, which would apply to both standalone EDAs or combined economic development/workforce development agencies in a state, highlight the importance of integrating workforce development priorities, including public-private partnerships, targeting specific industries, and focusing on career ladders, when redesigning the model of a state EDA (16).

Differences in Perspectives on Workforce and Economic Development Goals and Activities

Historically, workforce development programs and services were designed to address employment challenges for people with barriers to employment. Therefore, some economic development actors perceive workforce development as primarily focused on social and human services (Fitzgerald 2004). Conversely, workforce development staff may view economic development agencies and their function as primarily business-serving, with the needs of the workforce seen as a less salient concern. This difference in attitudes and perspectives among workforce and economic development state staff is likely a product of the different constituencies each group serves.

One of the ways to ease the transition of workforce and economic development integration—or collaboration—is through strong state leadership and governance. The specific role state leadership plays in fostering collaboration varies, and may involve leadership on various committees, directing state agencies, or leading the state through elected positions. In fact, multiple states (e.g., Texas and Nevada) have governor’s offices that are responsible for directing economic development initiatives at the state level. This is particularly true if collaboration is written into the duties of state leadership, so that a similar commitment to workforce and economic development collaboration can be carried forward even in the midst of state leadership elections and turnover.

Workforce and economic development professionals may also be using different language to describe and define their work, further exacerbating a barrier to successfully coordinating their activities. For example, economic development staff use the term “industry cluster” while workforce development staff refer to “sector strategies,” but both terms are focused on the same concept: targeting and prioritizing certain industries and businesses for economic growth. Dispelling misperceptions resulting from language differences is an important step for bringing workforce and economic development staff closer to being able to align goals and activities.

In order to make strides toward a common language that stakeholders can use to discuss workforce and economic development, some policymakers and other workforce and economic development actors have focused on adopting common standards or objectives that prospective employees in the workforce can use to signal a level of skill attainment and job readiness that helps assure employers of their preparedness. One example of this is the use of performance-based objectives, which are statements that describe the specific skills or knowledge a student needs to be able to demonstrate to be successful on the job (box 3).

BOX 3

Performance Based Objectives Tool

In 2012, the Multi-State Advanced Manufacturing Consortium (M-SAMC), led by Henry Ford College was awarded \$15 million through the US Department of Labor TAACCCT grant program. The M-SAMC consortium is comprised of 13 community colleges across 10 states. Consortium members share a common goal to prepare workers for manufacturing jobs. In order to streamline communication between employers, education and training providers, and jobseekers, the Performance-Based Objectives (PBO) tool was created with support from the Center for Regional and Economic Competitiveness and the Labor Market Information Institute as one of the consortium’s TAACCCT-funded initiatives. M-SAMC affiliated employers can use the tool to submit objectives that align with requirements for success on the job site, which are organized by topic areas that apply to the manufacturing industry. As described by a staff member at Henry Ford College,^a “The idea is to use performance based objectives to determine what industries need their workers to be able to do, what colleges or instructors must teach, and what students must know” in order to be successful. Currently, there are 866 active PBOs, organized by 22 topic areas that employers will continue to update to reflect relevant skills needed in the workforce.

^a Multi-State Advanced Manufacturing Consortium presentation *Innovating with Performance-Based Objectives*. April 7 2016. <https://www.youtube.com/watch?v=V9MReKSZbZg>.

Differences in Funding Mechanisms

In addition to differences in funding sources, the funding mechanisms differ greatly between state workforce and economic development. State workforce agencies provide funding to local WDBs, which direct and implement workforce development activities through local American Job Centers. These activities include direct services to both job seekers and to employers in their local area or region. States also administer other workforce programs with little local involvement such as Unemployment Insurance and Trade Adjustment Assistance that provide state income payments to individuals who have lost their jobs. On the other hand, economic development investments include spending on infrastructure investment, tax incentives, tax abatements, and other funding mechanisms rather than formula funding to local areas to operate programs and services or direct income payments to laid-off workers. While workforce and economic development agencies differ greatly in funding mechanisms, they could collaborate to ensure they better coordinate activities to more efficiently deploy funding to meet their mutual goals.

One way for states to more efficiently deploy funding through collaboration is by leveraging policy change. As noted earlier, WIOA directed states to support the alignment of workforce investment, education, and economic development systems in support of a comprehensive, accessible, and high-quality workforce development system in the United States.⁴ It replaced the Workforce Investment Act of 1998, and requires states and localities to strengthen their model of service delivery by integrating and leveraging the support of partnerships with agencies and local entities. Under the law, each state was required to submit a plan by April 1, 2016 to DOL Secretary Thomas Perez, describing the state's strategy for its workforce development system over the next four years (2016–20). State plans must be approved in order to spend federal funding on workforce development services and supports (DOL 2016a).

Some states are using their strategic plans for workforce and economic development in addition to or in conjunction with their state WIOA plans to systematically build collaboration into their state strategies. This includes Washington, where the state has built in an analysis of labor demand in key industries into their strategic plans for workforce development.⁵ In addition, some states that had recently revamped their economic development strategies a few years before submitting their WIOA plans have utilized the revised framework for economic development in their WIOA documents to describe how the workforce development activities through WIOA would align and support existing strategic planning for economic development (box 4).

BOX 4

State WIOA Planning

The passage of WIOA has led to increased attention on coordinated strategies that mutually address the needs of the workforce and employers, which has created a window of opportunity for policymakers to capitalize on coordination of their economic development and workforce development activities through the development of their WIOA plans. States were mandated to include detail about how federally funded workforce development dollars for state job training activities will be spent in coordination with state economic development strategies in their WIOA plans.

Below are excerpts from three states' WIOA plans to provide examples of how states have incorporated economic development alignment into their WIOA plans:

Nebraska: “The [WIOA] programs will work closely with the Nebraska Department of Economic Development, local chambers of commerce, and other economic development agencies to coordinate services and support economic development efforts. This will include the provision of unemployment wage data, student and skills data and other data sets to determine the availability of skilled workers, which is essential data in recruiting potential businesses and developing local economic development strategies.” (p. 61).^a

Virginia: “Virginia is currently evaluating its Rapid Response and Trade programs to ensure that those resources are being maximized to support firms in all phases of their business cycle, support job retention and to improve sector competitiveness. Aligning these system resources more closely with the economic development priorities of the Commonwealth—high-value, high-growth, and high-growth potential business, will help build prosperous regions and put people on a successful career path.” (p. 85).^b

New Jersey: “The Office of Business Services has dedicated a special statewide initiatives coordinator to serve as the liaison with the Lt. Governor’s Business Action Center and local economic development agencies. Successful coordination of economic development funds, tax credits, and training grants has facilitated economic development opportunities in several depressed urban areas with high concentrations of unemployed and underemployed workers including Camden, Atlantic City, Jersey City, and Asbury Park.”^c

^a For full text of plan, see Nebraska Department of Labor, accessed September 19, 2016, <https://dol.nebraska.gov/EmploymentAndTraining/WIOA/ManualsPlansReports>.

^b For full text of plan, see Virginia Workforce Center, accessed September 19, 2016, <http://www.vaworkforcecenters.com/content/uploads/news/virginia-wioa-combined-state-plan-draft-for-public-comment.pdf>

^c For full text of plan, see New Jersey Combined State Plan, accessed September 19, 2016, <http://www.njsetc.net/njsetc/planning/unified/documents/NJ%20Combined%20State%20Plan%20for%20WIOA%202016.pdf>

Differences in Performance Accountability and Metrics

Finally, state workforce and economic development agencies use different performance metrics to gauge their success in achieving their goals. They are also held to different levels of accountability from funders. WIOA requires that states report annually on the results of their programs, namely the employment outcomes of participants. Data are obtained through intensive tracking of participants by local WDBs and American Job Centers and through state data sources such as Unemployment Insurance wage records reported by employers. As a part of WIOA, the federal government has developed new performance measures to capture how satisfied employers are with WIOA-funded programs and services. The federal government holds states accountable for meeting WIOA performance goals. In turn, state agencies often hold local WDBs accountable for meeting local performance goals.

The metrics tracked by EDAs often include job creation, capital investment, changes in the tax base, and personal income (Ghosh and Chen 2014, 2). State EDAs may report on job creation and capital investment, but aggregated data on these metrics is difficult to interpret if it is not broken down by subset of a state or region (Vital Economy Alliance 2012, 5). For example, Washington State found that “it is difficult to isolate the effect of other economic development partners and the factors business owners consider when deciding to expand or relocate. Factors beyond the control of economic developers—such as the availability of loans, company sales, inflation rates, and the price of raw materials—all play into business decisions to relocate, expand, or invest capital” (Washington State Auditor’s Office 2014, 3).

Therefore, while reporting on the number of jobs created or dollars spent may be more easily quantifiable than reporting on workforce development outcomes, it is difficult for states to isolate the impact of their economic development programs. Some states are taking steps to more explicitly share data across their economic development and workforce development entities and agencies. Ensuring that data housed across multiple agencies can be effectively used to inform workforce and economic development strategies is a major challenge for many states. In response to the difficulty of effectively sharing intra-state workforce development and economic development data, the Center for Regional and Economic Competitiveness has participated in a number of projects related to state economic development and workforce development data sharing.

These projects have included a research project that explored the impact of state data confidentiality laws (Poole and Springer 2015) on intrastate data sharing of employment and wage records and a current effort to promote data sharing in five states who are committed to reforming

their data governance and data sharing policies and practices, and to sharing best practices that result from their state-specific initiatives. The goal of the current effort, focused on promoting data sharing to enhance state policymaking and program evaluation, is to bring stakeholders from various departments of revenue, budget, workforce and/or economic development within a state together to promote data sharing among state agencies using administrative data to analyze their public investments in workforce and economic development.⁶ The states that will be involved in the project and their respective departments participating in the initiative are⁷

- Iowa, representing the Iowa Economic Development Authority, Iowa Workforce Development, and Department of Revenue;
- Minnesota, representing the Department of Employment and Economic Development and Management and Budget;
- South Carolina, representing the Department of Commerce, Department of Revenue and Fiscal Affairs, and the Commission on Higher Education;
- Utah, representing the Governor's Office of Economic Development; and
- Wisconsin, representing the Wisconsin Economic Development Corporation, Department of Revenue, and Department of Workforce Development

Such efforts highlight the importance of state governing bodies working together on a collaborative strategy for workforce and economic development data sharing and the difficulty thus far that states have had identifying a collaborative state data sharing strategy. When state workforce and economic development agencies seek ways to coordinate, their staff may need to consider how federal accountability and the ability to measure successful performance can be supported with available data.

To address the barriers described in this section, instituting changes to organizational structure, making changes to governance structures, streamlining communication between workforce and economic development stakeholders, and leveraging policy change are all strategies that states have used to encourage collaboration. Building upon those strategies, the following section outlines a number of case studies informed by interviews with experts that demonstrate how coordination was achieved and the challenges they faced. These examples of innovative strategies hold promise for other states that are interested in prioritizing collaboration in the future.

