NEXT GENERATION SECTOR PARTNERSHIPS

2020

Training Manual Module 6: State Roles and Responsibilities

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Module 6: State Roles and Responsibilities for Next Gen Success

INTRODUCTION AND BACKGROUND

Currently most states are, in some way, promoting implementation of local sector partnerships across their unique regional economies. About a dozen are specifically promoting the model of Next Gen Sector Partnerships. Their goals are similar: to create the best conditions for local sector partnerships to stabilize and grow critical industry sectors, and to connect students and workers to good jobs. This module outlines the history of state-supported sector partnership efforts, explains why Next Gen Sector Partnerships are a natural point of evolution for policy and program alignment with economic development, and outlines the most important roles that a state must play to create the ideal conditions for success.

HISTORY OF STATE-SUPPORTED SECTOR PARTNERSHIPS

EARLY HISTORY OF SECTOR PARTNERSHIPS

In the early 1980s there was a growing recognition that businesses and industry needed to be at the table to inform workforce development strategies. Several states and local areas pioneered this work.

Massachusetts began its sector work in 1981 by creating the Bay State Skills Corporation, funding local initiatives across the state in almost every critical industry and requiring 50 percent matching contributions from employers. The state has continued direct support of the “sector” or workforce partnership approach since then, funding hundreds of local partnerships through the Workforce Competitiveness Trust Fund.

By the early 2000s other states, such as **Illinois**, **Kentucky**, **Michigan**, **Pennsylvania** and **Washington** were following Massachusetts’ lead, creating grant programs to support the start-up of sector partnerships. Terms and labels for these efforts differed slightly, and included “sector partnership,” “sector initiative,” “workforce partnership,” “skills alliance,” “industry partnership,” “skill panel”, and others. The concepts were largely the same: engage businesses in a common industry sector to inform workforce development training. These states used a mix of policy tools in addition to grants to support this work, including high-quality labor market information to help local stakeholders make wise decisions about target industries; some training and shared learning opportunities across conveners of local sector partnerships; and early guidance on metrics.

By the mid-2000’s a handful of others joined the ranks as states promoting the use of sector partnerships to connect workforce training and education with business needs. These included **Minnesota**, **Oklahoma**, **North Carolina**, **Colorado** and **Kentucky**. Meanwhile **California** was promoting a concept and practice called the Regional Industry Clusters of Opportunity (RICO) initiative, which, in part, became the foundation for the model Next Gen Sector Partnerships we know today. RICO made a deliberate effort to bring businesses in like sectors together not just to inform workforce programs, but to create actual business leadership groups that self-activated around common priorities. In 2010, at the end of a four-year state sector strategy project conducted by the National Governors Association, more than 25 states were at variĐous stages of similarly promoting sector or industry partnership development.

THE BEGINNINGS OF NEXT GEN SECTOR PARTNERSHIPS

In 2011, some states started to experiment with new approaches to this work, including moving away from relying on grants to catalyze the start-up of partnerships. This was, in part, by necessity and part a result of growing recognition that partnerships were fizzling away when grant dollars disappeared.

Colorado and **Arizona** were two states where these lessons fueled experimentation with a unique approach. Instead of relying on grants, these states aggressively started to provide sector partnership technical assistance and training to local workforce boards, as well as essential local partners in colleges and economic development organizations. They recognized that sustainable partnerships meant training and preparing their local and regional public (or support) organizations in a new way of working together. They broke ground on effectively standing up dozens of active sector partnerships and an equal number of emerging ones, none of which started with grants, but instead out of a recognized need by all program partners to align their industry engagement efforts and worker advancement programs into a formal coordinated partnership.

WHY STATES MOVED AWAY FROM TRADITIONAL SECTOR PARTNERSHIP GRANT PROGRAMS:

- **Necessity:** Most state sector partnership efforts have been and continue to be driven out of state workforce development agencies and/or State Workforce Investment Boards (mandated by WIA and now by WIOA). Many states used their WIA Governors' Discretionary money (a 15 percent WIA set-aside for state driven priorities and projects) to create sector partnership startup grants. In 2011 Congress reduced these funds from 15 percent to 5 percent. With this cut, many states pulled back significantly on state-supported sector partnership activity.
- **Sustainability:** States recognized the critical importance of their local and regional partners (workforce development, economic development, and education) working in coordination to engage and partner with business and industry. A coordinated approach (i.e. Next Gen) simply lessened the burden on businesses and streamlined otherwise disparate and resource-intensive business outreach efforts. Experience also points to deeper, broader and more sustained engagement by business partners if they are encouraged to focus on their bigger agendas, inclusive of but not exclusive to workforce issues.

A key lesson of the Next Gen Sector Partnership movement is the critical integration of workforce, education and economic goals at the local and regional level. **Next Gen Sector Partnerships are best described as the marriage between what we know works from decades of traditional workforce sector partnerships and what we know works from economic cluster partnerships of the eighties and nineties.** The model has grown significantly since 2012. Today Next Gen Sector Partnerships operate locally or regionally in many states, including **Arizona**, **California**, **Colorado**, **Oregon**, **Montana**, **Wyoming**, **Texas**, **Nebraska**, **North Carolina**, **Louisiana**, **Hawaii**, and **Pennsylvania**, with emerging interest from a half dozen others. Some states play key roles in making these local partnerships successful. The next section describes those roles in more depth.

SECTOR STRATEGIES AND SECTOR PARTNERSHIPS: WHAT'S THE DIFFERENCE?

Sector strategies are actions, policies and strategies that enable support partners to directly respond to industry-driven priorities. Sector partnerships are the organizing vehicle to ensure these strategies are effective, via the process of understanding businesses' collective needs and implementing joint solutions.

MOST IMPORTANT ROLES OF THE STATE – TIPS AND TOOLS

For decades, state policy and agency leaders have wrestled with their role in sector partnership development. This is understandable considering sector partnerships are not statewide partnerships; they are local (or "regional" based on an industry's true labor market). For state leaders to successfully support local/regional sector partnerships, the balance must be struck between "condition-setting" and "mandate-setting".

Before digging into the specifics, here are three critical guideposts from state leaders currently engaged in Next Gen sector partnership promotion.

- **Set yourself up for success over the long haul, including the ability to withstand political turnover.** Next Gen Sector Partnerships are not about a flashy new initiative and may not survive if they are sold as one. Instead, do just the right amount of promoting and selling, and then proactively work to integrate Next Gen Sector Partnerships into the everyday work of local practitioners and state system leaders.
- **Get ahead of the work by working across agency walls to identify where there will be push-back to implementation, both based on real barriers and perceived barriers.** It is not atypical to get a full year into Next Gen implementation only to suddenly hear from local public partners that they "can't do this work" because of a policy barrier (usually perceived, but sometimes real) in their federal or state rules and mandates.
- **Stay on course with the actual building of your state's local/regional sector partnerships, despite the constant flood of new (or simply re-labeled) national and statewide trends and big initiatives.** The upsweep nationally of "career connected or work-based learning" and apprenticeships are two great current examples. It is your job as a state leader to make sense of what is competing and what is compatible, and then help local practitioners do the same. Most importantly, consider that your local sector partnerships are the "brick and mortar": the sustained mechanism to be able to appropriately integrate big initiatives and strategies into what local industry and jobseekers really need.

NINE NEEDED ACTIONS FOR STATES

1. **Shared vision and goals:** A joint vision from state leadership across workforce development, education, and economic development is important for two reasons: 1) it ensures that leaders are driving towards a unified and strategic vision and 2) sets the tone for regional partnership development. It is simply not enough for one agency or system to push an agenda forward. Leaders from across agencies play a key role in creating a shared vision focused on serving and positively impacting a state's economy and workers/job-seekers, and in offering the suggested mechanism to make it happen. Do not underestimate the importance of harnessing the voice and influence of a visible and credible leader at the state level to take on the role of consistent and persistent messaging about Next Gen Sector Partnerships. This may be a deputy director at the State Workforce Development Board or at an economic development agency, a Chancellor of a community college system, the Governor (or ideally all of the above.)

   How do multiple agencies make this happen? Here are some ideas:
   - **Oregon** signed a joint charter across its agency directors, jointly committing to training and scaling up local industry partnerships.
   - **Pennsylvania** signed a joint letter to on-the-ground leadership in regions.

2. **Good industry data and analysis:** A state can play a strong role in culling through multiple sources and layers of data and organizing data into usable tools for local areas to make informed decisions about target industries. Ideally, these tools should be designed for use by multiple regional stakeholders (a "team") so that they reach joint decisions about critical industries in their regions. This starts a critical, early buy-in process by multiple organizations about shared target sectors. It is critical that the data is organized by industry sectors or clusters, not by occupational groupings. Local and regional stakeholders need to know which sectors really drive their local economies in order to select viable sectors for a Next Gen partnership. Data must also be organized in a way that users can discover the true geographic footprint of a labor market. This means avoiding strict county or workforce area boundaries, making economic development regions a good choice for organizing data. As a compatible tool, help regional/local teams go through an exercise together to make choices about target industries (see Labor Market Information Review worksheet).