Strategies That Foster State-Level Collaboration between State Workforce and Economic Development

Considering the overarching challenges to creating links between state workforce and economic development, there are many examples of collaboration that highlight the opportunities to coordinate these efforts at the state level. The following section provides case studies of successful collaboration informed by interviews with education, workforce development, and economic development stakeholders. These interviews highlighted promising initiatives across a number of states. More information about what collaboration looks like in each of these efforts—including the benefits, challenges, opportunities for sustainability and more—can be found in the Appendix of this report.

In the following section, our findings from these interviews are organized by four strategies that hold promise for states that are considering how to best coordinate workforce and economic development strategies and build ongoing collaboration:

1. Supporting collaboration between employers and education providers to build workers' skills
2. Developing sector strategies for joint planning and programming
3. Coordinating funding to achieve workforce and economic development goals
4. Using technology and data to connect employers and the workforce

Supporting Collaboration between Employers and Education Providers to Build Workers' Skills

While there are various ways that state agencies and actors can invest in coordination between employers and the institutions that prepare and train students for the working world, this section highlights three efforts that have shown particular promise in connecting economic development and workforce development functions: 1) career pathways; 2) educational incubators; and 3) apprenticeship programs.

Career Pathways

The term “career pathways” describes a pathway or sequence of “education coursework and/or training credentials aligned with employer-validated work readiness standards and competencies” (US Department of Labor 2015, 6). These pathways can operate at both the system level and the individual program level. Career pathway programs are versatile in that they can be designed to be applicable to a wide range of jobseekers and skill levels; from youth in high school to adults who have been deemed hard-to-employ (CLASP 2016, p.4). Career pathways provide an opportunity for states to support collaboration between institutions of higher education and other training providers, who are developing the skills of the future workforce, and EDAs and organizations focused on economic vitality and the needs of local employers to fill in-demand jobs.

In recent years, a number of states have passed new legislation supporting the creation of career pathways, and many have chosen to focus their pathway programs on targeted industries. For example, the creation of the California Career Pathways Trust in California in 2014 through the passage of Section 53010 and 53016 of the California Education Code establishes \$250 million in grant funding that will be awarded to programs that, among other requirements, establish pathways that are aligned with regional economies.⁸ These legislative mandates for educational institutions to provide training that aligns with employer demand for skilled workers through career pathway programs has fostered a collaborative environment between higher education institutions and employers in states with these laws (Anderson 2015). For a more detailed example, see box 5 on Arkansas’ Career Pathways Initiative.

Career pathway programs have also enjoyed support at the federal level. Thirteen federal agencies signed a joint letter of commitment in April 2016 affirming that the Federal Partnership for Career Pathways had been expanded and strengthened since the first letter from the partnership was released in April 2012.⁹ Among the six elements identified as key to the development of comprehensive career pathways systems in the letter is the identification of industry sectors and employer engagement, aligning pathway programs “with the skill needs of industries in the economy of the State or regional economy involved” (2016 Career Pathways Joint Letter, 2).

BOX 5

Case Study 1: Arkansas Career Pathways Initiative

One example of a state-supported career pathways program that is an example of successful collaboration between economic development and workforce development actors in the state is the

Arkansas Career Pathways Initiative (CPI). The Arkansas CPI was officially launched in 2005 as a program that seeks to improve the earnings of low-income, Temporary Assistance for Needy Families (TANF)-eligible participants who complete postsecondary educational coursework in industries of regional importance at one of 25 participating community colleges.^a The program is recognized as a national model for successful student outcomes, and as of 2012, more than 74.5 percent of the students who had participated in the CPI had completed a certification or degree program.^b Funding for the program is provided through Arkansas's TANF block grant. The CPI was written into state law as part of the state's TANF program with the passage of Act 514 in 2007.^c The program is administered by the Arkansas Department of Higher Education, and an explicit goal of the CPI is to accomplish state-coordinated publicly funded education and support services with workforce development and economic development programs, serving the dual purpose of producing a better-trained workforce and fostering economic growth.

Staff at the CPI work to align the education and training investment for program participants with local labor market needs by staffing each community college with case managers and career development facilitators, who work in partnership with local employers and the Department of Workforce Services to implement the program. The program has made strides by leveraging existing training opportunities at the colleges in ways that meet employer demand. In addition, program staff have an open line of communication to local employers who identify unmet training needs and design solutions that are vetted and approved by the local college's administration, adapting training to meet employer demand. Furthermore, the Statewide Program Director participates on a number of state committees, where she has fostered relationships with various actors and state agencies focused on a number of issues, including WIOA implementation, worker training, and economic development. Lessons learned are institutionalized in the program over time, as staff and workforce and economic development partners share best practices through various communication channels, including monthly WebEx conferences. Collaboration between economic development and workforce development leaders, agencies, and in the implementation of the CPE program are credited by the program director as instrumental to the program and a key reason that the CPI has received national recognition for its success.

Note: Information from this section largely informed by interview with Karon Rosa, Statewide Program Director of the Arkansas Department of Higher Education Career Pathways Initiative, May 3, 2016.

^a "About Us," Arkansas Career Pathways, accessed September 19, 2016, http://www.arpathways.com/about_us_history.html.

^b "Arkansas Career Pathways Initiative Case Study: Promising Pathways, 2012," US Department of Health and Human Services, accessed November 16, 2016, https://peerta.acf.hhs.gov/sites/default/files/public/uploaded_files/Case%20Study-_md_kf_13-dew.pdf.

^c Act 514 of Arkansas 89th General Assembly (2013), accessed September 19, 2016, <ftp://www.arkleg.state.ar.us/acts/2013/Public/ACT514.pdf>

Education Incubators

Another example of state-supported collaboration between education and training providers are education incubators, which are designed to be laboratories of innovation that bring together educational institutions, such as community colleges or institutions of higher education, and business and industry to link workforce and economic development through the pursuit of innovation. For example, the North Carolina Research Campus (NCRC) was founded in 2008, and is a research center aligned with one of the state's key industries, biotechnology and pharmaceuticals.¹⁰ The public-private partnership is comprised of research centers (colleges), corporations and health care organizations committed to transforming science by: 1) advancing the boundaries of research and development; 2) addressing human disease through new approaches to prevention and treatment; 3) educating the next generation of scientists and medical professionals; and 4) driving the local economy.¹¹ For example, UNC Charlotte, the first university to join the research campus, has established a bioinformatics services division staffed by a multidisciplinary team as part of its partnership with the campus.¹² Each institution participating in the NCRC initiative brings its own expertise and area of focus, contributing researchers and expertise to the biotech sector in the state, alongside corporations, including General Mills and Dole Foods, who have also deployed researchers to the NCRC to contribute to their research and development efforts.¹³

Youth Pipeline Programs and Apprenticeship

A final example of state-supported employer-education partnerships is apprenticeship programs. These programs are a strong example of workforce and economic development collaboration, because they involve on-the-job paid training paid by an employer who invests in the skills of an employee to prepare him or her for the workforce. According to DOL's definition, "apprenticeship is a combination of on-the-job training and related instruction in which workers learn the practical and theoretical aspects of a highly skilled occupation."¹⁴ While apprenticeships for youth and young adults have been studied less commonly than apprenticeships for the adult population, a number of youth apprenticeship programs have been shown to have a positive impact on college enrollment and completion (Alfeld et al. 2013). Successful apprenticeship programs also increase the expected earnings and earnings growth for participants (Lerman 2010) and increase employer satisfaction (Lerman et al. 2009).

One example of a youth apprenticeship program is Apprenticeship Carolina, which was founded in 2007 as a division of the South Carolina Technical College System.¹⁵ South Carolina has supported the apprenticeship program in a variety of ways, including the allocation of recurring funding from the

General Assembly and by establishing a state Apprenticeship Tax Credit, which is available annually to employers at \$1,000 per apprentice (Parilla et al. 2011; Stieritz 2009). According to a 2014 National Public Radio interview of Brad Neese, Apprenticeship Carolina Program Director, the number of South Carolina companies offering apprenticeships grew from 90 to 670 over a seven-year period, and the number of apprentices trained during the same timeframe (2007–2014) grew from 777 to 11,000.¹⁶

Key Takeaways

Career pathways, educational incubators, and apprenticeship programs all demonstrate how workforce and economic development coordination can be achieved through state-supported workforce initiatives where employers and education and training providers are key collaborators. As described above, this collaboration can take various forms but requires a commitment to sustained collaboration, such as participation in statewide committees that provides regular access to state agency leadership and other important stakeholders, establishing an initiative in state statute (Arkansas Career Pathways Initiative) or a financial incentive for employers to invest in their workforce (South Carolina Apprenticeship Tax Credit). Finally, while employers and other economic development stakeholders have many time constraints, it is easier to maintain open lines of communication when employers feel their input is valued, and that partnership will be mutually beneficial for all parties involved.

Developing Sector Strategies for Joint Planning and Programming

The second strategy that holds promise for states seeking to link their economic development and workforce development efforts is the use of sectoral strategies. Sectoral, or “sector strategies” refers to employer-led partnerships that states or local workforce entities initiate to align available training that leads to high-quality jobs for in-demand occupations that meets employer demand (Woolsey 2013). While the efficacy of sector strategies in linking local and regional workforce and economic development efforts has been noted in the literature (Fitzgerald 2004; Schrock 2013), recent focus has shifted toward the role that states can play in fostering these strategies.

Sector Strategies

A primary reason for this shift is that WIOA statute directs states to use funding to support sector strategies as part of their efforts to “engage employers around in-demand industry sectors and occupations” and “better coordinate workforce development programs and economic development.”¹⁷ While WIOA is sure to lead to further development of additional sector strategies on the part of state labor departments and WDBs, a focus on economic competitiveness has been at the forefront of the agenda for many economic development professionals for decades. As noted above, this has been happening alongside the prioritization of “industry clusters,” a term often used interchangeably with sector strategies, which some states have adopted since the early 1990s (Giloith 2000; Waits 2000).

The Corporation for a Skilled Workforce has created a state sector strategies toolkit to help states implement sector policy initiatives, and notes that the primary difference between sector strategies and industry clusters is the focus on the workforce as the central element tying these initiatives together.¹⁸ At the intersection of both of these concepts is the idea that employers stand to benefit from coordinated partnerships in support of industry needs. In order to aggregate information about states that already have a state sector partnership policy in place, in 2015, the National Skills Coalition released a report identifying 21 states with a state sector partnership policy, which was defined as “a state-level policy that authorizes ongoing state support for local sector partnerships through funding, technical assistance, and/or program initiatives” (DeRenzis and Wilson 2015). California, Pennsylvania, and Maryland are among these states, each of which has implemented a sector strategy in a slightly different way.

This variation is not surprising, as sector strategies convene many diverse actors in the community in addition to employers, including state agencies, community based organizations, and education and training providers (DeRenzis and Wilson 2015). The case studies below illustrate how a state can unite behind sector strategies to fill in-demand jobs, whether that strategy is driven largely by an educational system—in the case of California (box 6)—or led primarily by the business community, as is the case in Pennsylvania’s (box 7) and Maryland’s (box 8) programs.

BOX 6

Case Study 2: California’s Sector and Deputy Sector Navigators

One example of a state sector strategy driven largely by an educational system is the California Community College System’s Doing What Matters for Jobs and the Economy Initiative, which brings

together employers, the state workforce board, and various actors in the community as part of a framework designed to close the skills gap. One of the roles of this initiative is to award grants through the Workforce and Economic Development Division in support of opportunities that promote student success and prioritize job creation in the state.^a Beginning in 2013, some of this funding has been awarded to support the development of new positions in the state that fall under the purview of the California Community College System, called “sector navigators” and “deputy sector navigators” (DSNs). This has resulted in a matrix of people that work to connect community colleges in California with industry contacts around a particular sector of focus in each respective region of the state.

More specifically, within each macro-region, there are roughly 5–7 DSNs, each serving an industry or occupational cluster identified as a priority or emergent sector targeted for investment. Regional Consortia, composed of Career and Technical Education, workforce development, economic development and contract education programs based at the colleges, have the task of selecting priority and emergent sectors. Within the state, there is a network of DSNs working in a particular sector (e.g. manufacturing) within a region of the state led by and coordinated by a sector navigator, who serves as the first contact for employers throughout the state and the community college system for that particular sector. This role has helped the community college system better identify how local training programs can be leveraged regionally and coordinated across community colleges.

The network of sector navigators and DSNs in the state are able to make strides toward effective collaboration within their assigned sector by identifying the strengths and skill gaps faced by employees and potential employees for an industry and advising regional colleges on how to adapt their training programs to better meet the needs of local businesses. Challenges to this work include the limited amount of release time and extra service hours that community college staff are able to commit to it, and the difficulty of designing metrics to evaluate outcomes of the sector navigators’ work given the inputs, such as time spent on strategic thinking. While measuring outcomes may be difficult, lessons learned from this initiative are spread across the state through in-person quarterly meetings of the DSNs and conferences held across the community colleges. The expertise of the sector navigators has helped foster a regional focus, not only among educational providers in the state, but also by WDBs and local employers eager to coordinate their workforce and economic development strategies.

Note: Information from this section largely informed by interview with Mark Martin, Deputy Sector Navigator for Advanced Manufacturing, May 4, 2016.

^a “Doing What Matters,” California Community Colleges, accessed September 19, 2016, <http://doingwhatmatters.cccco.edu/Home.aspx>.

BOX 7

Case Study 3: Pennsylvania’s Industry Partnerships Program

In contrast to sector strategies that are directed by educational institutions in the state, some states have chosen to spearhead their sector strategies with industry partners playing a lead role. This is the

case in the state of Pennsylvania. The Industry Partnership program is over 10 years old, created in 2005 and established in statute through Act 67 of 2011.^a Consortia of employers respond to a Notice of Grant Availability issued by the Pennsylvania Department of Labor and Industry of the Commonwealth to apply for funding for training that is appropriated each year via a state line item in the budget. While incumbent worker training is the focus, partnerships are also able to utilize the funding to train new hires, the unemployed, individuals in pre-apprenticeship programs, and individuals in apprenticeship programs. This fund dictates annual funding amounts, and includes a fiscal statute, which dictates how that money can be spent. According to the FY 2014–15 Annual Report of the Industry Partnerships (IP) Program, funding for the program has dropped from \$22 million at the program’s inception in FY 2005–06 to \$1.53 million in FY 2014 (Pennsylvania Workforce Development Board 2015). This shortfall of funding is the biggest challenge the program is facing moving forward.

Local WDBs act as the fiscal agent for all IP grants. While many partnerships encompass multiple local WDBs, they must choose one as the fiscal agent for the entire partnership. Required partners in an industry partnership include businesses and employers, labor and apprenticeship organizations, industry associations, CareerLink PA,^b economic development stakeholders, representatives from the educational community, and human services providers (Pennsylvania Workforce Development Board 2015, 2). IP grants are awarded for priority industry sectors, which are determined according to the priority of the administration in the previous year. For 2015–16, the industry sectors were not limited as they have been in past years—36 applicants submitted proposals that fell within one of 12 industry clusters. The 12 clusters encompass the entire economic landscape and all occupations in Pennsylvania.

State policymakers and national workforce and economic development stakeholders have seen how a program like the Industry Partnerships program can serve as an intermediary to link workers to employers hiring for in-demand occupations. In fact, Kentucky has modeled its own state program closely after the IP program. An official mission and vision for a state level sector strategy was approved by the Pennsylvania WDB at their August 23, 2016 meeting, and sent to the Governor with the recommendation to adopt. The IP program has helped inform that process. In addition to reporting requirements that are used to evaluate effectiveness, the program has also made strides toward sustaining collaboration between workforce and economic development beyond the current cycle of program funding by requiring that partners procure match funds in the form of a cash match for worker training (25 percent cash and 75 percent in-kind donations) and through submission of a sustainability plan. For fiscal year 2016–17, the cash match was increased to 35 percent, and partnerships may provide up to 65 percent in-kind to meet the requirement.

Note: Information from this section largely informed by interview with Michael Leister, Director of Partnership Development at the Pennsylvania Department of Industry and Labor, May 13, 2016.

^a Pennsylvania General Assembly (2011) Act 67, accessed September 19, 2016, <http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2011&sessInd=0&act=67>.

^b PA CareerLink is the Pennsylvania Department of Labor and Industry’s initiative to transform how job-seekers find family sustaining jobs and how employers find skilled candidates

BOX 8

Case Study 4: EARN Maryland Grant Program

A newer state program that is also focused on sector strategies directed by industry-led partnerships is the Employment Advancement Right Now (EARN) program in Maryland. The program was created in 2013 and is funded out of the state's general fund. It was created in response to a need to serve employers who were struggling to find qualified entry level workers and expressed a need to upskill incumbent workers. The program was established in state law through adoption of Senate Bill 278.^a After a year of planning grant funding in 2013, in March 2014, 28 implementation grants were awarded. In November 2014, 12 additional partnerships were funded, bringing the total to 40. All grantees are awarded funding for two-year periods.

In order to apply, each strategic industry partnership (SIP) that applied for funds had to consist of at least five employers in order to be considered. The grant application required that SIPs prepare a Workforce Training Plan addressing the skill shortages identified by industry partners and "outlining recruitment, training and placement strategies" that include providing Job Readiness and Job Skills Training to three groups: 1) The unemployed or underemployed; 2) incumbent workers, and 3) preparatory training for individuals who require additional training and education to enter the workforce (Maryland Department of Labor, Licensing and Regulation 2015, 5). Current funding for the program has been restricted to partnerships that have already received funding in prior grant cycles and have demonstrated success. While there are no new solicitations currently announced, the Department is exploring the option of a solicitation for new partnerships. To date, \$7.4 million has been awarded across all of the 40 partnership grantees.

The EARN Maryland program works to foster collaboration between workforce and economic development stakeholders in the state by allowing employers in a SIP to identify workforce needs, develop curriculum, participate in trainings, and in the case of entry-level candidates, interview successful graduates. Mary Keller, grant administrator for EARN Maryland, stated that she thinks the EARN Maryland program is, "Opening up a lot of different doors, and exposing those in the workforce world to different partners. [Members of a SIP] see that the Department of Labor can be a resource for them. EARN Maryland is helping our business leaders and nonprofits understand how we can help and I think these programs are going to continue on [past current grant funding] because they're seeing the value of collaborating with other agencies with whom they traditionally work in silos to meet their workforce needs." Salisbury University will be evaluating the program outcomes of EARN Maryland. There is no mandated level of involvement for specific employers in a SIP, in order to maintain the maximum amount of program flexibility. Flexibility is a major characteristic of the program, and in one circumstance, a grantee was able to modify their workforce training plan to more effectively meet industry demand. The original certification in the workforce training plan became obsolete due to a change in the industry. Upon consulting with the employer partners of the SIP, the partnership was able to identify a more in-demand certification and develop the curriculum to effectively train for that certification. Providing leveraged resources was not a requirement to apply for grant funding, though it

was highly recommended. Approximately 95 percent of applicants wrote leveraged resources into their grant applications, and 100 percent of funded partnerships are utilizing leveraged resources.

Note: Information from this section largely informed by interview with Mary Keller, EARN Maryland Grant Administrator, May 13, 2016.

^a Maryland General Assembly (2013 Regular) Chapter 1 (Senate Bill 278), accessed September 19, 2016, <http://mgaleg.maryland.gov/webmga/frmMain.aspx?id=sb0278&stab=01&pid=billpage&tab=subject3&ys=2013RS>.

Key Takeaways

Sector strategies can help employers meet their workforce needs and fill in-demand jobs. The examples from California, Pennsylvania, and Maryland show that there are many ways to organize these types of strategies, but the examples have a few common threads in their efforts to align workforce and economic development in the state. For one, an outside coordinating body, such as an organization or group of stakeholders that works to leverage regional resources and expertise on behalf of the state (such as a sector navigators or Department of Labor), may help facilitate implementation of sector strategies that are more collaborative than they otherwise would be. Additionally, business buy-in—through contributions to program sustainability funds or other cost-sharing mechanisms—helps protect state-funded program outcomes and levels of collaboration when there are economic shocks, such as a recessionary period or budget impasse. Finally, sector strategies align with local economic activity and must respond to shifts in local economic activity. The ability for stakeholders to be flexible and shift their focus to fund training programs that align with employer demand is necessary for long-term economic vitality in a region.

Coordinating Funding to Achieve Workforce and Economic Development Goals

Separately funding workforce development and economic development initiatives through distinct funding streams at the state level is common, with separate state agencies and organizations managing funding according to different requirements and statutory mandates governing the allocation of funds. This provides an intrinsic problem in the pursuit of collaboration between programs governed by different rules and different leadership. Creating mechanisms for state funding streams to intersect and finding ways for funding to mutually support the goals of both economic development and workforce development stakeholders is a way for policymakers to institutionalize collaboration.

Funding Alternatives

Tax incentives are a well-known tool that economic development stakeholders use to entice businesses to locate in an area—in the form of deductions, exemptions, and tax credits (Pew 2012). While tax incentives are not without controversy (Francis 2016a), some local areas have integrated the needs of the workforce into their criteria for awarding incentives, including incentivizing companies that will pay above the prevailing wage rate in a local area and businesses that will commit to hiring a certain percentage of local residents instead of drawing new talent into a state (Kenyon et al. 2012). Special sources of funding for economic development, such as the federal Community Development Block Grant program,¹⁹ also provide localities with financial resources to address challenges in their communities.