3. **Performance metrics tools:** Some Next Gen states are creating a common dashboard of success indicators, a set of criteria for high performing partnerships, and associated metrics tools to create consistency across sector partnerships. It's very important to be clear about how these are intended to be used. Because most Next Gen Sector Partnerships exist without grant money, the state must be cautious about mandating performance metrics. They can, however, provide a toolkit of metrics and suggested indicators that help individual sector partnerships tell their own story effectively. Some states are then able to collect just a handful of consistent metrics from across their partnerships in order to show statewide impact (see Oregon's metrics memo). It is also important that metrics collect qualitative stories from the field about what is working. At the end of the day metrics are a key tool for backing up

your shared state vision and are critical to use in communication. Here is one sample of a starting place for building out a metric framework that supports a shared state vision.

4. **Training and capacity building:** This is technical assistance. The state plays a significant role in providing training and support to local area stakeholders to develop, launch and expand their sector partnerships. This may be the most powerful tool in the state toolkit. To be successful, technical assistance must be coupled with messaging about the shared vision (i.e. why the state is pursuing Next Gen) and must be clear about who receives technical assistance. Remember that no assumptions should be made about which kind of organization is best positioned to convene a partnership; it depends completely on the influence, credibility and capacity of that organization. This may be a chamber, a workforce board, a college or a community-based organization. Technical assistance therefore must go to regions or local areas comprehensively.

5. **Building the True Network of Partnerships:** One of the most effective and efficient roles a state can play is simply being the mechanism for cross-partnership sharing. There is enormous value in partnership leaders being able to talk together about challenges and successes, work through barriers and discuss promising approaches. Next Gen Sector Partnerships ultimately are about shifting how individuals and organizations work together. That cannot happen in bubbles. The state can convene monthly sharing calls, annual Next Gen summits or academies, create quarterly newsletters, and make one-on-one connections among partnership leaders. **Colorado**, **Wyoming**, **Nebraska**, **Pennsylvania**, **Texas**, **Hawaii**, and **Oregon** have all implemented a combination of these sharing tactics in recent years.

6. **State-Regional Communication:** Creating the feedback loop between local areas and state systems about lessons learned, insights about industry and worker needs, and needed changes going forward in policies and investments is an important role of the state. No one else can play this role, and it is a critical piece of the practice-to-policy-to-practice loop. For example, if a state has six active manufacturing partnerships, each will be highly unique. But they all will also have a few common needs and insights, which should bubble up to a statewide level and potentially uncover needed policy changes or ideas to leverage. States also have opportunities to connect others together for shared learning and identification of common needs, including their colleges involved in sector partnerships, or their workforce or economic development boards.

7. **Communication and awareness:** "Building the buzz" about the value of sector partnerships, and actively recruiting champions from public systems and the private sector doesn't just happen at the local partnership level. State leadership can help by communicating the value of the sector partnership approach to industry associations, agency leaders, and individual private sector members. Another critical communication component is messaging up the ranks and down to the practitioners on the ground that these partnerships take time to build and to show results. Active communication and sharing of best practices and lessons learned with local and regional partnerships goes a long way in capitalizing on the momentum of individual partnerships and creating positive environment for broad adoption of the Next Gen partnerships. Strong state leadership requires sending a balanced message of the vision and hoped-for outcomes with the reality of building and sustaining a partnership (see this video of Wyoming Governor Mead speaking at their Next Gen Academy). Some states, including Oregon, Wyoming and Colorado, have state maps identifying regional sector partnerships in order to spread a clear message that these are regional and industry-specific.

8. **Changes to administrative and legislative policies:** On an ongoing basis, state agencies jointly need to assess if there are policy barriers that are hindering the establishment and progress of sector partnerships, or if there are ways to create policies that will better support partnership development. Sometimes these changes are easy to make administratively, and yield big impact. For example, can the language and vision of Next Gen Sector Partnerships be integrated into new or extended grants and contracts? What about into existing program policies? Is there an opportunity to re-configure workforce boards and committees to add in more rigorous focus on cross-system alignment and sector partnership-building? Is there needed legislation to codify sector partnerships as the vehicle for cross-system collaboration and business engagement (see an example of legislation from Colorado). Could legislation help push the development of career pathway programs in education to be more aligned with the needs of industry?

Sector partnerships ideally are the common ground, the actual table of businesses in a target sector that should be informing career pathway programming.

9. **Funding and investments:** The state plays a vital role in mapping out funding sources, re-purposing funding streams, and finding new funding that can support the important industry-driven solutions that come out of sector partnerships. To be clear, standard procedure for Next Gen Sector Partnerships has been to avoid start-up or implementation grants. This comes on the tail of many years and lessons learned of partnerships forming *because* of money, and therefore not sustaining over time. States, however, can play important roles in capacity support for conveners and support teams as well as incentive funding for actual projects and activities *after* a successful partnership has come together authentically.