Additionally, the use of braided funding—in which multiple funding streams are utilized to support a single program—can create buy-in for an initiative among many different actors contributing funds. In California, braided funding is used to support the California Community College system's skills gap initiatives that seek to connect students to in-demand jobs, a process by which “resources are leveraged to support regionally identified priority and emergent sectors that have the potential to rebuild regional and state economies. These funding streams include Perkins 1B federal funds, funding allocated to California's Career and Technical Education Pathways Program through Senate Bill 1070, and funding for the Economic and Workforce Development Initiative, administered through the California Community College System's chancellor's office.”²⁰ Their sector navigators strategy, described in the case study section above, is a sector partnership policy that braids federal and state funding sources to accomplish its workforce and economic development objectives (DeRenzis and Wilson 2015).

Finally, states can foster collaboration by using program funds to target a subset of the workforce, thereby targeting economic growth and integrating collaboration with other agencies into the structure of programs. Subsidized training programs for unemployed adults are one such example of this strategy, as demonstrated in Connecticut (box 9).

BOX 9

Case Study 5: Step Up Grant Program

The Step Up Program is a wage and training subsidy initiative available to companies in Connecticut that features three specific types of hiring programs for employers: a Wage Subsidy Program, the Small Manufacturer Training Grant Program, and the Unemployed Armed Forces Member Subsidized

Training and Employment Program.^a The initial program—which included the wage subsidy and small manufacturing tracks—was created in 2012, and expanded in June of that same year to include the program for veterans. Step Up was created as a bi-partisan initiative of Governor Dan Malloy and the Connecticut Legislature, as part of a special legislative session that was called in an attempt to foster economic development, and in particular job creation, following the Great Recession. The special session resulted in a number of bipartisan efforts that involved both the Department of Economic and Community Development and the Connecticut Department of Labor receiving funding for various initiatives, including the Step Up Program (Public Act #11-1 and Public Act #12-1).^b It was designed to incentivize employers to hire unemployed jobseekers through incentives that acted much like a payroll reimbursement, to mitigate some of the expenses associated with bringing on new hires.

Step Up is run through the state’s Department of Labor in conjunction with the five Workforce Investment Boards, and funded through state bond funds. Once all of the current bond funds are fully obligated across the three Step Up program components, roughly \$35 million will have been spent on this effort. A universal criterion of eligibility for all three components of the program is that employers seeking funds must target unemployed workers. A jobseeker did not have to be collecting unemployment benefits to be considered unemployed, but could not have been employed the day before they were hired by the company. Other eligibility criteria differ slightly across the programs. Table 1, outlining eligible workers, employers, and program incentives, is included below.

TABLE 1

Step Up Program Components, Eligibility Criteria, and Program Incentives

Program name	Worker eligibility criteria	Employer eligibility criteria	Program incentives
Wage Subsidy Program	<ul style="list-style-type: none"> ■ Unemployed prior to hire ■ Resident of municipality that has an unemployment rate equal to or higher than the state rate as of September 1, 2011, or resides in a town with a population of 80,000 or more ■ Adjusted family income equal to or less than 250% of the federal poverty level ■ New hire cannot be defined as a person employed on a temporary or seasonal basis by a retailer 	<ul style="list-style-type: none"> ■ Small business or manufacturer with not more than 100 full-time workers ■ Business has been registered to conduct business for at least 12 months and must be in good standing with the payment of state and local taxes 	<ul style="list-style-type: none"> ■ A wage subsidy per new hires (up to \$20 per hour and can be reimbursed up to \$12,000—excludes benefits) is provided over a 180 day period, according to the following six-month scale: Month 1—100% Month 2—75% Month 3—75% Month 4—50% Month 5—50% Month 6—25%

Program name	Worker eligibility criteria	Employer eligibility criteria	Program incentives
Unemployed Armed Forces Member Subsidized Training and Employment Program	<ul style="list-style-type: none"> Veterans must have been a member of the Armed Forces or any reserve component of these armed forces, or a state National Guard; and honorably discharged after serving at least 90 days of service, or earlier if the individual was separated from service due to a service-connected disability. 	<ul style="list-style-type: none"> There is no employer size limit under the Unemployed Armed Forces Member Subsidized Training and Employment Program, as there is in the standard Wage Subsidy Program Business has been registered to conduct business for at least 12 months and must be in good standing with the payment of state and local taxes 	<ul style="list-style-type: none"> Same as above
Small Manufacturing Training Grant Program	<ul style="list-style-type: none"> Unemployed prior to hire 	<ul style="list-style-type: none"> Small manufacturer with not more than 100 full-time workers Business has been registered to conduct business for at least 12 months and must be in good standing with the payment of state and local taxes Training must take place at the business site 	<ul style="list-style-type: none"> Training grants up to \$12,500 per new hire for six months. Training must be held on-site and grant can also be used to subsidize wages; cannot exceed salary: Month 1—up to \$2,500 Month 2—up to \$2,400 Month 3—up to \$2,200 Month 4—up to \$2,000 Month 5—up to \$1,800 Month 6—up to \$1,600

Source: Subsidized Training and Employment Program Fact Sheet: <https://www.ctdol.state.ct.us/StepUp/12-31-15%20Step%20Up%20fact%20sheet.pdf>, and interview with Mark Polzella, Regional Job Center Director for the CT Department of Labor, May 17, 2016.

The Connecticut Legislature has mandated an annual report to document progress in each year of the Step Up program. The Regional Job Center Director for the State Department of Labor stated that the data have shown that the STEP UP program has provided employers with a cushion to hire people that they may not have otherwise hired, and it has helped meet the state’s workforce and economic development goals to get unemployed jobseekers back to work. Workforce and economic development stakeholders in the state have used the Step Up program as an opportunity to share knowledge about the resources available to employers in the state. In addition, collaboration between the Department of Labor and the Department of Economic and Community Development has been fostered as a result of the program, because both agencies have participated in joint presentations describing the opportunity to employers and each entity has utilized their partner department to make referrals to members of the community who have questions about how to best access needed resources. A challenge to the sustainability of the Step Up program is the program’s reliance on bond funds that must be approved by

the state bond commission. The availability of funding to support the program in the future is currently unknown.

Note: Information from section largely informed by interview with Mark Polzella, Regional Job Center Director for the CT Department of Labor, May 17, 2016.

^a “Step Up Fact Sheet,” Connecticut Department of Labor, accessed September 19, 2016, <https://www.ctdol.state.ct.us/StepUp/12-31-15%20Step%20Up%20fact%20sheet.pdf>.

^b Sharon Palmer, Commissioner. December 2013. “Commissioner’s Report Regarding The Subsidized Training and Employment (Step Up) Program,” Hartford, CT: Connecticut Department of Labor, accessed September 19, 2016, <http://www.ctdol.state.ct.us/StepUp/Report122013.pdf>

Incumbent Worker Training Programs

In addition to programs that incentivize employers to hire unemployed jobseekers, another form of training subsidy program that many states have chosen to leverage to support workforce and economic development is incumbent worker training programs. These programs are state-funded training programs that provide funds for employers to subsidize training for current employees at local colleges or training providers in order to upskill their labor force. Each state that has an incumbent training program structures that program slightly differently. Commonly, states will allocate funding for these programs out of their state Departments of Labor budgets directly to education or training providers. In Louisiana, the Incumbent Worker Training Program is funded through a portion of Unemployment Insurance tax contributions specifically set aside for customized training.

In Texas, interested businesses apply directly to the Texas Workforce Commission (TWC) for grant funding through the Skills Development Fund, which receives funding allocated through the biennial state budgetary process. Skills Development grant funds that are approved by TWC for eligible businesses are paid directly to the training provider who will be providing the training. According to the TWC’s Skills Development Fund Annual Report for Fiscal Year 2015, “since its inception in 1996, the Skills program has helped 4,141 employers create 104,850 jobs and upgrade the skills of 224,483 incumbent workers, for a total of 329,333 workers trained” (p.1).²¹ These programs are an example of an innovative use of funding to support workforce development and economic development because they are mutually beneficial for both employers and workers. Business and industry benefit through increased employee productivity and growth as a result of new skill attainment, and those gains can lead to additional jobs, increased wages for workers, and a better retention rate as employees who enjoy higher job satisfaction.²²

Leveraging of Multiple Funding Streams (“Braided Funding”)

Furthermore, with WIOA’s new emphasis on partnering with economic development, one additional consideration is how to integrate economic development support with the workforce system’s efforts to fund programs and services that meet employer needs. Organizations in the workforce system, especially at the local level, may look for ways to combine or leverage various funding sources—WIOA, state education funding, government or foundation grants, and support from industry—to develop and implement workforce development strategies to help support the local or regional workforce and employers (Eyster et al. 2016). For example, recent community college initiatives that support workforce training programs for specific industries such as Accelerating Opportunity and the Community-Based Job Training Grants used the grant funding to leverage cash and in-kind resources through local WDBs, employers, and community based organizations, among others (Anderson et al. 2016; Eyster et al. 2012). Funds may go to help support tuition for students, provide equipment and facilities for training, and offer counselling or supports to help students persist and succeed in training.

One example of EDAs supporting a new training program comes from the Cleveland/Cuyahoga One-Stop Career Center in Ohio. The college was starting a health care training program and reached out to the local EDA to help identify and secure resources for the training program. The City of Cleveland Economic Development Center, the college’s economic development partner, was able to help the college leverage over \$2 million to construct and equip prevention centers and laboratories for its health care training initiative (Eyster et al. 2012).

Tax Incentives

Finally, state tax incentives are another funding source states can use in an innovative way to accomplish workforce and economic development collaboration. In order to attract new businesses in a target growth industry and create jobs, states see tax incentives as a key component of the economic development strategy to entice businesses to locate to the state (Francis 2016a). However, labor market considerations (e.g., the availability of skilled labor) are ranked higher by corporate site selection professionals than tax policies in determining location decisions (Area Development 2016). This points to the inherent connection between economic development and the need for a well-trained workforce to fill the jobs that will be coming to a local area.

Tax incentive agreements can serve the dual purpose of advancing both economic development and workforce development when the agreements have stipulations that advance opportunities for the

labor force. For example, one strategy to advance these purposes is to require that a portion of the jobs created by a tax incentive are filled by current residents in the area. During and following the great recession of 2007–09, some states offered tax credits for hiring unemployed workers or veterans. Additionally, tax incentive agreements can protect employees by stipulating that employers pay a minimum or living wage. Finally, some states offer credits particularly for job training. For example, North Dakota’s Internship Employment Credit promotes internships by subsidizing the cost of these training programs.

As with all government programs, adequate reporting improves the efficiency of tax incentives, ensuring appropriate allocation of scarce resources. The tax incentive agreements should be constructed to require adequate reporting and designed with state and regional concerns and outcomes in mind. Collaborating regionally with other cities and counties encourages stakeholders to consider the context of an incentive’s impact on the broader community, and not just on a particular locality.

Key Takeaways

States can use funding in innovative ways to accomplish collaboration between workforce development and economic development stakeholders. Findings for this section include that a short-term program designed to infuse money into the economy following a recession to spur hiring, such as the Step Up Program in Connecticut, can have long-term outcomes if the collaboration between state workforce and EDAs fostered during the program implementation stage is institutionalized and carried forward in future efforts. In addition, the use of leveraged funding helps tap into financial resources from various sources to advance the mutual goals of workforce and economic development stakeholders in collaborative work. Finally, state tax incentives and worker training programs can be beneficial to both employer and job seekers when training is aligned with demand and leads to high wages and high career growth potential for participants.

Using Technology and Data to Connect Employers and the Workforce

States may use technology and data to forge links between their economic development and workforce development programs and policies. This strategy grants stakeholders access to more information in a

coordinated way, so that connections between employers and the availability and skills of the workforce are more readily understood. States stand to benefit from drawing these connections, including the ability to monitor how economic shifts have affected the workforce over time, adapt training investments and programs to align with projected employer demand, and inform jobseekers about opportunities and job prospects in particular industries.

Furthermore, public and private funding for many workforce development programs has become contingent on the ability of states to collect and report data findings in order to demonstrate program outcomes. This shift toward awarding funding based on evidence-based practices²³ has meant that many states have invested in technology and data collection to remain competitive in attracting federal and institutional grants. With this shift and WIOA's mandate to find avenues to foster further employer engagement and target in-demand jobs, there is an opportunity for states to compile data that inform decisionmaking and help institutionalize collaboration with economic development stakeholders, addressing workforce gaps and fostering economic development.

There are various ways that states can use data to draw connections between employers and jobseekers, including using technology to further advance data sharing efforts. Below are some examples of these efforts, including economic development data tools (box 10) and longitudinal data systems (box 11).

BOX 10

Case Study 6: Nevada Governor's Office of Economic Development

Prior to the election of Brian Sandoval as governor, the office of economic development in Nevada was called the "Commission on Economic Development," and responsibility for its direction fell under the Lieutenant Governor. The commission has since been transformed by the passage of AB 449 by the Nevada Legislature, an economic development bill signed into law on June 17, 2011, which resulted in the renamed "Nevada Governor's Office of Economic Development" (GOED), transferring the responsibility for economic development under the purview of the Governor, installing the new EDA with new funding, and creating a Cabinet level position for the Executive Director of economic development. The subsequent new directive for the economic development office has been to diversify the state's industries toward emerging sectors of the economy that hold promise, to a buffer against reliance on a few industries in times of economic downturn.

Bob Potts, GOED Research Director has stated that the use of data has been integral to the agency's ability to "run the state's economic development efforts like a strategically driven business," a major priority for the Governor and the Executive Director of GOED. In spring 2011 the state of

Nevada commissioned a study led by The Brookings Institution and Stanford Research Institute (Muro 2011), which identified target industries for the growth of Nevada’s economy. Growing from that work, GOED has been working to unite other state agencies—including the NV Department of Employment, Training and Rehabilitation (DETR) and the NV Department of Education—to increase the number of jobs in the emerging sectors of the economy, and to work collaboratively toward other goals outlined in a strategic planning framework released by the governor in April 2016, which sets out the objectives that will guide the state’s agencies for the next five years (NV Framework, 2016). Data from GOED has been utilized in the creation of that strategic plan and Executive Order 2016-08,^a which establishes an Office of Workforce Innovation to be funded until June 30, 2017, to provide direction for WIOA funding in the state and associated WIOA activities. High demand occupations are identified by developing a consensus rating from the following data sources: 1) Target sector high priority occupation analysis; 2) Abatement and Incentive Contracts; 3) Sector Council Surveys; 4) Burning Glass Technologies, and 5) Department of Employment, Training, and Rehabilitation Employment Projections.^b

Nevada is using technology and data to determine how best to direct workforce development programs—from Career and Technical Education, 4-year institutions of higher education, and K-12 efforts—to complement economic development priority sectors, both in terms of Nevada’s emerging industries and its foundational industries. Potts stated that an understanding of the importance of workforce development has led their office to think about data driven ways to address the issue of creating and supporting programs that will align with identified economic development priorities. He also noted that a qualified and available workforce attracts great companies. Companies are then able to grow a qualified and available workforce, creating a positive feedback loop for economic growth in the state through economic development.

Note: Information from section largely informed by interview with Bob Potts, Research Director from NV Governor’s Office of Economic Development, May 17, 2016.

^a “Executive Order 2016-08 Order Regarding Workforce Development,” Nevada Governor Brian Sandoval, 2016, accessed September 19, 2016, http://gov.nv.gov/News-and-Media/Executive-Orders/2016/EO_-2016-08-Order-Regarding-Workforce-Development/.

^b Bob Potts, Research Director, “Using Data and Information to Align Economic and Workforce Development,” Nevada Governor’s Office of Economic Development, accessed September 19, 2016, http://diversifynevada.com/uploads/reports/Using_Data_and_Information_to_Align_Economic_and_Workforce_Development.pdf.

BOX 11

Case Study 7: Mississippi’s State Longitudinal Data System (LifeTracks)

State Longitudinal Data Systems (SLDS) record and track student and workforce data, and are designed with the ability to link student records—from preschool through institutions of higher education—with workforce development data, as a way to measure student success and workforce participation.^a The US Department of Education has awarded grants to 47 states to support the “design, development, and

expansion of K12 and P-20 (early learning through workforce) longitudinal data systems” since 2005.^b While such systems are not designed to collect economic development data, there is an opportunity to use the intelligence gathered from these systems to support state economic development strategies. One example of a state using their SLDS for this purpose is Mississippi.

The development of the Mississippi LifeTracks State Longitudinal Data System (SLDS) initially began in 2005, and was codified in law with Senate Bill 2371 in 2011. LifeTracks helps link data through an interoperable system developed and maintained by the National Strategic Planning and Analysis Research Center (NSPARC) at Mississippi State University. Numerous agencies and entities have completed Memorandums of Understanding agreeing to contribute data to the SLDS, including: the Mississippi Department of Education, the State Board for Community and Junior Colleges, the Board of Trustees of State Institutions of Higher Learning, the State Workforce Investment Board, the Mississippi Department of Employment Security, and the Mississippi Department of Human Services. Partner agencies transmit data according to secure transfer procedures outlined by the SLDS Governing Board rules and regulations and regularly transmit data through a secure transfer process that is detailed in the Board’s rules and in Memorandums of Understanding established with each partner. All requests for reports utilizing specific data housed in LifeTracks must be submitted through an Ad-Hoc reporting request, and only aggregate reports are available. The process for requesting an ad hoc report is outlined in the Mississippi SLDS rules and regulations.^c

A benefit of the LifeTracks SLDS is that the data analyzed by NSPARC researchers can be used to inform state policymaking and facilitate program management. In addition, the SLDS is used to promote economic development when businesses or developers are considering locating in Mississippi and labor market information can be used to substantiate that there is an ability to meet supply-side demand for the workforce in the area. One challenge of successful coordination between all partners in the SLDS is the need to effectively communicate how data can be used to help everyone do better work and meet everyone’s interests, rather than being seen as a tool to maintain compliance. According to the Executive Director of the SLDS, even withstanding challenges, the ability to use the system to demonstrate a return on investment of Mississippi’s various education and training programs has led to the state being competitive on a number of federal grants, which helps further economic development when additional investments are made to support the state’s labor force.

Note: Information from section largely informed by interview with Dr. Domenico “Mimmo” Parisi, Executive Director of the State Longitudinal Data System, June 1, 2016.

^a “Statewide Longitudinal Database Systems Factsheet,” US Department of Education, accessed September 19, 2016, <http://www2.ed.gov/programs/slds/factsheet.pdf>.

^b “About SLDS Grant Program,” National Center for Education Statistics, US Department of Education, accessed September 19, 2016, https://nces.ed.gov/programs/slds/about_SLDS.asp.

^c See Mississippi Administrative Code Title 10, Part 501, accessed September 19, 2016, <http://www.sos.ms.gov/ACCCode/00000561c.pdf>.

Key Takeaways

States and localities can use technology and data to monitor how economic shifts have affected the workforce over time, adapt training investments and programs to align with projected employer demand, and inform jobseekers about opportunities and job prospects in high-demand industries. The degree to which technology and data can further both workforce and economic development goals is tied to an ability to translate the benefit of sharing and using data to many stakeholders. In addition, differences in data collection and data sharing procedures across institutions impacts the ability of stakeholders to use data to substantiate the effect of linking these cross-agency efforts in a meaningful way. To help coordinate these efforts and continue a trend toward further data sharing in the future, the leadership of various state agencies, departments, and policymaking bodies should encourage these efforts and create opportunities for collaboration and coordination of records.

Next Steps to Facilitate State Workforce and Economic Development Collaboration

This paper has examined the existing collaboration between state workforce and economic development agencies, highlighting both where there are challenges to and opportunities for better collaboration to support their missions and goals. The challenges highlight differences in state agency structure, perceptions, funding mechanisms, and performance accountability and metrics between agencies, some of which may be difficult to change such as federal legislation and funding mechanisms. But better collaboration may be feasible, especially with WIOA supporting better coordination and alignment among agencies and data systems, through joint planning and programming that support mutual goals.

The paper examines four main collaborative strategies that state leaders should consider as they look for new ways to achieve workforce and economic development goals. These strategies highlight the need for state leaders to engage multiple types of stakeholders such as employers, social service organizations, and educational institutions. State workforce and economic development agencies can serve as an intermediary to bring these stakeholders together. The first two strategies highlight the role of employers as a linchpin in both workforce and economic development efforts and how they play a role not just in benefiting from programs, services, and tax incentives, but also as providers of intelligence and input on the skills and credentials they need, including training resources such as curriculum, trainers, and facilities. State leaders may also seek ways to share data and information more effectively in order to inform strategies that support the state's economic health.

As the paper shows, there are many examples of state and local collaboration that supports workforce and economic development goals and involves key stakeholders (in addition to the relevant state agencies) such as employers and industry, education and training providers, human service agencies, and state data leaders. Some of the key takeaways from the case study interviews that can help state workforce and economic development agencies work together more effectively are as follows:

- Making the business case to invest in workforce development, including return on investment, is one of the most effective strategies to foster collaboration in terms of working with economic development stakeholders.
- One of the best mechanisms for sustaining a program or initiative that fosters collaboration between workforce and economic development is passing it into law. Whether or not program funding is written into law as part of the state budgetary process also has implications for sustainability.
- Ensuring collaborative initiatives are flexible and responsive to changing economic conditions and labor market demands is needed to keep stakeholders, especially employers and industry, engaged.
- Having leadership buy-in at the state agency or governor level facilitates participation in collaborative efforts by providing the directive needed to support coordinated strategies.
- Building the relationships needed to sustain collaboration across workforce and economic development stakeholders takes time.
- Facilitating communication through productive committees, motivated representatives, and data sharing can support better collaboration.
- Coordinating data systems and information is pivotal and allows agencies to better understand what programs exist across agencies and possible outcomes of coordination.
- Collaboration and compliance are two different things, and actors implementing collaborative programs at the state level need to communicate that their function is not to audit state agencies and organizations working together, but to help bridge partnerships.

These lessons can inform WIOA implementation and other workforce and economic development initiatives as state leaders try to build better partnerships across workforce, education, and economic development systems. However, much work remains to create effective collaboration between workforce and economic development at the state level. State leaders need to look beyond the impetus of WIOA and consider the longstanding barriers to collaboration. It may be near impossible to change legislative and funding structures, but state leaders should consider how to best align their goals and cultures, build staff relationships or change organizational structures, support information and data sharing, and engage many stakeholders to foster more effective collaboration between state workforce and economic development.

Appendix A. Case Studies

Over summer 2016, the Urban Institute researchers conducted research and interviewed state experts. These case studies are summarized above and the detailed answers to the questions posed are included in this appendix.

Arkansas Career Pathways Initiative Case Study Interview Questions

Information from this section is largely informed by an interview with Karon Rosa, Statewide Program Director of the Arkansas Department of Higher Education Career Pathways Initiative, from May 3, 2016

What Workforce Development and Economic Development Collaboration Looks Like

Act 514, establishing the Career Pathways Initiative (CPI) in statute in 2007, was written to target “high-wage, high-demand” jobs. A gap analysis conducted at the start of program implementation identified regional skills gaps in the local workforce, which participating CPI colleges used to inform development of their career pathways. Currently, the state’s labor market information website, Discover Arkansas, is used in conjunction with local employer input to affirm the targeted pathways remain responsive to employer demand.

The program’s main Memorandum of Understanding is with the Department of Workforce services (DWS), who serves as a primary partner in implementation of the grant. A case manager works with participating students at each of the 25 community college sites to conduct career and skill assessment testing and support academic success for program participants, helping students identify an appropriate educational pathway. A career development facilitator at each site works in partnership with DWS and local employers. DWS staff identifies existing training opportunities at the college to leverage existing programs, and local employers directly identify training needs and run suggestions up the local college’s chain of command to adapt training to meet employer demand.

Benefit of Collaboration

The CPI's Statewide Program Director, Karon Rosa, plays an active role in fostering coordination between various state actors and agencies through participation on various state committees. Agency staff interacts with state leadership from other agencies, including leaders focused on worker training, economic development, and WIOA implementation. In addition, the staff members host a monthly webex conference where they share results with employers and encourage more people to join the WIOA implementation committee in their region of the state. Through networking and other communication channels, best practices about the program are circulated and shared across workforce and economic development actors. The collaboration among workforce and economic development actors and other agencies in implementation of the CPI was instrumental to the creation of the program and a major contributing factor for why the CPI receives national recognition for its work.²⁴

Mechanism for Measuring Outcomes of Collaboration

The CPI utilizes a database built specifically for program use that aligns higher education data, UI wage records, and career education data to track data on program participants from enrollment to completion, including credential attainment. A report summarizing this data is run on program completers every 3, 6, and 12 months. That data on outcomes is fed back to the participating colleges, who use it as a tool to identify gaps in course offerings and adapt programs that do not seem to be leading to positive job outcomes.

Challenges to Effective Collaboration

The biggest challenge to achieving effective collaboration across workforce and economic development stakeholders identified by the program director is getting all of the actors in the same room and competing with the demands for everyone's time. Changing political administrations and the adoption of new policies like WIOA brings new challenges, including the need to establish new contacts and open up new lines of communication in order to sustain program outcomes moving forward.

Opportunities for Sustainability and Scale

To sustain these types of efforts, the program director noted that it is important to set up a routine mechanism to check in with employers and other stakeholders, who will be instrumental to program sustainability, and to build a relationship of mutual respect and effectively communicate the advantage of being involved with the CPI to all partners. Finally, any agency that is trying to support similar work needs to be prepared to allocate time and energy to sustained communication with outside partners.

California’s Sector and Deputy Sector Navigators Case Study Interview Questions

Information from this section is largely informed by an interview with Mark Martin, Deputy Sector Navigator for Advanced Manufacturing, from May 4, 2016.

What Workforce Development and Economic Development Collaboration Looks Like

The role of the DSN, established in 2013 within the California Community College System, is to look across the landscape of an industry in California in their particular region and identify the needs of employers. Those needs must be connected back to the education providers in the area who are providing training—from K-12 to the community colleges—to stitch those constituencies together and encourage links between the two. The DSN for advanced manufacturing indicated that he also works with the state WDB, county WDB, and local industry and community college organizations that have a stake in the direction of community and technical education in the region, in order to serve as a resource for questions people have about partners they can work with and what else is going on in the region and the state around issues of manufacturing.

Benefit of Collaboration

Mark Martin, the DSN for Manufacturing in the Bay Area, indicated that the role of the DSN helps improve how colleges in the region function, because navigators are tasked with figuring out how programs can leverage their resources and the work that local colleges are doing in order to best adapt training to meet the needs of that particular industry of focus. Colleges may not have the time or

resources to know what gaps exist in training at their particular schools and what other programs are doing to fill those gaps. WDBs that want to invest in training in a particular sector but don't have knowledge of how to best fund training that aligns with job openings can also reach out to their local DSN in order to get their question answered or to be referred by the navigator to someone else who can help answer that question.

Mechanism for Measuring Outcomes of Collaboration

DSNs have to submit a quarterly report about their efforts, which includes a written narrative. Data fields in the report include a variety of metrics, including the number of businesses served, the number of employees served, and the number of students served. However, it is more difficult to quantify the strategic planning or connections that were made as part of this work. It is also hard to directly attribute the success of job placement to the work of DSNs, even though they may be indirectly involved.

Challenges to Effective Collaboration

Dr. Martin stated one of the biggest impediments to effective collaboration is the lack of release time that faculty have at the community colleges to engage in this type of strategic, regional work. Martin commented that strategies need to be developed to free up time for full-time faculty and fund part-time faculty involvement in regional collaborations. Incentives may be needed to encourage instructors to add these activities to their busy schedules. One strategy to address this challenge is for colleges to identify an on-going funding mechanism to pay for the extra-service time needed for faculty to be able to engage in this work, understand what is needed to incentivize them in terms of hours and pay to devote their already limited time to these regional collaborations, and to map out longer-term strategies.

Opportunities for Sustainability and Scale

There are no anticipated funding cuts to the program at the present time. To encourage sustainability, DSNs have regularly scheduled in-person quarterly meetings, and typically hold calls once a month in order to encourage frequent communication. Conferences held across the community colleges in the region are another opportunity for DSNs to share best practices with one another. In order to share what they are learning in the community, DSNs attend events where high school counselors and others

are brought together to share their thoughts. To leverage lessons learned from these initiatives, DSNs work together collaboratively on grants that impact a number of regions in the state to learn about what is going on in other areas and incorporate that strategic thinking into their work locally.

Pennsylvania's Industry Partnerships Program Case Study Interview Questions

Information from this section is largely informed by an interview with Michael Leister, Director of Partnership Development at the Pennsylvania Department of Industry and Labor, from May 13, 2016.

What Workforce Development and Economic Development Collaboration Looks Like

Industry partnerships (IP) allow businesses in Pennsylvania to access funds to provide incumbent worker training and connect those businesses to partners that help address various needs of the workforce. IP staff at the Pennsylvania Department of Labor and Industry (PADLI) select successful partnerships for funding on an annual basis, serve as contacts with each partnership throughout the grant implementation year, and play a role in the data collection process. While IP initiatives are led by groups of employers, 18 out of 20 IPs in 2014–15 were managed out of the local WDB, and local WDBs are the required fiscal agent for every partnership. This oversight by workforce development stakeholders provides a natural intersection between economic development and workforce development actors and objectives. At the partnership level, most consortiums of employers had been working with required partners, including education community members and human service partners, prior to applying for grant funding, but some partnerships have been stitched together as part of an application for IP funds. Having all of the required partners listed on the application increases an applicant's score on their proposal for IP funding.

Benefit of Collaboration

While IP grants have always been awarded on the basis of alignment with priority sectors, Pennsylvania is currently in the process of establishing a mission and vision at the state level for sector strategies, which previously did not exist. IPs have been discussed as the foundation of that strategy, due to the

benefits the program has provided in terms of state workforce and economic development. The IP program has gained national recognition as an intermediary, connecting workers to employers that are hiring for in-demand occupations. One of the goals of the IP program is to get partnerships established to the point where they are eventually self-sustaining and continuing to function without state funding. According to Michael Leister, PADLI Director of Partnership Development for the IP program, there are grantees from the past that are still partnering to provide training but are no longer receiving state funds. For these partnerships, which are completely employer funded, the state is examining what the partnerships are doing and how they are functioning in order to help inform future efforts.

Mechanism for Measuring Outcomes of Collaboration

During the application process, each IP must submit a training plan in their proposal. If the actual training plan diverges significantly from what is proposed in the application process, changes to the training plan are reviewed by state staff and must be approved. This provides oversight between the PADLI staff members and the employers implementing the program. The reporting obligation for partnerships that receive funding is two-fold. The first is that every participant that is awarded funding to provide training has to be entered into the Commonwealth Workforce Development System, a database for participant data, which creates a system of record at the state level that is later linked to wage record data. There is a time lag in interpreting wage attainment and employment prospects for a participant following IP training, but one use of prior data is to examine partnerships that are re-applying for funding, to determine if their outcomes matched what was originally proposed. The second reporting obligation is that each partnership must report the following as part of an annual report: funds spent; participants trained; final training plan, including average cost per training; industry recognized credentials; and more in-depth information about training plan outcomes. If a partnership does not seem to be taking steps to achieve its planned outcomes, including engaging in the partnerships outlined in its proposal for funding, the PADLI reserves the right to reallocate the funding to another high-performing partnership as needed.

Challenges to Effective Collaboration

From the standpoint of the state staff implementing the program at the PADLI, the biggest challenge to effectively fostering the collaboration that IP grants make possible is a lack of state funding in recent years. State funding for the program has fallen from \$11.5 million in FY 09–10 to \$1.613 million in FY

15–16, and due to a state budget impasse and a delay in the passage of the fiscal code during the most recent grant cycle funds were awarded late for the fiscal year, which ran from July 1 through June 30. The budget challenges are being addressed through a waiver, but the gradual decline of funding over the past six years has meant that partnerships are receiving less funding. The IP program has awarded grantees the same amount of funding in recent years to keep a level playing field and address the tradeoff of awarding too much money to a select few, versus too few dollars to accomplish a partnership’s goals. The limited funding available has meant that applicants must submit strong applications to receive funding. The IP program may be turning to a two-year budget cycle to provide a bigger investment to be spent over a two-year period and allow grantees more time to spend their funds strategically. Furthermore, program staff have created new designations for applicants, new and existing, for the 2016–17 fiscal year. New IPs may apply for up to \$100,000. Existing partnerships may apply for up to \$200,000.

In addition, while working with the local WDBs has not been a primary challenge for the program thus far and there has been little turnover of state staff implementing the IP program, there is some anxiety surrounding the re-designation of local areas, which will be part of Pennsylvania’s adoption of WIOA. That may pose some associated challenges for partnerships planned according to the existing local WDBs, which could have new areas of jurisdiction.

Opportunities for Sustainability and Scale

Sustainability is supported through the IP program in a variety of ways, through: 1) a cash match that every partnership must procure in the form of match funds for worker training (25 percent cash and 75 percent in-kind); 2) optional sustainability funds that partnerships can set up as part of their partnership structure; and 3) through submission of a sustainability plan, which is required as part of the application, and includes whether or not the partnership will be collecting sustainability funds. One example of a grantee that has integrated sustainability funding into their partnership is the Philadelphia Southeast Regional Advanced Manufacturing partnership, which had a sustainability fund as of June 30, 2015, of \$273,498.67. The partnership had 55 employer partners, 40 of which engaged in training, and they required a 50 percent cash match from employers—above and beyond the requirement specified to receive grant funds.

The current budget impasse has demonstrated that those grantees that wrote in their own plans for sustainability funds last year have benefited greatly from that extra resource to continue to provide training during the funding shortfall. As noted above, there is a 35 percent cash match that grantees will

be required to spend on training moving forward into the 2016–17 fiscal year. In terms of scalability, Mr. Leister reported this effort is very scalable as long as input from stakeholders is considered from the initial planning stages, and there are partners and groups willing to bring these constituencies together. Kentucky has modeled its own state program closely after the IP program.

EARN Maryland Grant Program Case Study Interview Questions

Information from this section is largely informed by an interview with Mary Keller, EARN Maryland Grant Administrator, from May 13, 2016.

What Workforce Development and Economic Development Collaboration Looks Like

Partnerships awarded funding through the EARN (Employment Advancement Right Now) Maryland grant program are awarded grants across all industries. Each of the partnerships are very different, targeting separate industries and regions. The program was designed to be flexible, emphasizing the employer role in setting the direction for training. Training is designed by employers in each of the specific occupations, and employers define training needs to ensure applicants have credentials employers want when they complete training. Across the 28 strategic industry partnerships (SIPs) awarded implementation grants in the first round of funding, there were about 240 employers who were initially involved, which has grown to currently include over 500 employers involved. Mary Keller, EARN Maryland Grant Administrator, credits the level of employer involvement to word-of-mouth outreach among employer partners regarding the caliber of graduates completing EARN-funded programs.

The initial 28 partnerships awarded funding included the following regional partners: 15 Community Colleges, 16 County and Municipal Offices of Economic Development and most of the state's 12 workforce investment boards, or WIBs (Maryland Department of Labor, Licensing and Regulation 2015). The 12 partnerships subsequently awarded funding included the following regional partners: 8 County and Municipal Offices of Economic Development, and 6 Institutions of Higher Education (Maryland Department of Labor, Licensing and Regulation 2015). Collaboration between SIPs receiving funding and the state Department of Labor is fostered by EARN Maryland staff members,

who serve as contacts for the partnerships and help coordinate quarterly calls among each of the industries represented across all of the grantees. Staff members also help direct grantees toward other funding opportunities that may be appropriate, which will allow them to “braid” investments across multiple funding streams. Once a year there is also a convening that brings together each of the partnerships to share best practices. EARN Maryland staff take an active role in each SIP and serve as a resource and equal partner.

Benefit of Collaboration

Meeting the needs of employers in real time has been a goal of the program since its creation. The EARN Maryland grant program was developed as part of a technical review at Maryland Department of Labor, Licensing and Regulation, which led to the formation of expert advisory councils. On the advisory councils (manufacturing, health care, etc.) 4–5 industry experts across different state agencies, including economic development, contributed a cross-agency perspective in development of the EARN Program and reviewed grant applications. In the grant applications, employers outlined what their role would be in the partnership, and defined what their training plan would look like. For many of the SIPs, it was the first time an employer had been involved working with a non-profit or the government to meet their workforce needs.

Mechanism for Measuring Outcomes of Collaboration

There is no mandated level of involvement for specific employers that are part of a SIP, except that all of the employers in partnerships awarded grants had to be present in the development of the program and involved in training. BEACON at Salisbury University will be measuring the outcomes of program participation as the evaluation partner. Their graduate assistants receive quarterly reports from EARN grantees, put them into dashboards, and use those to capture what the success of the partnerships looks like on a regional level through quantitative and qualitative evaluations. The staff at BEACON also visits each partnership once a year to conduct qualitative interviews to capture successes and challenges across programs. Currently, BEACON is conducting surveys to determine the value-add for employers.

Challenges to Effective Collaboration

EARN Maryland staff had initially planned to use “EARN Maryland Connect” as an online peer-to-peer learning portal to connect grantees, but found that grantees did not like having to check an additional resource. As a result, the program staff members have kept in communication with grantees via quarterly meetings and email listservs, and feel that the grantees are still very accessible to one another and that open lines of communication have been maintained.

To give an example of how economic conditions require the grant program to be flexible, in one instance a grantee proposed to provide hospitality training on the Eastern Shore, some of which included training for jobs at a casino that was going to be built. The casino was never constructed, but the partnership was able to carry out the remainder of the workforce training plan in other areas of the hospitality industry. When determining how to reallocate the casino training funding, the partnership decided that the regional need for hospitality training had been met by the other half of the funding. Due to the flexibility of EARN, the partnership was allowed to shift that funding to an existing EARN program in the manufacturing industry that was being implemented by the same lead applicant.

Opportunities for Sustainability and Scale

Leveraged resources were not a requirement to apply for funding, but approximately 95% of partnerships that applied did write in leveraged resources, and grant staff required that all of the partnerships describe their plans for sustainability in their grant applications. Both leveraged resources and sustainability plans were factors in awarding grant funds. Ms. Keller indicated that the following factors were paramount to the success of the program and its sustained success: flexibility, the ability to pivot directions based on employer feedback, state funding, and working with grantees in a true state partnership versus a state audit role, in which SIPs can talk to EARN staff about challenges they are having without being concerned that funding will be taken away.

Step Up Grant Program Case Study Interview Questions

Information from section largely informed by an interview with Mark Polzella, Regional Job Center Director for the CT Department of Labor, from May 17, 2016.

What Workforce Development and Economic Development Collaboration Looks Like

There are regional business service teams, composed of Connecticut Department of Labor (CTDOL) staff and CT Workforce Development staff, who are specifically tasked with providing information to employers about the Step Up program. However, Department of Economic and Community Development (DECD) staff members have also been involved in a number of ways. For example, throughout the life of the program, presentations to employers about funding opportunities have been a group effort involving staff from both CTDOL and DECD. DECD staff can also refer businesses who inquire about these opportunities to the Department of Labor, if Step Up funding is a good fit. Furthermore, a number of agencies have come together to provide technical assistance support at Step Up conferences, specifically designed to promote the wage and subsidy initiative for employers. However these conferences also included discussions about how other agencies (such as DECD) can serve as partners to help sustain and expand business efforts, train staff, develop the workforce, and help with hiring.

Benefit of Collaboration

The Step Up program is not the first training program that the state has supported. The CTDOL over the last few decades has had a fund for incumbent worker training that provides funds for employers to invest in upgrading the skills of their workforce, with the idea that this support aids in job retention and that there is increased economic vitality for a company when workers rise up the career ladder, creating opportunities for other individuals to enter the workforce. Collaboration with DECD and other economic development stakeholders has been part of that program, and the collaboration fostered with the agency has spilled over to the Step Up program and to other programs offered by the CTDOL. Mark Polzella, Regional Job Center Director for CTDOL, commented that when working with clients seeking Step Up funding, CTDOL staff also tell those businesses about programs offered by DECD, and DECD tells businesses about Step Up. Interviewee reported one of the best things that comes out of the collaboration is being able to tell employers about a whole range of agencies and programs at an employer's disposal that they may not have known about before. Serving this education function is particularly important for employers who want to take advantage of Step Up, an initiative specifically designed to encourage hiring. Since the business landscape in Connecticut is primarily comprised of small and medium-sized companies, those companies don't have the types of resources when it comes to hiring, accounting, payroll, and other needs that large companies typically have. Step Up is seen as an

opportunity to bring employers together to gain information about the resources that were available to them. Polzella stated that these efforts were very well received by the employer community.

Mechanism for Measuring Outcomes of Collaboration

The Connecticut legislature requires an annual report of the Step Up program. That report provides data on the program, including the number of small business participants, the number of small manufacturer participants, the total number of individuals hired, small manufacturer hires, small business hires, and the estimated number of new jobs created.²⁵ According to Polzella, analysis of the data has shown that the StepUp program provides a cushion for businesses hiring individuals they may not otherwise, and it helps unemployed individuals get back to work. While data on the six-month retention rate for program participants are available, there has not been an attempt to measure retention after six months, due to the labor intensive nature of undertaking that evaluation process.

Challenges to Effective Collaboration

The state has attempted to allocate Step Up funding out across the state equally, and the five workforce development regions in the state serve as a base for Step Up program planning. However, this has caused some logistical challenges in the equal distribution of funds among StepUp program components. For example, there are more small manufacturers in some areas than in others, and for the wage subsidy program component, one of the criteria for worker eligibility involves municipality restrictions. This has meant that it has been more difficult to procure funding for small businesses in some areas of the state than others (see table in body of report for more information on these restrictions). Manufacturers also seem to have weathered the economic downturn better than other industries, which was not an initial expectation at the outset of the program.

In terms of challenges to effective collaboration, state Department of Labor staff need time to learn the details of the Step Up program and the ins and outs of the businesses receiving funds they are working with. That is something that has proven difficult with staff turnover. Ground can be lost when there is staff churn, both in terms of knowledge of the local business environment, and in staff understanding how other programs (including DECD initiatives) could be helpful for businesses to take advantage of. Additionally, there has not been a lot of money set aside for program administration or marketing. Marketing funds have been used for conferences and to support an informational website where employers and potential participants can obtain information and submit inquiries about the Step

Up program. In terms of word of mouth outreach, the primary role of the regional coordinator is outreach, to go and talk to potential participants and employers about their inquiries for funding. While this has provided a way for regional coordinators to get in front of employers, chambers of commerce, manufacturing associations, and other industry groups, additional funds for marketing would let them reach more stakeholders.

Opportunities for Sustainability and Scale

One of the challenges to the sustainability of the Step Up program is its reliance on state bond funds, since bond funds require approval by the bond commission, versus a line item in the state budget. Running the program on bond funds has provided some advantages in terms of flexibility, one of which is that there is no end date for when the funds must be spent. However, it is difficult to project how many employers will be served in the future and market the program effectively to companies without knowing if additional program funds will be available. The CTDOL will be making the case to renew funding to the bond commission, but with other budget priorities in competition with this initiative, there is no guarantee that funding will be sustained. CTDOL and DECD staff have been meeting to discuss how to sustain some of the collaboration between agencies that has been fostered as a result of the program, even in the absence of procuring additional funding.

In terms of opportunities for other states to scale this effort, Polzella encourages states interested in implementing this type of program to think about two things in the planning stage of their programs: 1) Where the available jobs are; and 2) Where the targeted participants live. As they were implementing the program, staff realized that there are some barriers to serving those jobseekers who need services the most. For example, the unemployment rate in Hartford is in the double digits, but transportation has been a persistent problem. Jobseekers need access to employers who are hiring. Polzella commented that the upfront planning and interpretation of where workforce needs are, what you're trying to accomplish, and how you're going to get there is essential.

Nevada Governor's Office of Economic Development Case Study Interview Questions

Information from this section is largely informed by an interview with Bob Potts, Research Director from NV Governor's Office of Economic Development, from May 17, 2016.

What Workforce Development and Economic Development Collaboration Looks Like

Nevada's governor Brian Sandoval will maintain a focus on workforce development as a strategic priority in the 2017 legislative session. Bob Potts, the research director for the office of economic development, stated that staff will be leaning hard on data to guide conversations leading up to the legislative session, to keep emotion out of the equation and to make sure that workforce development priorities are aligned with economic development goals. One example of how data is being used to foster collaboration among workforce and economic development stakeholders in Nevada is through the allocation of Career and Technical Education (CTE) funding in 2015. That year, Nevada's CTE program received \$7 million over two years, and it was mandated that funding investments had to be aligned with economic development priorities. The CTE director worked with the Office of Economic Development, to vet applications for CTE funding according to the consensus rating developed by the Governor's Office of Economic Development. The education and EDAs worked together closely to base their decision-making on an intentional, systematic approach that would align with Nevada's future economic development needs. Staff used data and information as a rationale for investing in one program over another, which kept data at the center of the dialogue when decisions about program funding allocation were made.

Benefit of Collaboration

In order to get a better idea of how workforce investments can help meet sector demand in the region, reverse staffing patterns and occupational data with North American Industry Classification System codes will be among the data sources used to compute a consensus rating of what the needed occupations in the state will be in the future. In terms of how collaboration can be achieved through data, it can be shared with workforce stakeholders and business leaders in order to bring both groups to the table. For example, if data demonstrates that 10,000 more registered nurses will be needed by 2020, funding for training programs could be diverted for that purpose.

Mechanism for Measuring Outcomes of Collaboration

One of the ways that collaboration with data has been instilled into Nevada's strategy for WIOA implementation is through Executive Order 2016-08,²⁶ which directs how WIOA funding will be spent in the state and its associated activities. By Nevada law, each of the seven sectors in the state have a

sector council that is composed of seven people, with five people from the private sector and one representative each from both the education and labor department. Each sector council's mandate is to give feedback to high-demand occupations in their sector. Following the executive order, the sector council membership has been restructured to ensure that the councils have strong industry representation and are representative of priority occupations in each sector. Sector councils will now meet twice a year and will run like economic councils in the state.

Potts and the chief economist at the Department of Employment, Training and Rehabilitation will take data on economic projections each year and present it to the sector councils. The councils will consider the data and vet it, comparing it against their own qualitative findings based on their experience on the ground working in their respective industries. Councils will write a report that will go to the nine-member executive committee for the two WIBs in the state, the North and South WIBs. That executive committee will aggregate recommendations across the sector councils, and those recommendations will be used by each of the WIBs to inform WIOA spending in the state of Nevada. The degree to which WIOA spending aligns with the economic projection data the Office of Economic Development is forecasting will be a mechanism for measuring the outcomes of collaboration between workforce and economic development.

Challenges to Effective Collaboration

Potts identified the biggest impediment to using data to drive decision-making to be sustained leadership buy-in. He commented that any time there is change, especially when it is structural change that affects a lot of agencies and communities, it can leave an impression that there will be winners and losers. When everyone is on the same page about how data-driven decisions are made, it helps provide opportunities for stakeholders in other agencies to get on board.

Opportunities for Sustainability and Scale

In terms of sustaining a reliance on data when directing the priorities of the economic development office toward supporting in-demand sectors, Potts expressed that getting the collaboration codified into law in the 2017 legislative session will be a key strategic focus. This is because a reliance on data is the current procedure of the Governor's Office of Economic Development, but it is not a requirement in statute. In terms of opportunities for scalability to other states who were interested in utilizing data in

this way, Potts commented, “I don’t think any of this ever gets off the ground without a vision. There has to be leadership vision and in Nevada, we have that.”

Mississippi’s State Longitudinal Data System (LifeTracks) Case Study Interview Questions

Information from this section is largely informed by an interview with Dr. Domenico “Mimmo” Parisi, Executive Director of the State Longitudinal Data System, from June 1, 2016.

What Workforce Development and Economic Development Collaboration Looks Like

According to Dr. Mimmo Parisi, Executive Director of the State Longitudinal Data System (SLDS) Clearinghouse system at the Mississippi State University National Strategic Planning and Analysis Research Center (NSPARC), data analyzed through LifeTracks is used to facilitate discussions around stakeholders’ common interests, and can be thought of as a system linking various data sources together. Specifically, data is used in two primary ways: 1) To generate information in the form of reports and analysis that provide insight on how programs and other initiatives are doing; and 2) To figure out how data can be used to facilitate and streamline the management of program implementation—either through lower costs or expediting the eligibility process so that people can be served right away. The LifeTracks system was intentionally not set up to be a large repository of all state agency data, due to security issues and other concerns. However, the SLDS allows for real-time data transfers, which allows for data to be accessible at a moment’s notice to researchers at NSPARC when it is requested by stakeholders and state agencies.

By 2015, more than 300 reports had already been produced by researchers at NSPARC. Some pre-defined reports are issued by NSPARC staff on a regular basis, but there are also ad hoc requests from stakeholders that require new data analysis. Reports can be turned around to stakeholders in as little as a week. The committee reviews that request and within two days an expedited review (if approved) is completed. Committee members include professors from research institutions and other selected organizations that were asked to contribute to the review process. Anyone approved is able to submit a request to the SLDS Clearinghouse; however, the board defines the scope of how the data is used. Data support the creation of links between education entities and the workforce development system, and

enhances the state's ability to "link, match, and share education and workforce data leading to an enriched ability within the state to improve career-readiness outcomes and enhance success in the economy."²⁷

Benefit of Collaboration

Data can become an asset for the state to inform policy, for performance and evaluation purposes, and also to facilitate program management. In the case of LifeTracks, Dr. Parisi stated that the system is also an asset to promote economic development. At the state level, in terms of the economic development connection, data becomes an asset for promoting economic development. A baseline for a prospective business shows the state has the critical mass to meet demand in an area. A market analysis can be completed to determine who is in the pipeline, and weave threads between people in the pipeline and the businesses. The data can also be used to refer people in the workforce currently looking for a job to that company, and to recruit people that meet the company's needs. Since each industry has specific requirements and needs for their respective workforce, data can demonstrate how prepared the workforce is and what impact or return on investment a program would have for a particular region in the state. That information can be provided in real time.

While the LifeTracks system is owned by the state, each stakeholder has specific roles and responsibilities when contributing to the system. For example, LifeTracks is available at the request of the Mississippi Development Authority to research questions about economic development efforts. The Mississippi Development Authority uses the partnerships that have been formed through the data system to leverage that resource and researchers on the NSPARC staff can use the system to help provide answers. The LifeTracks data system has also been used to support an initiative of current Mississippi Governor Phil Bryant, called Mississippi Works, established in 2012. Mississippi Works is a strategy focused on enhancing various facets of economic development in the state—including expanding economic opportunity to focus on workforce development, bringing new investments to the region, and providing a forum for business leaders to learn about other work going on in the state.²⁸ The mobile app can be downloaded and demonstrates to jobseekers the number of jobs that are available in the state, allowing jobseekers to complete applications on the spot.

Mechanism for Measuring Outcomes of Collaboration

In terms of economic development outcomes, the data system has helped bring a number of businesses into the state. That in itself has really helped prove the value of the system to the legislature, which has implications for the sustainability of the data system. It is of paramount importance that the legislature and stakeholders see the value of the system. Demonstrating return on investment for various programs is another way that the benefit of the system and the various partners that contribute to it can be measured. Dr. Parisi estimated return on investment that has been substantiated through data (according to the interviewee) is a ratio close to 16:1 and Mississippi has been very competitive on federal grants in part for the state's ability to prove return on investment for a number of programs.

Challenges to Effective Collaboration

Dr. Parisi indicated that the biggest challenge is to open stakeholder's eyes to the idea that contributing to the LifeTracks SLDS system is not about compliance because there is a fundamental difference between audit compliance and performance-based management where you can do more with less. Making people accountable in a way where they can make better decisions versus data used for auditing poses a challenge for agencies. But showing the benefit of how data can help agencies do their job better is the key to success is to bringing people to the table. Dr. Parisi stated that the key to success is to bring people to the table to say, "We don't want to talk about data." The challenge is to stay away from a discussion about data and instead make the conversation about mutual interests and benefit.

Opportunities for Sustainability and Scale

Working toward sustainability starts from the beginning by how you set up a data system. If the impetus to pull various stakeholders together is that grant funds need to be spent across partners, that can lead to fractured outcomes. In contrast, demonstrating the benefit of a data system to partners in the long run can help to ensure its success. In addition to proving return on investment to stakeholders, leadership by government officials also helps aid in sustainability efforts. Governor Barbour started the process of getting the LifeTracks data system in place, which helped stakeholders in the state understand the value of collecting the data, and how it could be an asset moving forward. Dr. Parisi indicated that Governor Barbour's leadership set the tone that "data is our best friend."

Dr. Parisi also cautioned against starting the conversation about setting up a data system with a focus on numbers. Instead, Dr. Parisi advised starting these conversations by explaining what various organizations can bring to the table by contributing to the longitudinal data system. There is also a lack of awareness about what each agency does. By not starting the conversation with data or the minute details of the technology, people can take ownership of the role they play. Helping someone understand how the data system will be beneficial to them and how it will also be relevant to others' work is crucial for sustainability and scale. Stakeholders then have a framework of reference for how to use the data effectively.

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About the Authors



Lauren Eyster is a senior research associate in the Income and Benefits Policy Center at the Urban Institute, where her research focuses on innovative workforce development programs and how to best evaluate and learn from them. Most recently, Eyster has examined industry-focused job training and career pathway initiatives implemented through the workforce investment system and at community colleges. She studies how these programs can best provide education and training to different groups such as laid-off workers, youths, low-income individuals, and older workers. She also researches how systems and various stakeholders can collaborate to help these individuals find and retain jobs. Eyster holds an MPP from Johns Hopkins University.



Amanda Briggs is a research associate in the Income and Benefits Policy Center. She has worked on a variety of education and workforce development projects since joining Urban, including experience supporting implementation, impact, and cost studies. She is currently the project manager for a quasi-experimental math assessment evaluation measuring the impact of an adaptive learning platform on student learning and satisfaction in introductory college statistics courses. Briggs holds a master of public affairs from the LBJ School of Public Affairs at the University of Texas at Austin.

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